GOLDEN GATE PETROLEUM LTD

and controlled entities

ABN 34 090 074 785

Financial Report
30 June 2007

DIRECTORS	Sam Russotti (Executive Chairman) Jeffrey Copley (Technical Director) Mark Freeman (Finance Director) Frank Petruzzelli (Non-Executive Director)
DRILLING ENGINEER	Don Boyd
SECRETARY	Mark Freeman
REGISTERED OFFICE	Ground Floor, 8 Colin St West Perth Western Australia 6005 Telephone: +61 08 9324 1177 Facsimile: +61 08 9324 2171 Email: admin@ggpl.com.au Website: www.ggpl.com.au
HOUSTON OFFICE	10375 Richmond Ave., Suite 298, Houston, TX 77042 Telephone: +1 713 334 0966 Fax: +1 713 334 1830
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: +61 8 9389 8033 Facsimile: +61 8 9389 7871
AUSTRALIAN STOCK EXCHANGE CODE	GGP (Ordinary Shares)

CONTENTS

The directors of Golden Gate Petroleum Ltd ("Golden Gate" or "the Company") present their report and the financial report of Golden Gate and the entities it controlled ("the Consolidated Entity") at the end of, or during the year ended 30 June 2007.

1. Directors

The directors of the Company at any time during or since the end of the financial year are as follows. Directors were in office for the entire period unless otherwise stated.

Sam Russotti, BSc (Executive Chairman)

Mr Russotti is a geologist with more than 30 years experience in the petroleum industry. He has been executive director the Company since May 2001, after ten years as general manager and finance manager of Cultus Petroleum. Previously, he was planning manager for Peko Oil Ltd from 1987-90.

During the past 3 years, Mr Russotti has not served as a director on any other listed companies.

Frank Petruzzelli (Non Executive Director)

Mr Petruzzelli is a principal of MDB & Co, an Australian accounting firm and has been a director of the company since May 2001. He is an accounting and management services specialist and advises many ASX listed companies and large private organisations.

During the past 3 years, Mr Petruzzelli has served as a director for Orchard Petroleum Ltd and Livingston Petroleum Ltd.

Mark Freeman BCom, CA, ASIA (Finance Director and Company Secretary)

Mr Freeman has 10 years of commercial experience in Commercial Banking and Equity Markets with a focus on resources companies. Mr Freeman has been with the Company since 2001.

In addition, Mr Freeman is a graduate of the University of Western Australia with a Bachelor of Commerce with a double major in Banking & Finance and Accounting as well as holding a Graduate Diploma in Applied Finance with a major in Investment Analysis from the Securities Institute of Australia. Mr. Freeman is a member of the Institute of Chartered Accountants Australia and a Fellow of the Financial Services Institute of Australasia.

During the past 3 years, Mr Freeman has served as a director for Liberty Resources NL and Capital Intelligence Ltd.

Jeffrey Copley BSc Geo, MSc Geoph (Technical Director)
Appointed 23 April 2007

Mr Copley has over 30 years experience in onshore and offshore international oil and gas exploration and development with an emphasis on new project generation. Mr Copley has a Masters of Science in Geophysics from the Colorado School of Mines.

Mr Copley has a strong geological and technical background. His main focus is on operational management and business development.

During the past 3 years, Mr Copley has not served as a director of any other listed companies.

Michael Bell BSc Geo
Appointed 1st Nov 2006, Resigned 23rd Feb 2007

Mr Bell is a petroleum professional with over twenty-five years experience in the Oil and Gas industry and has an impressive set of credentials and achievements, with a particular focus in the development of deepwater fields in the Gulf of Mexico with BP, Mobil and Unocal. During the past 3 years, Mr Bell has not served as a director of any other listed companies.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the current directors in the shares and options of Golden Gate Petroleum Ltd ("the Company") were:

	Ordinary Shares	Options over Ordinary Shares		
		Un-Listed	Expiry	Exercise price ($)
Sam Russotti	*171,782	400,000	1/12/08	0.33
		3,000,000	1/12/08	0.22
		1,000,000	31/12/09	0.54
Frank Petruzzelli	531,520	300,000	1/12/08	0.33
		500,000	1/12/08	0.22
		500,000	31/12/09	0.54
Mark Freeman	131,731	200,000	19/08/08	0.33
		750,000	31/12/09	0.54
Jeffrey Copley	-	2,000,000	30/06/10	0.25

* 100,582 of these shares are held by Mr Russotti on behalf of other people and are not beneficially owned by Mr Russotti.

Directors' Meetings

The number of directors' meetings (including committees) held during the financial year each director held office and the number of meetings attended by each director are:

Director	A	B
Sam Russotti	8	8
Frank Petruzzelli	8	8
Mark Freeman	8	8
Jeffrey Copley	3	3
Michael Bell	3	3

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

2. Principal Activities

The principal activities of the entities within the Consolidated Entity during the financial year were hydrocarbon production and exploration in the United States of America.

3. Results

The net loss after income tax of the Consolidated Entity for the financial year ended 30 June 2007 totalled $14,852,232 (2006: $792,915).

4. Dividends

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year, or to the date of this report.

5. Corporate Structure

Golden Gate is a Company limited by shares that is incorporated and domiciled in Australia. Golden Gate has prepared a consolidated report incorporating the entities that it controlled during the financial year.

6. Operating and Financial Review

Overview of the Consolidated Entity

Following the Company's successful acquisitions during 2006 which resulted in an increase in production from 377 mmcf in 2006 to 734 mmcf in 2007, the Company drilled three wells on Padre Island. The Company's first well as operator (Plum ST212) in the USA programme was spudded in August 2006. Cores were cut and analysis of these indicated that the sands in the deep section have very low permeability due primarily to the presence of calcite cement making the sampled section non prospective. Research continues to determine if this is a localised occurrence or if it has regional implications that might impact on the other deep prospects. Testing of two shallow zones behind the 7 inch liner will be initiated in the coming months. Following the disappointing results from the 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 second well in the Padre Island Drilling Programme, Wilson ST949#1 well was spudded on 1 February 2007 and was completed as a gas discovery. Wilson is presently producing at 3 mmcfd. Internal estimates indicate potential recoverable gas volumes in just this lower zone likely to be between 8 and 20 BCF.

The third well in the Padre Island programme, Dunn Deep #2 was spudded on 15 August 2007 and has been tied into the gas pipeline. The well is presently producing at 3.8 mmcfd.

The addition of Wilson ST949#1 and Dunn Deep #2 brings the number of Golden Gate's producing fields on Padre Island to five. Of the eight wells drilled in the shallow zones (above 12,000ft) seven have been productive resulting in a success rate of over 85%. The production from Wilson ST949#1and Dunn Deep #2 has significantly enhanced the Company's revenue and production, with the Company's share of production presently at 4.3 mmcfd.

In recent months, the Company announced the acquisition of the four projects being Bullseye, East Texas, Wilcox and LGS/Noel Prospects. These projects bring diversity and growth to its asset portfolio in the onshore Gulf Coast region. These will continue to be low-risk exploration ventures, with high production rate potential and a significant oil component in reserves. The estimated P50 reserves are published below:

Prospect	Working Interest	P50 Gas Potential	P50 Oil Potential
LGS/Noel	42.5% - 50%	34 BCF	19 MBO
Bullseye	48.75%	2.5 BCF	12.5 MBO
East Texas	18%	65 BCF	2.5 MBO
Wilcox	70%	60 BCF	8 MBO

The risk-weighted, expected monetary value (EMV) was estimated using both deterministic and probabilistic methods and the results are as follows, assuming $40/bo and $4/mcf and fully diluted capital structure without further discount factors:

Gas/Oil Prospect	WI %	POS%	EMV US$(M) P50	EMV US$(M) P10	Net EMV P50/CPS(A$)	Net EMV P10/CPS(A$)
LGS/Noel	42.5-50%	50	139	348	66	165
Wilcox	70	65	206	412	98	195
East Texas	18	50	23	70	11	33
Bullseye	48.75	60	133	194	63	92
Total			**501**	**1,024**	**237**	**485**

The Company also announced the appointment of Jeff Copley to the position of Technical Director in April 2007. Mr Copley's main focus is operational management and business development.

The Company has written off the carried forward expenditure in respect of its Murdoch and Kingsway Prospects following the expiry of leases.

Strategy and Investments for Future Performance

To build on the Company's success to date, Golden Gate is continuing to seek out high potential value and reasonable cost opportunities in the Gulf of Mexico, onshore USA. Management has assembled a strong technical team based in Houston, Texas and the corporate head office remains in Perth, Western Australia. The Company has a clear strategy to achieve profitability and reserves growth through petroleum exploration by targeting medium to deep high impact conventional oil and gas plays in south Texas. The Company already has a high-impact, prospect-rich portfolio. The forward programme will involve both operated and non-operated ventures. The Company seeks to maintain a balanced exploration portfolio at all times and hence will modify its working interest in projects in order to suit the predetermined criteria set by the Board.

The types of opportunities that the Company would typically consider are:

- bidding on new acreage releases;
- acquiring exploration, development and production interests at reasonable terms;
- strategic acreage swaps; and
- production and company acquisitions.

In addition to the Company's focused business model, Golden Gate continually remains open and receptive to opportunities outside the Company's focus areas that have the potential to assist the Company to meet its growth aspirations. Golden Gate ranks these opportunities on a risk versus reward basis, preferring those opportunities that have minimal up-front cost exposure but very high potential future value.

Performance Indicators

The Board and management team establish and approve the direction of the Company by discussing and preparing strategic plans and annual budgets. The key performance indicators identified from the plans and budgets are used to monitor performance. Management monitor the key performance indicators on a regular basis and the Board receive the key performance indicators for review prior to each board meeting allowing directors to actively monitor performance.

Dynamics of the Business

In the USA gas prices have remained high over the year due to weather disruptions, increases in the global oil price and an increase in gas demand over supply. Gas prices are now trading between USD 6.50-8.00 per mcf. Sustained high oil and gas prices have continued the trend of increasing operational activity levels in the petroleum industry. This has seen competition for quality prospects increase and the number of available quality prospects decrease. This has reinforced the Company's strategy of maintaining a strong geophysical and geological capacity in Houston, to ensure that it can evaluate new prospects in a competent and timely manner. This is seen as a significant competitive advantage.

Furthermore, the high levels of activity in the industry result in strong demand for resources and services, including staff, seismic crews and drilling equipment. Delays in rig availability meant that the Company was not able to drill as many wells as it would have liked during the year. In addition to availability, the increased demand for services has also resulted in significant increases in drilling and development costs.

Production	**2007**	**2006**	**2005**
Gas (MMCF)	734	377	73
Oil (BOE)	7,825	3,424	498
Sales Revenue (AUD$)	4,653,519	4,365,126	584,210

The operating results for the year reflect the continued stable production from Laplaya Deep well (renamed Dunn Deep #1), Dunn Peach #6, LaPlaya Shallow and Syd A2. This resulted in a large increase in production compared to the prior year, however following the strengthening of the Australian Dollar along with relatively stable gas prices sales revenue remained constant.

Exploration and development expenditure in the USA totalled $17.69 million. Significant items included in this figure were the drilling of Plum Deep and Wilson. The costs of services, including drilling and related operations increased significantly during the year.

Shareholder Returns

The following table shows the last three years financial performance against shareholder returns as measured by the closing share price at 30 June each year.

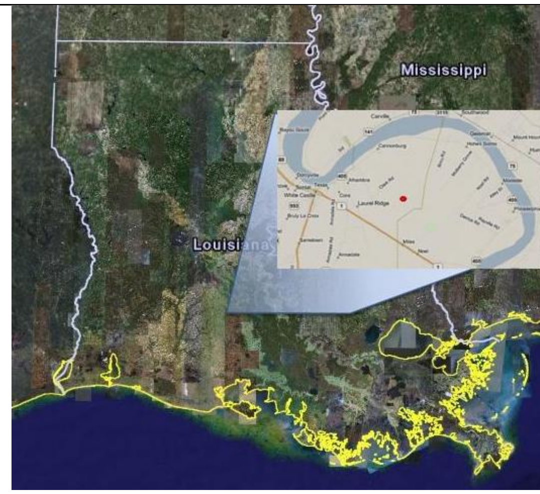
	2007	**2006**	**2005**
Gas Sales Revenue	4,653,519	4,365,126	584,210
Gross operating profit before depletion	3,472,652	3,452,607	459,577
Basic EPS (cents)	(9.45)	(0.55)	(3.4)
Closing 30 June share price (cents)	31	44	15

The price volatility is a concern to the Board but is not considered abnormal for a junior oil & gas explorer such as Golden Gate Petroleum Ltd. In order to keep all investors fully-informed and minimise market fluctuations the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company.

Exploration Acquisitions

LGS/Samstown and Noel

GGP interest:	42.5% - 50% (34 - 40% after back in)
NRI:	30%
P50 estimates:	19 MMBO / 34BCF
Participant Status:	Operator
Permit Type:	Exploration
Location:	Onshore, Louisiana
Expected Drill Date:	currently drilling
Dry Hole costs:	Multiple programs as below
GGP share of Costs:	42.5% - 50%



SAMSTOWN PROSPECT

The Samstown Prospect is a shallow development gas play from a normal pressured gas sand at 4,650ft on a 4-way closure. The Samstown Prospect is defined by subsurface control and 3D seismic. The Kirby-Halbouty #1 Folse well logged and tested 8ft of gas on water at 4,650ft. Interpretation of the recent 3D seismic shows a high amplitude bright spot and together with the information from the older Samstown well provides evidence of the gas filled sands. Reserves are estimated at 1-2 Bcf of gas with the potential for some oil as well within the trap area that could be recovered by the single well.

The Samstown Folse #2 was spudded on 16 September 2007 (Texas, USA) and on 24 September 2007 the Company announced the discovery of logged pay. The Samstown well reached a total depth of 5,170ft TVD/MD. Electric logs were run and results indicate 14 feet of net pay at the top of a 240 foot gross sand interval. The top of the reservoir at 4,620ft TVD is 20ft high to the offset well, which produced 27 mmcf of gas, at the downdip limit of the objective reservoir area.

Completion and tie-in to the existing pipeline system is expected to be completed within the next 3-4 weeks.

The Company has a 42.5% working interest in the well. Following project payback, which includes all well and project entry costs, the vendors of the project have a 20% back-in right, which effectively will deliver a 34% working interest.

LGS PROSPECT

The LGS Project presents an opportunity with two targets. The first is a shallow appraisal/development oil play from 5 normally pressured sands on a faulted 3-way closure and the second is a deep oil and gas exploration well. The LGS Prospect is set up by subsurface control and 3D seismic acquired in 2005. The LGS #1 Folse well logged several pays on water in 1981 and the Operator attempted to offset the well 4 times, but was either low on structure or faulted-out in every attempt. The 3D data acquired in 2005 provides a very clear picture of the structure and indicates 40-80 acres located up dip of the LGS #1 Folse well. It is estimated that up to 35ft of structure can be gained over the down dip producers and/or show wells.

The prospect will be drilled to a total depth of 10,800ft, 230m north of the LGS #1 Folse well.

Reserves are estimated to be 1-2 million barrels of recoverable oil and 2-3 BCF of gas. The Company has ascribed a reasonably high probability of success on the prospect due to the fact that the well will be drilled updip from a well that encountered stacked oil pay.

The deep targets at LGS fall within the same fault trap where the Miogyp and Cib Haz sands are prospective. The upside potential from these zones adds another 9 million barrels of recoverable oil and 18 billion cubic feet of gas. Both of these primary objectives are found to be productive in the area on similar fault bounded structural traps with initial rates of 600-1000bpd and 5-8mmcfpd from 10-20 feet of sand. The 3D seismic provides excellent definition of the probable trap area.

The Company has a 42.5% working interest in the shallow section and a 50% working interest in the deep project.

NOEL PROSPECT

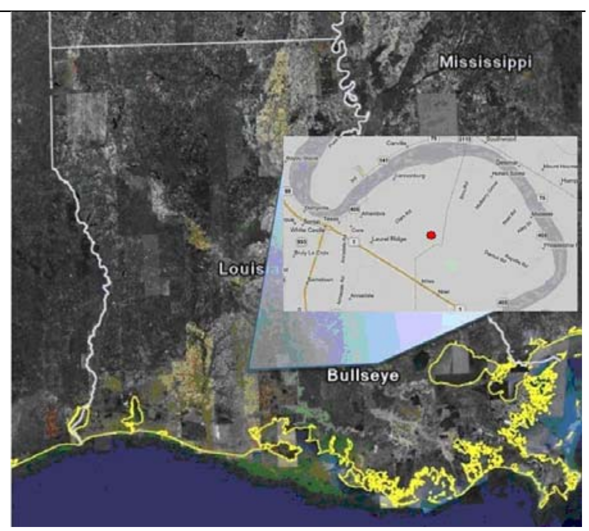
The Noel Project similarly presents a two target opportunity. The first is a shallow oil exploration well on a four way closure and the second is a deep oil and gas exploration well. The Prospect is located on the south-eastern corner of Laurel Ridge field. The Nottoway 3D was acquired in late 2005 and identifies the faulted 4-way closure in the shallow normally pressured sections. The shallow Noel prospect has stacked sands within a 40 to 120 acre 4-way closure between 6,700ft to 10,000ft. There are over eight prospective sands in this 4-way closure. Three of the major targets, Operc (8,200ft), Marg A (9,650ft) and Siph Davisi (9,950ft) have around 1-2 million barrels of oil potential and 0.5-1.0 billion cubic feet of gas.

At depth, the fault creates a high-side closure for the Marg Vag, Miogyp and Cib Haz sands between 11,500ft and 13,500ft. The deep target is the geopressured sands where the 3D shows a broad low relief closure present at Marg Vag (11,500ft), Miogyp (12,200ft) and Cib Haz (13,200ft) where there is potential for 6 million barrels of oil and 13 billion cubic feet of gas. As with the deep LGS prospect these reservoirs have the same high rate potential to provide an excellent economic return. The 3D seismic data provides excellent structural control for the deep traps, resulting in a moderate risk for the reserves.

The Company has a 42.5% working interest in the shallow section and a 50% working interest in the deep section.

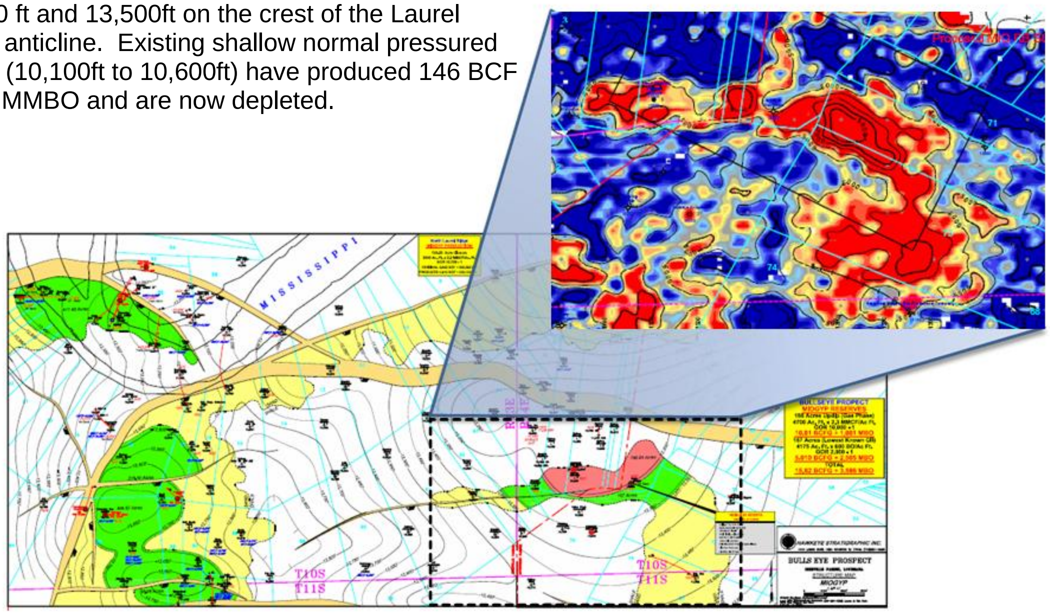
Bullseye

GGP interest:	48.75%
NRI:	35%
P50 estimates:	12.5 MMBO / 33BCF
Participant Status:	Operator
Permit Type:	Exploration
Location:	Onshore, Louisiana
Area:	1,700 acres
Expected Drill Date:	November 2007
Drill time:	30 days
Dry Hole share of costs:	US$4 million
GGP share of Costs:	60%



General Description of Prospect

The Bullseye Prospect is a deeper pool prospect that targets Miogyp and Cib Haz sandstones between 12,400 ft and 13,500ft on the crest of the Laurel Ridge anticline. Existing shallow normal pressured sands (10,100ft to 10,600ft) have produced 146 BCF and 4 MMBO and are now depleted.



The initial location is offset to a previously drilled well in which electric logs indicated 50ft of pay in the Miogyp (Figure 2), that well was lost due to mechanical difficulties and did not reach the Cib Haz. Mud log data from this well indicate gas and condensate shows across the Miogyp section. 3D seismic acquisition was completed in 2005 and clearly identifies independent stratigraphic traps in each zone. The high impedance sands are identified as high amplitude positive reflections within a much thicker shale section (Figure 3). The initial well will test both the Miogyp and Cib Haz objectives. Both the Miogyp and Cib Haz sands are high quality reservoirs with porosity ranging from 24-30% and permeability of 300-1,000mD. This results in observed producing well rates from surrounding analog fields, of 500-1000 barrels per day and 4-10 million cubic feet of gas per day. These high rate wells provide an excellent economic return.

The high probability of success attributed to Bullseye is a result of:

a) two independent traps mapped by high quality seismic data that has been calibrated to the lithology;
b) offset log with indicated pay and mud log shows in the Miogyp; and
c) numerous successful direct, local analogs for prospects with these seismic characteristics and trap geometries.

Drilling locations have been approved and the prospect is ready to drill upon title examination being completed.

Figure 2: Log pay vs. Wet sand

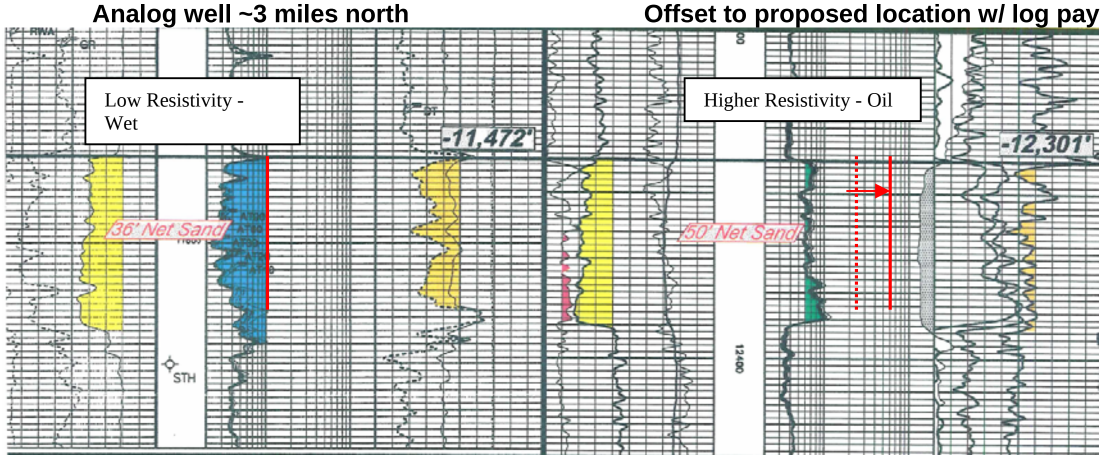
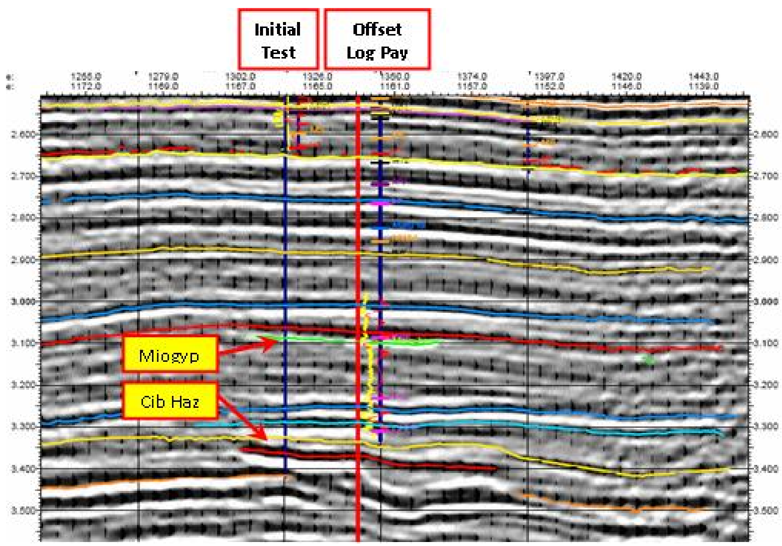


Figure 3: 3D Seismic Profile: Proposed Location and Offset well w/ log pay



East Texas

GGP interest:	18%
NRI:	13%
P50 estimates:	2.5 MMBO / 65BCF
Participant Status:	Non-Operator
Permit Type:	Exploration
Location:	Onshore, East Texas
Area:	1,700 acres
Expected Drill Date:	October 2007
Drill time:	25 days
Dry Hole share of costs:	US$580,000
GGP share of Costs:	20%

General Description of Prospect

The prospect comprises two structures that are separate high-side fault closures, within a few miles of two large producing fields (500 BCFE and 4.5 TCFE), along a regional trend where the vast majority structures of this type are found to be productive. The fault traps are identified by 3D and well data. Prospective gas-condensate sands are expected between 9,000' to 12,500'.

The productive Tex Miss reservoirs are found at drilling depths of 9,000'-10,600'. These sands were deposited as a barrier bar – strandline sequence that runs roughly parallel to depositional strike. Growth faults expand the sands and trap hydrocarbons along the axial crest of the structure. Progressive thickening of the sedimentary prism into the growth fault causes a structural shift. With increasing depth the deeper targets "roll out" from under the shallow accumulation and trap on the southerly limits of the shallow field. Production has been established high-side to the main fault five miles to the north by a well in which 120ft of Vicksburg pay was logged in 2001. This well had an initial rate of over 8mmcfpd & 500 bopd, which is a typical example of the high productivity of these zones. Virtually all of the surrounding Frio fields are trapped on similar fault closures, most with very large reserves. Faults seal by mineralization adjacent to the fault surface. The shallower (~9,000ft) Tex Miss sands (Truitt & Gravier) produce with a water drive with an accompanying weak gas-cap expansion. Lower Frio and Vicksburg reservoirs (11,500ft – 12,500ft) are geo-pressured and typically produce as a depletion drive reservoir.

The high probability of success attributed to this prospect is a result of:

- high quality, 3D seismic data which define the prospects;
- down-dip well with good shows at primary objective; and
- numerous direct, local analogs for these seismic characteristics and trap geometries.

Drill site approvals are in process along with final leasehold acquisition. The prospect will be ready to drill upon title examination being completed which is anticipated to be September.

The final cost estimation for the initial well: dry hole costs US$2.9 million (GGP net 20% share $0.58M), with completion costs of US$1M (GGP net 18% share ~$0.18M). Golden Gate is paying back-costs of US$240,000 for its share of the prospect.

Wilcox Prospect

GGP interest:	70%
NRI:	49%
P50 estimates:	8 MMBO / 60BCF
Participant Status:	Operator
Permit Type:	Exploration
Location:	Onshore, Texas
Area:	600 acres (potential to increase to 5,000 acres)
Expected Drill Date:	October/November 2007
Drill time:	20 days
Dry Hole share of costs:	US$2 million
GGP share of Costs:	100%

General Description of Prospect

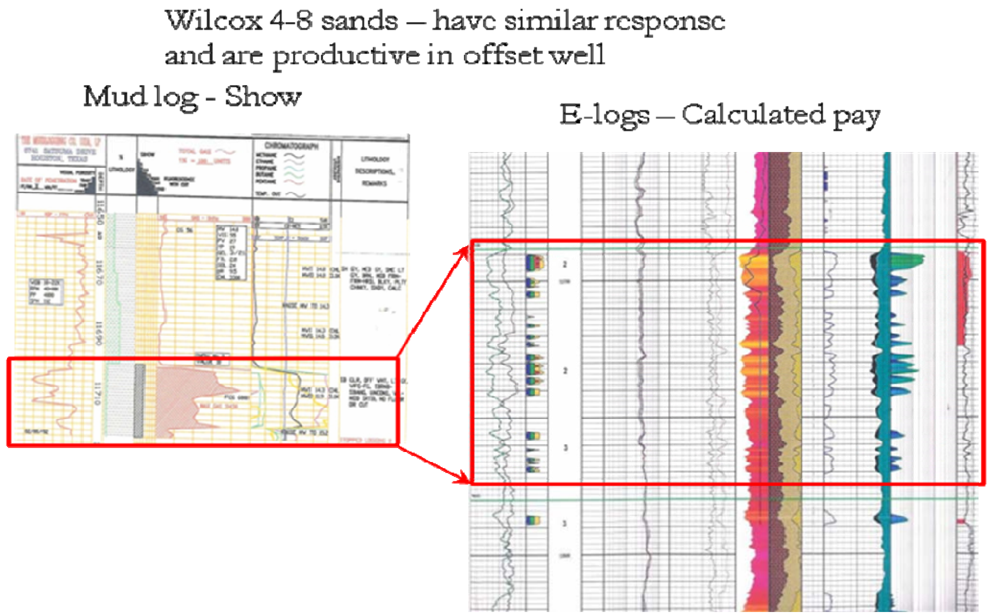
The prospect is a typical fault structure occurring within the main Texas regional fault trend and is sealed on its high side by a secondary fault. The main objectives are sands that occur within the Wilcox Formation at a depth of approximately 11,000 feet.

It lies adjacent to a field that has produced 7 MMBO of oil and 53 BCF gas since its development in 1956. This production was from the uppermost zones of the Wilcox. The deeper section had never been pursued with exploration impeded by the shallower focus along with the lower resistivity character of the productive sands. This leads to a regional play throughout the Wilcox section.

The high probability of success attributed to this prospect is a result of:

- high quality, 3D seismic data which defines the prospect;
- Existing exploration well that has already flowed oil and gas prior to mechanical failure causing it to be suspended.
- Nearby well producing from the same reservoirs showing similar electric log characteristics as indicated in figure1.

Figure 1 – Example Pay section Wilcox #4 zone



Infrastructure such as access roads and drilling pad are already in place as is a well suitable for re-entry. Operations are anticipated to commence during September/October. The cost estimation for the well re-entry and completion is US$2 million. Golden Gate is paying back-costs of US$200,000 for its share of the prospect.

Working Interests

The working interests in the Company's projects are listed below:

Padre Island Producing Fields	
LaPlaya Shallow	35%
Dunn Deep # 1	35%
Wilson ST949#1	58.23%
Dunn Deep # 2	20%
Dunn Peach # 6	10%
LaPlaya Deep *	100%
Westbird **	70%
Exploration Projects	
Bullseye	48.75%
Wilcox	70%
East Texas	18%
LGS/Samstown and Noel	42.5 - 50%

Padre Island Deep Prospects	
Plum Deep 9,501 ft to 15,000 ft	37.5%
Manzano 10,501 ft to 15,000 ft	37.5%
Lemonseed > 9,101 ft	37.5%
Ultra Deep (> 16,000 feet)	35%
Padre Island Shallow Prospects	
El Mar (all depths)	35%
Manzano Shallow to 10,500 ft	35%
Plum Shallow 30% to 9,500ft	10%
Plum Shallow 70% to 9,500 ft	35%
Lemon to 9,100 ft	30%

* currently not producing
** to be plugged and abandoned

7. Earnings per Share

The basic loss per share for the Company for the year was 9.45 (2006: 0.55) cents per share.

8. Employees

At the end of the year, the Company had two full time employees (2006: 2).

9. Share Options

Shares issued as a result of the exercise of options

During August 2006, 11,000,000 fully paid shares were issued following the exercise of 11,000,000 options at 30 cents each.

On 1 February 2007, 819 ordinary fully paid shares were issued following the exercise of 819 options at 65 cents each.

Un-issued Shares

As at the date of the report, there were 34,791,751 un-issued ordinary shares under option.

Number of Options/ Convertible Notes		Exercise Price	Expiry Date
200,000	Unlisted	$0.33	19-Aug-08
1,000,000	Unlisted	$0.33	1-Dec-08
3,500,000	Unlisted	$0.22	1-Dec-08
2,000,000	Unlisted	$0.25	30-Jun-10
1,650,000	Unlisted	$0.35	30-Jun-10
3,250,000	Unlisted	$0.54	31-Dec-10
11,320,754	Convertible Notes *	$0.265	15-May-09
11,870,997	Unlisted	$0.265	31-Jul-08
34,791,751			

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

* The convertible notes convert on a 1:1 ratio to ordinary shares at the election of the holder. The notes expire on 15 May 2009 and the coupon of 10% is payable quarterly in arrears.

10. Remuneration Report (audited)

The remuneration Report outlines the directors and executive remuneration arrangements of the Company and the group in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of the AASB 124 Related Party Disclosures, which have been transferred to the Remuneration report in accordance with the Corporations Regulations 2M.6.04 For the purposes of this report Key Management Personnel (KMP) of the group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the parent and the group receiving the highest remuneration.

For the purposes of this report, the term "executive" encompasses the Chief Executive, senior executives, general managers and secretaries of the parent and the group.

Remuneration policy

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results. The board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity. The board reviews executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in the employee share and option arrangements. The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% in Australia (to the extent they are classified as employees), and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The remuneration of the consolidated entity's non-executive directors comprises cash fees, superannuation contributions and equity or options of the Company given the consolidated entity's size, focussed nature of business and shareholding structure.

Any securities issued to directors are approved by shareholders to enhance overall shareholder wealth creation. As required by the Corporations Act and the Company's Constitution, shareholders last approved the maximum aggregate remuneration for Non-Executive Directors at $100,000 per year.

Performance based remuneration

Other than the granting of share options, the Company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration (this information has not been audited)

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. Currently, this is facilitated through the issue of options to executive directors and executives to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth. At commencement of sizeable revenue streams performance based bonuses based on key performance indicators are expected to be introduced. For details of directors and executives interests in options at year end refer below.

Service Agreements

Remuneration and other terms of employment for the following key management personnel are formalised in service agreements, the terms of which are set out below:

Sam Russotti, Executive Chairman:

- Term of agreement – The current employment contract commenced on 1 March 2007 for a fixed 3 year term with a further option to extend for a further 3 years.
- Annual salary of $300,000 (exclusive of superannuation) is paid, plus the provision of a vehicle.
- The Company may elect to give Mr Russotti a payment in lieu of the completion of the contract term (for example should the contract be terminated as at the date of this report a payment of $725,000 is required).

Frank Petruzzelli, Director:

- Term of agreement – The current employment contract commenced on 1 March 2007 for a fixed 3 year term with a further option to extend for a further 3 years subject to re-election as required by the Company's constitution.
- A fee for the period ending 30 June 2007 of $60,000, to be reviewed annually by the Board.
- The Company may elect to give Mr Petruzzelli a payment in lieu of the completion of the contract term (for example should the contract be terminated as at the date of this report a payment of $145,000 is required).

Mark Freeman, Company Secretary and Finance Director:

- Term of agreement – The current employment contract commenced on 1 March 2007 for a fixed 3 year term with a further option to extend for a further 3 years.
- Annual consulting fees of $138,000 were paid for the 12 months ending 30 June 2007. The Board approved an increase in consulting fees to $188,000 for the period ended 30 June 2008.

- The Company may elect to give Mr Freeman a payment in lieu of the completion of the contract term (for example should the contract be terminated as at the date of this report a payment of $454,000 is required).

Jeffrey Copley, Technical Director:

- Term of agreement – 12 months contract commencing on 21 April 2007, with 3 months notice of termination required by either party.
- Annual salary of US$162,090 (exclusive of superannuation).
- Payment of termination benefits on early termination by the Company, other than for gross misconduct, equal to 3 months wages (for example should the contract be terminated as at the date of this report a payment of US$40,522 is required).

Retirement benefits

Other retirement benefits may be provided directly by the Company if approved by shareholders.

Directors and Officers Emoluments

The following table sets out remuneration paid to directors and senior executives of the Consolidated Entity during the reporting period.

	Salary & Fees	Short-Term Non Monetary Benefits (ii)	Other (vii)	Post Employment Super-annuation	Share-based payments Options (iii)	Total	Options as % of Total
	$	$	$	$	$	$	
Directors							
Mr S Russotti, Executive Chairman							
2007	193,333	11,592	6,840	54,200	149,000	414,965	35.90%
2006	140,000	11,592	8,075	12,600	174,600	346,867	50.34%
Mr F Petruzzelli							
2007	40,668	-	6,840	19,332	74,500	141,340	52.71%
2006	34,685	-	8,075	315	29,100	72,175	40.32%
Mr M Freeman, Finance Director (iv)							
2007	138,000	-	6,840	-	111,750	256,590	43.55%
2006	90,000	-	8,075	-	-	98,075	-
Mr J Copley, Technical Director (appointed 23 April 2007)							
2007	36,768	-	6,840	2,813	-	46,421	-
Mr C Burton (resigned 7 October 2005) (i)							
2006	8,750	-	115,295 (i)	-	-	124,045	-
Mr M Bell (resigned 23 February 2007)							
2007	187,077	-	6,840	6,382	(44,667)	155,633	-
2006	186,819	-	8,075	-	44,667	239,561	18.64%
Total 2007	595,847	11,592	34,200	82,727	290,583	1,014,949	
Total 2006	460,254	11,592	147,595	12,915	248,367	880,723	

(i) Funding of the Acquisition of Medco interests in Padre Island
The Company arranged an unsecured US$1 million debt facility from Sampala Investments Pty Ltd ("Sampala"), a company in which Mr Craig Burton is a director, to fund the acquisition of Medco's (Novus') interest in Padre Island. An establishment fee of $52,867 and interest of $54,354 was paid during the period.

(ii) Non-monetary benefits relate to the provision of a motor vehicle.

(iii) Options issued were not subject to performance conditions. The options were issued at a premium to the share price at the time awarded, and provide an incentive for the directors and executives to strive for growth in the Company's assets. As such they are considered to be performance related. Other remuneration is not considered to be performance related.

(iv) The remuneration payments to Mr Freeman were made to a related entity, Meccano Pty Ltd.

(v) The remuneration payments to Mr Burton were made to a director related entity, Verona Capital Pty td.

(vi) Mr Bell was an executive of the Company up until 1 November 2006 at which time he was appointed a director.

(vii) Directors and officer insurance of $34,200 (2006: $40,376) was paid during the year this amount is reflected under short term other payments.

Valuation of Director and Executives Options

Options granted as part of remuneration

30 June 2007	Grant Number	Number Cancelled	Vested Number	Value of options granted during the year	Total value of options granted during the year	% Remuneration consisting of options for the year
Mr S Russotti	1,000,000	-	1,000,000	149,000	149,000	36.51%
Mr F Petruzzelli	500,000	-	500,000	74,500	74,500	55.39%
Mr M Freeman	750,000		750,000	111,750	111,750	44.74%
Mr M Bell *	1,000,000	1,000,000	Nil	-	-	-

Relevant terms of Options

1. The Grant date for all options was 6 December 2006.
2. The Options are exercisable at 54 cents each.
3. The Value attributed to each option was 14.9 cents each. For details on the valuation of the options, including models and assumptions used, please see note 21.
4. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.
5. The Expiry date is 31 December 2009.
6. The first exercise date was the grant date.
7. The last exercise date is 31 December 2009.
8. The Options were issued for nil consideration.
9. No options were exercised during the year

* During the year Mr Bell was issued 1,000,000 options, however following his resignation on 23 February 2007 these options were cancelled (the value of which was $149,000) along with the balance of other options held by Mr Bell.

30 June 2006	Grant Date	Grant Number	Vested Number	Value of options vested during the year	Value of options exercised during year	Total value of options granted, exercised and lapsed during year	% Remuneration consisting of options for the year
Mr F Petruzzelli	**19/12/05**	500,000	500,000	29,100	105,120	29,100	45.4%
Mr S Russotti	**19/12/05**	3,000,000	3,000,000	174,600	-	174,600	51.5%
Mr M Bell	**21/11/05**	3,000,000	666,667	44,667	-	44,667	19.3%

Relevant terms of Options

1. The Options are exercisable at 22 cents each.
2. The Value attributed to each option issued to Messrs Petruzelli and Russotti was 5.82 cents and 6.7 cents for Mr Bells options. For details on the valuation of the options, including models and assumptions used, please see note 21.
3. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.
4. The Expiry date is 1 December 2008 for Messrs Petruzelli and Russotti and 21 November 2009 for Mr Bell.
5. The first exercise date was the grant date.
6. The last exercise date is expiry date.
7. The Options were issued for nil consideration.
8. During the year Mr F Petruzzelli exercised 480,000 options which had previously been issued as compensation. The amount paid per share was 20 cents. No amounts were unpaid. During the year Mr S Russotti sold 480,000 options which had previously been issued as compensation.
9. No options held by directors or executives lapsed during the year.

11. Significant Changes in the State Of Affairs

Significant changes in the state of affairs of the Company and consolidated entity during the financial period were as follows:

(a) During July and August 2006 11,000,000 shares were issued following the exercise of 30 cent unlisted options raising $3,300,000.

(b) On 19 December 2006 the Company allotted 14,000,000 ordinary shares at 41 cents each raising $5,740,000 from institutional and overseas investors.

(c) On 6th December 2006 the Company issued 3,250,000 options exercisable at 54 cents on or before 31 December 2009. 1,000,000 of these Options were subsequently cancelled.

(d) On 21 December 2006 the Company announced a farm out agreement had been reached with Modena Resources Limited. Modena Resources Limited has signed an Agreement to farm-in to a 10% working interest in the Wilson Well ST949#1 and the Company had secured a total of 58.23% of the Wilson well.

(e) On 1 February 2007, 820 ordinary fully paid shares were issued following the exercise of 819 options at 65 cents each.

(f) On 15 May 2007 the Company executed agreements with major shareholders, institutional and professional investors in relation to the placement of 11.3 million convertible notes with a face value of 26.5 cents each to raise $3m before expenses.

(g) The Company executed an unsecured AUD$1,000,000 overdraft facility on 28th 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 to date.

12. Significant Events after Balance Date

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Consolidated Entity in subsequent financial years, except for:

(a) The Company announced on the 5 July 2007 the acquisition of a 48.75% working interest in the Bullseye Project with potential reserves of 12.5mboe and 2.5Bcf gas.

(b) On 12 July 2007 the Company announced the acquisition of an 18% working interest in the East Texas project with potential reserves of 2.5mboe and 65Bcf gas.

(c) On 17 July 2007 the Company announced the acquisition of a 70% working interest in the Wilcox project with potential reserves of 8mboe and 60Bcf gas.

(d) On 3 August 2007 the Company completed the placement of 35.6m shares at 25 cents each and 11.9m free attaching unlisted options exercisable on or before 30 June 2008 raising $8.9m before costs.

(e) On 3 August 2007 the Company, following shareholder approval, issued 2,000,000 options to Mr Jeff Copley exercisable at 25 cents each on or before 30 June 2010 and vesting over 12 months of continued service.

(f) On 6 August 2007 the Company announced that a dispute has arisen between BNP Petroleum Corporation LLC ("BNP") and Golden Gate's Texas subsidiary, Kindee Oil and Gas ("Kindee"). Under a drilling agreement covering Kindee's 2006/2007 drilling program BNP had the right and obligation to drill a Manzano well to a depth of 10,500 feet. If no commercial hydrocarbons were encountered to that depth BNP could elect to hand the well over for the sum of $6 million to enable the deepening of the well to 15,000 feet testing the deep prospects. For a variety of reasons BNP did not meet its obligation and drill the well within the required period. Kindee advised BNP that the rig would be released at the end of its contract on 31 July 2007 and that marked the end of Kindee's 2006/2007 drilling program. Since BNP had not drilled the Manzano well within the required period the arrangements had expired and would have to be renegotiated. BNP responded by seeking injunctive relief from the court in order to force Kindee to continue the arrangement. Kindee believes the lawsuit is without merit and will vigorously contest the claim. In the unlikely event that BNP is successful the outcome for Golden Gate is that it will be forced into the drilling of the Manzano well. Kindee is preparing its response to the BNP claim.

(g) On 15 August the Company spudded the Dunn Deep #2 well with a 20% interest. The well was successfully completed and tied into the gas pipeline and is presently producing at 3.8 mmcfd.

(h) On 17 September the Company acquired a 50% interest in the LGS/Samtown and Noel prospects. The first well in this project, Samstown, was spudded on 16 September and on 24 September the Company announced it had intersected 14 feet of net pay. The well is to be tested in the coming months.

13. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 21 and forms part of the directors' report for financial year ended 30 June 2007.

14. Non-audit services

During the year Ernst & Young, the Company's auditor, did not supply any non-audit services to Golden Gate Petroleum Ltd or any of its subsidiaries

15. Tax Consolidation

For the purposes of income tax, Golden Gate Petroleum Ltd and its 100% owned subsidiaries do not intend to form a tax consolidated group.

16. Likely Developments and Expected Results

The Company and consolidated entity will continue with the development of its interest in the Padre Island Joint Venture, Bullseye, East Texas, Wilcox, LGS/Samstown and Noel and of its wholly owned Bethany leases.

Further information about likely developments in the operations of the Company and consolidated entity and the expected results of those operations in the future financial years has not been included in this report because disclosure would be likely to result in unreasonable prejudice to the Company and consolidated entity.

17. Environmental Regulations & Performance

The Consolidated Entity is a party to various exploration and development licences or permits in the country in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. The Consolidated Entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no significant known breaches of the environmental obligations of the Consolidated Entity's licences.

18. Risk Management

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board maintains a risk register ranking all the identified risks of the business and how the significant risks are being managed.

19. Indemnification and Insurance of Officers

An indemnity agreement has been entered into with each of the directors and Company Secretary of the Company named earlier in this report. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is no monetary limit to the extent of this indemnity.

The Company has paid insurance premiums of $34,200 (2006: $40,376) in respect of Director's and Officer's liability and legal expenses' insurance contracts, for current Directors and Officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred in by the relevant officers in defending legal proceedings, whether civil or criminal and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Mark Freeman
Finance Director
Perth, 26 September 2007

ERNST & YOUNG
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

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

In relation to our audit of the financial report of Golden Gate Petroleum Limited for the financial year ended 30 June 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

Ernst & Young

Peter McIver

P McIver
Partner
Perth
26 September 2007

In accordance with a resolution of the Directors of Golden Gate Petroleum Ltd, 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 audited of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

    i. Giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the period ended on 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.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2007.

Signed on behalf of the board

Mark Freeman
Director

Perth, 26 September 2007

YEAR ENDED 30 JUNE 2007

		Consolidated		Parent	
	Notes	**2007**	**2006**	**2007**	**2006**
Continuing operations		**$**	**$**	**$**	**$**
Revenue from gas sales	2(a)	4,653,519	4,365,126	-	-
Costs of sales	2(b)	(2,425,125)	(4,365,126)	-	-
Gross profit		2,228,394	-	-	-
Other income	2(a)	54,616	13,752	20,964	11,744
Impairment of exploration expenditure and evaluation expenditure		(16,239,493)	(225,058)	-	-
Impairment of controlled entity loan		-	-	(16,556,480)	-
Foreign currency translation		(22,097)	-	(22,097)	715,870
Administration costs	2(c)	(806,364)	(469,317)	(738,073)	(519,806)
Finance costs		(67,288)	(112,292)	(67,288)	(54,998)
Profit/(Loss) from continuing operations before income tax		**(14,852,232)**	**(792,915)**	**(17,362,974)**	**152,810**
Income tax expense	3	-	-	-	-
Net profit/(loss) for the period	14	**(14,852,232)**	**(792,915)**	**(17,362,974)**	**152,810**
Basic loss per share (cents per share)	13	(9.45)	(0.55)		
Diluted loss per share (cents per share)	13	(9.45)	(0.55)		

AS AT 30 JUNE 2007

		Consolidated		Parent	
		2007	2006	2007	2006
	Notes	$	$	$	$
Current assets					
Cash & cash equivalents		3,273,645	3,459,865	283,539	229,317
Trade & other receivables	4	3,218,988	1,509,239	11,239	12,857
Prepayments	5	46,419	38,862	33,801	36,082
Total current assets		**6,539,052**	**5,007,966**	**328,579**	**278,256**
Non-current assets					
Trade and other receivables	4	319,053	228,808	4,880,051	9,996,366
Investments in controlled entities	6	-	-	13,549,030	13,549,030
Plant and equipment	7	208,921	47,133	15,650	27,327
Exploration and evaluation properties	8	9,298,988	18,203,418	-	-
Oil and gas production	9	8,647,759	1,250,138	-	-
Total non-current assets		**18,474,721**	**19,726,497**	**18,444,731**	**23,572,723**
Total assets		**25,013,773**	**24,737,463**	**18,773,310**	**23,850,979**
Current liabilities					
Trade and other payables	10	6,132,729	722,583	132,931	67,040
Provisions	11	67,236	29,140	64,616	24,768
Total current liabilities		**6,199,965**	**751,723**	**197,547**	**91,808**
Non current liabilities					
Interest bearing loans and borrowings	10	3,000,000	-	3,000,000	-
Provisions	11	255,518	226,569	17,474	-
Total non current liabilities		**3,255,518**	**226,569**	**3,017,474**	**-**
Total liabilities		**9,455,483**	**978,292**	**3,215,021**	**91,808**
Net assets		**15,558,290**	**23,759,171**	**15,558,289**	**23,759,171**
Equity					
Contributed equity	12	41,874,656	33,152,147	41,874,656	33,152,147
Option premium reserve	14(b)	480,000	480,000	480,000	480,000
Management option reserve	14(c)	791,579	351,996	791,579	351,996
Foreign currency translation Reserve	14(d)	(1,778,278)	732,463	-	-
Accumulated losses	14(a)	(25,809,667)	(10,957,435)	(27,587,946)	(10,224,972)
Total equity		**15,558,290**	**23,759,171**	**15,588,289**	**23,759,171**

.

YEAR ENDED 30 JUNE 2007

		Consolidated		Parent	
		2007	**2006**	**2007**	**2006**
	Notes	**$**	**$**	**$**	**$**
Cash flows from operating activities					
Receipts from customers		4,061,733	3,335,871	-	-
Payments to suppliers and employees		(1,761,079)	(839,048)	(403,358)	(376,390)
Interest received		44,385	13,752	20,964	11,734
Interest paid		(67,288)	(112,292)	(67,288)	(54,998)
Net cash from/(used in) operating activities	15(a)	**2,277,751**	**2,398,283**	**(449,682)**	**(419,654)**
Cash flows from investing activities					
Payments for exploration and evaluation expenditure		(13,442,208)	(4,243,974)	-	-
Joint venture contributions		-	-	-	-
Security deposits		(153,306)	(145,673)	-	-
Proceeds of sale of tenements			1,260,157	-	-
Proceeds of sale of equity investments		10,574	-	-	-
Acquisition of plant and equipment		(184,605)	(8,367)	(2,526)	-
Acquisition of subsidiary (net of cash and working capital acquired)		-	(1,804,488)	-	-
Recovery of acquired subsidiary debtors		-	264,664	-	-
Net cash flows used in investing activities		**(13,769,545)**	**(4,677,681)**	**(2,526)**	-
Cash flows from financing activities					
Proceeds from the issue of shares		9,040,533	4,292,950	9,040,533	4,292,950
Share issue costs		(274,015)	(215,001)	(274,015)	(215,001)
Advances to related parties		**-**	**-**	(11,237,991)	(4,284,211)
Proceeds from convertible notes		3,000,000	**-**	3,000,000	-
Net cash from/(used in) financing activities		**11,766,518**	**4,077,949**	**528,527**	**(206,262)**
Net increase/(decrease) in cash and cash equivalents		274,724	1,798,551	76,319	(625,916)
Cash and cash equivalents at the beginning of the financial year		3,459,865	1,110,656	229,317	671,959
Effect of exchange rate changes on cash and cash equivalents		(460,944)	550,658	(22,097)	183,274
Cash and cash equivalents at 30 June 2007	15(b)	**3,273,645**	**3,459,865**	**283,539**	**229,317**

FOR THE YEAR ENDED 30 JUNE 2007

Consolidated Entity	Issued capital	Accumulated losses	Other reserves	Foreign currency translation reserve	Total Equity
At 1 July 2005	29,069,158	(10,164,520)	583,629	(213,262)	19,275,005
Effect of translation of foreign operations to Consolidated entity presentation currency	-	-	-	945,725	945,725
Total income for the period recognised directly in equity	-	-	-	945,725	945,725
Loss for the period	-	(792,915)	-	-	(792,915)
Total income / (expense) for the period	-	(792,915)	-	945,725	152,810
Issue of share capital (net of issue costs)	4,082,989	-	-	-	4,082,989
Equity settled payments	-	-	248,367	-	248,367
Balance at 30 June 2006	**33,152,147**	**(10,957,435)**	**831,996**	**732,463**	**23,759,171**
At 1 July 2006	33,152,147	(10,957,435)	831,996	732,463	23,759,171
Effect of translation of foreign operations to Consolidated entity presentation currency	-	-	-	(2,510,741)	(2,510,741)
Total income for the period recognised directly in equity	-	-	-	(2,510,741)	(2,510,741)
Loss for the period	-	(14,852,232)	-	-	(14,852,232)
Total income / (expense) for the period	-	(14,852,232)	-	(2,510,741)	(17,362,973)
Issue of Share Capital (net of issue costs)	8,722,509	-	-	-	8,722,509
Equity settled payments	-	-	439,583	-	439,583
Balance at 30 June 2007	**41,874,656**	**(25,809,667)**	**1,271,579**	**(1,778,278)**	**15,558,290**

Parent	Issued capital	Accumulated losses	Other reserves	Total Equity
At 1 July 2005	29,069,158	(10,377,782)	583,629	19,275,005
Loss for the period	-	152,810	-	152,810
Total income / (expense) for the period	-	152,810	-	152,810
Issue of share capital (net of issue costs)	4,082,989	-	-	4,082,989
Equity settled payments	-	-	248,367	248,367
Balance at 30 June 2006	**33,152,147**	**(10,224,972)**	**831,996**	**23,759,171**
At 1 July 2006	**33,152,147**	**(10,224,972)**	**831,996**	**23,759,171**
Loss for the period	-	(17,362,974)	-	(17,362,974)
Total income / (expense) for the period	-	(17,362,974)	-	(17,362,974)
Issue of Share Capital (net of issue costs)	8,722,509	-	-	8,722,509
Equity settled payments	-	-	439,583	439,583
Balance at 30 June 2007	**41,874,656**	**(27,587,946)**	**1,271,579**	**15,558,289**

1. Corporate information and summary of significant accounting policies

The financial report of Golden Gate Petroleum Ltd and its subsidiaries ("the Consolidated Entity") for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors on 26 September 2007. Golden Gate Petroleum Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The address of the registered office and principal place of business is Ground Fl, 8 Colin Street, West Perth, Western Australia, 6005. The principal activity of Golden Gate Petroleum Ltd is the exploration and production of oil and gas, with current activities based in Texas and Louisiana in the United States of America.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments, which have been measured at fair value. The carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report has been prepared on a historical cost basis, and is presented in Australian dollars.

(b) Statement of compliance

In the current year, the group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) and the Urgent Issues Group that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2006. The adoption of these new revised standards and interpretations did not have any effect on the financial position or performance of the Group.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2007. These are outlined in the table below:

Reference	Title	Summary	Application Date of Standard*	Impact on Group financial report	Application date for Group*
AASB 2005-10	Amendment to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of *AASB 7 Financial Instruments*: *Disclosures*	1 Jan. 07	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2007-1	Amendment to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 *Group and Treasury Share Transactions*	1 Mar. 2007	This is consistent with the Group's existing accounting policies for share-based payments so will have no impact	1 July 2007
AASB 2007-2	Amendment to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 121, AASB 127, AASB 131 & AASB 139]	Amending standard issued as a consequence of AASB Interpretation 12 *Service Concession Arrangements*	1 Jan. 2008	As the Group currently has no service concession arrangements or public-private-partnerships (PPP) it is expected that this Interpretation will have no impact on its financial report.	1 July 2008
AASB 2007-3	Amendment to Australian Accounting Standards arising	Amending standard issued as a consequence	1 Jan. 2009	AASB 8 is a disclosure standard so	1 July 2009

	from AASB8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 127, AASB 1023 & AASB 1038]	of AASB 8 *Operating Segments*		will have no direct impact on the amounts included in the Groups financial statements. However the new standard may have an impact on the segment disclosures included in the Group's financial report.	
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments	The standard is a result of the AASB decision that, in principle, all accounting policy options currently existing in IFRS should be included in the Australian equivalents to IFRS and the additional Australian disclosures should be eliminated, other than those considered particularly relevant in the Australian reporting environment.	1 July 2007	As the Group does not anticipate changing any of its accounting policy choices as a result of the issue of AASB 2007-4, this standard will have no impact on the amounts included in the Group's financial statement. Changes to disclosure requirements will have no direct impact on the amounts included in the Group's financial statements. However the new standard may have an impact on the disclosures included in the Group's financial report.	1 July 2007
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116, & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of AASB 123 (revised) *Borrowing Costs.*	1 January 2009	As the Group does not currently construct or produce any qualifying assets which are financed by borrowings the revised standard will have no impact	1 July 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standard issued as a consequence of AASB 2007-4	1 July 2007	Refer to AASB 2007-4 above	1 July 2007
AASB 7	*Financial Instrument: Disclosures.*	New standard replacing disclosure requirements of AASB 132	1 January 2007	Refer to AASB 2005-10	1 July 2007
AASB 8	*Operating Segments*	This new standard will replace AASB 114 *Segment Reporting* and adopts a management approach to segment reporting	1 January 2009	Refer to AASB 2007-3 above	1 July 2009
AASB 101 (revised October 2006)	Presentation of Financial Statements	Many of the disclosures from previous GAAP and all of the guidance from previous GAAP are not carried forward in the October 2006 version of AASB 101. The revised standard includes some text from IAS 1 that is not in the existing AASB 101 and has fewer additional Australian disclosure requirements than the existing AASB 101.	1 January 2007	AASB 101 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the revised standard may result in changes to the disclosures included in the Group's financial report.	1 July 2007
AASB 123 (revised June 2007)	Borrowing Costs	AASB 123 previously permitted entities to choose between expensing all borrowing costs and capitalising those that were attributable to the	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009

		acquisition, construction or production of a qualifying asset. The revised version of AASB 23 requires borrowing costs to be capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset.			
AASB Interpretation 10	*Interim Financial Reporting and Impairment*	Addresses an inconsistency between AASB 134 *Interim Financial Reporting* and the impairment requirements relating to goodwill in AASB 136 *Impairment of Assets and* equity instruments classified as available for sale in AASB 139 *Financial Instruments: Recognition and Measurement*	1 Nov. 2006	The prohibition on reversing impairment losses in AASB 136 and AASB 139 to take precedence over the more general statement in AASB 134 that interim reporting is not expected to have any impact on the Group's financial report.	1 July 2007
AASB Interpretation 11	*Group and Treasury Share Transactions*	Specifies that a share-based payment transaction in which an entity receives services as consideration for its own equity instruments shall be accounted for as equity-settled.	1 March 2007	Refer to AASB 2007-1 above.	1 July 2007
AASB Interpretation 12	*Service Concession Arrangements*	Clarifies how operators recognize the infrastructure as a financial asset and/or an intangible asset – not as property, plant and equipment.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008
AASB Interpretation 129 (revised June 2007)	Service Concession Arrangements: Disclosures	The revised interpretation was issued as a result of the issue of Interpretation 12 and requires specific disclosures about service concession arrangements entered in to by an entity, whether as a concession provider or a concession operator.	1 January 2008	Refer to AASB 2007-2 above.	1 July 2008
IFRIC Interpretation 13	Customer Loyalty Programmes	Deals with the accounting for customer loyalty programmes, which are used by companies to provide incentives to their customers to buy their products or use their services.	1 July 2008	The Group does not have any customer loyalty programmes and as such this interpretation is not expected to have any impact on the Group's financial report.	1 July 2008
IFRIC Interpretation 14	IAS 19 – The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements	Aims to clarify how to determine in normal circumstances the limit on the asset than an employer's balance sheet may contain in respect of its defined benefit pension plan.	1 January 2008	The Group does not have a defined benefit pension plan and as such this interpretation will not have an impact on the Group's financial report.	1 July 2008

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Golden Gate Petroleum Ltd and its subsidiaries during the year ended 30 June 2007 ("the Consolidated Entity"). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

(d) Plant and equipment

Oil and Gas Properties
Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation costs, and the cost of development wells. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are charged to the income statement during the financial period in which they are incurred.

Depreciation
Reserve Oil and gas properties and plant and equipment, other than freehold land, are depreciated to their residual values at rates based on the expected useful lives of the assets concerned on a unit of production basis. The remaining assets use the diminishing value approach. The major categories of assets are depreciated as follows:

Oil and gas properties are amortised over the useful lives of the asset
Motor Vehicles are depreciated based on diminishing value at 22.5%
Plant and equipment are depreciated based on diminishing value line at 25% to 40%.
Office equipment are depreciated based on diminishing value line at 25% to 40%.
Currently there are no buildings owned by the Consolidated Entity.

Impairment
The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

(e) Mineral Exploration and Development Costs

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method. Exploration licence acquisition costs are capitalised and subject to half-yearly impairment testing. All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs, are capitalised provided the rights to tenure of the area of interest is current and either:

- The expenditure relates to an exploration discovery that, at balance date, has not reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant activities in relation to the area of interest are continuing; or
- It is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised.

Each potential or recognised area of interest is reviewed half yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever the facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

AASB 6 Exploration for and Evaluation of Mineral Resources has been applied from 1 January 2005 and the comparatives have been restated accordingly.

(f) Impairment of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If any such indication of impairment exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of recoverable amount, but only if there has been a change in the estimates used to determine the assets recoverable amount and only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit).

(g) Provision for Restoration

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas. Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related oil and gas properties. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset (refer Note 1(d)).

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed.

(h) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the Consolidated Entity will not be able to collect the full debt. Bad debts are written off when identified.

(i) Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, including bank overdrafts.

(j) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are carried at the principal amount.

(k) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the consolidated entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(l) Employee Entitlements

Wages, salaries, bonus payments, annual leave and sick leave
Liabilities for wages and salaries, bonus payments, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(m) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the lease expense.

(n) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales Revenue
Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of "delivery of goods to the customer". Delivery of product is by pipeline and under well specific contracts that define transfer point of ownership. The nominated transfer point has appropriate meter equipment installed. Product pricing is dependant upon product quality and delivery volumes rates, and base price marked to an appropriate commodity market benchmark.

Interest
Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(o) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences; except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised; except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case the deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to terms recognised directly in equity are recognised in equity and not in profit or loss.

(p) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Borrowing Costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Assets are considered to be qualifying assets when this period of time is substantial (greater than 12 months). The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Consolidated Entity's outstanding borrowings during the year.

(r) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

(s) Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as the net profit attributed to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential ordinary shares;

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Foreign currency translation

Both the functional and presentation currency of Golden Gate Petroleum Ltd and its Australian subsidiaries is Australian dollars ($). Entities within the Consolidated Entity that are based and operate outside of Australia use the functional currency of their domicile, provided the local economy is not subject to hyperinflation. Each entity in the Consolidated Entity uses its specific functional currency to measure the items included in the financial statements of that entity.

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange ruling at the date of the transaction or the average for the period when translating a large number of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rate as at the date when fair value was determined.

The functional currency of all the overseas subsidiaries is United States dollars (US$). As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Golden Gate Petroleum Ltd at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(u) Share-based payment transactions

The Consolidated Entity provides benefits to directors and employees of the Consolidated Entity in the form of equity, whereby directors and employees render services in exchange for options to acquire shares or rights over shares.

The fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an appropriate model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) for non-market based hurdles the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for changes in the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect if any, of outstanding securities is reflected as additional share dilution in the computation of earnings per share.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 13).

(v) Investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

(w) Critical accounting estimates, assumptions and judgements

Estimates and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Consolidated Entity continually employs judgement in the application of its accounting policies.

(i) Critical Accounting Estimates and Assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, of not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable resources. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made."

Share-based payment transactions

The Consolidated entity measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Equity settled transactions include options and performance rights. The fair value of an option is determined by an using an appropriate option-pricing model using the assumptions detailed in note 22.

Critical Judgements in Applying the Consolidated Entity's Accounting Policies
Exploration and evaluation

The Consolidated Entity's accounting policy for exploration and evaluation is set out at Note 2(e). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been or will be found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under our policy, it is determined that the Consolidated Entity is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

(x) Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of transaction costs.

On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The Carrying amount of the conversion option is not remeasured in subsequent years.

Interest on the liability component of the instruments is recognised as an expense in the profit and loss.

Transactions costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(y) Joint Controlled Operations

The Consolidated entity has an interest in a joint venture that is a jointly controlled operation. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Consolidated entity recognises its interest in the jointly controlled operation by recognising the assets that it controls and the liabilities that it incurs. The Consolidated entity also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

(z) Segment reporting

Business segments

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

Geographical segments

The consolidated entity operates in one principal geographical area, USA and one secondary geographical area being Australia.

2. REVENUE, EXPENSES AND LOSSES/GAINS

	Consolidated		Parent	
	2007	2006	2007	2006
(a). Revenue	$	$	$	$
Sales revenue	4,653,519	4,365,126	-	-
Other Income				
Interest	44,385	13,752	20,964	11,744
Net gain on sale of non current assets	10,231	-	-	-
	54,616	13,752	20,964	11,744
(b) Costs of Sales				
Operating costs	1,227,200	912,519		
Amortisation of production assets	1,197,925	3,452,607		
	2,425,125	4,365,126	-	-
(c) Administration Costs				
Employee/Consulting Fees	126,846	130,459	77,529	135,932
Superannuation	68,677	12,903	63,800	13,444
Share based payments	201,196	108,687	201,196	108,687
Leave provisions	57,322	18,372	55,570	14,000
Employee benefit expense	454,041	270,421	398,095	272,063
Compliance Costs	144,953	76,840	144,953	76,840
Insurance	38,662	49,406	38,662	49,406
Depreciation	21,750	12,728	14,203	8,031
Other	146,958	47,194	142,160	105,435
	806,364	456,589	738,073	511,775

3. INCOME TAX

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
The major components of income tax expenses are:				
(a) Income Statement				
Current income tax				
Current income tax charge	(4,231,796)	(370,460)	(190,712)	(133,692)
Adjustments in respect of current income tax of previous years				
Deferred income tax				
Relating to origination and reversal of temporary differences	(966,710)	205,675	(45,345)	(2,428)
DTA not brought to account	5,198,505	164,785	236,057	136,120
Income tax expense (income) reported in the income statement	-	-	-	-

	Consolidated		Parent	
	2007	2006	2007	2006
	$	$	$	$
The aggregate amount of income tax attributed to the financial period differs from the amount calculated on the operating loss. The differences are recorded as follows:				
Accounting Profit / (Loss)	(14,852,232)	(792,915)	(17,362,974)	152,810
Prima facie tax payable	(5,204,397)	(277,520)	(5,208,892)	45,843
Add tax effect of:				
Capital raising cost deductions	(54,468)	(53,615)	(54,468)	(53,615)
Non-deductible items	60,359	85,544	60,359	85,544
Inter-company Loan Write-Down	-	-	4,966,944	-
Other	-	80,806	-	(213,982)
DTA not brought to account	5,198,505	164,785	236,057	136,210
Income tax expense on loss	-	-	-	-
(b) Deferred income tax				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities movement				
Exploration expenses:	916,420	280,397	-	-
	916,420	280,937	-	-
Deferred tax assets movement				
Exploration expenses		-		-
Provisions	50,289	74,721	45,345	2,428
Losses - Aust	190,712	133,692	190,712	133,692
Losses - US	4,041,081	237,309	-	-
Non-recognition of deferred taxes	(3,365,662)	(164,785)	(236,057)	(136,120)
	916,420	280,937	-	-

(c) Tax Losses

At 30 June 2007, Golden Gate Petroleum Ltd consolidated group has $20,326,598 (including US tax losses) (2006: $8,144,947) of tax losses that are available for offset against future taxable profits of the company. No deferred tax assets have been recognised on the Balance Sheet in respect of the amount of these losses.

	Consolidated		Parent	
	2007	2006	2007	2006
Unrecognised deferred tax balances	$	$	$	$
Tax losses - Australian	592,947	402,236	592,947	402,236
Tax losses – US	6,422,538	2,381,456	-	-
	7,015,485	2,783,692	592,947	402,236

The potential deferred tax asset will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised or the benefit can be utilised by the Company and/or the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- conditions for the deductibility imposed by the laws are complied with; and
- no changes in tax legislation adversely affect the realization of the benefit from the deductions.

4. TRADE & OTHER RECEIVABLES	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Current				
Trade debtors [1]	2,533,304	1,496,381	-	-
Other receivables [3]	685,684	12,858	11,239	12,857
	3,218,988	1,509,239	11,239	12,857
Non-Current				
Security Deposits [4]	319,053	228,808	-	-
Loans to controlled entities [2]	-	-	21,436,531	9,996,366
Impairment of loan to controlled entity	-	-	(16,556,480)	-
	319,053	228,808	4,880,051	9,996,366

Terms and conditions relating to the above financial instruments.

1. Trade debtors are non-interest bearing and generally on 60 day terms.
2. Related party receivables are non-interest bearing and have no fixed repayment terms.
3. Other receivables are non-interest bearing and have repayment terms between 30 and 90 days.
4. Security Deposits are interest bearing and provide security towards performance bonds provided by the consolidated entity bank to state governmental agencies against environmental obligations.

5. PREPAYMENTS	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Prepayments	46,419	38,862	33,801	36,082

6. INVESTMENTS	Parent 2007 $	Parent 2006 $
Investments in controlled entities	13,549,030	13,549,030

	Country of Incorporation	Percentage of Equity Interest held by the consolidated entity 2007 %	Percentage of Equity Interest held by the consolidated entity 2006 %	Carrying value of investment 2007 $	Carrying value of investment 2006 $
Investments in subsidiaries					
Southdale Holdings Pty Ltd	Australia	100	100	-	-
Golden Gate Resources Ltd	Canada	100	100	13,549,030	13,549,030
GGP Management LLC	USA	100	100	-	-
GGR Petroleum LLC	USA	100	100	-	-
Cathie Delaware, LLC	USA	100	100	-	-
Cathie Energy Texas, LLC	USA	100	100	-	-
Kindee Oil & Gas Texas, LLC	USA	100	100	-	-
Kindee Nevada Petroleum, LLC	USA	100	100	-	-
Long Flat Ltd	USA	100	100	-	-
				13,549,030	13,549,030

7. PLANT & EQUIPMENT	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
Office equipment at cost	33,673	35,227	8,575	6,049
Accumulated depreciation	(20,272)	(13,234)	(6,366)	(3,862)
Total office equipment	13,401	21,993	2,209	2,187
Motor vehicles at cost	51,997	51,997	51,997	51,997
Accumulated depreciation	(38,556)	(26,857)	(38,556)	(26,857)
Total motor vehicles	13,441	25,140	13,441	25,140
Drilling Parts at cost	182,079	-	-	-
Accumulated depreciation	-	-	-	-
Total Drilling Parts	182,079	-	-	-
At cost	267,749	87,224	60,572	58,046
Accumulated depreciation	(58,828)	(40,091)	(44,922)	(30,719)
Total written down amount	208,921	47,133	15,650	27,327

Reconciliation of the carrying amounts of plant and equipment at the beginning and end of the current financial year:

Office Equipment at Cost				
Balance at start of year	21,993	7,846	2,187	3,441
Additions	6,418	20,098	2,526	-
reclassification of assets	(4,959)	-	-	-
Depreciation	(10,051)	(5,951)	(2,504)	(1,254)
Balance at end of year	13,401	21,993	2,209	2,187
Motor vehicles at cost				
Balance at start of year	25,140	31,917	25,140	31,917
Additions	-	-	-	-
Depreciation	(11,699)	(6,777)	(11,699)	(6,777)
Balance at end of year	13,441	25,140	13,441	25,140
Drilling parts at cost				
Balance at start of year	-	-	-	-
Reclassification of assets	4,959			
Additions	177,120	-	-	-
Depreciation	-			-
Balance at end of year	182,079	-	-	-

8. EXPLORATION AND EVALUATION PROPERTIES	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
a) Expenditure carried forward in respect of hydrocarbon areas of interest				
Exploration and evaluation - at cost	9,298,988	18,203,418	-	-

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.

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
b) Reconciliation:				
- Exploration & evaluation phases				
Carrying amount at beginning	18,203,418	15,103,948	-	-
Movement in carrying value as a result of foreign currency variations	(1,589,251)	910,385	-	-
Additions	17,572,073	3,605,264	-	-
Transfer to subsidiary	-	-	-	-
Transferred to production *	(8,647,759)	-	-	-
Sale of interests	-	(1,388,244)	-	-
Allowance for impairment **	(16,239,493)	(27,935)	-	-
Carrying Amount at end	9,298,988	18,203,418	-	-

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

** 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 Murdoch and Kingsway Prospects following the expiry of leases. The Bethany prospect area was written down to its recoverable amount.

9. OIL AND GAS PRODUCTION	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
a) Oil and Gas Production carried forward				
Oil and Gas Production – at cost	14,202,229	5,606,683	-	-
Accumulated amortisation	(5,554,470)	(4,356,545)	-	-
	8,647,759	1,250,138	-	-

	Consolidated 2007 $	Consolidated 2006 $	Parent 2007 $	Parent 2006 $
b) Reconciliation:				
- Oil and Gas Production:				
Carrying amount at beginning	1,250,138	2,955,254	-	-
Transferred from Exploration	8,647,759	-	-	-
Movement in carrying value as a result of foreign currency variations	(52,213)	31,380	-	
Additions	-	1,716,111	-	-
Production costs expensed	-	-	-	-
Amortisation	(1,197,925)	(3,452,607)	-	-
Carrying amount at end	8,647,759	1,250,138	-	-

10. FINANCIAL LIABILITIES

Current				
Trade creditors [1]	5,989,433	603,151	50,381	31,822
Other creditors [2]	143,296	119,432	82,550	35,218
Overdraft unsecured [3]	-	-	-	-
	6,132,729	722,583	132,931	67,040
Aggregate amount payable to related parties included in the above				
Directors and director related entities:				
- director related entity [4]	22,587	17,844	22,587	17,844
Non Current				
Convertible Notes [5]	3,000,000	-	3,000,000	-

Terms and conditions

1. Trade creditors are non-interest bearing and generally on 60 day terms.
2. Other creditors are non-interest bearing and have no fixed repayment terms.
3. The Company executed an unsecured AUD$1,000,000 overdraft facility on 28th 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.
4. Amounts relate to directors fees owing at year end and are payable within 30 days.
5. On 15 May 2007 the Company issued 11,320,754 convertible notes with a face value of 26.5 cents each to raise $3m before expenses. The notes have the following key terms:
   (i) The coupon rate is 10% pa, payable quarterly in arrears
   (ii) the principal is repayable 2 years from drawdown
   (iii) the notes convert on a 1:1 basis (ie 11.3m ordinary shares)
   (iv) Notes are secured against the Company's producing wells on Padre Island.

11. PROVISIONS

	Consolidated		**Parent**	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Current				
Employee benefits	67,236	29,140	64,616	24,768

	Consolidated		**Parent**	
	2007	**2006**	**2007**	**2006**
	$	$	$	$
Non Current				
Long Service Leave	17,474	-	17,474	-
Restoration costs	238,044	226,569	-	-
	255,518	226,569	17,474	-
(a) Restoration				
Carrying amount at beginning	226,569	23,776	-	-
Additional provision	28,413	202,793	-	-
Amounts utilised during the year	(16,938)	-	-	-
Carrying amount at end	238,044	226,569	-	-

A provision for restoration is recognised in relation to the exploration and production activities for costs associated with the restoration of the various sites. Estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs. In determining the restoration provision, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration in the future.

12. CONTRIBUTED EQUITY

(a) Issued and paid up share capital				
Ordinary shares fully paid	41,874,656	33,152,147	41,874,656	33,152,147

Ordinary shares

Effective 1 July 1998, the Corporations Legislation in place abolished the concept of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares. Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	2007		**2006**	
	Number of Shares	**$**	**Number of Shares**	**$**
(b) Movements in ordinary shares				
Balance at the beginning of the year	151,103,951	33,152,147	138,426,951	29,069,158
Exercise of options	11,000,819	3,300,532	960,000	192,000
Equity issues during the year for cash	14,000,000	5,740,000	11,717,000	4,100,950
Less: transaction costs	-	(318,023)	-	(209,961)
End of financial year	176,104,770	41,874,656	151,103,951	33,152,147

(c) Movements in Options on issue	**Number**	**Exercise Price**	**Expiry Date**
Listed Options			
Balance at the beginning and end of the year	28,466,369	0.65	31/12/2006
Options expired	(28,465,550)	0.65	31/12/2006
Options exercised	(819)	0.65	31/12/2006
Balance of Listed Options	-		
Unlisted Options			
Balance at the beginning of the year	19,525,000		
Issue of options to Directors and management	4,250,000		
Options exercised	(11,000,000)		
Options expired	(4,825,000)		
Total Unlisted Options	7,950,000		

13. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share for the year ended 30 June 2007 was based on the loss attributable to ordinary shareholders of $14,852,232 (Year ended 30 June 2006 $792,915) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2007 of 157,112,795 (year ended 30 June 2005: 143,387,354), calculated as follows:

Loss attributable to ordinary shareholders
for the year ended 30 June 2007

	Consolidated 2007 $	Consolidated 2006 $
Loss attributable to ordinary shareholders	(14,852,232)	(792,915)

Weighted average number of ordinary shares		
For the year ended 30 June 2007		
Issued ordinary shares at 1 July	151,103,951	138,426,951
Effect of shares issued during the period	6,008,844	4,960,403
Weighted average number of ordinary shares at 30 June	**157,112,795**	**143,387,354**
Loss per share (cents)	**(9.45)**	**(0.55)**

Potential ordinary shares are not considered dilutive and accordingly diluted earnings per share is the same as basic earnings per share.

	Consolidated		Parent	
	2007	2006	2007	2006
14. ACCUMULATED LOSSES AND RESERVES	$	$	$	$
(a) Accumulated losses				
Balance at beginning of year	(10,957,435)	(10,164,520)	(10,224,972)	(10,377,782)
Net losses attributable to members of Golden Gate Petroleum Ltd	(14,852,232)	(792,915)	(17,362,974)	152,810
Balance at end of year	(25,809,667)	(10,957,435)	(27,587,946)	(10,224,972)

(b) Share option premium reserve

(i) Nature and purpose of reserve

The share option premium reserve is used to record the issue price received in respect of options (other than incentive options) issued over ordinary shares.

(*ii) Movements in reserve*

Balance at the beginning of the year	480,000	480,000	480,000	480,000
Balance at end of the year	480,000	480,000	480,000	480,000

(c) Management option premium reserve

(i) Nature and purpose of reserve

The management option premium reserve is used to record the value of incentive options.

(*ii) Movements in reserve*

Balance at the beginning of the year	351,996	103,629	351,996	103,629
Issue of Options to Executives	666,750	248,367	666,750	248,367
Expiry/forfeiture	(227,167)	-	(227,167)	-
Balance at end of the year	791,579	351,996	791,579	351,996

(d) Foreign Currency Translation Reserve

(i) Nature and purpose of reserve

The foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	Consolidated		Parent	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
(ii) Movements in reserve				
Balance at the beginning of the year	732,463	(213,262)	-	-
Movement in reserve	(2,510,741)	945,725	-	-
Balance at end of the year	(1,778,278)	732,463	-	-

15. CASH FLOW STATEMENT

(a) Reconciliation of the net loss after tax to the net cash flows from operations

Loss from ordinary activities after income tax	(14,852,232)	(792,915)	(17,362,974)	152,810
Add/(less) non-cash items:				
Foreign currency translation	-	-	-	(715,870)
Allowance for impairment of controlled entity loan	-	-	16,556,480	-
Allowance for impairment in exploration expenditure	16,239,493	225,058	-	-
Amortisation of production assets	1,197,925	3,452,607	-	-
Employee share option expensed	201,196	108,687	201,196	108,687
Net (gain)/loss on securities	-	1,844	-	1,844
Net gain on sale of exploration assets	-	-	-	-
Net foreign currency loss	22,097	(71,603)	22,097	(14,264)
Depreciation	21,750	12,728	14,206	8,031
Net cash used in operating activities before change in assets and liabilities	2,830,229	2,936,406	(568,966)	(458,762)
Decrease/(increase) in receivables	(1,709,749)	(1,363,642)	(1,618)	3,043
Decrease/(increase) in other current assets	(7,557)	12,484	(2,281)	-
Increase in provisions	55,570	215,791	57,321	16,153
(Decrease)/increase in accounts payable	1,109,258	597,244	65,891	19,912
Net cash flow from / (used in) operating activities	2,277,751	2,398,283	(449,682)	(419,654)

(b) Reconciliation of cash and cash equivalents

Cash balance comprises:				
- cash at bank	3,273,645	3,459,865	283,539	229,317

	Consolidated 2007 $	2006 $
16. INTERESTS IN JOINT VENTURE OPERATIONS AND BUSINESS UNDERTAKINGS		

At 30 June 2007 the Consolidated Entity was a participant in the following joint ventures:

	2007	2006
Producing Fields		
Syd A2	100%	100%
LaPlaya Shallow	35%	35%
Dunn Deep # 1 (new field producing from LaPlaya Deep #1 well)	35%	35%
LaPlaya Deep (zone shut in as used to produce Dunn Deep)	100%	100%
West Bird	70%	70%
Shallow Prospects		
El Mar all depths	35%	35%
Manzano Shallow to 10,500ft	35%	35%
Plum Shallow 30% of the Structure to 9,500ft	10%	10%
Plum Shallow 70% of the Structure to 9,500ft	35%	35%
Papaya to 9,500ft	-	50%
Lemon to 9,100ft	30%	30%
Wilson to 15,000ft	58.23%	37.5%
Deep Prospects		
Plum Deep 9,501ft to 15,000ft	37.5%	37.5%
Manzano 10,501ft to 15,000ft	37.5%	37.5%
Murdock all depths	37.5%	37.5%
Lemonseed 9,101ft and deeper	22.5%	22.5%
Ultra Deep (Deeper than 16,000 feet)	35%	35%

The joint ventures are not separate legal entities. They are contractual arrangements between the participants for the sharing of costs and output and do not in themselves generate revenues and profit. Capitalised petroleum exploration costs of $8,689,655 (2006: $15,958,706) and production costs of $8,647,759 (2006: $1,250,139) represent principally the Consolidated entity's share of development and exploration joint ventures, the material interests of which are noted above.

17. COMMITMENTS

Leases as lessee
Non cancellable operating lease rental are payable as follows:

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Less than one year	342,314	5,385,778	-	-
Between one and five years	-	3,718,296	-	-
More than five years	-	-	-	-
	342,314	9,104,074	**-**	**-**

The Consolidated entity has entered into a 12 month drilling contract with Parker Drilling. The agreement expires on 1 August 2007.

18. CONTINGENT LIABILITIES

There are no contingent liabilities for the Company and controlled entities other than as stated below:

On 6 August 2007 the Company announced that a dispute has arisen between BNP Petroleum Corporation LLC (“BNP”) and Golden Gate’s Texas subsidiary, Kindee Oil and Gas (“Kindee”). Under a drilling agreement covering Kindee’s 2006/2007 drilling program BNP had the right and obligation to drill a Manzano well to a depth of 10,500 feet. If no commercial hydrocarbons were encountered to that depth BNP could elect to hand the well over for the sum of $6 million to enable the deepening of the well to 15,000 feet testing the deep prospects. For a variety of reasons BNP did not meet its obligation and drill the well within the required period. Kindee advised BNP that the rig would be released at the end of its contract on 31 July 2007 and that marked the end of Kindee’s 2006/2007 drilling program. Since BNP had not drilled the Manzano well within the required period the arrangements had expired and would have to be renegotiated. BNP responded by seeking injunctive relief from the court in order to force Kindee to continue the arrangement. Kindee believes the lawsuit is without merit and will vigorously contest the claim. In the unlikely event that BNP is successful the outcome for Golden Gate is that it will be forced into the drilling of the Manzano well. Kindee is preparing its response to the BNP claim.

	Consolidated		Parent	
	2007 **$**	**2006** **$**	**2007** **$**	**2006** **$**
19. AUDITORS’ REMUNERATION				
Amounts received or due and receivable by Ernst & Young for:				
- an audit or review of the financial report of the company	52,750	55,000	52,750	55,000

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

Short term	607,439	471,846	383,593	283,027
Post employment	82,727	12,915	73,532	12,915
Other short- term	34,200	107,220	34,200	107,220
Termination benefits	-	-	-	-
Share-based payment	290,583	248,367	290,583	248,367
	1,014,949	840,348	781,908	651,529

The Company has applied the exemption under Corporations Amendments Regulation 2006 which exempts Listed Companies from providing remuneration disclosures in relation to their key management personnel in their annual financial reports by accounting standard AASB 124: Related Party Disclosure. The relevant remuneration disclosures can be found in sections (a) to (e) of the remuneration report in the director report disclosures.

(i) Directors

S Russotti - Executive Chairman (appointed 30 June 2003)
F Petruzzelli - Director (appointed 30 June 2003)
M Freeman - Finance Director / Company Secretary (appointed finance director 7 October 2005)
J Copley - Technical Director (appointed 23 April 2007)
M Bell - Director (appointed 1 November 2006 and resigned 22 February 07)

(a) Shares issued on exercise of remuneration options

Nil

(b) Option holdings of key management personnel

The movement during the reporting period in the number of options over ordinary shares in Golden Gate Petroleum Ltd held, directly, indirectly or beneficially, by each director and executive, including their personally-related entities.

	Held at 1 July 2006	Granted	Expired/ Forfeiture	Exercised/ Sold	Held at 30 June 2007	Exercisable/ vested
Directors						
Mr F Petruzzelli	800,000	500,000	-	-	1,300,000	1,300,000
Mr S Russotti	4,580,000	1,000,000	480,000	700,000	4,400,000	4,400,000
Mr M Freeman	200,000	750,000	-	-	950,000	950,000
Mr J Copley	-	-	-	-	-	-
Mr M Bell	3,000,000	1,000,000	4,000,000	-	-	-
Total	8,580,000	3,250,000	4,480,000	700,000	6,650,000	6,650,000

	Held at 1 July 2005	Granted	Expired/ Forfeiture	Exercised/ Sold	Held at 30 June 2006	Exercisable/ vested
Directors						
Mr F Petruzzelli	780,000	500,000	-	(480,000)	800,000	800,000
Mr C Burton*	76,923	-	-	(76,923)	-	-
Mr S Russotti	2,060,000	3,000,000	-	(480,000)	4,580,000	4,580,000
Mr M Freeman	200,000	-	-	-	200,000	200,000
Executive						
Mr M Bell	-	3,000,000	-	-	3,000,000	666,667
Total	3,116,923	6,500,000	-	1,036,923	8,580,000	6,246,667

** Mr C Burton resigned as director on 7 October 2005*

Refer director's report for detailed explanation of valuation of options granted during the year.

(c) Shareholdings of key management personnel

The movement during the reporting period in the number of ordinary shares of Golden Gate Petroleum Ltd held, directly, indirectly or beneficially, by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2006	On Exercise of Options	Other changes	Held at 30 June 2007
Directors				
Mr F Petruzzelli	531,520	-	-	531,520
Mr S Russotti *	272,362	-	(100,580)	171,782
Mr M Freeman	31,731	-	100,000	131,731
Mr J Copley	-	-	-	-
Mr M Bell	-	-	-	-
Total	835,613	-	(580)	835,033

*Of the 171,782 shares held by Mr Russotti, 71,200 are held direct with the balance held on trust

	Held at 1 July 2005	On Exercise of Options	Other changes	Held at 30 June 2006
Directors				
Mr F Petruzzelli	51,520	480,000	-	531,520
Mr C Burton*	2,055,070	-	(2,055,070)	-
Mr S Russotti	272,362	-	-	272,362
Mr M Freeman	31,731	-	-	31,731
Executives				
Mr M Bell	-	-	-	-
Total	2,410,683	480,000	(2,055,070)	835,613

**Mr C Burton resigned as director on 7 October 2005*

(d) Other transactions and balances with key management personnel

No loans have been made during the financial period or at the date of this report to any specified Directors or specified Executives. A number of specified Directors and specified executives, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

Transaction	Note	2007 $	2006 $
Specified Directors & Executives			
Mr C Burton*	(i)	-	107,221
Mr M Freeman	(ii)	54,826	34,579

**Mr C Burton resigned as director on 7 October 2005*

(i) Funding of the Acquisition of Medco interests in Padre Island
The Company arranged an unsecured US$1 million debt facility from Sampala Investments Pty Ltd ("Sampala"), a company in which Mr Craig Burton is a director, to fund the acquisition of Novus' interest in Padre Island. An establishment fee of $52,867 and interest of $54,354 was paid during the period.
(ii) The Company is provided the services of a bookkeeper and serviced office from Meccano Pty Ltd, a company of which Mark Freeman is a director.

(e) Transactions with Related Parties in the Consolidated Group

The consolidated group consists of Golden Gate Petroleum Ltd (the ultimate Parent Entity in the wholly owned group) and its controlled entities (see Note 6). During the year Golden Gate Petroleum Ltd entered into loans with related parties were advanced on long and short term inter-company accounts.

These loans were undertaken on commercial terms and conditions, except that:
(i) Loans with related parties are repayable on demand, with repayment not expected to occur within 12 months; and
(ii) No interest is payable on the loans.

Loans with controlled entities are disclosed in Note 4.

21. SHARE BASED PAYMENTS

(a) Recognised share based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent	
	2007 $	2006 $	2007 $	2006 $
Expense arising from equity settled share based payment transactions	439,583	248,367	439,583	248,367

(b) Details of Options granted and vested during the year ended 30 June 2007

Employee Share Scheme - During the year the Company issued incentive options to directors, executives and consultants as detailed in the table below.

Holders	Number of options granted during 2007	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2007
Directors						
Mr S Russotti**	1,000,000	30/11/2006	14.9c	0.54	31/12/2009	1,000,000
Mr M Freeman **	750,000	30/11/2006	14.9c	0.54	31/12/2009	750,000
Mr F Petruzzelli**	500,000	30/11/2006	14.9c	0.54	31/12/2009	500,000
Mr M. Bell*	1,000,000	30/11/2006	14.9c	0.54	-	-
Executives and other contractors						
Mr D Boyd**	500,000	17/10/2006	14.9c	0.54	31/12/2009	500,000
Mr B Veralli**	300,000	17/10/2006	14.9c	0.54	31/12/2009	300,000
Ms S Rooney**	200,000	17/10/2006	14.9c	0.54	31/12/2009	200,000
Total	4,250,000					

***Options were cancelled**

**** Valuation of Directors and Executive Options**

The options have been valued using the Binomial option valuation methodology by the Company's advisers and based upon the following assumptions:

1. Options expire 31 December 2009 and are exercisable at 54 cents;
2. the market trading price of the Shares as at 13 October 2006 was 50 cents;
3. The current Risk free interest rate (Treasury Bond Rate) of 5.80%;
4. Volatility factor of 60%.
5. The valuations ascribed to the various options may not necessarily represent the market price of the options at the date of the valuation;
6. A discount of 30% has been applied as the options will not be listed. Anecdotal evidence suggests a discount of between 20% and 50% is common;
7. The valuation date is 13 October 2006 and grant date was 6th December 2006
8. Based on the above assumptions the value of the Options were 14.90 cents each.

(b) Details of Options granted and vested during the year ended 30 June 2006

Employee Share Scheme - During the year the Company issued incentive options to directors as detailed in the table below.

Holders	Number of options granted during 2006	Grant date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2006
Directors						
Mr S Russotti*	3,000,000	19/12/05	0.0582	0.22	1/12/08	3,000,000
Mr F Petruzzelli*	500,000	19/12/05	0.0582	0.22	1/12/08	500,000
Mr M. Bell**	3,000,000	21/11/05	0.0670	0.22	19/11/09	666,667
Total	6,500,000					

*** Valuation of Directors Frank Petruzzelli & Sam Russotti Options**

The options have been valued using the Binomial option valuation methodology by the Company's advisers and based upon the following assumptions:

(i) the options expire 1 December 2008 and are all exercisable at 22 cents per Share;
(ii) the market trading price of the Shares at the time the Company agreed to issue the options, was 20 cents;
(iii) a common volatility factor of 60%;
(iv) an interest rate of 5.31%;
(v) A discount of 30% for the options not being listed
(vi) the valuations ascribed to the various options may not necessarily represent the market price of the options at the date of the valuation;
(vii) the valuation date for the options was 19 October 2005; and
(viii) grant date of 30 November 2005

Based on the assumptions the estimated value of options granted to the Directors is 5.82 cents per option.

***** Valuation of Michael Bells Options***

The options have been valued using the Binomial option valuation methodology by the Company's advisers and based upon the following assumptions:

(i) the options expire 21 November 2009 and are exercisable at 22 cents per Share;
(ii) the market trading price of the Shares at the time the Company agreed to issue the options, was 20 cents;
(iii) a common volatility factor of 60%;
(iv) an interest rate of 5.31%;
(v) A discount of 30% for the options not being listed;
(vi) the valuations ascribed to the various options may not necessarily represent the market price of the options at the date of the valuation; and
(vii) the valuation date and grant date for the options was 21 November 2005.

Based on the assumptions it is considered that the estimated value of options granted is 6.67 cents per option.

(c) Summaries of Options Granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2007 No.	**2007 WAEP**	**2006 No.**	**2006 WAEP**
Outstanding Options at the beginning of the year	9,225,000	0.25	3,685,000	0.30
Granted during the year	4,250,000	0.54	6,500,000	0.22
Forfeited during the year	(4,000,000)	0.30	-	
Exercised during the year	(700,000)	0.30	(960,000)	0.20
Expired during the year	(825,000)	0.44	-	-
Outstanding at the end of the year	7,950,000	0.37	9,225,000	0.25
Exercisable at the end of the year	7,950,000		6,891,667	

The outstanding balances as at 30 June 2007 is represented by:

- 3,250,000 options over ordinary shares with an exercise price of $0.54 each, exercisable on or before 1 December 2009
- 1,000,000 options over ordinary shares with an exercise price of $0.33 each, exercisable on or before 1 December 2008
- 200,000 options over ordinary shares with an exercise price of $0.33 each, exercisable on or before 19 August 2008
- 3,500,000 options over ordinary shares with an exercise price of $0.22 each, exercisable on or before 31 December 2009

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2007 is 1.86 years (2006: 2.40 years)

(e) Range of exercise price

The range of exercise prices for options outstanding at the end of the year was $0.22 - $0.54 (2006: $0.20 – $0.44).

As the range of exercise is wide, refer to section (c) above for further information in assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of the those options.

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.54 (2006: $0.22)

(g) Weighted average share price

The weighted average price per share during the year was $0.33 (2006: $0.34)

22.SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations, results or state of affairs of the Consolidated Entity in subsequent financial years, except for:

(a) The Company announced on the 5 July 2007 the acquisition of a 48.75% working interest in the Bullseye Project with potential reserves of 12.5mboe and 2.5Bcf gas.

(b) On 12 July 2007 the Company announced the acquisition of an 18% working interest in the East Texas project with potential reserves of 2.5mboe and 65Bcf gas.

(c) On 17 July 2007 the Company announced the acquisition of a 70% working interest in the Wilcox project with potential reserves of 8mboe and 60Bcf gas.

(d) On 3 August 2007 the Company completed the placement of 35.6m shares at 25 cents each and 11.9m free attaching unlisted options exercisable on or before 30 June 2008 raising $8.9m before costs.

(e) On 3 August 2007 the Company, following shareholder approval, issued 2,000,000 options to Mr Jeff Copley exercisable at 25 cents each on or before 30 June 2010 and vesting over 12 months of continued service.

(f) On 6 August 2007 the Company announced that a dispute has arisen between BNP Petroleum Corporation LLC ("BNP") and Golden Gate's Texas subsidiary, Kindee Oil and Gas ("Kindee"). Under a drilling agreement covering Kindee's 2006/2007 drilling program BNP had the right and obligation to drill a Manzano well to a depth of 10,500 feet. If no commercial hydrocarbons were encountered to that depth BNP could elect to hand the well over for the sum of $6 million to enable the deepening of the well to 15,000 feet testing the deep prospects. For a variety of reasons BNP did not meet its obligation and drill the well within the required period. Kindee advised BNP that the rig would be released at the end of its contract on 31 July 2007 and that marked the end of Kindee's 2006/2007 drilling program. Since BNP had not drilled the Manzano well within the required period the arrangements had expired and would have to be renegotiated. BNP responded by seeking injunctive relief from the court in order to force Kindee to continue the arrangement. Kindee believes the lawsuit is without merit and will vigorously contest the claim. In the unlikely event that BNP is successful the outcome for Golden Gate is that it will be forced into the drilling of the Manzano well. Kindee is preparing its response to the BNP claim.

(g) On 15 August the Company spudded the Dunn Deep #2 well with a 20% interest. The well was successfully completed and tied into the gas pipeline and is presently producing at 3.8 mmcfd.

(h) On 17 September the Company acquired a 50% interest in the LGS/Samtown and Noel prospects. The first well in this project, Samstown, was spudded on 16 September and on 24 September the Company announced it had intersected 14 feet of net pay. The well is to be tested in the coming months.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated entity's principal financial instruments comprise cash and convertible notes. The main purpose of these financial instruments is to finance the Consolidated entity's operations. The Consolidated entity has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Consolidated entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Consolidated entity's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk.

Historically, the Consolidated entity has not implemented strategies to mitigate these financial risks. As discussed in the Review of Operations the Consolidated entity's activities have changed significantly during the financial year, with the increased acquisition of the US oil and gas projects. As the Consolidated entity's activities are mainly in the US the majority of funds held are held in US$ to mitigate foreign currency risk. Accordingly, no hedging policies have been put in place. The Directors will review this policy periodically going forward. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(a) Cash flow interest rate risk

The Consolidated entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated entity's cash and short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated entity to cash flow interest rate risk. All other financial assets and liabilities, in the form of receivables and payables are non-interest bearing or bear fixed interest rates (the convertible notes). The Consolidated entity currently does not engage in any hedging or derivative transactions to manage interest rate risk.

b) Foreign currency risk

As a result of operations in the United States, the Consolidated entity's balance sheet can be affected by movements in the US$/A$ exchange rates. The Consolidated entity also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Consolidated entity currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

(c) Commodity price risk
The Consolidated entity is exposed to crude oil and gas commodity price risk. Crude oil and gas prices can be volatile and are influenced by factors beyond the Consolidated entity's control. The Consolidated entity currently does not engage in any hedging or derivative transactions to manage commodity price risk.

(d) Credit risk
The Consolidated entity trades only with recognised, creditworthy third parties. It is the Consolidated entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Consolidated entity. With respect to credit risk arising from the other financial assets of the Consolidated entity, which comprise cash and cash equivalents the Consolidated entity's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Since the Consolidated entity trades only with recognised third parties, there is no requirement for collateral.

(e) Liquidity risk
The Consolidated entity's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans if required. The Company does not currently have any bank loans.

(f) Fair value interest risk
As the consolidated entity holds fixed rate debt there is a risk that the economic value of a financial instrument will fluctuate because of changes in market interest rates. The level of fixed rate debt is disclosed in note 24 and it is acknowledged that this risk is a by-product of the Consolidated entities attempt to manage its cash flow interest rate risk.

24. FINANCIAL INSTRUMENTS

a. Interest rate risk

Interest rate risk exposures

The Consolidated entities exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

Consolidated

	Weighted Average Interest rate	Fixed Interest Rate $	Floating Interest Rate $	Non – Interest Bearing $	Total $
2007					
Financial Assets					
Cash assets *	0.5%		3,273,645	-	3,273,645
Trade and other receivables – current *			-	3,128,988	3,128,988
Security deposits **	1.50%		319,053	-	319,053
			3,592,698	3,128,988	6,811,686
Financial liabilities					
Trade and other Payables*			-	6,132,729	6,132,729
Convertible Notes **	10%	3,000,000	-	-	3,000,000
		3,000,000	-	6,132,729	9,132,729

Consolidated

	Weighted Average Interest rate	Fixed Interest Rate $	Floating Interest Rate $	Non – Interest Bearing $	Total $
2006					
Financial Assets					
Cash assets *	0.5%	-	3,459,865	-	3,459,865
Trade and other receivables – current *		-	-	1,509,239	1,509,239
Security deposits **	1.50%	-	228,808	-	228,808
		-	3,688,673	1,509,239	5,197,912
Financial liabilities					
Trade and other Payables*			-	722,585	722,585
		-	-	722,585	722,585

* Maturing in 1 Year or Less
** Maturing in 1 Year or More

Parent

	Weighted Average Interest rate	Fixed Interest Rate $	Floating Interest Rate $	Non – Interest Bearing $	Total $
2007					
Financial Assets					
Cash assets *	4.58%	-	283,539	-	283,539
Trade and other receivables – current *		-	-	11,239	11,239
Trade and other receivables – non current **		-	-	4,880,051	4,880,051
		-	283,539	4,891,290	5,174,829
Financial liabilities					
Trade and other Payables *		-	-	132,931	132,931
Convertible notes **	10%	3,000,000	-	-	3,000,000
		3,000,000	-	132,931	3,132,931
2006					
Financial Assets					
Cash assets *	0.01%		229,317	-	229,317
Trade and other receivables – current *		-	-	12,857	12,857
Trade and other receivables – non current **		-	-	9,996,336	9,996,336
		-	229,317	10,009,193	10,238,510
Financial liabilities					
Trade and other Payables *		-	-	67,040	67,040

* Maturing in 1 Year or Less
** Maturing in 1 Year or More

b. Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date in portion to each class of recognised financial asset, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

The Company does not have any material risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

c. Net fair values

Methods and assumptions used in determining net fair value

For financial assets and liabilities, the net fair value approximates their carrying value. The Company has no financial assets where carrying amount exceeds net fair values at balance date.

25. SEGMENT INFORMATION

Geographical segments - primary reporting

During the year Golden Gate Petroleum Ltd operated in one business segment, being the oil and gas industry and two geographical segments being Australia and USA.

The Consolidated Entity generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the consolidated entity's policies described in Note 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

	Australia **$**	**USA** **$**	**Consolidated** **$**
2007			
External segment revenue and other income	-	4,653,519	4,653,519
Segment result	(806,495)	(14,045,737)	(14,852,232)
Depreciation	14,206	7,544	21,750
Allowance for impairment of exploration expenditure	-	16,239,493	16,239,493
Segment assets	344,229	24,669,544	25,013,773
Segment liabilities	3,215,021	6,240,462	9,455,483
Amortisation of production assets	-	1,197,925	1,197,925
Share based payments	335,250	104,333	439,583
2006			
External segment revenue and other income	-	4,365,126	4,365,126
Segment result	(563,060)	(229,855)	(792,915)
Depreciation	4,697	8,031	12,728
Allowance for impairment of exploration expenditure	-	225,058	225,058
Segment assets	305,583	24,365,032	24,670,615
Segment liabilities	91,809	886,484	978,293
Amortisation of production assets	-	3,452,607	3,452,607
Share based payments	220,557	44,667	265,224

26. CHANGE IN COMPOSITION OF ENTITY

2006

(a) Acquisitions of Medco interest in Padre Island

On 1 August 2005, Long Flat Ltd (100% subsidiary of Golden Gate Petroleum Ltd) acquired 100% of the voting shares of Kindee Oil & Gas Texas, LLC and Kindee Nevada Petroleum, LLC (Kindee Group) unlisted companies based in USA holding various percentage interest in the Padre Island Project. The date control passed on the acquisition was effective 1 July 2005.

In connection with the acquisition, Golden Gate Petroleum Ltd paid US$1,000,000 and $US96,235 for net working capital at the date of acquisition.

From the date of acquisition, Kindee Group has contributed US$576,000 to revenue and has not contributed to the net profit of the group. The fair value of identifiable assets and liabilities of the Kindee Group as at the date of acquisition are:

	Recognised on acquisition $	Carrying value $
Trade and other receivables	231,389	231,389
Plant and equipment	5,551	5,551
Deferred exploration and evaluation expenditure	1,419,664	1,419,664
	1,656,604	**1,656,604**
Trade and other payables	(22,005)	(22,005)
Fair value of net assets	**1,634,599**	**1,634,599**

Consideration:	
Cash paid	1,587,455
Costs associated with the acquisition	47,144
Total consideration	**1,634,599**

(b) Acquisitions of Moex' interest in Padre Island

On 30 November 2005, Long Flat Ltd (100% subsidiary of Golden Gate Petroleum Ltd) acquired 100% of the voting shares of Cathie Delaware, LLC and Cathie Energy Texas, LLC (Cathie Group). These companies hold various interests in the Padre Island Project. The effective date control passed was 1 September 2005.

In connection with the acquisition, Long Flat Ltd paid US$125,000 of which US$6,639 was paid at the date of acquisition with balance of US$118,360 payable on 17 March 2006. From the date of acquisition, Cathie Group has contributed US$206,000 to revenue and has not contributed to the net profit of the group. The fair value of identifiable assets and liabilities of the Cathie Group as at the date of acquisition are:

	Recognised on acquisition $	Carrying value $
Trade and other receivables	25,394	25,394
Deferred exploration and evaluation expenditure	198,172	198,172
	223,566	**223,566**

Trade and other payables	(25,394)	(25,394)
Fair value of net assets	**198,172**	**198,172**
Consideration:		
Costs associated with the acquisition	189,370	
Cash paid	8,802	
Total consideration	**198,172**	

ERNST & YOUNG

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Independent auditor's report to the members of Golden Gate Petroleum Limited

We have audited the accompanying financial report of Golden Gate Petroleum Limited, which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" on pages 15 to 18 of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the 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. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, comply with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Related Party Disclosures

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit we have met 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 audit of the financial report and the remuneration disclosures, 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.

Auditor's Opinion
In our opinion:

1. the financial report of Golden Gate Petroleum Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the financial position of Golden Gate Petroleum Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

3. the remuneration disclosures that are contained on pages 15 to 18 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Ernst + Young

Ernst & Young

P McIver
Partner
Perth
26 September 2007

The Company has in place corporate governance practices that are formally embodied in corporate governance policies and codes adopted by the Board ('the Policies').The aim of the Policies is to ensure that the Company is effectively directed and managed, that risks are identified, monitored and assessed and that appropriate disclosures are made.

In preparing the Policies, the Directors considered the ASX Principles of Good Corporate Governance and Best Practice Recommendations ('the Recommendations').The Directors incorporated the Recommendations into the Policies to the extent that the Directors considered the Recommendations were appropriate taking into account the Company's size, the structure of the Board, its resources and its proposed activities.

For further information on corporate governance policies adopted by the Company, refer to our website: www.ggpl.com.au

BOARD OF DIRECTORS

Role of the Board

The primary role of the Board of Directors is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for monitoring financial and other reporting.

Board processes

The Board has established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The Company is engaged in the upstream oil and gas exploration and production business. The Company's oil and gas assets have increased significantly over the last 12 months with an expected significant increase in its gas production and cash flow within the next 12 months. The critical skills required by the Board in pursuing the Company's business plan continue to be expert geological, exploration and evaluation and project development management skills together with strong fiscal management skills. In addition, each director is charged with having a thorough understanding of and responsibility for the protection of the rights of the Company and its shareholders.

The Board has these skills (refer to the biographies in the Director's Report) and as the Company's business plan progresses will add new directors as and when complimentary skills are required.

The Board presently comprises one Executive Chairman, two executive Directors and a non executive director. The Chairman, Mr Russotti, is not independent. All the senior technical and financial personnel are highly qualified and have previously held roles of executive responsibility in much larger organisations.

The directors meet frequently, both formally and informally, to ensure a mutually thorough understanding of the Company's business and all the Company's policies of corporate governance are adhered to.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Mr S Russotti	4 Years
Mr F Petruzzelli	4 Years
Mr M Freeman	2 Years
Mr J Copley	5 Months

Director education

The consolidated entity has a formal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the consolidated entity concerning the performance of directors. Directors are given access to and encouraged to participate in continuing education opportunities to update and enhance their skills and knowledge.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified advisor at the consolidated entity's expense. The director must consult with an advisor suitably qualified in the relevant field and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other board members.

Independence

Corporate Governance Council Recommendation 2.1 requires a majority of the Board to be independent directors. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgement. In accordance with this definition, Mr Petruzelli is considered to be independent. Therefore the majority of the Board are not independent.

Recommendation 9 states that non-executive directors should not receive options or bonus payments. The Company intends to continue its policy of awarding options or other securities to non-executive directors as it considers this to be a reasonable and appropriate method of assisting in attracting and retaining suitably skilled board members.

Nomination committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 30 June 2007, the Company did not have a separate nomination committee. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee. The Board has reviewed its policy on nominations and this can be found on the Company's website.

CONTINUOUS DISCLOSURE POLICY

The Company is required to immediately tell the ASX once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

Therefore to meet this obligation the Company undertakes to:

- Notify the ASX immediately it becomes aware of any information that a reasonable person would expect to have a material effect on the price and value of the companies securities, unless that information is not required to be disclosed under the listing rules;
- Disclose notifications to the ASX on the Company website following confirmation of the publishing of the information by the ASX; and
- Not respond to market speculation or rumour unless the ASX considers it necessary due to there being, or likely to be, a false market in the Company's securities.

The Finance Director is responsible for co-ordinating the disclosure requirements. To ensure appropriate procedure all directors, officers and employees of the Company coordinate disclosures through the Finance Director**,** including:

- Media releases;
- Analyst briefings and presentations; and
- The release of reports and operational results.

Information not disclosed via ASX announcement that might be considered share price sensitive will not be discussed with any external parties other than on a confidential basis in order to conduct the business of the Company. Discussions with external parties will only occur following an ASX announcement. All written materials containing new price sensitive information to be used in briefing media, investors and analysts will be notified to the ASX prior to the commencement of that briefing. In reviewing the content of analysts' reports and profit forecasts, the Company will correct factual inaccuracies or historical matters. Media contact and comment are conducted by the Company Secretary. Other directors, officers and employees of the Company will not disclose any information to the media without express permission from the Company Secretary.

The Board has reviewed its policy on information communicated to shareholders and this can be found on the Company's website.

The external auditor is requested to attend the Annual General Meeting to answer any questions concerning the audit and the auditor's report.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are responsible for voting on the appointment of directors, approval of the maximum amount of directors' fees and the granting of options and shares to directors.

SHARE TRADING POLICY

The Company has established a policy that imposes certain restrictions on directors, senior management and other employees trading in the Company's securities. The policy has been adopted to prevent trading in contravention of the insider trading provisions of the Corporations Act 2001, in particular when Company personnel are in possession of price-sensitive information.

In general trading in the Company's securities is prohibited:

- whilst in possession of unpublished price sensitive information;
- where officers are engaging in the business of active dealing;
- two weeks before and 24 hours after the release of the Company's quarterly, half yearly or annual report to the ASX; and
- two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that a director or employee is applying for securities pursuant to that disclosure document.

Directors must notify the Board and employees must notify the executive chairman in advance of any transactions involving the Company's securities. In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange, directors advise the ASX of any transaction conducted by them in shares or options in the Company.

CONFLICT OF INTEREST

In accordance with the Corporations Act and the Company's constitution directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

REMUNERATION AND PERFORMANCE ASSESSMENT

Remuneration committee

Recommendation 9.2 requires listed entities to establish a remuneration committee. During the year ended 30 June 2007, the Company did not have a separate remuneration committee. The duties and responsibilities typically delegated to such a committee are considered to be the responsibility of the full board, given the size and nature of the Company's activities.

Remuneration policies

Remuneration of Directors are formalised in service agreements. The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the executive chairman and the executive team.

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and Motivation of key executives
- Attraction of quality management to the Company
- Performance incentives which allow executives to share the rewards of the success of the Company

Remuneration of non-executive directors is determined by the Board with reference to comparable industry levels and, specifically for directors' fees, within the maximum amount approved by shareholders.

For details on the amount of remuneration and all monetary and non-monetary components for all directors refer to Note 23 (a) to (e) of the notes to the financial statements. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Performance

The performance of the board and key executives is reviewed regularly against both measurable and qualitative indicators. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of the Company. Directors whose performance is consistently unsatisfactory may be asked to retire.

RISK MANAGEMENT

Oversight of the risk management system

The Board takes a proactive approach to risk management. The Board is responsible for oversight of the processes whereby the risks, and also opportunities, are identified on a timely basis and that the consolidated entity's objectives and activities are aligned with the risks and opportunities identified by the Board. This oversight encompasses operational, financial reporting and compliance risks.

The consolidated entity believes that it is crucial for all Board members to be a part of the process, and as such the Board has not established a separate risk management committee.

The Board oversees the establishment, implementation and annual review of the Company's risk management policies as part of the Board approval process for the strategic plan, which encompasses the consolidated entity's vision and strategy, designed to meet stakeholder's needs and manage business risks.

The Executive Chairman and the Finance Director have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the consolidated entity.

Internal control framework

The Board acknowledges that it is responsible for the overall internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that deals with:

- Financial reporting - there is a comprehensive budgeting system with an annual budget, updated on a regular basis approved by the Board. Monthly actual results are reported against these budgets.
- Investment appraisal - the Company has clearly defined guidelines for capital expenditure including annual budgets, detailed appraisal and review procedures, levels of authority and due diligence requirements where businesses or assets are being acquired or divested.
- Quality and integrity of personnel - the consolidated entity's policies are detailed in an approved induction manual. Formal appraisals are conducted annually for all employees.

AUDIT AND COMPLIANCE POLICY

The Board imposes stringent policies and standards to ensure compliance with all corporate financial and accounting standards. Where considered appropriate, the Company's external auditors, professional advisors and management are invited to advise the Board on these issues and the Board meets quarterly to consider audit matters prior to statutory reporting.

The Company requires that its auditors must not carry out any other major area of service to the Company and should have expert knowledge of both Australian and international jurisdictions. Recommendation 4.3 requires listed entities to have an audit committee consisting of only non-executive directors, a majority of independent directors, an independent Chairman, who is not Chairman of the board and at least three members. Recommendation 4.4 requires the audit committee to have a formal charter.

The Company does not currently comply with the Recommendations. During the year ended 30 June 2007, the Company did not have a separate audit committee. The duties and responsibilities typically delegated to such a committee were considered to be the responsibility of the full Board, given the size and nature of the Company's activities and as a result the Company disbanded the Audit Committee.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board maintains responsibility for a framework of internal control and ethical standards for the management of the consolidated entity.

The board, consists of members with financial expertise and detailed knowledge and experience of the mineral exploration and evaluation business, advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity. The Executive Chairman and the Finance Director declared in writing to the Board that the Company's financial reports for the year ended 30 June 2007 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

ETHICAL STANDARDS

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity.

HEALTH, SAFETY, ENVIRONMENT AND HERITAGE PROTECTION POLICY

The Company is committed to compliance with all relevant laws and regulations and continual assessment of its operations to ensure protection of the environment, the community and the health and safety of its employees. The Company has adopted a policy and maintains appropriate procedures to ensure that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount and which recognises environmental sustainability and respect for cultural and heritage issues as essential requirements for all its activities. Procedures are maintained to govern the activity of employees and contractors to ensure that the objectives of this policy are met.

Stock Exchange Listing

Golden Gate Petroleum Ltd shares are listed on the Australian Stock Exchange Limited. The Company's ASX code is GGP.

Substantial Shareholders (Holding not less than 5%)

As at 26 September 2007

Name of Shareholder	Total Number of Voting Share in the Company in which the Substantial Shareholders and its Associates Hold Relevant Interests	Percentage of Total Number of Voting Shares (%)
Eastern Advisors LP/Offshore Fund	27,750,150	12.75
Tiedemann Global Emerging Markets Funds	26,494,455	12.17
Hound Partners LP	12,892,355	5.92

Class of Shares and Voting Rights

At 26 September 2007 there were 2,013 holders of 217,717,710 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

a) each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;

b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and

c) on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall, have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

There are no voting rights attached to the options in the Company. Voting rights will be attached to the unissued ordinary shares when options have been exercised.

Distribution of Security Holders

Number of Shares Held	Number of Shareholders
1 – 1,000	238
1,001 – 5,000	425
5,001 – 10,000	316
10,001 – 100,000	824
100,001 and over	210
Total	2,013

The number of shareholders holding less than a marketable parcel is 246.

Cash Usage

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

Listing of 20 Largest Shareholders

	Name of Ordinary Shareholder	Number of Shares Held	Percentage of Shares Held
1.	Eastern Advisors LP/Offshore Fund	27,750,150	12.75
2.	Tiedemann Global Emerging Markets Funds	26,494,455	12.17
3.	Hound Partners LP	12,822,355	5.92
4.	ANZ Nominees	8,851,434	4.07
5.	Merrill Lynch (Australia)	8,309,392	3.82
6.	National Nominees Limited	7,274,053	3.34
7.	HSBC Custody Nominees	5,025,179	2.31
8.	Patrick O'Mara	4,000,000	1.84
9.	Citicorp Nominees Pty Limited	2,918,844	1.34
10.	Fodema Pty Ltd	2,150,000	0.99
11.	Thomas Booth	1,803,718	0.83
12.	Mr Francis Douglas	1,800,000	0.83
13.	Four P Investment Co Pty Ltd	1,615,000	0.74
14.	Mr Keith Sheppard	1,410,000	0.66
15.	UBS Wealth Management	1,377,888	0.63
16.	Nowald Wellington (Pde) Pty Ltd	1,281,128	0.59
17.	Ryan Moynagh	1,281,128	0.59
18.	Towertun Pty Ltd	1,225,702	0.56
19.	Ninallo Pty Ltd	1,200,000	0.55
20.	Hiles Pty Ltd	1,170,000	0.54
	Total	119,830,406	55.04

Unquoted and Escrowed Equity Securities

Securities	Number	Holders	Name of Holders	Number Held
Options exercisable at 22 cents on or before 1 December 2008	3,500,000	2	S Russotti F Petruzzelli	3,000,000 500,000
Options exercisable at 33 cents on or before 19 August 2008	200,000	1	M Freeman	200,000
Options exercisable at 33 cents on or before 1 December 2008	1,000,000	3	S Russotti F Petruzzelli D Boyd	400,000 300,000 300,000
Options exercisable at 25 cents Options expiring 30 June 2010	2,000,000	1	J Copley	2,000,000
Options exercisable at 35 cents on or before 31 July 2008	11,870,997	69		
Options exercisable at 35 cents on or before 30 October 2010	1,650,000	9	J Nichols	500,000
Convertible notes exercisable at 26.5 cents on or before 15 May 2009	11,320,754	15	Eastern Advisors Tiedemann Global	3,773,585 3,773,585

GOLDEN GATE PETROLEUM LTD | OIL & GAS LEASES

As at 26 September 2007

Padre Island Producing Fields	
LaPlaya Shallow	35%
Dunn Deep # 1	35%
Wilson ST949#1	58.23%
Dunn Deep # 2	20%
Dunn Peach # 6	10%
LaPlaya Deep *	100%
Westbird **	70%

Exploration Projects	
Bullseye	48.75%
Wilcox	70%
East Texas	18%
LGS/Samstown and Noel	42.5 -50%

Padre Island Deep Prospects	
Plum Deep 9,501 ft to 15,000 ft	37.5%
Manzano 10,501 ft to 15,000 ft	37.5%
Lemonseed > 9,101 ft	37.5%

Ultra Deep (> 16,000 feet)	35%

Padre Island Shallow Prospects	
El Mar (all depths)	35%
Manzano Shallow to 10,500 ft	35%
Plum Shallow 30% to 9,500ft	10%
Plum Shallow 70% to 9,500 ft	35%
Lemon to 9,100 ft	30%

* currently not producing
** to be plugged and abandoned