

23 October 2016

PLEASANT HOME FIELD ACQUISITION

- Acquiring 50% WI in Pleasant Home Field in Alabama, USA by re-completion of 2 existing field wells with potential net recovery of up to 100,000 bbls oil per well.
- An additional development well may have the potential to recover an additional 650,000 bbls of oil gross
- Recompletions to commence forthwith following RST and CBL logs.

Acquisition of 50% WI in Pleasant Home Field

Grand Gulf (the "Company" or "GGE") is pleased to advise that it has entered into a Participation Agreement to acquire a 50% working interest in the Pleasant Home Field, Covington County Alabama. The field includes 4 wells and processing facilities and the lease is presently held by production from 1 well. The field is operated by Gulf Coast Mineral, LLC.

Pleasant Home has produced in excess of 934,000 bbls of oil since 1999. The wells produce from multiple intervals and presently have a number of zones that based on show and log data are interpreted to be oil pay but are yet to be completed for production.

The transaction will take place through a number of steps. The Company will acquire RST and CBL logs in the target wells to confirm the presence of pay and establish the hole conditions. If these data are encouraging, GGE will undertake recompletions of untested zones in two wells with the potential to recover up to 100,000 barrels of oil net per well at flow rates of up to 100 bbls oil per day.

Following an evaluation of the recompletion results the Company will be better placed to determine whether the field can support additional development drilling. If so, up to 650,000 bbls of additional oil (gross) may be proven.

RST (reservoir saturation tool) logs use spectrometry to measure elemental concentrations in the reservoir fluids "behind pipe". Oil volumes or saturations can be computed by using the carbon/oxygen ratio.

CBL (cement bond log) logs use acoustic energy to measure the presence and quality of cement behind casing. These data are used to evaluate reservoir zone isolation.

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ASX Codes

GGE 748m

Smak Dickson 31-6



With multiple reservoirs, the potential reserves for the remaining recoverable oil in place on the field is estimated at between 200,000 – 850,000 bbls.

Operational and Economic Upside

Reserve	From 200,000 – 850,000 bbls oil
Reserve Upside:	Column height, number of pays and sand thickness
Production rates	Up to 100 bbls per day per well
Drilling risks	4 existing wells on location, drilling equipment available with easy access to location.
Entry Terms:	GGE's estimated share of the recompletions for 50% WI of the 2 recompletions is US\$350,000. The NRI being delivered is 75%. Entry costs are US\$50,000 + A\$100,000 of GGE Shares at \$0.005

Contract Terms

- GGE will undertake a RST and CBL type logs on 2 wells (Smak Dixon 31-6 and 31-11), following satisfactory review of the logs the Company will pay US\$50,000 to the operator.
- The Company intends to re-enter the Smak Dixon 31-11 initially to assess primarily the 9850 Houston Sand. Following which the Company will recomplete the Smak Dixon 31-6 and assess specifically the 9512, 9424, 9012, 7600, 6150 and 6040ft sands.
- Following recompletion of the first well the Company will have earned a 50% WI in that well and its facilities and will derive 75% of net revenues until its recompletion costs and entry costs are recovered. In the event the well is uncommercial the Company may withdraw from the project with no further obligations.
- Following 60 days of commercial production from the initial recompletion the Company will issue US\$75,000 of ordinary fully paid shares to the Operator (price will be the 7 day weighted average following release of this announcement).
- Following recompletion of the second well the Company will have earned a 50% WI in the field and all facilities.
- Grand Gulf commits to funding the initial \$350,000 of recompletion costs (including RST and CBL type logs) following which all costs are to be shared 50/50 with the operator.

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For more information visit www.grandgulfenergy.com and sign up for email news.

About Grand Gulf Energy: Grand Gulf is an ASX listed US based oil and gas exploration and production company with management in Houston and assets in Louisiana and Alabama.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Henry Greaves (Registered Geologist, Mississippi, USA), with over 22 years respective relevant experience within oil and gas sector.

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.