

Quarterly Report

For Quarter ending 31 December 2016



HIGHLIGHTS

Cash Flow Analysis	Dec Quarter
	\$AUD '000
Production Sales	686
Production Costs *	(324)
Operating Costs	(128)
Net Operating Proceeds	234

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

- Pleasant Home Field (Earn-in 50% WI)** - GGE successfully re-completed the recently acquired first well, Smak Dixon 31-11. The well has been swabbed and tested up to 140-160 bopd from 4 intervals, including the 9850ft sand which was the primary target. A pump is currently being installed in the well and, due to facilities being in place, the well was placed on production on 31/1/17.
- West Klondike (11.9% WI)** - The well was successfully re-completed in the Lorio and tested up to 200 bbls per day on a short duration test. The well is presently producing into frac tanks at ~40 bopd while the operator sources larger oil tanks and a heater treater.
- Desiree Field (39.6% WI)** - The well produced a total of 19,693 bbls of oil during the December quarter. The well is presently producing oil at an average rate of 200 bopd.
- Dugas & Leblanc #3 (55.5% WI)** - The well produced a total of 5,226 bbls of oil during the December quarter. The well is presently producing oil at an average rate of 74 bopd.
- Abita (20% WI)** - The SL 19706 #1 well was recompleted in the 15 sand and placed back on production on 28 September 2016 resulting in production during the December quarter for a total of 316 bbls of oil and 53,053 mcf. The well is presently producing 990 mcf/d and 10 bopd.
- Boleslaw Project (20.4% WI)** - The Company participated in the Boleslaw #1 gas well in the Kolo License in central Poland. The well was unsuccessful, and has been plugged and abandoned.
- The Company is continuing to assess acquisition opportunities in the US and is actively marketing the Napoleonville seismic to third parties.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	748m
Share Price	0.5c	Mkt Cap	\$3.75m
Quarterly Rev	\$686k	Prod. Wells	5
Cash @ 31/12	\$2.0m	Net rec/pay	(\$10k)
Net Prod oil qtr.	10,029 bbls	Net Prod gas qtr.	10,611 mcf

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Directors

Executive Chairman
Mr Charles Morgan

Managing Director
Mr Mark Freeman

Executive Director
Mr Allan Boss

Director
Mr Stephen Keenihan

Energy Prices

LLS US\$54.13 (BBL)
Nymex US\$3.15 (MMBTU)

Major Shareholders

Charles Morgan 21.5%
Craig Burton 24.9%





Exploration

PLEASANT HOME FIELD (EARN-IN 50% WI)

Grand Gulf (the “Company” or “GGE”) is pleased to advise that the Smak Dixon 31-11 well was recompleted and during cleanup swabbing and flowing operations yielded up to 140-160 bopd from 4 separate open intervals.

A pump is currently being installed in the well and, due to facilities being in place, the well was placed on production 31 January 2016.

Flow rates will be advised once the well normalizes.

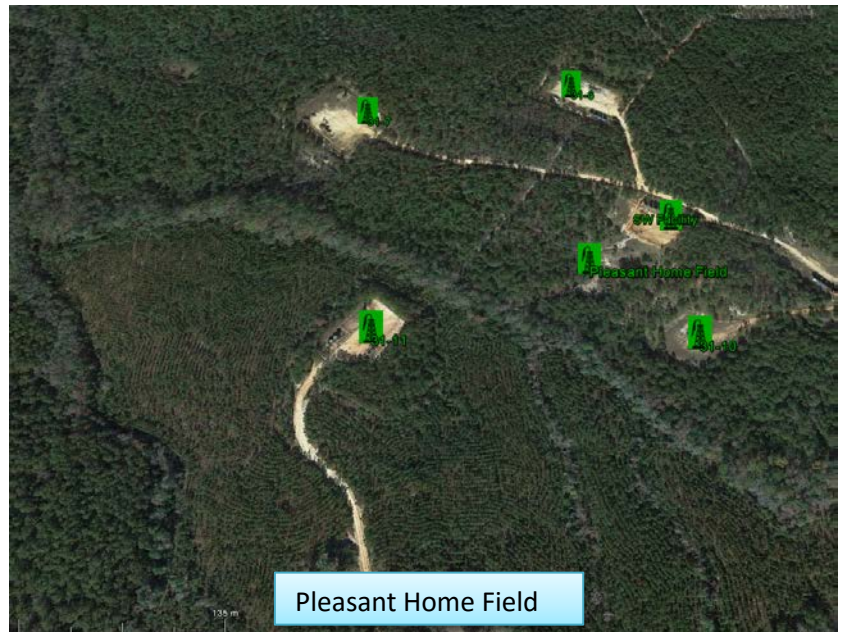
The Company is very pleased with the results from the workover and in particular the successful completion of the 9,850ft Hosston zone which was bypassed pay recognised by shows and the RST log.

Flow testing of this interval yielded an estimated ~65 bbls per day with no water. This interval in the 31-11 well has the potential to recover up to 100,000 barrels of net oil. The 9,850 Hosston Interval is anticipated to hold up to 260,000 barrels of oil over the entire field.

Whilst it is still early days with respect to production, the Company has gained a significant amount of new information in respect of the methods needed to recomplete these intervals and in particular the benefits of using the RST log tool to identify bypassed pay zones. The RST log also confirmed multiple, thinner, potential zones of interest above the 9,850ft Hosston Sand. These intervals will be evaluated in due course.

The results of the re-completion indicate that a new well on the field may be justified. Such a well would avoid some of the challenges encountered during the 31-11 operations associated with zone isolation and allow the application of production enhancement techniques (such as an acid wash) which are expected to deliver higher flow rates from the reservoirs.

Following successful re-completion and production from the Smak Dixon 31-11 the Company will undertake a re-completion program in the Smak Dixon 31-6. The Smak Dixon 31-6 is also anticipated to have up to 100,000 barrels of recoverable oil remaining.



Contract Terms

- GGE will undertake RST and CBL type logs on 2 wells (31-11 has been completed).
- Following re-completion 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 re-completion 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 re-completion of the 31-11 the Company will issue 19,500,000 ordinary fully paid shares to the Operator.
- Following re-completion of the second well the Company will have earned a 50% WI in the field and all facilities.
- Grand Gulf's has met it's earn in financial commitment of \$350,000 of re-completion costs. All future costs are now shared 50/50 with the operator. In addition, GGE has paid an entry fee of US\$50,000.



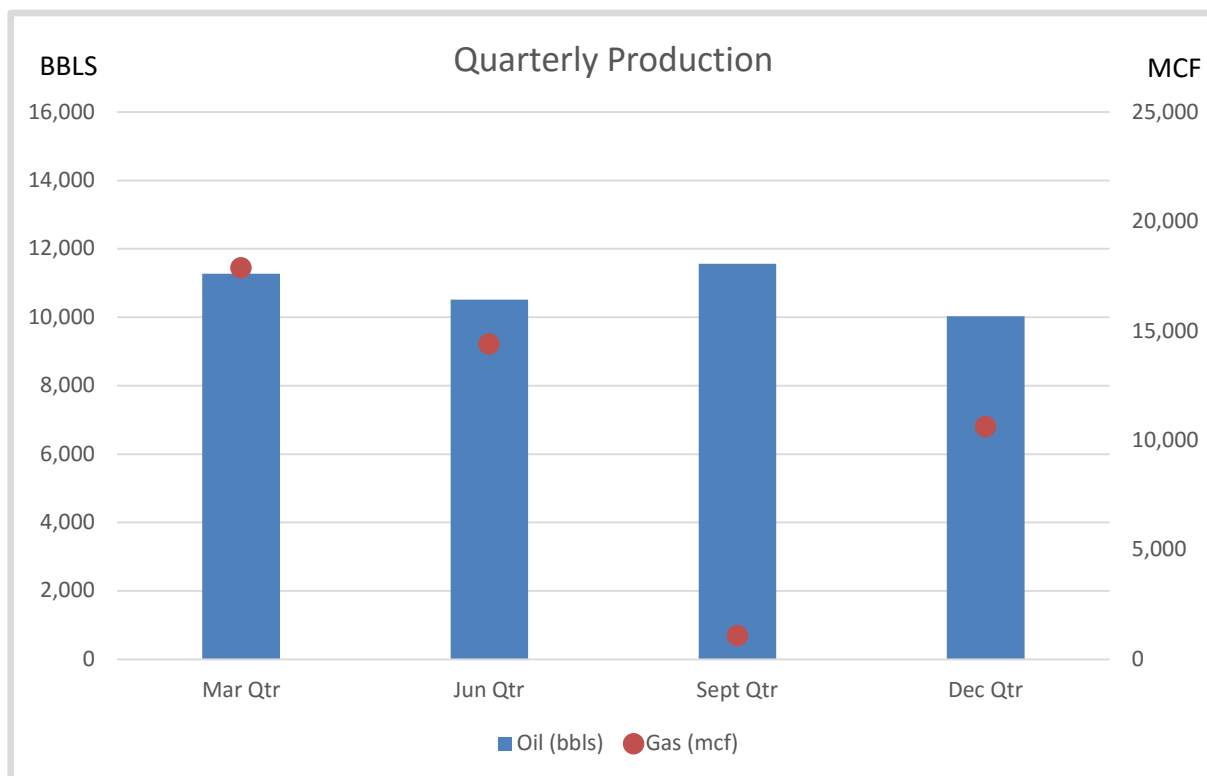


BOLESLAW PROJECT (20.4% WI) - POLAND

The Well spudded on 10 December 2016 and reached a total depth ('TD') of 1550 meters on 10th January 2017. The well intersected the designated objectives, however no commercial recoverable hydrocarbons were indicated and the well has been plugged and abandoned. Partners in the Kolo license will conduct a detailed post-drill technical review of all relevant well and seismic data to determine the way forward with this exploration license.

PRODUCTION AND DEVELOPMENT

	Mar Qtr	Jun Qtr	Sept Qtr	Dec Qtr
Oil (bbls)	11,278	10,516	11,570	10,029
Gas (mcf)	17,868	14,384	1,365	10,611
% Oil Equ.	94%	94%	99.5%	96%





2017 Reserves and Resources Summary

Reserves and Resources as at 31 December 2016

Net to Grand Gulf Energy Ltd

FILED (LICENCE)	NET REV INTEREST	Proved(1P)			PROVED & PROBABLE(2P)		
		LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT ⁽¹⁾ MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT ⁽¹⁾ MBOE
Reserves							
USA							
Dugas & Leblanc #3	43.20%	31	235	71	40	235	79
Desiree	30.96%	140	-	140	164	-	164
West Klondike	8.53%	-	-	-	8	5	9
Abita	15%	-	65	11	-	65	11
Total Reserves		171	300	222	212	305	263
Contingent Resources							
		High Estimate 1C			Mid to Low Estimate 2C		
Reserves							
USA							
Dugas & Leblanc #3	43.20%	-	648	108	-	216	36
Desiree	30.96%	-	-	-	-	-	-
West Klondike	8.53%	-	-	-	-	-	-
Abita	15%	-	-	-	-	-	-
Total Contingent Resources		-	648	108	-	216	36
Total Reserves and Resources		171	953	371	212	521	299

Desiree Field

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

The Hensarling #1 well (Desiree Field) produced at an average of 220 barrels of oil per day with total production for the quarter being 19,693 barrels. Water production during the quarter increased to 160 bbls per day. The well has produced 430,102 barrels of oil. The downdip 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) averaged 58 barrels of oil per day with total production for the quarter being 5,226 barrels. During the quarter, the well was off production for 9 days as a result of a tubing leak that was required to be repaired. The well is presently producing at ~74 bbls per day.

The well has produced over 255,475 barrels of oil and 0.5 BCF gas. The D&L #3 well continues to outperform previous reserve estimates.

West Klondike Development

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

GGE participated in the drilling of the West Klondike discovery well in late 2012. The well commenced producing gas from the lower Nod Blan on 4 September 2014. The lower gas zones were drained and the remaining unproduced zone is the Lario oil sand.

There has been significant activity in the project over the last few months. The previous operator attempted to complete the Lario in August 16 and whilst oil was recovered to surface the well failed to flow naturally. Following the failed re-completion, Oleum Operating LLC acquired 76.7% of the well and Operatorship. Oleum has significant operating experience in the area and in these type of sands.

Oleum pulled the existing completion out of the hole, and determined that asphaltines had deposited in the formation near the wellbore in the Lario formation. Oleum performed an acid wash and attempted to flow the well



naturally. Whilst the inflow performance improved and oil was recovered, the decision was made to perform a mini-frac and put the well on jet pump to optimise production.

The frac was successfully performed in late December 2016 and the well tested at 200 bopd over a short test.

The well is currently producing into the Frac Tanks on location at ~40 bbls oil per day. The operator is sourcing larger oil tanks and a heater treater. Following completion of facilities production will be ramped up to 100 bopd and the Operator will monitor production with the intention of reaching 200 bopd if possible.

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 re-completed in the final remaining interval, the 15 sand, and placed back on production on 28 September 2016. During the December quarter, a total of 316 bbls of oil and 53,053 mcf. The well is averaging 7 bopd and 840 mcf. The well is averaging 7 bopd and 840 mcf. The well is averaging 7 bopd and 840 mcf.

Competent Persons Statement

The information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer) and Mr Henry Greaves (Registered Geologist, Mississippi, USA), with over 33 years and 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.

LEASE SCHEDULE

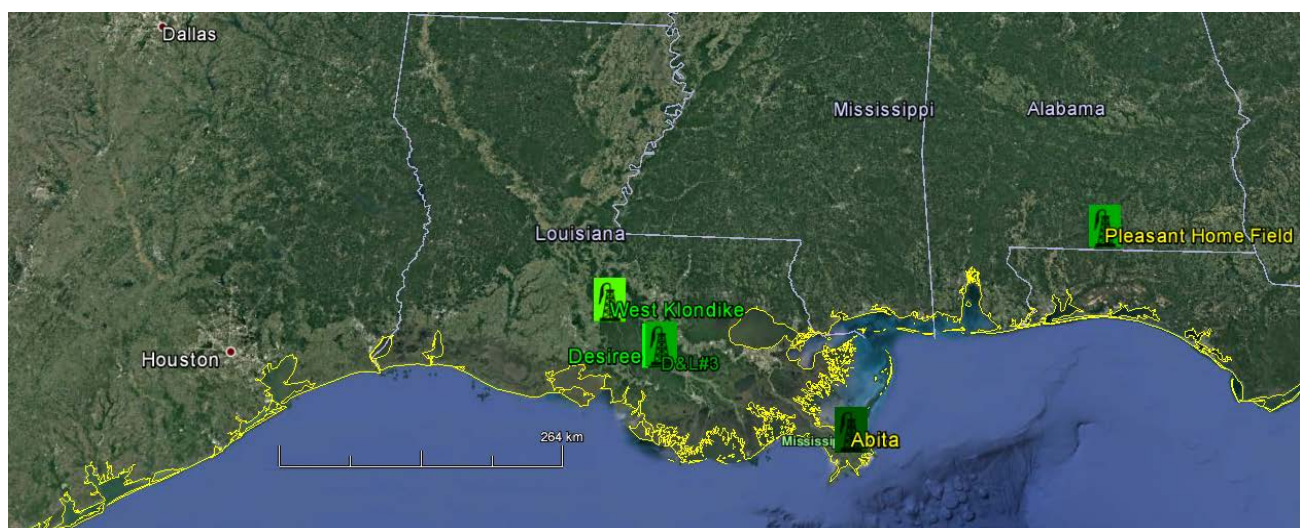
The Company provides the following Schedule of lease interest held by the Company for the quarter 31 December 2016 as required by ASX Listing Rule 5.3.

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%
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%

Quarterly Report For Quarter ending 31 December 2016



Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
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%
Boleslaw	Central Poland	Kolo License	0%	20.4%



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

GRAND GULF ENERGY LIMITED

ABN

22 073 653 175

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	686	1,427
1.2 Payments for		
(a) exploration & evaluation	(1,191)	(1,428)
(b) development	(167)	(296)
(c) production	(325)	(647)
(d) staff costs	(64)	(154)
(e) administration and corporate costs	(129)	(246)
1.3 Dividends received (see note 3)		
1.4 Interest received	17	38
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (Insurance payment - refundable)	(3)	26
1.9 Net cash from / (used in) operating activities	(1,176)	(1,280)

2. Cash flows from investing activities

- 2.1 Payments to acquire:
- (a) property, plant and equipment
 - (b) tenements (see item 10)
 - (c) investments
 - (d) other non-current assets

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	172	172
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	172	172
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,002	3,109
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,175)	(1,280)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)	172	172
4.5	Effect of movement in exchange rates on cash held	10	7
4.6	Cash and cash equivalents at end of period	2,008	2,008

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,008	3,002
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,008	3,002

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
120

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
0

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	100
9.3 Production	300
9.4 Staff costs	
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	650

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Kolo	Indirect through 20.4% equity interest in Hutton Poland (UK) Ltd	0	20.4%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 31 January 2017

Print name: Mark Freeman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.