

Golden Gate Petroleum Ltd

ABN 34 090 074 785

Half-Year Financial Report Ended
31 December 2006

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

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CORPORATE DIRECTORY

This half-year report covers the consolidated entity consisting of Golden Gate Petroleum Ltd ("the Company" or "Golden Gate") and the entities it controlled during the half-year ended 31 December 2006 ("Consolidated Entity" or "Group"). The Company's functional and presentation currency is AUD(\$).

OFFICERS	Sam Russotti (Executive Chairman) Mark Freeman (Finance director / Company Secretary) Frank Petruzelli (non executive director)
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SOLICITORS	Blakiston & Crabb 1202 Hay Street West Perth Western Australia 6005
AUDITORS	Ernst & Young 11 Mounts Bay Road Perth Western Australia 6000
SHARE REGISTRY	Advanced Share Registry Services 110 Stirling Highway Nedlands Western Australia 6009 Phone: 08 9389 8033 Facsimile: 08 9389 7871
AUSTRALIAN STOCK EXCHANGE CODES	GGP (Ordinary Shares)

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

Directors Report

Your directors submit this report for the half year ended 31 December 2006.

Directors

The names of the Directors of Golden Gate Petroleum Ltd in office during the half-year and until the date of this report are:

Sam Russotti – Executive Chairman from 1 November 2006 and Chief Operating Officer from 23 February 2007
Mark Freeman – Finance Director
Frank Petruzzelli - Non Executive Director
Michael Bell - Managing Director (resigned 23 February 2007)

All Directors were in office from the beginning of the half-year until the date of this report except as stated above.

Review and Results of Operations

Operating Results

The Company recorded a net after tax loss of \$15,951,879 (2005: net loss of \$366,350) for the half-year ended 31 December 2006.

Summary Review of Operations

During the half-year ended 31 December 2006, the Company continued to develop and augment its portfolio of US Oil & Gas assets. Significant developments during the period included:

Wilson Well ST949#1 (58.23% working interest) Texas, USA

The Kindee ST 212 #1 well on the Wilson Structure was spudded on 7 February 2007 (Texas, USA).

The current operation is the running of 9 5/8" casing to 8,720 feet (measured depth). The planned total depth of the well is 12,400 feet (measured depth).

During drilling a "kick" was taken and gas flowed to surface. Standard well control procedures were taken, the well was shut in and the mud weight increased before continuing to drill through the prospective gas zone. Subsequently an influx of water caused the properties of the drilling fluid (mud) to deteriorate and resulted in the drill string becoming stuck in the bottom of the well. The decision was made to stabilize the well by running the 9 5/8" casing. After the casing is run the well will be deviated and the prospective gas zone re-drilled and evaluated with electric logs. The electric logs will enable the identification of any gas/water contact and thereby the thickness and quality of the gas zone.

This is the first of three objectives in the well and so far the results are very encouraging.

Wilson is a shallow prospect, similar to the Company's already producing discoveries at Laplaya (the Laplaya #1 well), Dunn Deep (the Laplaya Deep well) and Plum Shallow (the Dunn Peach #6 well). These wells are currently producing at a combined rate of 6.3 million cubic feet of gas per day. The Company's gross share of this production is around 2 million cubic feet per day. Wilson has an unrisksed potential of 21 bcf.

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

Directors Report (continued)

Partners in the ST Kindee #1 well are:

Golden Gate Petroleum Ltd	58.23% WI
Modena Resources Limited	10.00% WI
Pantheon Resources Plc	31.77% WI

Plum Well ST212# 1 (37.5% Working Interest) Texas, USA

The Kindee ST212 #1 well on the Plum Deep Structure was spudded on 1 August 2006 (Texas, USA). On 10 January 2007 the Company advised that the testing and sampling programme undertaken in the deeper zones have determined the zones non-commercial. An allowance for impairment of \$10,407,000 has been made against the deferred exploration and evaluation.

Testing of the shallow zone behind the 7 inch liner will be initiated once the results of the Wilson well are known. That will enable the use of the same rig to test both wells and deliver cost savings.

Core analysis results have been received. The analysis shows that the sands in the deep section have very low permeability due primarily to the presence of calcite cement. This means that in the case of Plum the sampled section is none prospective. Research is in progress to determine if this is a localised occurrence or if it has regional implications that might impact on the other deep prospects.

Padre Island Shallow Prospects, 35% WI

The operator of the shallow prospects (BNP) has a rig on order expected to be available in May. The rig will be used to drill appraisal wells on the Laplaya, Dun Deep, Plum Shallow fields and exploration wells on the Elmar and Lemon prospects.

Production for the Period ended 31 December 2006

During the half year Golden Gate's estimated net share of production from its USA operations was 367 million cubic feet of gas and 3,655 barrels of oil.

Based on current production rates Golden Gate's gross share of production from Padre Island is currently around 2.1 million cubic feet of gas and 23 barrels of oil per day.

Corporate

During July and August 2006, 11,000,000 options were exercised at 30 cents each to raise \$3,300,000. On 19 December 2006 the Company issued 14 million ordinary fully paid shares 41 cents each to raise A\$5,740,000 before costs.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under S307C and the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Sam Russotti
Executive Chairman
Perth, Western Australia
16 March 2007

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

Directors' Declaration

In accordance with a resolution of the Directors of Liberty Gold NL, I state that:

In the opinion of the Directors:

- a) The financial statements and the notes and the additional disclosures included in the directors report designated as reviewed of the Company are in accordance with the Corporations Act 2001, including:
 - i. Giving a true and fair view of the Company's financial position as at 31 December 2006 and of its performance for the period ended that date; and
 - ii. Complying with Accounting Standards and Corporations Regulations 2001; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed on behalf of the Board.



Sam Russotti
Executive Chairman
Perth, Western Australia
16 March 2007

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

Condensed income statement

For the six months ended 31 December 2006

	Note	31 Dec 2006 \$	31 Dec 2005 \$
Revenue		2,352,545	1,520,408
Other revenue		25,874	8,750
Operating costs		(635,960)	(312,605)
Depletion Costs		(655,996)	(1,218,320)
Exploration expenditure written off	6(b)	(16,430,926)	(3,792)
Depreciation expenses		(7,833)	(4,277)
Finance costs		-	(56,946)
Other expenses	4	(599,583)	(299,568)
Loss from continuing operations before income tax expense		(15,951,879)	(366,350)
Income tax expense		-	-
Net loss attributable to members of the Company		(15,951,879)	(366,350)

Earnings per share (cents per share)

Basic loss per share cents	10.56	0.26
Diluted loss per share cents	10.56	0.26

The above income statement should be read in conjunction with the accompanying notes.

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

Condensed balance sheet

As at 31 December 2006

		Consolidated	
	Notes	31 Dec 2006 \$	30 June 2006 \$
Current assets			
Cash & cash equivalents		8,025,558	3,459,865
Trade & other receivables		3,205,720	1,509,239
Prepayments		71,444	38,862
Total current assets		11,302,722	5,007,966
Non-current assets			
Trade and other receivables		301,228	228,808
Plant and equipment		228,892	47,133
Exploration, evaluation and production properties	6	11,316,198	19,453,556
Total non-current assets		11,846,318	19,729,497
Total assets		23,149,040	24,737,463
Current liabilities			
Trade and other payables		5,173,527	722,583
Provisions		40,047	29,140
Total current liabilities		5,213,574	751,723
Non current liabilities			
Provisions		209,768	226,569
Total non current liabilities		209,768	226,569
Total liabilities		5,423,342	978,292
Net assets		17,725,698	23,759,171
Equity			
Contributed equity	9	41,917,260	33,152,147
Option premium reserve		480,000	480,000
Management option reserve		1,018,746	351,996
Foreign currency translation reserve		1,219,006	732,463
Accumulated losses		(26,909,314)	(10,957,435)
Total equity		17,725,698	23,759,171

The balance sheet is to be read in conjunction with the notes to the interim financial statements.

GOLDEN GATE PETROLEUM LTD

Half-year financial report for six months ended 31 December 2006

Condensed statement of changes in equity

	Contributed Equity	Accumulated Losses	Other Reserves	Foreign Currency	Total Equity
Balance at 1 July 2005	29,069,158	(10,164,520)	499,923	(213,262)	19,191,299
Loss for the period	-	(366,350)	-	-	(366,350)
Total income/(expense) for the period	-	(366,350)	-	-	(366,350)
Foreign currency translation reserve	-	-	-	772,606	772,606
Share-based payments	-	-	220,557	-	220,557
Balance at 31 December 2005	29,069,158	(10,530,870)	720,480	559,344	19,818,112

	Contributed Equity	Accumulated Losses	Other Reserves	Foreign Currency	Total Equity
Balance at 1 July 2006	33,152,147	(10,957,435)	831,996	732,463	23,759,171
Loss for the period	-	(15,951,879)	-	-	(15,951,879)
Total income/(expense) for the period	-	(15,951,879)	-	-	(15,951,879)
Foreign currency translation reserve	-	-	-	486,543	486,543
Share issues	9,040,000	-	-	-	9,040,000
Transaction costs	(274,887)	-	-	-	(274,887)
Share-based payments	-	-	666,750	-	666,750
Balance at 31 December 2006	41,917,260	(26,909,314)	1,498,746	1,219,006	17,725,698

The statement of changes in equity is to be read in conjunction with the notes to the interim financial statements.

Condensed cash flow statement

For the half-year ended 31 December 2006

	31 Dec 2006	31 Dec 2005
	\$	\$
Cash flows from operating activities		
Interest received	15,311	4,768
Interest paid	-	(3,705)
Payment to suppliers and employees	(230,193)	(137,518)
Cash receipts in the course of operations	2,341,630	902,792
Production costs	(530,549)	(210,132)
Net cash flows from operating activities	<u>1,596,199</u>	<u>556,205</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(5,874,689)	(641,194)
Joint venture contributions	162,747	(134,515)
Security deposits	(86,640)	(347,968)
Proceeds of sale of tenements	10,574	552,632
Acquisition of plant and equipment	-	(8,367)
Acquisition of subsidiary (net of cash and working capital acquired)	-	(1,675,848)
Recovery of acquired subsidiary debtors	-	294,133
Net cash flows used in investing activities	<u>(5,788,008)</u>	<u>(1,961,127)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	9,040,000	-
Share issue costs	(37,515)	-
Proceeds from borrowings	-	1,321,670
Net cash flows from financing activities	<u>9,002,485</u>	<u>1,321,670</u>
Net increase/(decrease) in cash held	<u>4,810,676</u>	<u>(83,252)</u>
Add opening cash brought forward	3,459,865	1,110,656
Effect of exchange rate changes on cash	(244,983)	52,958
Cash and cash equivalents at 31 December 2006	<u>8,025,558</u>	<u>1,080,362</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Half-year financial report for six months ended 31 December 2006

Notes to the financial statements

1. Corporate Information

The financial report of Golden Gate Petroleum Limited ("the Company" or "Golden Gate") and the entities it controlled during the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 16 March 2007. Golden Gate Petroleum Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in note 5.

2. Summary of significant accounting policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Golden Gate Petroleum Limited as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by Golden Gate Petroleum Limited and its controlled entities during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. The half-year financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) Significant Accounting Policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 January 2006 as described in Note 2 (d).

c) Basis of Consolidation

The half-year consolidated financial statements comprise the financial statements of Golden Gate Petroleum Limited and its subsidiaries as at 31 December 2006 ('the Group').

d) Changes in accounting policies

Australian Accounting Standards and UIG Interpretations that have recently been amended and are effective from 1 July 2007 are outlined in the table below.

AASB 2004-3	Amendments to Australian Accounting Standards
AASB 2005-3	Amendments to Australian Accounting Standards [AASB 119]
AASB 2005-4	Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]
AASB 2005-5	Amendments to Australian Accounting Standards [AASB 1 & AASB 139]
AASB 2005-6	Amendments to Australian Accounting Standards [ASAB 3]
AASB 2005-9	Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]
AASB 2006-1	Amendments to Australian Accounting Standards [AASB 121]
AASB 2006-3	Amendments to Australian Accounting Standards [AASB 1045]
AASB 119 (revised):	Employee Benefits (revised December 2004)
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 8	Scope of AASB 2

The adoption of these new and amended accounting standards has not resulted in any changes to the company's accounting policies and have not had any impact on the financial results of the company.

3. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2006 (2005: None).

4. Loss for the half-year

Loss for the half-year includes the following items:

	31 Dec 2006	31 Dec 2005
	\$	\$
Other Expenses		
Office costs	(15,087)	(12,656)
Professional fees	(86,680)	(60,830)
Leave provisions	(11,230)	2,154
Insurance	(19,923)	(24,230)
Employee costs expensed	(12,902)	(100,186)
Share based payments	(428,362)	(64,020)
Other	(25,399)	(39,800)
	<u>(599,583)</u>	<u>(299,568)</u>

5. Segment reporting

a) Business segments

The consolidated entity operates predominately in the field of oil and gas exploration and development.

b) Geographical segments

The consolidated entity operates in one principal geographical area, USA.

6. Oil & Gas Properties

	31 Dec 2006	30 June 2006
	\$	\$
a) Expenditure carried forward in respect of hydrocarbon areas of interest		
Exploration and evaluation - at cost	10,762,909	18,203,418
Oil & Gas Property in Production – at cost	5,565,830	5,606,683
Accumulated amortization	(5,012,541)	(4,356,545)
	11,316,198	19,453,556

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective hydrocarbon interests.

b) Reconciliation:

(i) Exploration & evaluation phases

Carrying amount at beginning	18,203,418	15,103,948
Movement in carrying value as a result of foreign currency variations	(898,599)	910,385
Additions	9,889,016	3,605,264
Sale of interests	-	(1,388,244)
Allowance for impairment *	(16,430,926)	(27,935)
Carrying Amount at end	10,762,909	18,203,418

(ii) Oil & Gas Property in Production:

Carrying amount at beginning	1,250,139	2,955,254
Movement in carrying value as a result of foreign currency variations	(40,854)	31,380
Additions	-	1,716,111
Amortisation	(655,996)	(3,452,607)
Carrying amount at end	553,289	1,250,138

Total	11,316,198	19,453,556
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* Allowance for Impairment - Following the unsuccessful drilling of Plum Deep well ST212#1 the Company has written down carry forward exploration and evaluation costs in respect of this well and the surrounding prospect area to its expected recoverable amount. The Company has further written off the carried forward expenditure in respect of its Bethany, Murdoch and Kingsway Prospects following the pending expiry of leases.

7. Commitments

Leases as lessee

Non cancellable operating lease rental are payable as follows:

Less than one year	2,928,000	5,385,778
Between one and five years	-	3,718,296
More than five years	-	-
	2,928,000	9,104,074

The Consolidated entity has entered into a 12 month drilling contract with Parker Drilling with a 6 month renewal option and a minimum demobilisation fee of \$196,937. The agreement commenced 1 July 2006.

8. Contingent assets and contingent liabilities

The Consolidated Entity has no contingent assets or contingent liabilities as at balance date.

9. Reconciliation of movements in consolidated equity

Movements in consolidated equity during the six months were as follows:

	2006		2005	
	Number of Shares	\$	Number of Shares	\$
a) Movements in ordinary shares				
Balance at the beginning of the year	151,103,951	33,152,147	131,749,885	27,081,265
Exercise of options	11,000,000	3,300,000	-	-
Equity issues during the year for cash	14,000,000	5,700,000	6,677,066	2,002,000
Less: transaction costs	-	(234,887)	-	(14,107)
End of financial year	<u>176,103,951</u>	<u>41,917,260</u>	<u>138,426,951</u>	<u>29,069,158</u>

b) Movements in Options on issue

	Number	Weighted Average Exercise Price	Expiry Date
Listed Options			
Balance at the beginning and end of the year	28,466,369	0.65	31/12/2006
Exercise of Options *	(820)		
Expiry of Options	<u>(28,465,549)</u>		
Total Listed Options	<u>-</u>		
Unlisted Options			
Balance at the beginning of the year	19,252,000	0.22 – 0.33	21/11/2009 - 1/12/2009
Issue of options to Directors and management	4,000,000	0.54	31/12/2009
Exercise of options	<u>(11,000,000)</u>	0.30	-
Total Unlisted Options	<u>12,252,000</u>		

* Options issued on 1 February 2007

10. Events occurring after the balance sheet date

Management Changes

On 5 February 2007 the Company advised that the Board had accepted the resignation of Mr Mike Bell effective 23 February 2007.

To the members of Golden Gate Petroleum Limited

Report of the Interim Condensed Financial Report

We have reviewed the accompanying half-year financial report of Golden Gate Petroleum Limited and the entities it controlled during the half-year, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Golden Gate Petroleum Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

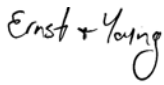
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our review of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Golden Gate Petroleum Limited and the entities it controlled during the half-year, is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



P McIver
Partner
Perth
16 March 2007

Auditor's Independence Declaration to the Directors of Golden Gate Petroleum Limited

In relation to our review of the financial report of Golden Gate Petroleum Limited for the half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



Ernst & Young



P McIver
Partner
Perth
16 March 2007