

Quarterly Report

For Quarter ending 31 March 2014



HIGHLIGHTS

- Quarterly oil production was 16,000 bbls and gas production 29,271 mcf. Gross Quarterly revenue was A\$2,036,586.
- Desiree Production (35.6% WI)** – Hensarling #1 produced a total of 34,719 bbls of oil during the March quarter at an average rate of 399 bbls per day (with a total of 4 days down time). During the period, net revenue (after operating costs) averaged ~\$265,000 per month.
- Dugas & Leblanc #3 (40% WI)** – This well is presently producing at gross production rates of 120 bopd, 200Mcf/d and 492 bswpd, through a 21/64” choke. During the period, net revenue (after operating costs) averaged ~\$100,000 per month.
- Louise Prospect (15.5% WI)** – The Company has provided the farmin operator with an extension to commence drilling the well by 1 June 2014. The Operator has secured a drilling permit and the well will be drilled from the Desiree location pad. Louise is targeting 600,000-800,000 bbls oil in an updip segment of a proven, oil-bearing compartment.
- West Klondike (11.7% WI)** – The Operator has advised that it has all the necessary approvals and funding in place and has commenced pipeline installation. Production equipment is being moved to site next week. The well tested flow rates above 2 MMcfpd with associated condensate.
- Abita (20% WI)** – The SL 19706 #1 well is presently producing 500 Mcf/d, 3 bcdpd and 80 bswd through a 7/64” choke. Water production commenced in mid-March and has limited the commerciality of the lower 18 sands. The operator is likely to propose a recompletion in the upper 18 sands in the near future. Presently the well is marginally profitable.

ASX Codes	GGE	Shares	748m
Share Price	1.1c	Mkt cap	\$ 8.23m

DRILLING & EXPLORATION PROGRAM

Program	Date	P50 Oil (net Mbo)	P50 Gas (net Bcf)
Louise	2014	130-176	-

PRODUCTION AND DEVELOPMENT PROGRAM

Well #	Status	PUD Oil (net Mbo)	PUD Gas (Net Bcf)
D&L#3	Prod.	30	.1
Abita	Prod.	10	.56
Desiree	Prod.	339	0.18
W. Klondike*	Completing	12-60	0.05-0.15
Total		390-440	1.2-1.3

* W Klondike is yet to be classified as a PUD reserve.

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Directors

Executive Chairman
Mr Charles Morgan

Managing Director
Mr Mark Freeman

Director
Mr Stephen Keenihan

Executive Director
Mr Allan Boss

Energy Prices

Brent US\$109.81 (BBL)
Nymex US\$4.65 (MMBTU)

Major Shareholders

Charles Morgan 21.5%
Craig Burton 21.0%





PRODUCTION AND DEVELOPMENT

	June Qtr	Sep Qtr	Dec Qtr	Mar Qtr
Oil (bbls)	6,335	13,295	17,689	15,999
Gas (mcf)	23,990	16,078	35,366	29,272
% Oil Equ.	89%	96%	93%	94%

Desiree Field

Desiree, Assumption Parish, Louisiana, Non Operator 35.6%

The Hensarling #1 well (Desiree Field) was placed on production on 3 July 2013 and is presently producing at around 399 bbls oil per day using a jet pump. The operator anticipates the well will sustain production rates between 350 to 400 bbls per day through a 25/64 inch choke until depleted or water production becomes excessive.

Post drill, gross prospect reserves are estimated to be 952,000 bbls oil in the Cris R II & III. The well is producing from the thicker Cris R III following which the overlying Cris R II will be completed for production.

At these production rates the Desiree Field contributes cash flow to the Company of US\$250,000-\$285,000 per month (US\$3-\$3.4 million per year).

Dugas & Leblanc #3 "M" Sand

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 40% WI

The D&L#3 was placed on jet pump in December 2013 and is producing at flow rates of 120 bopd, 200Mcfpd and 492 bswpd from a 21/64 inch choke. Monthly revenue net to the Company is estimated at around \$100,000 after royalties and operating costs. The operator is presently awaiting a permit to convert the D&L#2 well into a salt water disposal well.

The gross proven behind pipe reserves (PDP) at 31 December 2013 was estimated at 63,000 bbls of oil and 178,800 mcf of gas.

Abita

Abita, Plaquemines Parish, Louisiana, Non Operator 20%WI (15% after payout) 350-700 BBLS / 6 BCFG

The field is being operated by Clayton Williams Energy Inc in Plaquemines Parish, Louisiana. The well commenced producing on 18 March 2012.

The well commenced producing water during mid-March 2014. As a result, the well is presently producing at economically marginal rates and the operator is likely to propose that the lower 18 sand be shut off and the upper 18 sand be opened. The upper 18 sand is likely to contain 400,000 mcf and 8,000 bbls oil. The well is presently producing at 500 mcfd, 3 bopd and 80 bswd through a 7/64 inch choke.

Reserve update: At 31 December 2013 the proved developed behind pipe reserves (PDB) were estimated to be 2,397 MMcf and 48 Mbc for the "Upper 18", "17", and "15" Sands.

West Klondike Development

Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 11.7% WI

The Operator has confirmed that all permitting and JV funding has been received and operations to install the pipeline and facilities have commenced in earnest. The well was successfully flow tested at over 2 MMcfpd from the lower Nod Blan.

Due to non participation by one of the JV partners in the facilities and pipeline program the Company has increased its working interest to 11.7%. This increase will revert back to the original owner following 400% recovery of the incremental programs cost to the Company.

Electric logs of Wilbert Sons #1 indicate hydrocarbons in three reservoir horizons. A summary of the characteristics of each reservoir is provided below:

Depths	Sand	Net Pay	Hydrocarbons	Description
10,330-10,350	Lario	4ft	Oil	18-20% porosity appears tight
10,518-10,524	U Nod Blan	6ft	Condensate/gas	Good porosity
10,616-10,661	L Nod Blan	35ft	Oil/gas	Good porosity



EXPLORATION

Napoleonville Salt Dome

Louise Prospect, Assumption Parish, Louisiana, Non Operator 15.5%

The operator has been issued with an extension to commence drilling the well by 1 June 2014. The delay in commencing of drilling has been as a result of a lease holder not having agreed to participate in the well. This delay, although frustrating, is expected to be resolved forthwith. Drilling permits have been secured and the well is to be drilled from the Desiree pad. The JV has secured extensions to the prospect leases.

This prospect was developed using proprietary 3D seismic data by the Company's in-house Geological and Geophysical team. The prospect follows the same style as Desiree and is located to the immediate south.

A well to test the Louise prospect is expected to penetrate an accumulation of oil in a 3D-defined, normally pressured, block updip from a productive well where an equivalent target interval has produced 2.2 Mbbbl oil and 10.5 Bcf gas. The Louise well is expected to be drilled in the June 2014 quarter and is targeting an estimated resource of between 600,000 to 800,000 bbls of oil. This well is considered low risk both from drilling operations and geological and geophysical perspectives.

Napoleonville Salt Dome

The Company has recently received the reprocessed Napoleonville 3D volume from Petrodome. This reprocessing has improved the fidelity of the data and, with further refinement by frequency extraction and attribute work, will provide an excellent tool with which to look for new drilling targets. Accordingly, Grand Gulf has commenced in-house prospect generation work in earnest. Grand Gulf's Prospect team is being led by KC Whittemore (Geologist), who will be assisted by Kevin Kenning (Reservoir Engineer) and Bill Radford (Geophysicist). This very experienced Geological and Geophysical team have all focused their careers onshore Gulf Coast.

The Company is excited to recommence working directly with the seismic and other data in generating drilling locations and furthering the impressive work completed to date. Grand Gulf views Napoleonville as a significant asset that has a substantial number of untapped oil and gas prospects not unlike the Desiree and Dugas and Leblanc discoveries all of which were developed in-house.

Grand Gulf's is for this work to identify up to 3 targets for drilling this calendar year.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 31 December 2013 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%
14-149	Assumption Parish, Louisiana	CL-0102	40.5%	40.5%
14-149	Assumption Parish, Louisiana	CL-0110	40.5%	40.5%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0119	22%	22%
Desiree/Louise	Assumption Parish, Louisiana	CL-0130	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-031A (CL-0131)	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E52-031B (CL-0131)	35.6%	35.6%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0121	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0122	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0123	22%	22%
Louise	Assumption Parish, Louisiana	CL-0124	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0134	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0137	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0138A	22%	22%



Napoleonville 3-D	Assumption Parish, Louisiana	CL-0138B	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0135	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0136	22%	22%
Dugas & Leblanc	Assumption Parish, Louisiana	CL-0139	40.5%	40.5%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-001	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-003	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-004	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-005	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-006	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-007	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E52-008	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-009	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-010	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-011	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-013	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-014	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-015	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-016	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-017A	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-019	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-020	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022A	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022B	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-012	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-018	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021A	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021B	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-024	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-023	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E51-001A	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E51-001B	35.6%	35.6%
Louise	Assumption Parish, Louisiana	12S14E52-025	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-026	35.6/22.0	35.6/22.0
Louise	Assumption Parish, Louisiana	12S14E52-027	22.0%	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%
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%
Louise	Assumption Parish, Louisiana	12S14E53-008	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-009	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-010	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-011	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-012	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-013	22.0%	22.0%



Louise	Assumption Parish, Louisiana	12S14E53-014	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-015	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-016	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-017	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-018	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-019	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-020	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-021	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-022	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-023	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-024	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-025	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-026	22.0%	22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-032 (CL-0068 & 0106)	35.6%	35.6%
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	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#1B	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#1C	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#2	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#3A	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#3B	10.5%	11.7%



COMPETENT PERSONS STATEMENT: *The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 37 and 31 years relevant experience respectively 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.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

	Current quarter \$A'ooo	Year to date \$A'ooo
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2,037	4,953
1.2 Payments for (a) exploration & evaluation	(140)	(919)
(b) development	(551)	(1,128)
(c) production	(786)	(1,697)
(d) administration	(143)	(589)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Insurance pre-payment (refundable)	-	-
1.7 Other (escrow of revenue)	-	-
Net Operating Cash Flows	417	620
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	417	620

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	417	620
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of Capital	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	417	620
1.20	Cash at beginning of quarter/year to date	1,258	1,006
1.21	Exchange rate adjustments to item 1.20	(80)	(31)
1.22	Cash at end of quarter	1,595	1,595

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	151
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting and directors fees, and provision of a Legal Secretary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	100
4.3 Production*	600
4.4 Administration	110
Total	1,310

* Production costs are primarily a % of revenue and reflect royalties and state taxes. The balance are production costs.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,595	1,258
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,595	1,258

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased			
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	747,998,870	747,998,870		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Unlisted Options	15,000,000		Exercise price \$0.045	Expiry date 6 May 2014
<i>Listed Options</i>				

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				
7.13	Partly paid shares				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30/4/2014
(Director/Company secretary)

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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