

**GOLDEN GATE PETROLEUM LTD AND ITS
CONTROLLED ENTITIES (FORMERLY
VALDERA RESOURCES LIMITED)
ABN 34 090 074 785**

Half-Year Financial Report

31 December 2003

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)
HALF-YEAR ENDED 31 DECEMBER 2003
DIRECTORS' REPORT

The directors present their report for the half-year ended 31 December 2003.

Directors

The directors of the Company at any time during or since the end of the half-year are:

Frank Petruzzelli – Non-Executive Chairman (appointed 30 June 2003)

Sam Russotti – Managing Director (appointed 30 June 2003)

Craig Burton – Non-Executive Director

Charles Morgan – Non-Executives Director (resigned 1 July 2003)

Tim Wise – Non-Executive Director (resigned 1 July 2003)

Donal Windrim – Executive Director (resigned 1 July 2003)

Review and results of operations

The principal activity of the consolidated entity during the half-year was exploration and evaluation of mineral interests. The loss for the consolidated entity for the half-year ended 31 December 2003 was \$1,241,834 (2002: loss \$2,412,218).

Half Year Highlights:

La Playa Deep #1

The drilling of La Playa Deep #1 started on 31 December 03.

Surface gas equipment indicated a significant increase in gas readings at around 9,320 feet, but subsequently the drill string became stuck at 9,591 feet before electric logs could be run.

Drilling on La Playa Deep #1 is continuing in a new side tracked hole. At a depth of 10,987 feet electric logs were run. The logs indicated potential net gas pay of approximately 8 feet within a gross column of 24 feet.

As of the 6 March the well had reached a depth of 11,474 feet and a gas show was recorded over a gross interval of 70 feet. It is intended to continue drilling until the planned total depth of 14,840 feet is reached. At that point electric logs will be run to evaluate the section between 10,973 feet and the planned total depth of 14,840 feet. It is expected that the total depth of 14,840 feet will be reached in three weeks.

Production

The Company's net share of production for the six month period was 38.1 million cubic feet of gas and 284.5 barrels of condensate. The producing wells are La Playa and West Bird.

Future Drilling Programmes

La Playa Deep #1 is the first of a six well drilling programme planned to take place over the next 12 months.

Prospect Name	P50 Potential BCF	Current Planned Start Date
La Playa Deep	162	Currently Drilling
Homerun	397	April, 2004
Murdock South	232	August/September, 2004

Manzano	337	TBA
Plum Deep	293	TBA
Lemonseed	123	TBA

Future Padre Plans

The Board has decided to concentrate the Company's resources on the drilling of wells in the intermediate section of Padre Island joint venture area where the potential impact of a success is substantially greater than the prospects in the shallow section. The Company has elected not to participate in the Dancer, Lemon and Peach shallow wells proposed by BNP, the operator of the shallow section.

Golden Gate Petroleum Ltd acquired production lease in NE Texas

The Company recently acquired the shallow rights to 2,336 acres of oil and gas leases in Panola County east Texas with the acquisition of a 100% working interest in the NE Bethany Waterflood Unit #3, a shut-in oil field. The leases are located near the Texas/Louisiana border approximately 30 kilometres west of the town of Shreveport. Golden Gate's rights extend from the surface to approximately 3,990 feet. Wells drilled on adjacent leases show the presence of up to four gas zones and three oil zones within that interval. All of the existing sixteen wells within the leases were drilled for the purpose of producing from the oil zones and therefore have not had any significant impact on potential reserves within the gas zones.

The consideration for the acquisition was US\$350,000. Documents filed with the US Securities commission indicate that there remain proven undeveloped reserves of 4.5 bcf of gas and 744,888 barrels of oil (net to Golden Gate) within the leases equating to an approximate acquisition cost of US 23 cents per barrel of oil equivalent.

Successful exploitation of Bethany will augment the Company's cash flow and enable it to better support its continued participation in the high impact Padre Island prospects. Holding all of the working interest means that Golden Gate is the operator and will be in control of drilling operations. The shallow prospects can be drilled cheaply. A small drilling team is being assembled with the aim to commence drilling operations within the next three months. The infrastructure already present in the area will enable any success to be quickly tied in and produced.

The hydrocarbon information in the release is compiled by Mr Sam Russotti, BSc (Geol) who has 31 years relevant experience in the Oil and Gas Industry.

Corporate

The Company re-listed on the ASX on 14 August 2003 following the issue of 10 million shares and 10 million options (exercisable at 65 cents on or before 31 December 2006) to raise \$2 million.

In February 2004, 7,000,000 shares were issued at 30 cents for total proceeds of \$2,100,000 (excluding costs).

In March the Company issued 25,000 options to Don Boyd, the Company's newly appointed drilling manager for the Bethany Project. The options are unlisted and exercisable at 32 cents on or before 2 March 2007.

Capital Structure**Number**

Issued Shares	131,749,885
Options	
Listed Options exercisable at 65 cents on or before 31 December 2006	28,461,629
Unlisted Options exercisable at 30 cents on or before 11 August 2006	11,000,000
Unlisted Options exercisable at 20 cents on or before 31 May 2006	960,000
Unlisted Options exercisable at 32 cents on or before 2 March 2007	25,000
Unlisted Options exercisable at 44 cents on or before 18 February 2007	800,000
Total Options	<u>41,246,629</u>

*On behalf of the Board of
Golden Gate Petroleum Ltd*

Dated at Perth this 11 day of March 2004.

Signed in accordance with a resolution of the directors.



S Russotti,
Managing Director

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)
HALF-YEAR ENDED 31 DECEMBER 2003
CONDENSED STATEMENT OF FINANCIAL PERFORMANCE

	Consolidated	
	2003	2002
	\$	\$
Revenues from gas sales	196,056	-
Revenue from sale of assets	256,276	-
Other revenue from ordinary activities	26,930	29,723
Total Revenue from ordinary activities	479,262	29,723
Depletion Costs	(196,056)	-
Exploration expenditure written off	(1,108,570)	(2,280,337)
Depreciation expenses	(7,667)	-
Other expenses from ordinary activities	(408,803)	(161,604)
Loss from ordinary activities before income tax expense	(1,241,834)	(2,412,218)
Income tax relating to ordinary activities	-	-
Net loss attributable to members of the Company	(1,241,834)	(2,412,218)
Capital raising expenses taken directly to equity	(266,079)	-
Total changes in equity other than those resulting from transactions with owners as owners	(1,507,913)	(2,412,218)
Basic loss per share	(1.32 cents)	(5.0 cents)
Diluted loss per share	(1.32 cents)	-

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)
HALF-YEAR ENDED 31 DECEMBER 2003
CONDENSED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated	
		31 December 2003 \$	30 June 2003 \$
Current assets			
Cash assets		1,555,820	1,984,040
Receivables		95,058	369,582
Other		44,518	128,902
Total current assets		<u>1,695,396</u>	<u>2,482,524</u>
Non-current assets			
Property, plant and equipment		53,414	-
Exploration and evaluation expenditure		18,417,392	18,849,044
Total non-current assets		<u>18,470,806</u>	<u>18,849,044</u>
Total assets		<u>20,166,202</u>	<u>21,331,568</u>
Current liabilities			
Payables		90,871	503,508
Interest bearing liabilities		-	1,244,814
Total current liabilities		<u>90,871</u>	<u>1,748,322</u>
Total liabilities		<u>90,871</u>	<u>1,748,322</u>
Net assets		<u>20,075,331</u>	<u>19,583,246</u>
Equity			
Contributed equity	2	25,075,006	23,341,085
Option Premium Reserve		480,000	480,000
Accumulated losses		<u>(5,479,675)</u>	<u>(4,237,839)</u>
Total equity		<u>20,075,331</u>	<u>19,583,246</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements.

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)
HALF-YEAR ENDED 31 DECEMBER 2003
CONDENSED STATEMENT OF CASH FLOWS

	Consolidated	
	31 December	31 December
	2003	2002
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	26,930	29,687
Payment to suppliers	(212,980)	(182,394)
Receipts from Gas Sales	419,927	-
Production costs	(54,577)	-
Payments for exploration and evaluation	(923,325)	(701,399)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(744,025)	(854,106)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of sale of tenements	150,000	-
Proceeds of sale of equity investments	52,260	-
Acquisition of fixed assets	(56,931)	-
Acquisition costs of subsidiary	(134,194)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	11,135	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	2,000,000	-
Payment of share issue expense	(286,287)	(27,000)
Repay loan from unrelated parties	(1,283,199)	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	430,514	(27,000)
NET DECREASE IN CASH HELD	(302,376)	(881,106)
Add opening cash brought forward	1,984,040	3,069,353
Effects of exchange rate changes on cash	(125,844)	-
CLOSING CASH CARRIED FORWARD	1,555,820	2,188,247

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)
HALF-YEAR ENDED 31 DECEMBER 2003
NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1 Basis of preparation of half-year financial report

The half-year 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.

This half-year financial report should be read in conjunction with the 30 June 2003 Annual Financial Report and any public announcements by Golden Gate Petroleum Ltd and its Controlled Entities during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

a) Basis of accounting

The half-year is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views).

For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

b) Changes in Accounting Policies and estimation methods

The accounting policies and estimation methods adopted are consistent with those of the previous annual reporting period.

2 Contributed equity

	Consolidated	
	31 December 2003	30 June 2003
	\$	\$
Issued and paid-up share capital		
124,749,855 (30 June 2003: 48,731,291) ordinary shares, fully paid	25,075,006	5,867,641
Unissued share capital		
96,007,933 unissued ordinary shares	-	17,473,444
	<u>25,075,006</u>	<u>23,341,085</u>
	Number of Shares	\$
<i>a) Movements in ordinary shares on issue:</i>		
Balance as at 30 June 2003	<u>48,731,291</u>	<u>5,867,641</u>
Share Consolidation 2.6:1	18,741,922	-
Issue of merger shares on 11 August 2003	96,007,933	17,473,444
Issue of 7,500,000 shares on 11 August 2003	7,500,000	1,500,000
Issue of 2,500,000 shares on 19 August 2003	2,500,000	500,000
Less: capital raising expenses	-	(266,079)
Balance as at 31 December 2003	<u>124,749,855</u>	<u>25,075,006</u>

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)

HALF-YEAR ENDED 31 DECEMBER 2003

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS (continued)

3 Dividends paid or provided for on ordinary activities

No amounts have been paid, declared or recommended by Golden Gate Petroleum Ltd by way of dividend since the commencement of the half-year.

4 Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change in contingent liabilities or assets.

5 Segment information

The consolidated entity operates in one business segment – Oil & gas exploration, and in one geographical area – Gulf of Mexico, USA.

6 Tax consolidation

For the purposes of income tax, Golden Gate Petroleum Ltd and its 100% owned subsidiaries intend to form a tax consolidated group. At the date of signing the financial report, Golden Gate has not determined the date of entry into tax consolidation because this decision will be based upon the most favourable outcome in terms of the transitional rules in the tax consolidation legislation. The date of entry will be determined at the time the head company lodges its tax return.

7 Events subsequent to balance date

On 17 February 2004, 7,000,000 shares were issued at 30 cents for a total proceeds of \$2,100,000 (excluding costs). These funds will primarily be used to augment the working capital available to the Company to participate in the planned drilling programs by the Padre Island joint ventures.

On 24 February 2004 the Company announced the 100% acquisition of the Bethany product in NE Texas. The acquisition costs was \$US350,000.

On 5 March the Company issued 25,000 options to Don Boyd, the Company's appointed newly project manager for the Bethany Project. The options are unlisted and exercisable at 32 cents on or before 2 March 2007.

Other than noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

GOLDEN GATE PETROLEUM LTD AND ITS CONTROLLED ENTITIES (Formerly Valdera Resources Limited)
HALF-YEAR ENDED 31 DECEMBER 2003
DIRECTORS' DECLARATION

In the opinion of the directors of Golden Gate Petroleum Ltd ("the Company"):

- 1 the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 11 day of March 2004.

Signed in accordance with a resolution of the directors:



Sam Russotti
Managing Director



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Perth WA 6000
Australia

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Fax: 61 8 9429 2436

GPO Box 31939
Perth WA 6034

Independent review report to members of Golden Gate Petroleum Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the consolidated entity comprising both Golden Gate Petroleum Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the half-year ended 31 December 2003.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising 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 financial position of the consolidated entity at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Ernst & Young

V W Tidy
Partner
Perth
Date: 11 March 2004