ASX Release
31 October 2017

Grand Gulf to participate in drilling of 500,000 barrel Bayou La Rompe Prospect (20% WI)

Oil and Gas Producer Grand Gulf Energy (ASX: GGE) is pleased to announce it has executed a farmin to participate for a 20% interest in the Bayou La Rompe prospect, located in St Martins Parish, Louisiana.

Commenting on the prospect, Managing Director, Mark Freeman stated:

"By participating in Bayou La Rompe GGE is increasing its exposure to additional, conventional, low risk oil and gas exploration in the company's focus area of onshore South Louisiana. Success at Bayou La Rompe will significantly add to the Company's existing reserve and production base."

The project is located on the Lake Mongoilois Dome Field and sits on the previously poorly explored south western side of the Dome. The opportunity to drill and test this feature came about through the use of RTM technology (Reverse Time Migration: a high-fidelity processing algorithm for imaging near salt domes) which has identified untested potential in an area where 3D data was previously uninterpretable.

Bayou La Rompe is an attic oil trap, updip from the Transamerican #1 Wilbert's well that produced 55,000 bbls of oil before it watered out confirming a strong water drive in the area. It is prognosed that the well will penetrate the target section at approximately 8,950ft tvd, and ~400ft high to the Transamerican #1 Wilberts well. The Bayou La Rompe Prospect has the potential to deliver reserves of 5.7 BCF and 1,425,000 BO (P10) or 1.6 BCF and 540,000 BO (P50).

The primary objective of the well is the Cib Haz sand which is a substantial producer in the Lake Mongoilois Dome Field having yielded over 10 mmbo. In addition, a shallower secondary objective (10,850 sand) is also productive in the field. Likely flow rates, should the well be successful, are:

10,850ft	-	5mmcfd/50bod
Cib Haz	-	380bod/250mcfd

The well will be drilled in a geo-pressured environment from a barge location. The Company's likely share of costs will be $440,000 to drill and an additional $400,000 to complete the well with facilities if successful. It is anticipated the well will spud in Q4 2017 once the project vendor completes the farmout process.

Following a successful well result, the project vendor will retain an initial over-riding royalty of 2.5% which will increase to 5% after project payback (**APPO**). The Company's net revenue interest will commence at 14.5% and lower to 14% APPO.

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Exec Director - Allan Boss
Non-Exec Director - Stephen Keenihan

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COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Stephen Keenihan (Registered Geologist and a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists), with over 35 years respective relevant experience within oil and gas sector. Mr Keenihan consents to this statement and is a director and related party of Grand Gulf Energy Ltd.

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.