

Golden Gate Petroleum Ltd

ABN 34 090 074 785

Financial Report for the Half-Year Ended
31 December 2007

GOLDEN GATE PETROLEUM LTD

Interim financial report for six months ending 31 December 2007

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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 2007 ("Consolidated Entity" or "Group"). The Group's functional and presentation currency is AUD(\$).

OFFICERS

Sam Russotti (Non Executive Chairman)
Stephen Graves (Managing Director)
Jeff Copley (Technical Director)
Mark Freeman (Finance director / Company Secretary)
Frank Petruzzelli (non executive director)

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SHARE REGISTRY

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AUSTRALIAN STOCK EXCHANGE CODES GGP (Ordinary Shares)

Interim financial report for six months ending 31 December 2007

Directors Report

Your directors submit this report for the half year ended 31 December 2007.

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 – Non Executive Chairman
Stephen Graves – Managing Director (commenced 4/2/2008)
Jeff Copley - Technical Director
Mark Freeman – Finance Director
Frank Petruzzelli - Non Executive Director

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 \$1,706,671 (2006: net loss of \$15,951,879) for the half-year ended 31 December 2007.

Summary Review of Operations

During the half-year ended 31 December 2007, the Company continued to develop and augment its portfolio of US Oil & Gas assets. Significant developments during the period included:

Kindee ST949 #1 (Wilson Prospect), Padre Island, Tx, Operator 58.23% WI

Production from the Kindee ST949 # 1 well on Padre Island onshore Gulf of Mexico, USA commenced on 10 September 2007 at an initial rate of 2.5 million cubic feet a day ("mmcf/d"). Current production is 1.5 mmcf/d.

Although the Company has been encouraged by the early production performance of the well, it is important to caution that it remains in the preliminary stages of development. The Wilson well requires an extended period of production testing to ascertain its ultimate long term performance profile.

Dunn Deep #2 (Dunn Deep Prospect), Padre Island, Tx, Non-Operator 20% WI

Production from the Dunn Deep #2 well on Padre Island onshore Gulf of Mexico, USA commenced on 16 September 2007 (Spudded 15 August 2007) at an initial gross rate of 3 mmcf/d and 60 barrels a day ("bopd") of condensate.

La Playa Shallow #1 (La Playa Prospect), Padre Island, Tx, GGP 35% WI, Operator BNP

Re-completion on the La Playa #1 well has resulted in the well being put back on production at 2,000 mcf/d.

Interim financial report for six months ending 31 December 2007

Directors Report (continued)

La Playa #2 (La Playa Prospect), Padre Island, Tx, GGP 20% WI, Operator BNP

The testing of La Playa #2 is continuing, the Company has been advised by the operator that the two lower zones have been tested with no flow of commercial hydrocarbons. Testing continues on several additional prospective reservoirs and results will be advised to the market once all tests are completed.

Plum ST 212 #1 well (Plum Prospect), Operator 37.5% WI

Testing of the shallow zone behind the 7 inch liner is expected to be initiated in the 1st quarter 2008.

Lemon/Lemonseed Prospect, Padre Island, Tx, GGP 22.5-35% WI

The Company surrendered its interests in the Lemon/Lemonseed prospect.

Manzano Prospect, Padre Island, Tx, Operator 35 - 37.5% WI.

ST991#1 well on the Manzano structure commenced drilling at Padre Island (Texas, USA) on 2 February 2008.

The Board of Golden Gate Petroleum is pleased to advise that drilling of the Shallow Manzano prospect has been completed and electric logs indicate two zones that are likely to be productive. Drilling of the well has stopped at a total depth of 11,117 feet (vertical depth). A 7 5/8 inch production liner will be set and the deeper zone (of a net 6 ft) will be perforated and flow tested. A successful test would result in the well being immediately tied into the adjacent sales pipeline and gas sales commencing within two to three weeks.

BNP has drilled the well for the agreed turnkey price of \$4.5 million and it will be available to Golden Gate for future deepening to test the Deep Manzano structure. Deepening of the well may commence in October 2008 but is likely to be later as the Company plans to take advantage of the discoveries in the shallow section to increase its sales volumes and build its cash reserves.

The Manzano Deep Prospect is considered to be a world class exploration prospect with gross P50 reserve potential estimated to be 350 Billion Cubic Feet of gas ("BCF") and an upside P10 potential of 650 BCF.

Bowtie East #1 (East Texas Prospect renamed "Bowtie Prospect"), Brazoria & Matagorda County, Tx, Non-Operator 18% WI. Operator Texakoma

The Bowtie East #1 Well which spudded on 10 October 2007 reached its planned total depth of 13,005 feet on 23 November 2007.

The Board of Golden Gate Petroleum (ASX Code: GGP) advises following a thorough review of log information, sidewall core analysis and other subsurface information the re-testing of the secondary reservoirs at the Bowtie East Prospect will not be pursued. Though logs do indicate pay, the sidewall core information shows very high water saturations in the zones, which reduce confidence that commercial quantities of hydrocarbons can be produced from this well.

The operator and partners have agreed that the well should be plugged and abandoned at this time.

The results at Bowtie East do not impact our favourable view of the "Bowtie West" prospect which is expected to be drilled in the second quarter this year. Further analysis of analog data supports a potentially larger structure than originally anticipated. Additional acreage has been leased to correspond with the new data. Overall, management expectations on Bowtie West have improved.

Interim financial report for six months ending 31 December 2007

Directors Report (continued)

Folse #2 Samstown Prospect, Iberville Parish, Louisiana, Operator 45% WI

The Folse #2 Well commenced production on 8 December 2007.

The initial flow commenced at 500 mcf per day of gas and 4 barrels of condensate. The field continues to perform in line with expectations. The high working interest in Folse #2 is making a meaningful contribution to the Company's earnings. Reserves are estimated at 1-2 Bcf.

A 20% back-in after project payout (which includes all well and entry costs for Samstown, LGS and Noel) to the project sellers effectively delivers the Company a WI of 36% after costs are recovered.

Folse #1 (LGS Prospect), Iberville Parish, Louisiana, Operator 42.5% WI

The Folse #1 Well on the LGS Prospect was tied into production on 22 December 2007. The well is presently on-line contributing 400 mcf/d and 3 barrels of condensate in gross production.

A 20% back-in after project payout (which includes all well and entry costs for Samstown, LGS and Noel) to the project sellers effectively delivers the Company a WI of 34% after costs are recovered.

McCall #1 (Noel Prospect), Iberville Parish, Louisiana, Operator 42.5% WI

The McCall #1 Well which spudded on 10 November 2007 reached its original planned total depth of 10,750 feet during the Quarter. The JV has decided that it will now deepen the well to test the primary exploration targets. Electric logs were run in the shallower targets however there was no evidence of commercial quantities of hydrocarbons. The well has now been suspended to allow re-entry and deepening.

The well will be deepened to test the Marg Vag reservoirs which have the potential to deliver 6.5 bcf of gas and 4.3m barrels of oil. By utilizing McCall #1 borehole and infrastructure Golden Gate will reduce the cost of testing a major portion of the deeper potential by approximately 75%.The deepening is currently planned to take place after the drilling of the Bullseye prospect.

Jumonville #1 (Bullseye Prospect), Iberville Parish, Louisiana, Operator 42.75% WI

The Jumonville #1 well construction pad has been completed, it is anticipated that drilling will commence in the next quarter.

Production for the Period ended 31 December 2007

During the 6 months to 31 December 2007 Golden Gate's estimated gross share of production from its USA operations was **566.5** million cubic feet of gas and **3,889** barrels of oil. The Company achieved record gas production which is up **100%** on previous 6 months, resulting in record revenue.

With the addition of Dunn Deep #2, Wilson #1, La Playa #1, Folse #1 and #2 total production on all wells is ~14 million cubic feet per day (~4 million gross to GGP).

At gas prices of US\$7.5 mcf and oil prices of US\$85 per barrel, monthly net revenue to GGP (after royalty and costs) is estimated at A\$730,000.

Interim financial report for six months ending 31 December 2007

Directors Report (continued)

Corporate

On 3 August 2007 the Company completed an \$8.9m raising through the issue of 35,600,000 new shares at 25 cents per share. Participants received 1 free unlisted option for every 3 shares issued. The options are exercisable at 35 cents each on or before 31 July 2008.

During the half year 6,680,260 options were exercised at 35 cents each to ordinary fully paid shares raising A\$2,338,091.

Subsequent Events

On 4 February 2008 the Company advised that the Board announced the appointment of Mr Stephen Graves as Managing Director.

On 4 March 2008 the Company announced a \$5.2m raising through the issue of 24.5m new shares at 21 cents per share.

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 15.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Mark Freeman
Director

14 March 2008
Perth, Western Australia

Interim financial report for six months ending 31 December 2007

Directors' Declaration

In accordance with a resolution of the directors of Golden Gate Petroleum Limited, I state that:

In the opinion of the directors:

(a) the financial statements, and notes of the Group are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2007 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) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mark Freeman
Director

14 March 2008
Perth, Western Australia

GOLDEN GATE PETROLEUM LTD

Interim financial report for six months ending 31 December 2007

Condensed income statement

For the six months ended 31 December 2007

		Consolidated	
	Note	31 Dec 2007 \$	31 Dec 2006 \$
Continuing operations			
Revenue from gas sales		3,926,052	2,352,545
Operating costs		(1,182,364)	(635,960)
Gross Profit before depletion		2,743,688	1,716,585
Depletion Costs		(1,208,127)	(655,996)
Gross Profit		1,535,561	1,060,589
Other revenue		77,090	25,874
Exploration expenditure written off	7(b)	(2,211,569)	(16,430,926)
Depreciation expenses		(15,607)	(7,833)
Finance costs		(151,183)	-
Other expenses	5	(940,963)	(599,583)
Loss from continuing operations before income tax expense		(1,706,671)	(15,951,879)
Income tax expense		-	-
Net loss attributable to members of the Company		(1,706,671)	(15,951,879)
Earnings per share (cents per share)			
Basic loss per share cents		0.824	10.56
Diluted loss per share cents		0.824	10.56

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

GOLDEN GATE PETROLEUM LTD

Interim financial report for six months ending 31 December 2007

Condensed balance sheet

As at 31 December 2007

		Consolidated	
	Notes	31 Dec 2007	30 June 2007
		\$	\$
Current assets			
Cash & cash equivalents		5,270,916	3,273,645
Trade & other receivables		2,792,842	3,218,988
Prepayments		173,390	46,419
Total current assets		8,237,148	6,539,052
Non-current assets			
Trade and other receivables		308,543	319,053
Plant and equipment		110,896	208,921
Exploration, evaluation properties	7(a)	11,511,584	9,298,988
Production properties	8(a)	12,006,268	8,647,759
Total non-current assets		23,937,291	18,474,721
Total assets		32,174,439	25,013,773
Current liabilities			
Trade and other payables		5,344,529	6,132,729
Provisions		94,792	67,236
Total current liabilities		5,439,321	6,199,965
Non current liabilities			
Interest bearing loans and borrowings		3,000,000	3,000,000
Provisions		347,208	255,518
Total non current liabilities		3,347,208	3,255,518
Total liabilities		8,786,529	9,455,483
Net assets		23,387,910	15,558,290
Equity			
Contributed equity		52,884,592	41,874,656
Option premium reserve		480,000	480,000
Management option reserve		1,654,482	791,579
Foreign currency translation reserve		(4,114,826)	(1,778,278)
Accumulated losses		(27,516,338)	(25,809,667)
Total equity		23,387,910	15,558,290

The balance sheet is to be read in conjunction with the accompanying notes.

GOLDEN GATE PETROLEUM LTD

Interim financial report for six months ending 31 December 2007

Condensed statement of changes in equity [Consolidated]

	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
Effect of translation of foreign operations to presentation currency	-	-	-	486,543	486,543
Total income for the period recognized directly in equity	-	-	-	486,543	486,543
Loss for the period	-	(15,951,879)	-	-	(15,951,879)
Total Income /(expense) for the period	-	(15,951,879)	-	486,543	(15,465,336)
Issue of share capital	9,040,000	-	-	-	9,040,000
Transaction costs on share issue	(274,887)	-	-	-	(274,887)
Equity settled 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

	Contributed Equity	Accumulated Losses	Other Reserves	Foreign Currency	Total Equity
Balance at 1 July 2007	41,874,656	(25,809,667)	1,271,579	(1,778,278)	15,558,290
Effect of translation of foreign operations to presentation currency	-	-	-	(2,336,548)	(2,336,548)
Total income for the period recognized directly in equity	-	-	-	(2,336,548)	(2,336,548)
Loss for the period	-	(1,706,671)	-	-	(1,706,671)
Total Income /(expense) for the period	-	(1,706,671)	-	(2,336,548)	(4,043,219)
Issue of share capital	11,241,598	-	-	-	11,241,598
Transaction costs on share issue	(231,662)	-	-	-	(231,662)
Equity settled payments*	-	-	862,903	-	862,903
Balance at 31 December 2007	52,884,592	(27,516,338)	2,134,482	(4,114,826)	23,387,910

The statement of changes in equity is to be read in conjunction with the accompanying notes.

* relates to share-based payment expense recognised

Interim financial report for six months ending 31 December 2007

Condensed cash flow statement

For the half-year ended 31 December 2007

	Consolidated	
	31 Dec 2007	31 Dec 2006
	\$	\$
Cash flows from operating activities		
Receipts from customers	3,558,334	2,341,630
Payment to suppliers and employees	(415,869)	(230,193)
Interest received	77,259	15,311
Interest paid	(173,129)	-
Net cash flows from operating activities	3,046,595	2,126,748
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(7,886,386)	(5,711,942)
Production/Development costs	(2,744,623)	(530,549)
Security deposits	-	(86,640)
Acquisition of prospects	(1,937,356)	-
Proceeds of sale of prospects	320,354	10,574
Acquisition of plant and equipment	(32,091)	-
Net cash flows used in investing activities	(12,280,102)	(6,318,557)
Cash flows from financing activities		
Proceeds from the issue of shares	11,241,599	9,040,000
Share issue costs	(220,849)	(37,515)
Net cash flows from financing activities	11,020,750	9,002,485
Net increase/(decrease) in cash held	1,787,243	4,810,676
Add opening cash brought forward	3,273,645	3,459,865
Effect of exchange rate changes on cash	210,028	(244,983)
Cash and cash equivalents at 31 December 2007	5,270,916	8,025,558

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

Interim financial report for six months ending 31 December 2007

Notes to the financial statements

1. Reporting entity

Golden Gate Petroleum Limited (the "Company" or "Golden Gate") is a company domiciled in Australia. The condensed consolidated interim financial report of the Company for the six months ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in associates and jointly controlled entities.

The consolidated interim financial report was authorised for issue by the directors on 14 March 2008.

2. Statement of compliance

The consolidated interim financial report is a general purpose condensed financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2007. This report must also be read in conjunction with any public announcements made by Golden Gate Petroleum Ltd during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

3. Significant accounting policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2007, except as disclosed below.

(a) Changes in accounting policies

Since 1 July 2007, the Group has adopted the following Standards and Interpretations, mandatory for all annual reporting periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group.

- AASB 101 (revised October 2006) Presentation of Financial Statements
- AASB 7 Financial Instruments: Disclosures
- AASB 2005-10 Amendments to Australian Accounting Standards (AASB 132, 101,114, 117, 133, 139, 1, 1023 and 1038)
- AASB 2007-1 Amendments to Australian Accounting Standards arising from Interpretation 11 (AASB 2)
- AASB 2007-4 Amendments to Australian Accounting Standards arising from ED151 and other Amendments
- AASB 2007-7 Amendments to Australian Accounting Standards (AASB 1, AASB 2, AASB 4, AASB 5, AASB 107, & AASB 128)
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 11 AASB 2 – Group and Treasury Share Transactions

4. Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2007 (2006: None).

Interim financial report for six months ending 31 December 2007

5. Loss for the half-year

Loss for the half-year includes the following items which are unusual because of their nature, size or incidence:

	31 Dec 2007	31 Dec 2006
	\$	\$
Other Expenses		
Office costs	(37,137)	(15,087)
Professional fees	(82,621)	(86,680)
Leave provisions	(11,538)	(11,230)
Insurance	(17,100)	(19,923)
Employee costs expensed	(398,717)	(12,902)
Share based payments	(374,228)	(428,362)
Other	(19,622)	(25,399)
	<u>(940,963)</u>	<u>(599,583)</u>

6. Segment reporting

Segment information is presented in the condensed consolidated interim financial statements in respect of the consolidated entity's geographical segments, which are the primary basis of segment reporting. The geographical segment reporting format reflects the consolidated entity's management and internal reporting structure.

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 two geographical areas being USA and Australia. There is no segment revenue relating to Australia and the segment result for Australia is considered not significant compared to the total net profit/(loss) for the period.

7. Exploration and Evaluation Properties

	31 Dec 2007	30 June 2007
	\$	\$
a) Expenditure carried forward in respect of hydrocarbon areas of interest		
Exploration and evaluation - at cost	11,511,584	9,298,988

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:

- Exploration & evaluation phases		
Carrying amount at beginning	9,298,988	18,203,418
Movement in carrying value as a result of foreign currency variations	(296,014)	(1,589,251)
Additions	6,161,624	17,572,073
Transfer to Production *	(585,934)	(8,647,759)
Sale of interests	(855,511)	-
Allowance for impairment **	(2,211,569)	(16,239,493)
Carrying Amount at end	<u>11,511,584</u>	<u>9,298,988</u>

* The Wilson ST949#1 well was completed into a development well and costs associated with that well were moved from exploration to production.

Interim financial report for six months ending 31 December 2007

** Allowance for Impairment - The Company has further written off the carried forward expenditure in respect of its Lemon/Lemonseed Prospects following the expiry of leases.

8. Oil and Gas Production

	31 Dec 2007	30 June 2007
	\$	\$
a) Oil and Gas Production carried forward		
Oil and Gas Production - at cost	18,768,865	14,202,229
Accumulated amortisation	(6,762,597)	(5,554,470)
	12,006,268	8,647,759
b) Reconciliation:		
- Oil and Gas Production		
Carrying amount at beginning	8,647,759	1,250,138
Transferred from Exploration	585,934	8,647,759
Movement in carrying value as a result of foreign currency variations	(273,352)	(52,213)
Additions	4,254,054	-
Amortisation	(1,208,127)	(1,197,925)
Carrying Amount at end	12,006,268	8,647,759

9. Commitments

Less than one year	1,761,396	342,314
Between one and five years	94,736	-
More than five years	-	-
	1,856,132	342,314

The Company has a 2 year office lease for its Houston premises at an annual lease of \$94,736. The Company entered into a turnkey commitment for the drilling of the Manzano well. In regards to the turnkey contract, the Company's share of the total Contract of approximately \$5,000,000 was \$1,666,667 as at 31 December 2007.

10. Contingent assets and contingent liabilities

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

11. Contributed equity

	31-Dec-07	31-Dec-06
	\$	\$
Share capital		
Ordinary shares issued	52,884,592	41,917,260

Reconciliation of movement in share capital

	31-Dec-07		31-Dec-06	
	\$	No.	\$	No.
On issue at 1 July – fully paid	41,874,656	176,104,770	33,152,147	151,103,951
Exercise of options	2,338,349	6,680,000	3,300,000	11,000,000
Issued for cash	8,903,250	35,613,000	5,700,000	14,000,000
Less: Transaction costs	(231,663)		(234,887)	-
On issue at 31 December – fully paid	52,884,592	218,397,770	41,917,260	176,103,951

Interim financial report for six months ending 31 December 2007

12. Share Based Payments

Under the Company's Employee Share Scheme, 13,650,000 incentive options were issued to directors, employees and consultants during the six months ended 31 December 2007. The terms of options issued during the period are as follows:

	Directors	Employee / consultants
Continuous service - vesting on 1 July 2008	10,000,000	1,650,000
Continuous service - vesting on 23 April 2008	2,000,000	-
Number of options granted during the period	12,000,000	1,650,000

Valuation of options

The basis for measuring fair value is consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2007. The assumptions used in valuing the options are as follows:

	Directors' options		Employee/ Consultants options
Number of options granted	2,000,000	10,000,000	1,650,000
Grant date	10/07/2007	03/11/2007	10/08/2007
Exercise price (cents)	25	35	35
Expiry date	30/06/2010	30/10/2010	30/10/2010
Share price (cents)	25.5	40	40
The risk-free interest rate	6.25%	6.25%	6.25%
Volatility	55.0%	50.0%	50.0%
Fair value per option (cents)	11.2	12.17	12.17

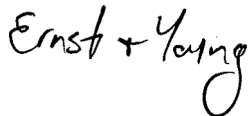
13. Events occurring after the balance sheet date

On 4 February 2008 the Company advised that the Board announced the appointment of Mr Stephen Graves as Managing Director.

On 4 March 2008 the Company announced a \$5.2m raising through the issue of 24.5m new shares at 21 cents per share.

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 2007, 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
14 March 2008

To the members of Golden Gate Petroleum Limited

Report on the Condensed Half Year Financial Report

We have reviewed the accompanying half year financial report of Golden Gate Petroleum Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

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 establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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 2007 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*. 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.

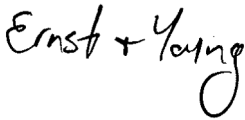
Independence

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. The Auditor's Independence Declaration would have been expressed in the same terms if it had been given to the directors at the date this auditor's report was signed.

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 is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the six months ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



P McIver

Partner

Perth

14 March 2008