

# Quarterly Report

For Quarter ending 31 March 2017



## HIGHLIGHTS

Cash Flow Analysis	Mar Quarter
	\$AUD '000
Production Sales	691
Production Costs *	(301)
Operating Costs	(56)
Net Operating Proceeds	334

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

- Net revenue (after costs/royalties) received in April totaled \$156,300. Oil prices appear stabilised and the Company is well placed to take advantage of its positive cash flow and debt free position.
- Pleasant Home Field (Earn-in 50% WI) - GGE continued workover operations on the 31-11 well. The well is producing approximately 30 bbls oil per day from 3 Intervals.
- West Klondike (11.9% WI) - The well was placed back on production and is presently flowing at 20 bbls per day.
- Desiree Field (39.6% WI) - The well produced a total of 18,760 bbls of oil during the March quarter. The well is presently producing oil at an average rate of 210 bopd.
- Dugas & Leblanc #3 (55.5% WI) - The well produced a total of 5,557 bbls of oil during the March quarter. The well is presently producing oil at an average rate of 70 bopd.
- Abita (20% WI) - The SL 19706 #1 well produced a total of 608 bbls of oil and 78,717 mcfg for the March quarter. The well is presently producing 875 mcfgd and 6 bopd.

## CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	748m
Share Price	0.004	Mkt Cap	\$2.99m
Quarterly Rev	\$691k	Prod. Wells	5
Cash @ 31/03	\$1.8m	Net rec/pay	(\$10k)
Net Prod oil qtr.	10,343 bbls	Net Prod gas qtr.	15,743 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\$54.59 (BBL)

Nymex US\$3.39 (MMBTU)

### Major Shareholders

Charles Morgan 21.5%

Craig Burton 24.9%





PRODUCTION AND DEVELOPMENT

Total Company Net Production

	Jun Qtr	Sept Qtr	Dec Qtr	Mar Qtr
Oil (bbls)	10,516	11,570	10,029	10,343
Gas (mcf)	14,384	1,365	10,611	15,743
% Oil Equ.	94%	99.5%	96%	94%



**2017 Reserves and Resources Summary**

Reserves and Resources as of 31 March 2017

Net to Grand Gulf Energy Ltd

FIELD (LICENCE)	NET REV INTEREST	PROVED(1P)			PROVED + PROBABLE (2P)			PROVED, PROBABLE, POSSIBLE (3P)		
		LIQUIDS MBBL	GAS MMCF	OIL EQUIV <sup>(1)</sup> MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV <sup>(1)</sup> MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV <sup>(1)</sup> MBOE
<b>Reserves</b>										
<b>USA</b>										
Dugas & Leblanc #3	43.20%	26	235	66	41	235	80	56	235	95
Desiree	30.96%	135	-	135	175	-	175	200	-	200
West Klondike	8.53%	-	-	-	8	5	9	8	5	9
Abita	14.60%	0	54	9	0	54	9	0	54	9
Pleasant Home	37.50%	11	-	11	26	-	26	40	-	40
<b>Total Reserves</b>		<b>172</b>	<b>289</b>	<b>221</b>	<b>251</b>	<b>294</b>	<b>299</b>	<b>306</b>	<b>294</b>	<b>353</b>
<b>CONTINGENT RESOURCES</b>										
		<b>1C</b>			<b>2C</b>			<b>3C</b>		
<b>Reserves</b>										
<b>USA</b>										
Dugas & Leblanc #3	43.20%	-	216	36	-	324	54	-	648	108
Desiree	30.96%	-	-	-	-	-	-	-	-	-
West Klondike	8.53%	-	-	-	-	-	-	-	-	-
Abita	14.60%	-	-	-	-	-	-	-	-	-
Pleasant Home	37.50%	12	-	12	26	-	26	41	-	41
<b>Total Contingent Resources</b>		<b>12</b>	<b>216</b>	<b>48</b>	<b>26</b>	<b>324</b>	<b>80</b>	<b>41</b>	<b>648</b>	<b>149</b>
<b>Total Reserves and Resources</b>		<b>184</b>	<b>505</b>	<b>269</b>	<b>277</b>	<b>618</b>	<b>379</b>	<b>346</b>	<b>942</b>	<b>502</b>

(1) Oil equivalent conversion factor: 6MSCF per BBL.



### PLEASANT HOME FIELD (EARN-IN 50% WI)

The Company undertook 3 workovers during the quarter on the Smak Dixon 31-11 wellbore. As a result of split casing the bottom of the bottom hole pump was required to be cut off. This has resulted in the lowest producing interval of the Hosston 9850" sand to be shut in. The well is presently producing at an average of 30 bopd from the top three intervals.

The Company continues to be pleased with the workover results as they confirm that a number of previously produced intervals continue to produce oil in commercial quantities and whilst the 9850" sand is no longer contributing to production from this wellbore, it is a commercially productive interval.

The Company has gained a significant amount of 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 9850" Hosston Sand.

The Company is presently working with the Operator to develop a proposal to drill a new well or re-enter the 31-6 wellbore.

#### 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 non-commercial GGE 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.
- GGE has met its 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.

#### Desiree Field

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

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 18,760 barrels of oil. The well is presently producing at 210 bopd. The well has produced 446,779 barrels of oil to 31 March 2017.

#### 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 5,557 barrels. The well is presently producing at 70 bopd. The well has produced over 260,662 barrels of oil and 0.5 BCF gas. The D&L #3 well continues to outperform previous reserve estimates.

#### West Klondike

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

The Company 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 have now been drained and the remaining unproduced zone is the Lario oil sand.

During the current quarter the operator, Oleum Operating LLC (76.7%), installed a jet pump on location to assist with oil lift from the Lorio Sand. Initially the jet pump was powered with purchased propane with the expectation that the well would generate sufficient gas to run the generator. Unfortunately, there was not sufficient associated gas and the operator was required to install a short gas supply pipeline from a nearby operator owned field.

This pipeline was completed and the well was placed on production on 17 April 2017. The jet pump unit is currently circulating around 2,000 bbls per day and around 20 bbls of oil per day is drawn in from the formation and moved to tanks for sales. The well has been running for 14 days without complication. The operator believes that the wellbore, whilst having tested at higher rates, is likely to produce approximately the current of 20 bopd for the near term.



## 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 March quarter for a total of 608 bbls of oil and 78,717 mcf. The well is averaging 6 bopd and 875 mcf/d.

### 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

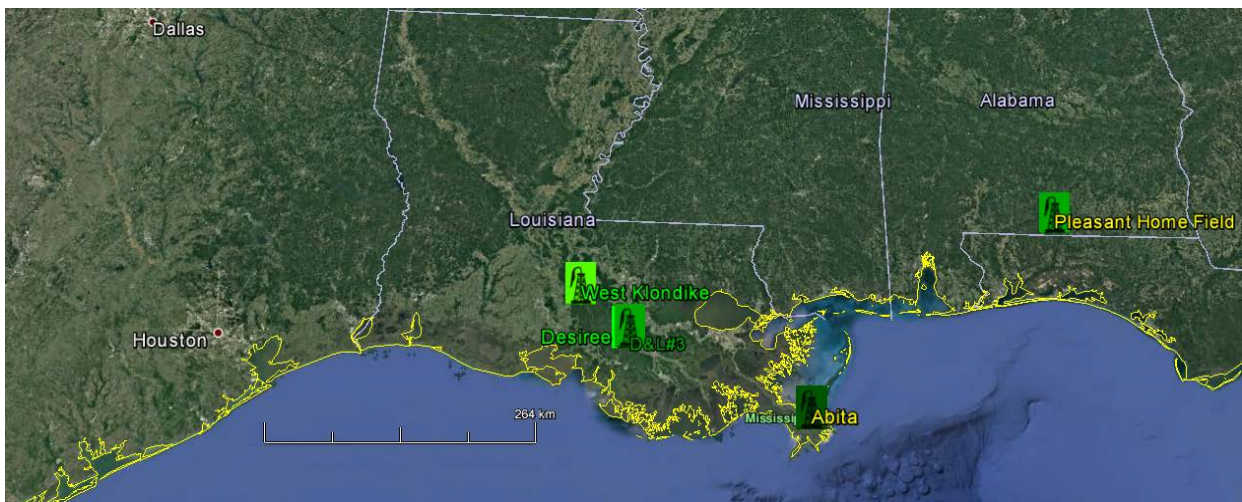
The Company provides the following Schedule of lease interest held by the Company for the quarter 31 March 2017 as required by ASX Listing Rule 5.3.

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%
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%

# Quarterly Report For Quarter ending 31 March 2017



Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
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-1	Central Poland	Boleslaw-1 well-site lease on the Kolo concession.	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 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	691	2,118
1.2 Payments for		
(a) exploration & evaluation	(314)	(1,742)
(b) development	(72)	(368)
(c) production	(301)	(948)
(d) staff costs	(57)	(211)
(e) administration and corporate costs	(56)	(303)
1.3 Dividends received (see note 3)		
1.4 Interest received	12	50
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)		26
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(97)</b>	<b>(1,378)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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 Refunds/(Payments) of security deposits	1,970	
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>1,970</b>	

<b>3. Cash flows from financing activities</b>		
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		
3.6 Repayment of borrowings	(172)	
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(172)</b>	-

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	2,008	3,109
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(97)	(1,378)
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)	
4.5 Effect of movement in exchange rates on cash held	40	49
<b>4.6 Cash and cash equivalents at end of period</b>	<b>1,780</b>	<b>1,780</b>

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000

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	1,780	38
5.2 Call deposits		1,970
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,780</b>	<b>2,008</b>

**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

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**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

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## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	150
9.2 Development	0
9.3 Production	300
9.4 Staff costs	
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>600</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
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: 30 April 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.