

# Golden Gate Petroleum Ltd

ABN 34 090 074 785

Financial Report for the Half-Year Ended  
31 December 2008

# GOLDEN GATE PETROLEUM LTD

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Half-year financial report for the six months ending 31 December 2008

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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 2008 ("Consolidated Entity" or "Group"). The Group's functional and presentation currency is AUD(\$).

### **OFFICERS**

Sam Russotti (Non Executive Chairman)  
Stephen Graves (Managing Director)  
Frank Petruzzelli (Non Executive Director)  
Chris Bowyer (Company Secretary)

### **REGISTERED OFFICE**

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Perth Western Australia 6000  
Telephone: (08) 9324 1177  
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Email: admin@ggpl.com.au  
Website: www.ggpl.com.au

### **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)

Half-year financial report for the six months ending 31 December 2008

## **Directors Report**

Your directors submit this report for the half year ended 31 December 2008.

### **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  
Frank Petruzzelli - Non Executive Director  
Mark Freeman – Non Executive Director (resigned 5 March 2009)

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 \$1,316,711 (2007: net loss of \$1,706,671) for the half-year ended 31 December 2008.

#### **Summary Review of Operations**

During the half-year ended 31 December 2008, the Company continued to develop and augment its portfolio of US Oil & Gas assets. Significant developments during the period included:

#### **Jumonville #1 Bullseye Prospect, Iberville Parish, Louisiana, Operator 41.25% WI**

The Jumonville #1 well is the first well that was drilled and completed on the Bullseye Project. The well commenced production in late September 2008 and cumulative production for the period was 42,952 barrels of oil and 1,928 thousand cubic feet of gas.

#### **Jumonville #2 Bullseye Prospect, Iberville Parish, Louisiana, Operator 43.33% WI\***

The Jumonville #2 well commenced drilling operations on 25 December 2008. The well is presently setting intermediate casing at 12,100 ft. Total depth is planned for approximately 14,200ft.

The Jumonville #2 well targets three objectives: the Camerina, Miogyp and Cib Haz Formations. The primary target in the Jumonville #2 well is the deeper Cib Haz reservoir which is contained in the same hydrocarbon trap as the shallower productive intervals. Although deeper than the proven Miogyp reservoir and apparent pay in the Camerina section, it is considered to have a high probability of success, but is considered an exploration target since it has yet to be tested. In addition, the Jumonville # 2 well will penetrate the Miogyp updip from the oil production in the Jumonville #1 well, providing additional confirmation of pay thickness and distribution of this reservoir.

The proprietary 3D seismic data, which provided an accurate pre-drill estimate of pay thickness in the Jumonville # 1 well, indicates substantially thicker reservoir sand over a larger area in the deeper Cib Haz reservoir. If this deeper test is successful the combined reserves of the Camerina, Miogyp and Cib Haz has the potential to make Bullseye one of the largest onshore discoveries in South Louisiana in recent

### **Half-year financial report for the six months ending 31 December 2008**

years with a P50 estimate of 22.5 mmbœ.

\* GGP will have a 41.25% working interest following back in rights of the project vendor.

#### **Acosta #1 Well, Bullseye Prospect, Iberville Parish, Louisiana, Operator 41.25% WI**

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The re-entry work on the Acosta #1 well began in November and successfully reached total depth of 12,475 feet on 9 December 2008. Open hole logs and side wall cores made during the drilling indicated approximately 24 feet of net pay in the Miogyp formation and 26 feet of oil saturated porosity in the Camerina formation.

The Acosta #1 well has commenced testing and unfortunately was unable to generate commercial production of oil from the Miogyp reservoir. The Company is awaiting the completion of drilling on the Jumonville #2 well prior to commencing testing of the Camerina interval.

#### **Surface Production Facilities – Bullseye Prospect**

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The surface production facility work was completed with the installation of four 1,500 bbl tanks along with oil, gas and water flow lines for the Jumonville #1 well, the Acosta #1 well and the recently commenced Jumonville #2 well. The gas sales line went operational with initial sales commencing in mid-December.

#### **West Lake Boudreaux Prospect, Terrebonne Parish, Louisiana, Non-Operator 20% WI**

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Drilling commenced on the SL 18892 #1 well on 24 October 2008. On 8 December the Company announced that it had reached total depth of 13,760 feet and was running electric logs. No commercial hydrocarbons were found even though initial indications while drilling had indicated good gas shows across two intervals. The Company decided to plug and abandon the well.

#### **Production for the Period ended 31 December 2008**

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During the 6 months to 31 December 2008 Golden Gate's estimated gross share of production from its USA operations was 380 million cubic feet of gas and 20,002 barrels of oil.

#### **Corporate**

On 17 October 2008 the Company completed a \$5,100,000 raising through the issue of 18,214,287 new shares at 28 cents per share.

During the half year 1,000,000 options were exercised at 22 cents each, to ordinary fully paid shares, raising \$220,000.

#### **Subsequent Events**

- On 5 March 2009 the Company announced the placement of 38,888,888 convertible notes with a face value of 9 cents each to raise \$3,500,000 before expenses. The Company will issue all of the convertible notes utilizing its 15% capacity under Listing Rule 7.1. The notes have the following key terms:
  - (i) The coupon rate is 1.25% per month, payable quarterly in arrears. The coupon rate may be increased with a capped rate in the event of an increase in the oil price or an increase in oil production from the Bullseye project.

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- (ii) The principal is repayable 5 years from drawdown and may be redeemed by the Company at any time for the face value plus a discounted value of future interest payment over the remaining life of the notes.
- (iii) The notes convert on a 1:1 basis (ie 38.9m ordinary shares) at any time prior to expiry of the notes.

In addition, contingent on the commercial success in the Cib Haz Interval of the Jumonville #2 well, a further facility of \$3,500,000 on the same terms will be available for draw down subject to shareholders' approval.

- On 5 March 2009 the Company announced the issue of 10,418,750 ordinary shares under a share purchase plan at 8 cents each, raising \$833,500.

**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*



Frank Petruzzelli  
Director

13 March 2009  
Perth, Western Australia

**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 2008 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*



Frank Petruzzelli  
Director

13 March 2009  
Perth, Western Australia

# GOLDEN GATE PETROLEUM LTD

Half-year financial report for the six months ending 31 December 2008

## Consolidated Income statement

For the six months ended 31 December 2008

	Consolidated	
	31 Dec 2008	31 Dec 2007
	\$	\$
<b>Continuing operations</b>		
Revenue from oil and gas sales	5,882,014	3,926,052
Other Revenue	213,870	77,090
<b>Revenue</b>	<b>6,095,884</b>	<b>4,003,142</b>
Costs of sales	(4,767,590)	(2,390,491)
<b>Gross Profit</b>	<b>1,328,294</b>	<b>1,612,651</b>
Other income	45,831	-
Depreciation expenses	(11,306)	(15,607)
Finance costs	(224,048)	(151,183)
Other expenses	(2,455,482)	(3,152,532)
<b>Loss from continuing operations before income tax expense</b>	<b>(1,316,711)</b>	<b>(1,706,671)</b>
Income tax expense		-
<b>Net loss attributable to members of the Company</b>	<b>(1,316,711)</b>	<b>(1,706,671)</b>
<b>Earnings per share (cents per share)</b>		
Basic loss per share cents	0.525	0.824
Diluted loss per share cents	0.525	0.824

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

# GOLDEN GATE PETROLEUM LTD

Half-year financial report for the six months ending 31 December 2008

## Consolidated Balance Sheet

As at 31 December 2008

	Notes	Consolidated	
		31 Dec 2008	30 June 2008
		\$	\$
<b>Current assets</b>			
Cash & cash equivalents		8,681,842	2,745,198
Trade & other receivables		1,019,072	2,189,773
Inventory		2,562,573	-
Prepayments		12,311	1,242,357
<b>Total current assets</b>		<b>12,275,798</b>	<b>6,177,328</b>
<b>Non-current assets</b>			
Trade and other receivables		435,096	286,652
Plant and equipment		91,612	76,049
Exploration, evaluation properties	7(a)	9,424,535	10,261,654
Production properties	8(a)	10,792,849	912,694
<b>Total non-current assets</b>		<b>20,744,092</b>	<b>11,537,049</b>
<b>Total assets</b>		<b>33,019,890</b>	<b>17,714,377</b>
<b>Current liabilities</b>			
Trade and other payables		13,904,985	6,373,517
Interest bearing loans and borrowings		3,000,000	3,000,000
Provisions		8,645	162,566
<b>Total current liabilities</b>		<b>16,913,630</b>	<b>9,536,083</b>
<b>Non current liabilities</b>			
Provisions		876,846	567,168
<b>Total non current liabilities</b>		<b>876,846</b>	<b>567,168</b>
<b>Total liabilities</b>		<b>17,790,476</b>	<b>10,103,251</b>
<b>Net assets</b>		<b>15,229,414</b>	<b>7,611,126</b>
<b>Equity</b>			
Contributed equity	11	63,048,509	57,941,233
Option premium reserve		480,000	480,000
Management option reserve		2,867,462	2,679,964
Foreign currency translation reserve		(77,180)	(3,717,405)
Accumulated losses		(51,089,377)	(49,772,666)
<b>Total equity</b>		<b>15,229,414</b>	<b>7,611,126</b>

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



**Consolidated Cash Flow Statement**

For the half-year ended 31 December 2008

	<b>Consolidated</b>	
	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	8,363,703	3,558,334
Payment to suppliers and employees	(4,057,009)	(415,869)
Interest received	16,493	77,259
Interest paid	(157,593)	(173,129)
<b>Net cash flows from operating activities</b>	<b>4,165,594</b>	<b>3,046,595</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(3,930,275)	(7,886,386)
Production and Development costs	(1,964,932)	(2,744,623)
Acquisition of prospects	-	(1,937,356)
Proceeds from sale of prospects	-	320,354
Prepayments received from non-operating Joint Venture partners	1,811,535	-
Acquisition of plant and equipment	(28,177)	(32,091)
<b>Net cash flows used in investing activities</b>	<b>(4,111,849)</b>	<b>(12,280,102)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	5,320,000	11,241,599
Share issue costs	(212,337)	(220,849)
<b>Net cash flows from financing activities</b>	<b>5,107,663</b>	<b>11,020,750</b>
<b>Net increase in cash held</b>	<b>5,161,408</b>	<b>1,787,243</b>
Add opening cash brought forward	2,745,198	3,273,645
Effect of exchange rate changes on cash	775,236	210,028
<b>Cash and cash equivalents at 31 December 2008</b>	<b>8,681,842</b>	<b>5,270,916</b>

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

Half-year financial report for the six months ending 31 December 2008

## 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 2008 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 13 March 2009.

#### *Going concern*

As at 31 December 2008, the Group has a net current asset deficiency of \$4,637,832. The major contributor to the net current asset deficiency is the \$3,000,000 convertible debt falling due in May 2009.

Notwithstanding this matter, management and the Directors are satisfied the Group can continue on a going concern basis after having regard to the following mitigating factors:

- the Group has positive operating cash flows and positive operating cash flows are estimated for the 12-month period starting 1 April 2009 to 31 March 2010;
- the Group has no capital commitments at 31 December 2008;
- the Group raised \$4,333,500 on 5 March 2009 with a potential further facility of \$3,500,000, as per the terms and conditions set out in note 14; and
- the Group has 2 lines of credit for US\$5,000,000 and A\$1,000,000 respectively, which have not yet been drawn down on.

### 2. Statement of compliance

The consolidated interim financial report is a 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 2008. 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 2008, except as disclosed below.

#### (a) Changes in accounting policy

From 1 July 2008 The Group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2008.

- AASB 2008-10 *Amendment to Australian Accounting Standards – Reclassification of Financial Assets (amendments to AASB 139 Financial Instruments: Recognition and Measurement and AASB 7 Financial Instruments Disclosures)*
- Interpretation 12 and AASB 2007-2 *Service Concession Arrangements* and consequential amendments to other Australian Accounting Standards
- Interpretation 129 *Service Concession Arrangements: Disclosures*
- Interpretation 4 (revised) *Determining whether an arrangement contains a lease*
- Interpretation 13 *Customer Loyalty Programmes*.
- Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

Half-year financial report for the six months ending 31 December 2008

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

**4. Dividends**

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2008 (2007: None).

**5. Loss for the half-year**

Loss for the half-year includes the following items:

	Notes	31 Dec 2008 \$	31 Dec 2007 \$
Other Expenses			
Exploration expenditure written off	7(b)	(796,378)	(2,211,569)
Impairment expenses		(1,105,311)	-
Office costs		(65,814)	(37,137)
Professional fees		(151,485)	(82,621)
Employee costs		(249,625)	(410,255)
Employee Costs - Share based payments		(76,823)	(374,228)
Other		(10,046)	(36,722)
		<u>(2,455,482)</u>	<u>(3,152,532)</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 thus Australia does not meet the definition of a reportable segment under AASB 114 Segment Reporting.

## GOLDEN GATE PETROLEUM LTD

Half-year financial report for the six months ending 31 December 2008

### 7. Exploration and Evaluation Properties

	31 Dec 2008 \$	30 June 2008 \$	31 Dec 2007 \$
<b>a) Expenditure carried forward in respect of hydrocarbon areas of interest</b>			
Exploration and evaluation - at cost	9,424,535	10,261,654	11,511,584

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.

	Six Months Ended 31 Dec 2008 \$	Twelve Months Ended 30 June 2008 \$	Six Months Ended 31 Dec 2007 \$
<b>b) Reconciliation:</b>			
- <b>Exploration &amp; evaluation phases</b>			
Carrying amount at beginning	10,261,654	9,298,988	9,298,988
Movement in carrying value as a result of foreign currency variations	3,550,796	(1,221,104)	(296,014)
Additions	6,617,819	22,424,592	6,161,624
Transfer to Production *	(10,209,356)	(605,894)	(585,934)
Sale of interests	-	(830,353)	(855,511)
Allowance for impairment **	(796,378)	(18,804,575)	(2,211,569)
<b>Carrying Amount at end</b>	<b>9,424,535</b>	<b>10,261,654</b>	<b>11,511,584</b>

\* The Jumonville #1 well and associated facilities and the DM11A well were completed and moved from exploration to production.

\*\* This impairment relates primarily to the writedown of the Bethany assets to recoverable amount.

### 8. Oil and Gas Production

	31 Dec 2008 \$	30 June 2008 \$	31 Dec 2007 \$
<b>a) Oil and Gas Production carried forward</b>			
Oil and Gas Production - at cost	14,315,966	1,629,740	18,768,865
Accumulated amortisation	(3,523,117)	(717,046)	(6,762,597)
	<b>10,792,849</b>	<b>912,694</b>	<b>12,006,268</b>

	Six Months Ended 31 Dec 2008 \$	Twelve Months Ended 30 June 2008 \$	Six Months Ended 31 Dec 2007 \$
<b>b) Reconciliation:</b>			
- <b>Oil and Gas Production</b>			
Carrying amount at beginning	912,694	8,647,759	8,647,759
Transferred from Exploration	10,209,356	605,894	585,934
Movement in carrying value as a result of foreign currency variations	1,272,849	(401,210)	(273,352)
Additions	1,204,021	1,737,359	4,254,054
Impairment expense *	(1,700,760)	(8,960,062)	-
Amortisation	(1,105,311)	(717,046)	(1,208,127)
<b>Carrying Amount at end</b>	<b>10,792,849</b>	<b>912,694</b>	<b>12,006,268</b>

\* Laplaya #2 well ceased production from the existing interval and the well costs were written down to nil. DM11A well was perforated in a new interval in November 2008 with a further 2 more intervals expected to be commercial. Following depletion of the initial primary interval an impairment of US\$824,000 (A\$1,079,935) was undertaken.

**9. Commitments**

Less than one year	97,159	99,946
Between one and five years	-	24,986
More than five years	-	-
	<b>97,159</b>	<b>124,932</b>

The Company has 9 months left on an office lease for its Houston premises at a cost of \$97,159.

**10. Contingent assets and contingent liabilities**

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

**11. Undrawn Facility**

On 19 September 2008 the Company announced that it had executed a line of credit agreement for US\$5 million. This finance facility creates a line of credit to meet short term working capital requirements for on going operations. Interest rate on any drawn amount is LIBOR based with no conversion options or equity component. Advances against the facility will be due and payable between 6 and 9 months with no penalty for early repayment. At the time of each drawdown, lender approval is required. No draw downs have occurred to date.

The Company executed an unsecured AUD\$1,000,000 overdraft facility on 28 June 2007 to fund the Company's ongoing working capital requirements. An establishment fee of \$20,000 was paid during the period and interest is calculated at 10% on the loan amounts drawn down. The Company has not drawn down any funds under this facility during the period.

**12. Contributed equity**

	<b>31 Dec 2008</b>	<b>30 June 2008</b>	<b>31 Dec 2007</b>
<b>Share capital</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Ordinary shares issued	63,048,509	57,941,233	52,884,592

**Reconciliation of movement  
in share capital**

	<b>31-Dec-08</b>		<b>31-Dec-07</b>	
	<b>\$</b>	<b>No.</b>	<b>\$</b>	<b>No.</b>
On issue at 1 July – fully paid	57,941,233	243,234,160	41,874,656	176,104,770
Exercise of options	220,000	1,000,000	2,338,349	6,680,000
Issued for cash	5,100,000	18,214,287	8,903,250	35,613,000
Less: Transaction costs	(212,724)		(231,663)	
On issue at 31 December – fully paid	<b>63,048,509</b>	<b>262,448,447</b>	<b>52,884,592</b>	<b>218,397,770</b>

**13. Share Based Payments**

On 28 August 2008 the Company announced the establishment of a 6 month US\$1m finance facility. In accordance with the terms of the facility the Company has issued 600,000 unlisted options exercisable at 40 cents on or before 31 August 2011 following the drawdown of US\$500,000.

**Valuation of options**

The basis for measuring fair value is consistent with the Binomial Methodology. The assumptions used in valuing the options are as flows:

	<b>Options</b>
Number of options granted	600,000
Grant date	29/08/2008
Exercise price (cents)	40
Expiry date	31/08/2011
Share price (cents)	30
The risk-free interest rate	6.25%
Volatility	65.0%
Fair value per option (cents)	10.88

**14. Events occurring after the balance sheet date**

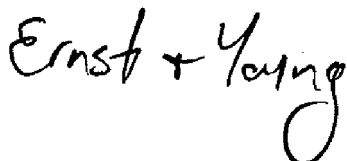
- On 5 March 2009 the Company announced the placement of 38,888,888 convertible notes with a face value of 9 cents each to raise \$3,500,000 before expenses. The Company will issue all of the convertible notes utilizing its 15% capacity under Listing Rule 7.1. The notes have the following key terms:
  - (i) The coupon rate is 1.25% per month, payable quarterly in arrears. The coupon rate may be increased with a capped rate in the event of an increase in the oil price or an increase in oil production from the Bullseye project.
  - (ii) The principal is repayable 5 years from drawdown and may be redeemed by the Company at any time for the face value plus a discounted value of future interest payment over the remaining life of the notes.
  - (iii) The notes convert on a 1:1 basis (ie 38.9m ordinary shares), and can be converted at any time prior to expiry of the notes.

In addition, contingent on the commercial success in the Cib Haz Interval of the Jumonville #2 well, a further facility of \$3,500,000 on the same terms will be available for draw down subject to shareholders' approval. As at the date of this report, the commercial success of the Cib Haz Interval is not yet assessable.

- On 5 March 2009 the Company announced the issue of 10,418,750 ordinary shares under a share purchase plan at 8 cents each, raising \$833,500.

### 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 2008, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, flowing script.

Ernst & Young

A handwritten signature in black ink that reads 'P McIver' in a cursive, flowing script.

P McIver  
Partner  
Perth  
13 March 2009

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 balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and 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 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 Interim and Other Financial Reports 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 2008 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.

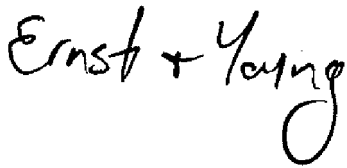
### *Independence*

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.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 2008 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*.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

A handwritten signature in black ink that reads 'P McIver' in a cursive, stylized script.

P McIver  
Partner  
Perth  
13 March 2009