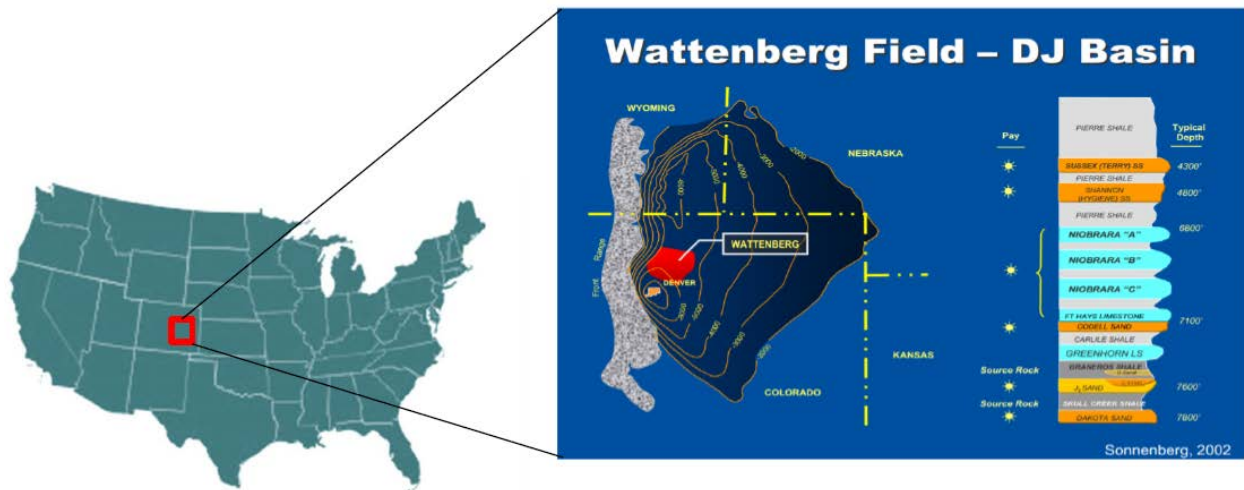


ASX Release

15 October 2018

Grand Gulf expands into DJ Basin

Oil and Gas Producer Grand Gulf Energy (ASX: GGE) is pleased to announce that it has secured a land position in the highly productive Wattenberg Field of the DJ Basin in Colorado, USA. The Company has executed a binding heads of agreement with PetroStone Inc (“PetroStone”) to acquire a 36.5% working interest in an initial 355 gross acres across 16 sections. The JV will file applications for eight, 640 acre, drilling spacing units (DSUs). GGE will likely pick up additional acreage through this process.



Highlights

- The Wattenberg field is a very active oil basin in the USA and with over 27 rigs presently drilling.
- As of March 2018, the Wattenberg field was producing 1.92 BCF of gas and 331,000 barrels of oil and condensate per day, from more than 23,000 active wells.¹
- The recent application of 3rd and 4th generation drilling and fracking techniques have increased average well recoveries significantly from 336,000 to over 1.3 million boe per well (with 8,000-10,000 ft laterals).²
- The acquired lands, located in the oily portion of the basin, have the potential for 64 drilling locations spread across 8 DSUs.
- The Company’s strategy, with its partner, is to utilise Colorado’s development pooling system as a catalyst to create DSUs and maximise its interest in each. Through this process, GGE expects its working interest to be in the range of 7% - 25% in each DSU.
- As part of this transaction, Grand Gulf’s partner, PetroStone, will secure and operate the DSU’s.

¹ Colorado Oil and Gas Conservation Commission

² Refer to Noble Energy UBS Global Oil and Gas Conference May 2018 presentation



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Exec Chairman - Charles Morgan
Exec Director - Allan Boss
Non-Exec Director - Stephen Keenihan

Registered Office

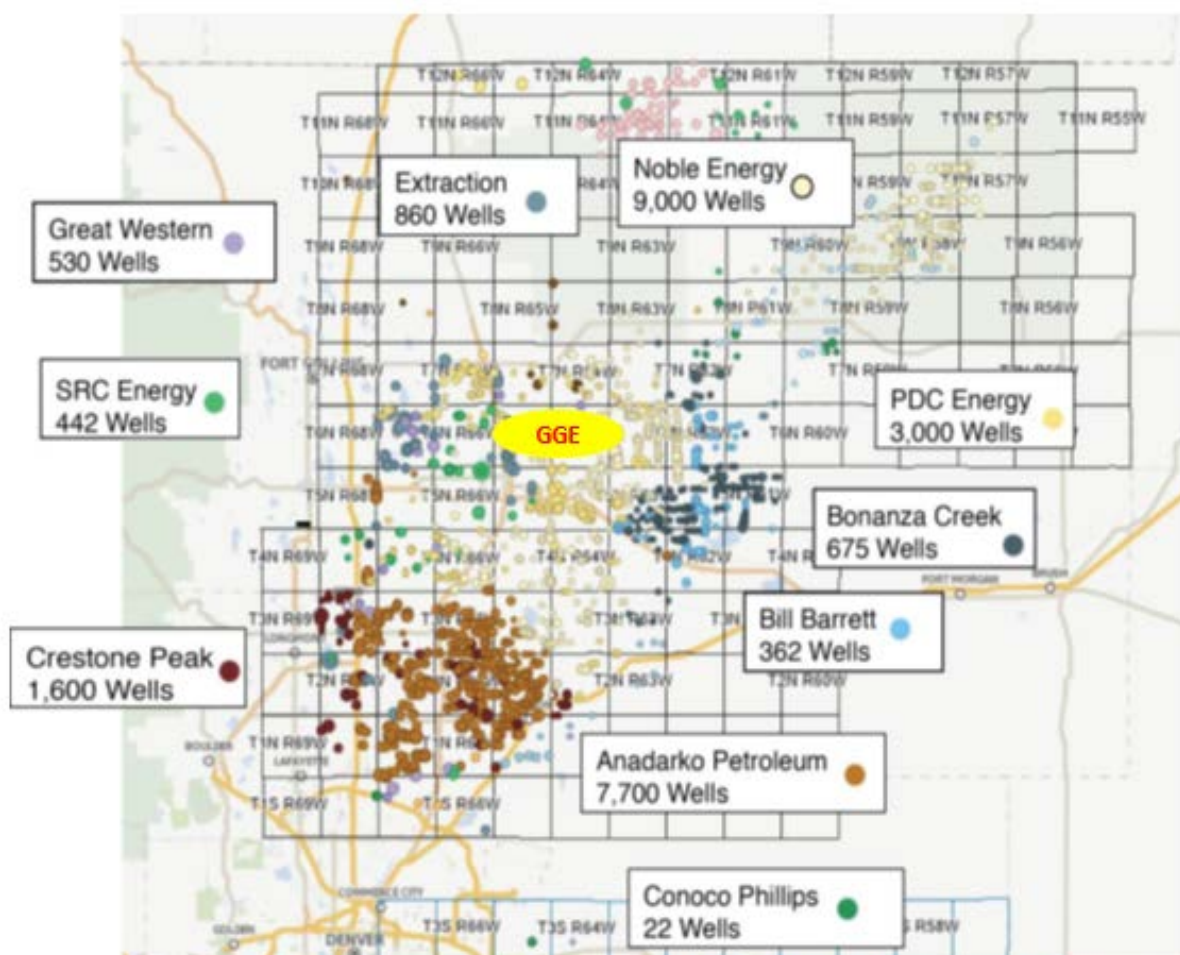
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- PetroStone is run by three experienced oil and gas professionals; Brain Nelson, Randy Wheat and David Nelson who have collectively over 85 years operations experience in the DJ Basin and onshore USA.
- The consideration payable under the purchase is ~US\$760,000 which includes GGE's share of land and estimated G&G costs to secure the 8 DSU's.
- Grand Gulf estimates new wells with 8,000-10,000ft laterals to cost gross US\$5m each. GGE is required to fund its share of 2 wells, estimated to cost GGE a total of ~US\$685,000 to \$US2.75m. The final cost is dependant on the level of participation by other parties in each DSU.

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

"This acquisition continues GGE's strategy to diversify into unconventional, de-risked, US Basins and provides substantial upside to our shareholders through a roll out of low risk, low cost, development drilling opportunities. We are very excited to see this transaction close".



Project Summary

The Wattenberg Field is a large producing oil and gas field in the Denver-Julesberg (DJ) Basin of north-eastern Colorado, USA. Discovered in 1970 with production starting in 1975, it is the sixth largest oil field in the lower 48 states of USA. The field now covers more than 2,000 square miles between the cities of Denver and Greeley and includes more than 23,000 active wells. As of 2017, the five largest producers of



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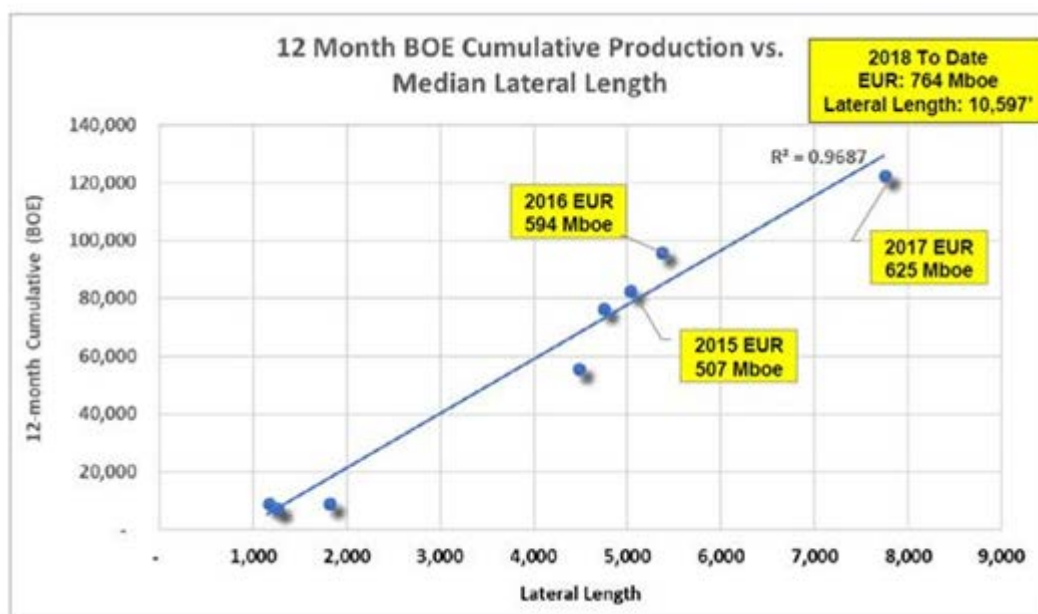
oil and gas in the field were: Kerr-McGee, Noble Energy, PDC Energy, Extraction Oil and Gas, and SRC Energy.

The producing formations are tight sands and shales that collectively produce both oil and gas, and of recent times are typically stimulated with hydraulic fracturing, and have a success rate of 98%. Production comes primarily from the Codell and Niobrara B intervals. Since 2010, oil recoveries have improved substantially, as measured by 12-month cumulative production, in line with increased lateral well lengths. Based on an analysis by Petrostone of the 51 well data set around the Company's lands, the wells completed in 2018 are expected to deliver over 1,072,000 boe each. The Company's project area is within 5-7 miles of 10 active DSU drilling sites.

Drilling and Completion Advance

Over the last 8 years unconventional basins have seen significant improvements in recoveries and the DJ Basin is one of the best performers. Ranked 3rd by credit Suisse.

The Graph below shows the recovery improvements as measured by 12 month cumulative production as lateral length have increased from 2010 to 2018.



For further details please contact:

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Managing Director
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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,



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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.



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