

## Quarterly Activities Report For the three months ended 31 March 2014

### COMPANY INFORMATION

Golden Gate Petroleum Ltd  
ABN 34 090 074 785

### COMPANY DIRECTORS

Chris Ritchie – Exec Director  
Rob Oliver – Director  
Chris Porter – Director

### MANAGEMENT

Chris Ritchie – CFO / Co Sec

### STOCK EXCHANGE LISTING

Australian Stock Exchange  
ASX Code: GGP

Current Shares on Issue:  
4,798,467,458  
Market Capitalization as at 27  
April 2013 based on a share  
price of \$0.001, AUD \$4.8  
million

### CURRENT PROJECTS

Permian  
Napoleonville  
Bowtie West

www.ggpl.com.au

### Highlights

#### Permian Project

On 31 March 2014, the Company announced the proposed sale of the Permian Project to Laredo Petroleum Inc. for USD 5.3 million, subject to shareholder approval and various closing adjustments.

#### Corporate

Cash balance as at 31 March 2014 was AU\$ 0.6 million.

A General Meeting of shareholders will be held on 19 May 2014 to approve the sale of the Permian project, consider a consolidation of the issued capital of the Company and consider a change of name of the Company.



### Production for the Quarter

Well	Total Production		GGP Share	
	Oil BBL	Gas MCF	Oil BBL	Gas MCF
SRH #1 Well	534	3,525	534	3,525
SRH #2 Well	691	3,538	691	3,538
SRH #3 Well	811	5,092	811	5,092
SRH #4 Well	1,083	7,224	1,083	7,224
SRH #5H Well	1,727	10,474	1,727	10,474
Dugas & Leblanc #3	8,313	8,867	1,247	1,330
Hensarling #1	33,458	-	1,335	-
Sugar Valley #1	275	20,025	33	2,403
	46,892	58,745	7,461	33,586

During the quarter the Company's estimated gross share of production was 7,461 barrels of oil and 34 million cubic feet of gas. At current oil and gas prices net revenue to the Company is estimated at USD225,000 per month.

**Permian Project**

*Reagan and Irion Counties, Texas, Operator 100% WI*

On 31 March 2014, the Company announced to ASX that the Company's wholly owned subsidiaries, Cathie Energy Texas, LLC and Kindee Oil and Gas Texas, LLC had entered into a purchase and sale agreement with Laredo Petroleum, Inc (**Laredo**) for the sale of the Permian Project (**Disposal**) for US\$5.35 million (subject to adjustments) (**Agreement**).

The key terms of the Agreement are as follows:

- (a) subject to satisfaction of the conditions precedent set out below, Laredo will acquire the Permian Project for US\$5.35 million (subject to adjustments) (**Purchase Price**). If completion occurs, the ownership of the Permian Project shall be deemed to have been transferred and effective as at 1 February 2014 (**Effective Time**);
- (b) the Purchase Price will be adjusted for the production and sale of hydrocarbons and the allocation of taxes both prior to and after the Effective Time as well as environmental and title defects identified during due diligence. A summary of the adjustment provisions is set out below:
- Prior to or at completion of the Disposal (**Closing**), Laredo shall deposit into an escrow account pursuant to an escrow agreement the sum of two hundred and sixty seven thousand five hundred United States dollars (US\$267,500) to be held to satisfy any post-Closing adjustments. On or within 90 days after Closing, the Company shall provide Laredo an accounting statement setting out all post-Closing adjustments. The statement becomes binding 30 days after the statement is given (**Final settlement Date**) unless Laredo disputes the statement. On the Final Settlement Date any amounts that would reduce the Purchase Price or other post-Closing adjustments due to Laredo shall be distributed to Laredo from the escrow amount, and the remaining portion of the escrow amount, including interest earned thereon, shall be released to the Company.
  - Between the execution of the Agreement and 30 days after the execution date of the Agreement (**Defect Date**), subject to contractual and fiduciary obligations and limits, the Company shall make available for review by Laredo and its representatives all title and operating documents (including contracts, correspondence, files and prior title opinions) in its possession pertaining to the Subject Interests for the purposes of permitting Laredo to review the Company's title to the Subject Interests. If there are title defects affecting the Subject Interests, Laredo shall, on or before the Defect Date, give written notice of such Title Defects to the Company and the Company shall use reasonable efforts to cure such Title Defects.
  - Between the execution of the Agreement and the Defect Date, subject to contractual and fiduciary obligations and limits, the Company shall make available for review by Laredo and its representatives all documents (including contracts, correspondence and files) in its possession relating to the Subject Interests and will allow Laredo site access to the Subject Interests reasonably necessary for the purposes of permitting Laredo to evaluate the existence of any environmental liabilities. If Laredo, discovers the existence of environmental liabilities, Laredo shall on or before the Defect Date, give written notice of such environmental liabilities.
  - Provided that Closing occurs, appropriate adjustments shall be made so that Laredo will receive all proceeds from the sales of hydrocarbons and any other revenues arising out of the ownership or operation of the Permian Project from and after the Effective Time (net of costs and expenses), and sales and other revenues arising prior to the Effective Time (net of costs and expenses) will be for the benefit of the Company.
  - Laredo shall, acting reasonably, make a valuation of the amount by which the value of the Subject Interests is reduced by the title defects and environmental liabilities, such amount to be agreed with the Company (or determined through arbitration if necessary) and to be deducted from the Purchase Price (**Due Diligence Reduction**). If the Due Diligence Reduction has not been agreed upon or final determined prior to Closing but both parties agree (acting reasonably) that it is less than ten percent (10%) of the Purchase Price, and all other conditions precedent to Closing have been satisfied, then the Purchase Price payable at Closing shall reflect the Due Diligence Reduction as calculated by Laredo, and, after Closing the Due Diligence Reduction shall be reconciled based upon the results of arbitration proceedings on the disputed total defects or environmental liability.
  - Further, prior to or at Closing, Laredo shall deposit US\$500,000 (**Litigation Holdback**) of the Purchase Price into an escrow account to be held until the Company provides Laredo with a written non-appealable court order or other waiver satisfactory to Laredo evidencing that the lawsuit filed in Reagan County 112<sup>th</sup> District Court under Cause No. 1573 (Paul Page Plaintiff) has been rectified, cleared, removed, waived and otherwise eliminated. On the one year anniversary of the date of the Agreement (**Litigation Date**) or at anytime prior to the Litigation Date, if the lawsuit has been rectified, cleared, removed, waived or otherwise eliminated then the Litigation Holdback shall be paid to the Company.

If the lawsuit has not been rectified, cleared, removed, waived or otherwise eliminated prior to the Litigation Date then the Litigation Holdback shall be paid to Laredo. The Company shall remain responsible for any and all damages, claims, expenses or obligations related to the lawsuit attributable to, accruing or related to the period of time prior to the Effective Time and the Company shall not enter into any contract, settlement or other agreement concerning the lawsuit that would affect Laredo's potential liability for damages, claims, expenses or obligations due to the lawsuit without the prior written approval of Laredo. Laredo shall be responsible for any and all damages, claims, expenses or obligations related to the lawsuit attributable to, accruing or related to the period of time on and after the Effective Time.

(c) the Disposal is conditional upon satisfaction or waiver of the following conditions precedent:

- the representations and warranties of Laredo made to the Seller under the Agreement being true and correct in all material respects on the closing date;
- Laredo performing all material obligations, covenants and agreements under the Agreement on or prior to closing;
- no suit, action or other proceeding that may seek to restrain, enjoin or otherwise prohibit the Disposal proceeding is pending or threatened;
- Laredo delivering to the Seller the Purchase Price (as adjusted under the Agreement);
- Laredo has executed and provided various closing documents to the Seller by the closing date;
- the representations and warranties of the Seller made to Laredo under the Agreement being true and correct in all material respects on the closing date;
- the Seller performing or complying with all material obligations, covenants and agreements under the Agreement on or prior to closing;
- various liens on the Permian Project as set out in the Agreement have, in Laredo's opinion been rectified or removed in full;
- the Seller has executed and provided various closing documents to Laredo by the closing date;
- the Due Diligence Reduction amount is not greater than US\$535,000;
- in the period between the Effective Time and the Closing date, the Seller operates the Permian Project in accordance with an operations agreement agreed with Laredo; and
- the Disposal is approved by Shareholders within 60 days of the date of the Agreement. If this condition is not satisfied, the Company is required to pay Laredo an amount of US\$535,000 in liquidated damages.

(d) subject to satisfaction of the conditions precedent, completion of the Disposal will take place on 26 May 2014.

#### Quarterly Production

Well	Qtrly Production BBL Oil	Qtrly Production MCF Gas
SRH #1	534	3,525
SRH #2	691	3,528
SRH #3	811	5,092
SRH #4	1,083	7,224
SRH #5	1,727	10,474
<b>Total</b>	<b>4,846</b>	<b>29,853</b>

#### Legal Matters

The primary legal action between the Company and Petro Raider LLC and Mr Paul Page has been stayed by the Judge pending the conclusion of the Arturus Capital Limited liquidation currently underway in Perth, Australia.

Depositions in regard to the Company's tortious interference case against Petro Raider LLC and Mr Paul Page were taken in January 2014.

## Napoleonville Project

### *Dugas & Leblanc #3 well, Assumption Parish, Louisiana, Non-Operator, 15% WI*

During the quarter the Dugas and Leblanc #3 well produced a total of 8,867 bbls of oil and 8,867 MCF of gas. The Company's share of production was 1,247 bbls of oil and 1,330 MCF of gas.

Partners in the D&L#3 well are:

Company	WI
Grand Gulf Energy Ltd	39.4%
Golden Gate Petroleum Ltd	15.0%
Other Partners	45.6%

### *Hensarling #1 well, Assumption Parish, Louisiana, Non-Operator 3.99 WI*

This well is targeting an accumulation of oil in a well-defined up-dip block from an interval that produced 2.3 million barrels of oil equivalent. The targeted accumulation is likely to be within the 600,000 to 800,000 barrels range. 22,800 to 15,200 barrels net to the Company.

Partners in the Hensarling #1 #1 well are:

Company	WI
Grand Gulf Energy Ltd	35.60%
Golden Gate Petroleum Ltd	3.99%
Other Partners	60.41%

Production for the quarter was 33,458 bbl of oil. The Company's share of production was 1,335 bbl of oil.

### *Dugas & Leblanc #1 Well*

The Operator's insurers have paid in excess of USD \$ 18.5 million toward the blowout costs of the Dugas & Leblanc #1 well. The Company has paid its deductible to its own insurers and does not expect any further exposure.

## Bowtie West Project

### *Sugar Valley #1 Well, Matagorda County, Texas, Non-Operator, 12% WI*

During the quarter the Sugar Valley # 1 well produced a total of 275 bbls of oil and 20,025 MCF of gas. The Company's share of production was 33 bbls of oil and 2,403 MCF of gas.

Partners in the Sugar Valley #1 well are:

Company	WI
Golden Gate Petroleum Ltd	12.0%
Other Partners	88.0%

## Fausse Point Project

### *TGR #1 Well, Iberia Parish, Louisiana, 18% WI*

The Company plans to commence the P & A of this well in the next quarter.

## Padres Island Project

Due to progress with the reclamation of the ST949 well pad and access road the National Parks Services has reduced the bond from US\$200,000 to US\$143,000. This amount will be held until 70% of ground cover with target species has been achieved, which is estimated to be up to 2 years.

## Corporate

On 25 March 2014, the Company received an amount of US\$345,000 that had been held in escrow by the operator of the Dugas & Leblanc #3 well in regard to estimated settlement costs of litigations in connection with the Dugas & Leblanc #1 well blowout.

On 19 May 2014, the Company will be holding a General Meeting of shareholders to consider, the sale of the Permian project, the consolidation of the issued capital of the Company, a change of name of the Company and the ratification of the prior issue of convertible notes.

Cash balance as at 31 March 2014 was AUD 0.6 million.

**For further information contact:**

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Golden Gate is an ASX listed company focused on the exploration and development of oil and gas projects in the Gulf States of the United States of America.

**Forward Looking Statements**

This announcement contains forward looking statements that are subject to risk factors associated with oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

31Rule 5.3

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Golden Gate Petroleum Ltd

ABN

34 090 074 785

Quarter ended ("current quarter")

31 March 2014

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	1,122	2,722
1.2	Payments for		
	• exploration and evaluation	(221)	(1,337)
	• development	(318)	(1,012)
	• production	(247)	(763)
	• administration		
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid	(16)	(52)
1.6	Income taxes paid		
1.7	JV Trust Accounts		14
	<b>Net Operating Cash Flows</b>	320	(428)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	• prospects		
	• equity investments		
	• other fixed assets		
1.9	Proceeds from sale of:		
	• Project asset		
	• equity investments		
	• other fixed assets		
1.10	Loans from other entities		
1.11	Refunds/(Payments) of Security Deposits		
	<b>Net investing cash flows</b>		
1.13	Total operating and investing cash flows	320	(428)

+ See chapter 19 for defined terms.

**Golden Gate Petroleum Limited**  
**Appendix 5B – 31 March 2014**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (carried forward)	320	(428)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.		126
1.15	Costs of the Issue		(2)
1.16	Proceeds from borrowings	10	217
1.17	Repayment of borrowings	(17)	(17)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	(7)	324
	<b>Net increase (decrease) in cash held</b>	313	(104)
1.20	Cash at beginning of quarter/year to date	267	672
1.21	Exchange rate adjustments to item 1.20	(8)	4
1.22	<b>Cash at end of quarter</b>	572	572

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	24
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Travel, meeting and other reimbursements

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- Nil
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- Nil

+ See chapter 19 for defined terms.

### Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	0
4.2 Development	(2,000)
4.3 Production	(300)
4.4 Administration	(800)
<b>Total</b>	<b>(3,100)</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	572	267
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>572</b>	<b>267</b>

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+ See chapter 19 for defined terms.



## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

## Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 <b>Preference securities</b>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	4,798,467,458	4,798,467,458		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	25,010,643	25,010,643		

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+ See chapter 19 for defined terms.

**Golden Gate Petroleum Limited**  
**Appendix 5B – 31 March 2014**  
**Mining exploration entity quarterly report**

7.5	*Convertible debt securities (description)	Number	<sup>+</sup> Class	Conversion \$	Maturity
	Face value of \$0.05 but can convert at (Series 1 & 2) 85% of 10 day VWAP prior to maturity, (Series 3 90% of 5 day VWAP).	6,000,000	Series 1	\$0.05	30 June 2014
		4,120,000	Series 2	\$0.05	30 June 2014
		16,600,000	Series 3	\$0.05	30 September 2014
		4,000,000	Series 4	\$0.05	31 December 2014
	Conversion at 90% of the average of 3 VWAPS over a specified period.	1	Convertible Security Face Value \$550,000		19 March 2015
7.6	Changes during quarter (a) Increases through issues  (b) Decreases through securities matured, converted or redeemed				
7.7	<b>Options</b> (description and conversion factor)			<b>Exercise price</b>	<b>Expiry date</b>
		173,076,921	Listed	\$0.05	31 December 2014
		646,242,000	Listed	\$0.02	31 December 2014
		45,000,000	Unlisted	\$0.02	19 March 2016
		10,000,000	Unlisted	\$0.0024	19 April 2016
		25,000,000	Unlisted	\$0.0012	22 May 2016
		11,000,000	Unlisted	\$0.0015	27 June 2016
		13,400,000	Unlisted	\$0.0012	31 July 2016
		13,111,111	Unlisted	\$0.0011	6 Sep 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)	0			
7.12	<b>Unsecured notes</b> (totals only)	0			

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 4\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

**Chris Ritchie**

Executive Director

Date: 28 April 2014

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.