

Quarterly Report

For Quarter ending 30 September 2016



HIGHLIGHTS

Cash Flow Analysis	Sep Quarter
	\$AUD '000
Production Sales	741
Production Costs *	(321)
Operating Costs	(208)
Net Operating Proceeds	212

* Production costs are primarily royalties and severance taxes which are a fixed % of revenue.

- The Company has entered into an Exploration Agreement to acquire a 50% working interest in the **Pleasant Home Field**, Covington County, Alabama.
- Desiree Production (39.6% WI)** - produced a total of 22,046 bbls of oil during the September quarter. The well is presently producing oil at an average rate of 210 bbl/d.
- Dugas & Leblanc #3 (55.5% WI)** - produced a total of 6,162 bbls of oil during the September quarter. The well is presently producing oil at an average rate of 70 bbl/d.
- West Klondike (11.9% WI)** - The well is presently being recompleted and an acid wash will be used to improve wellbore conductivity. A total of 102 barrels of oil has been produced by the formation during the operation.
- Abita (20% WI)** - The **SL 19706 #1** well was recompleted in the 15 sand and placed back on production on 28/9/2016 resulting in 18 days of production during the quarter for a total of 1,420 bbls of oil and 6,823 mcf.
- The Company is continuing to assess acquisition opportunities in the US and is actively marketing the Napoleonville seismic for Joint Venture.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	748m
Share Price	0.6c	Mkt Cap	\$4.5m
Quarterly Rev	\$779,069	Prod. Wells	4
Cash @ 30/9	\$3.0m	Net receivables	\$260k
Net Prod oil qtr	11,562 bbl	Net Prod gas qtr	1,074 mcf

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Executive Director
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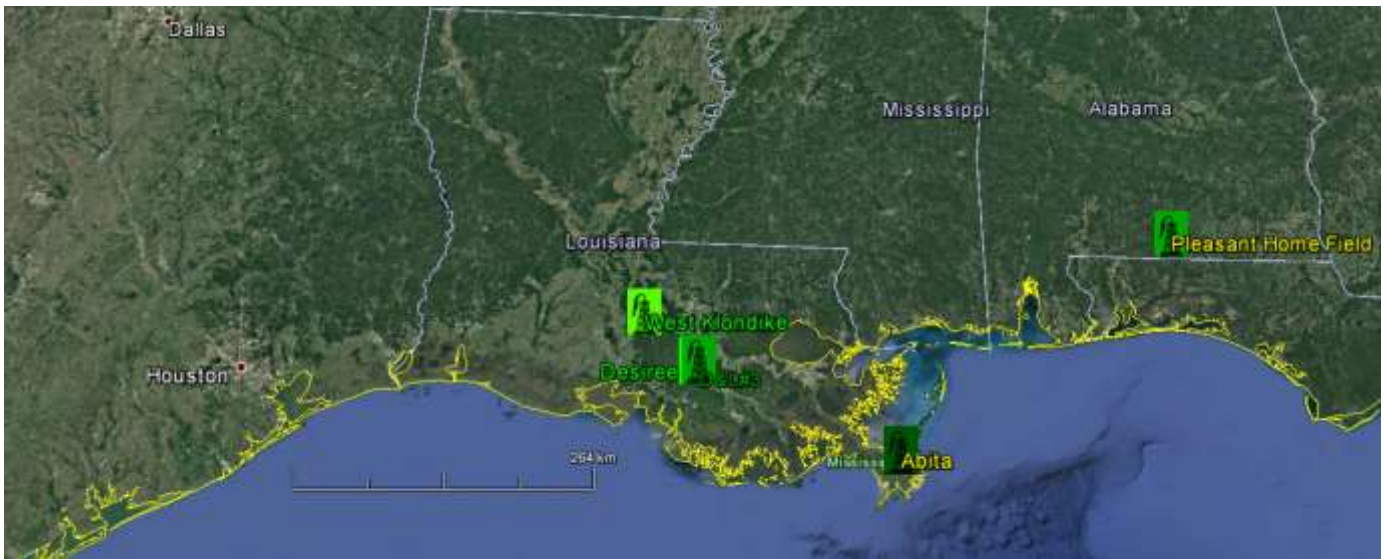
Energy Prices

LLS US\$52.09 (BBL)
Nymex US\$2.85 (MMBTU)

Major Shareholders

Charles Morgan 21.5%
Craig Burton 24.9%





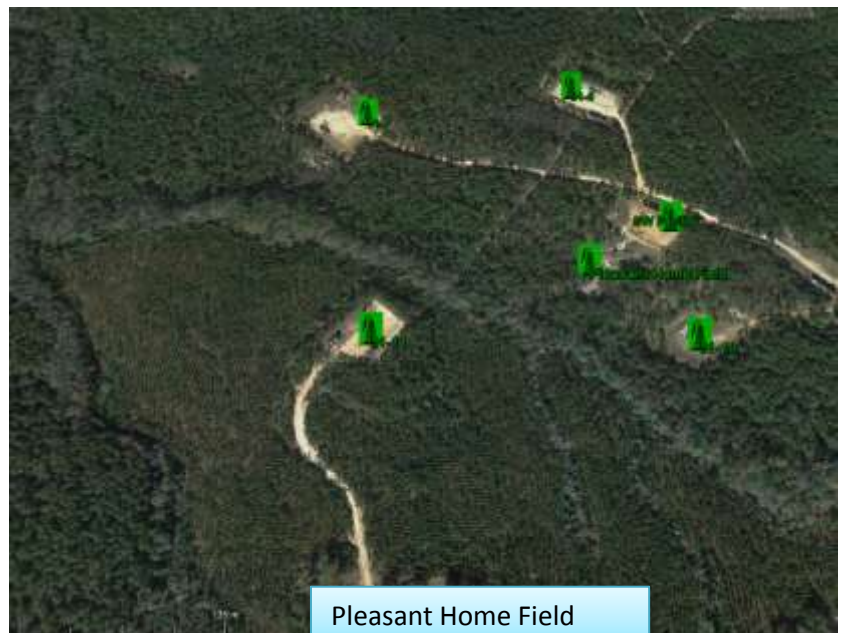
PLEASANT HOME FIELD ACQUISITION

- 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.

During the Quarter the Company entered into an Exploration 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.

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.



Contract Terms

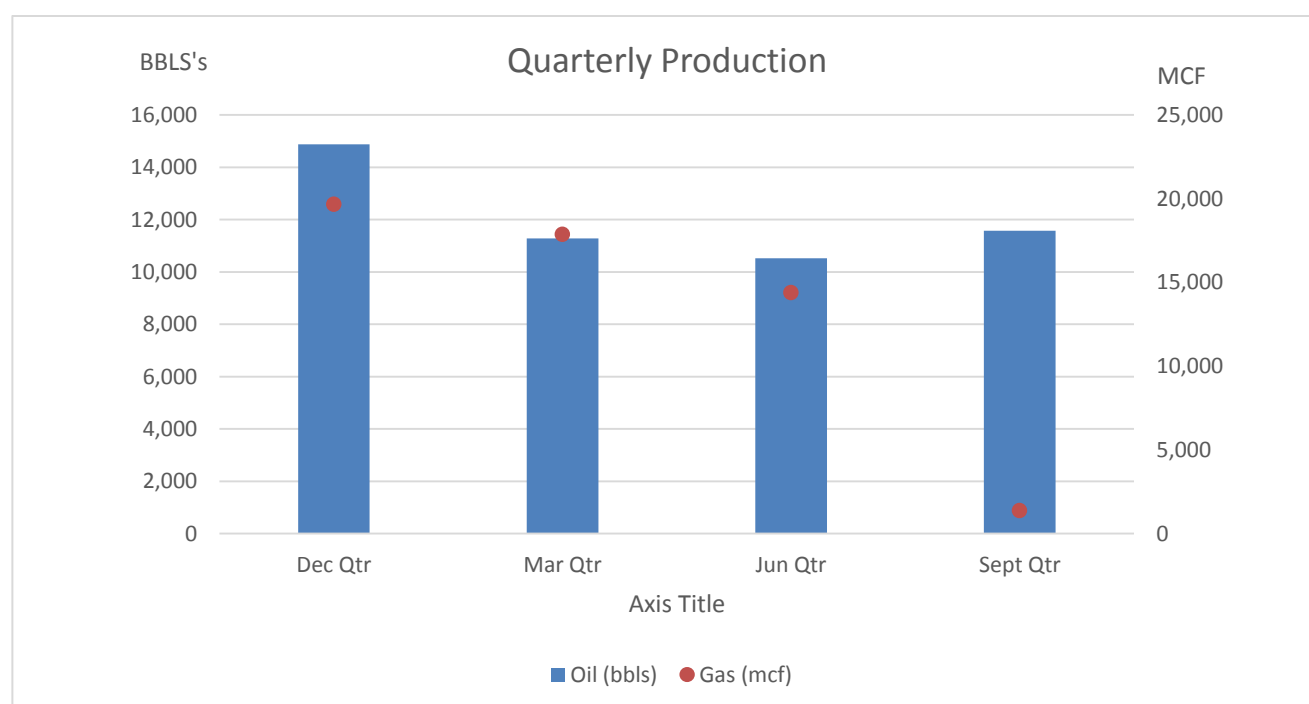
- GGE will undertake RST and CBL logs on 2 wells (Smak Dixon 31-6 and 31-11) following satisfactory review of the logs the Company will pay US\$50,000 to the operator.
- The Company intends to re-enter the Smak Dixon 31-11 initially to assess primarily the 9850 Houston Sand. Following which the Company will recompleteness the Smak Dixon 31-6 and assess specifically the 9512, 9424, 9012, 7600, 6150 and 6040 ft sands.
- Following recompleteness 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 recompleteness 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 recompleteness 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 recompleteness 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 recompleteness costs (including RST and CBL type logs) following which all costs are to be shared 50/50 with the operator.



31-7 Well

PRODUCTION AND DEVELOPMENT

	Dec Qtr	Mar Qtr	Jun Qtr	Sept Qtr
Oil (bbls)	14,872	11,278	10,516	11,570
Gas (mcf)	19,654	17,868	14,384	1,365
% Oil Equ.	95%	94%	94%	99.5%



Desiree Field

Desiree, Assumption Parish, Louisiana, Non Operator 39.65% WI

The Hensarling #1 well (Desiree Field) is producing at 210 barrels of oil per day with total production for the quarter being 22,046 barrels. Water production has increased to 135 bbls per day. The well has produced



409,788 barrels of oil. The down dip well, Simoneaux #2 produced significant water during its productive life.

Dugas & Leblanc Field

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 55.5% WI

The D&L#3 well (Dugas & Leblanc Field) continues to produce at 70 barrels of oil per day with total production for the quarter being 6,162 barrels. The well has produced over 250,614 barrels of oil and 0.5 BCF gas.

West Klondike Development

Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 11.925% WI

During the quarter the well changed operatorship and is presently being operated by Oleum Operating LLC. Oleum have acquired 76.7% of the well and have commenced operations to establish production from the Lario.

The Lorio Sand has produced over 4 Million barrels of oil from the adjacent field ("Klondike") and is the reservoir unit with the greatest value in this well with a high estimate of oil of 500,000 barrels (gross) potentially recoverable. It is also noted that when the Lorio was initially perforated during the testing phase, the well flowed oil to surface with no assistance.

The previous operator attempted to complete the Lario in August and oil was recovered to surface but the well failed to flow naturally. Following the failed recompletion Oleum commenced workover operations on 18 October and is making attempts to get access to the wellbore to complete an acid wash. Historical assessment of the Lario production at the Klondike field indicate all wells were acid washed as part of the completion exercise. Depending on the well rates achieved, the operator may set up for a jet pump or a mini frac.

Since commencement of the workovers the well has produced 102 barrels of oil for sale.

Abita

Abita, Plaquemines Parish, Louisiana, Non Operator 20% WI

The field is being operated by DW Wapiti Investments I, LLC in Plaquemines Parish, Louisiana. The well commenced producing on 18 March 2012.

The SL 19706 #1 well was recompleted in the 15 sand and placed back on production on 28/9/2016. The well produced for 18 days during the quarter for a total of 1,420 bbls of oil and 6,823 mcfg. The well is presently offline awaiting a Triethylene Glycol Regenerator to be replaced. This is scheduled to be completed next week and the well is expected to be back online by month end.



2016 Reserves and Resources Summary

Reserves and Resources as at 30 June 2016

Net to Grand Gulf Energy Ltd

Net to Grand Gulf Energy Ltd.		Proved(1P)				PROVED & PROBABLE(2P)		
FILED (LICENCE)	INTEREST	LIQUIDS	GAS	OIL EQUIVALENT ⁽¹⁾	LIQUIDS	GAS	OIL EQUIVALENT ⁽¹⁾	
		MBBL	MMCF	MBOE	MBBL	MMCF	MBOE	
Reserves								
USA								
Dugas & Leblanc #3	55.50%	17	302	68	17	302	68	
Desiree	39.65%	189	-	189	383	-	383	
West Klondike	11.70%	-	-	0	11	-	11	
Abita	20%	6	305	57	6	305	57	
Total Reserves		213	607	314	418	607	520	
Contingent Resources		High Estimate 1C			Mid to Low Estimate 2C			
Reserves								
USA								
Dugas & Leblanc #3	55.50%		833			278	46	
Desiree	39.65%							
West Klondike	11.70%	55	1,450	297	18	483	99	
Abita	20%							
Total Contingent Resources		55	2,283	297	18	761	145	
Total Reserves and Resources		268	2,890	611	437	1,368	665	
⁽¹⁾ Oil equivalent conversion factor: 6MSCF per BBL								

Competent Persons Statement

The information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer) with over 33 years 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.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 30 September 2016 as required by ASX Listing Rule 5.3.

Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
Abita	Plaquemines Parish	16990	20%	20%
Abita	Plaquemines Parish	16991	20%	20%
Abita	Plaquemines Parish	16992	20%	20%
Abita	Plaquemines Parish	16993	20%	20%
Dugas & Leblanc	Assumption Parish, Louisiana	CL-0110	55.8%	55.8%
Desiree/Louise	Assumption Parish, Louisiana	CL-0130	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-031A (CL-0131)	39.6%	39.6%
Desiree	Assumption Parish, Louisiana	12S14E52-031B (CL-0131)	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-001	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-003	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-005	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-006	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-008	39.6%	39.6%

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Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-009	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-011	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-013	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-014	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-015	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-016	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-019	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-020	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022A	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022B	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-012	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-018	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021A	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021B	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-024	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-025	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-026	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-028	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-001	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-002A	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-002B	22.0%	22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002C	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002D	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002E	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E53-003	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-004	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-005	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-006	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-007	22.0%	22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-032 (CL-0068 & 0106)	39.6%	39.6%
Louise	Assumption Parish, Louisiana	12S14E52-029	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E52-030	22.0%	22.0%
West Klondike	Iberville Parish, Louisiana	WK#1A	11.7%	11.925%
West Klondike	Iberville Parish, Louisiana	WK#1B	11.7%	11.925%
West Klondike	Iberville Parish, Louisiana	WK#1C	11.7%	11.925%
West Klondike	Iberville Parish, Louisiana	WK#2	11.7%	11.925%
West Klondike	Iberville Parish, Louisiana	WK#3A	11.7%	11.925%
West Klondike	Iberville Parish, Louisiana	WK#3B	11.7%	11.925%