

Quarterly Report

For Quarter ending 30 June 2015



HIGHLIGHTS

| Cash Flow Analysis | June Qtr \$AUD M | Annual \$AUD M |
|------------------------|---------------------|-------------------|
| Production Sales | 1.45 | 6.7 |
| Production Costs * | (0.68) | (2.9) |
| Operating Costs | (0.2) | (0.8) |
| Net Operating Proceeds | 0.53 | 3.0 |

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

- The Company continues to self-fund its exploration and development activities for the **5th consecutive year** from production revenue with **zero debt** and **no equity raisings**.
- The acquisition of an additional 3.99% of Desiree and 15% of D&L was completed at an effective price of **US\$8** per barrel of oil on P1 reserves (ie purchase of remaining 57,278 bbls for US\$375,000).
- Cash on hand is y **\$1.15m** with receivables of **\$1.8m**
- Included in receivables is a final payout from insurers of **\$995,000** due in **September 2015**.
- Desiree Production (39.6% WI)** - produced a total of 37,779 bbls of oil during the 4th quarter at an average rate of 420 bbls per day. Third party **cash** acquisition of a JV partners interest values the Company's 39.6% at A\$7.8m (more than \$3.3m above GGE's market cap).
- Yellowfin Project (96% WI)** - Yellowfin has potential total reserves of up to 2 tcf which at current gas prices generates a NPV10 of over \$2 billion. The Company has recently completed depth conversion of the 3D seismic, yielding results that have been well received by potential US JV partners.
- Dugas & Leblanc #3 (55.5% WI)** - produced a total of 6,835 bbls of oil and 2,965 mcfg during the June quarter at an average rate of 80 boed.
- West Klondike (11.7% WI)** - The well is scheduled to be recompleted in top member of the Lower Nod Blan. The well produced 56,641 mcfg over the 2nd quarter.
- Abita (20% WI)** - The SL 19706 #1 well was recompleted in the 17 sand in May '15 and presently on production at 1,000 mcfgd at 5 bopd. In the month of June the well produced 31,967 mcfg and 192 bo.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

| | | | |
|-----------------|-----------|-----------------|-----------|
| ASX Codes | GGE | Shares | 748m |
| Share Price | 0.6 c | Mkt Cap | \$4.5m |
| Quarterly Rev | \$1.4m | Prod. Wells | 4 |
| Cash @ 30/6 | \$1m | Receivables | \$1.8m |
| Prod oil mth | 6,000 bbl | Prod gas mth | 8,900 mcf |
| Reserves Oil P1 | 315,000 | Reserves Gas P1 | 748 mmcf |

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Executive Chairman
Mr Charles Morgan

Managing Director
Mr Mark Freeman

Executive Director
Mr Allan Boss

Director
Mr Stephen Keenihan

Energy Prices
LLS US\$51.70 (BBL)
Nymex US\$2.87 (MMBTU)

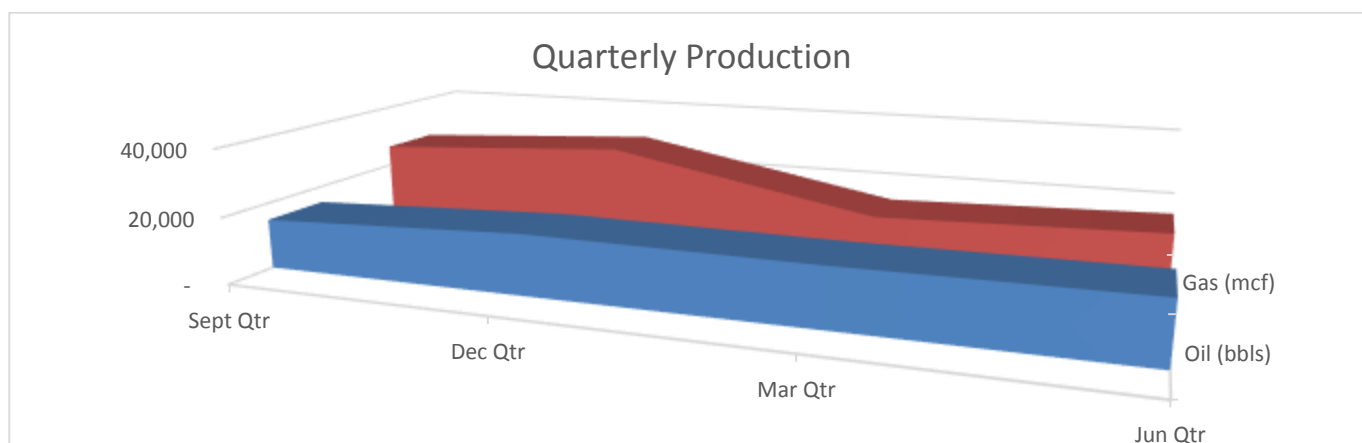
Major Shareholders
Charles Morgan 21%
Craig Burton 24.6%





PRODUCTION AND DEVELOPMENT

| | Sept Qtr | Dec Qtr | Mar Qtr | Jun Qtr |
|------------|----------|---------|---------|---------|
| Oil (bbls) | 14,970 | 18,075 | 17,421 | 17,887 |
| Gas (mcf) | 26,444 | 30,785 | 15,360 | 17,673 |
| % Oil Equ. | 93% | 95% | 96% | 96% |



FINANCIAL UPDATE

Production revenue has again enabled the Company to continue to explore and re-invest in its assets and future without having had the need, for the 5th year running, to raise any equity or borrow any debt.

Notwithstanding the reduction in the oil price the Company has generated gross cash proceeds of \$A6.7m from the sale of oil and gas during this financial year. After operating and production costs, A\$2.9m was available to be re-invested into exploration and development.

The majority of these exploration funds was invested into the development of the Yellowfin project with over 8,000 acres of land secured in the 2 TCF subsalt play.

Cash is presently \$1.15m with receivable of \$1.8m. The higher than normal receivables relate to the final insurance payment of A\$995,000 due in September. Following the court ratifying the recent settlement completed between the Dugas & Leblanc JV and the Personal Injury litigants. Other receivables relate to production which is paid 2 months in arrears.

The Company secured a significant benefit in increasing its interest in Desiree by 3.99% and D&L#3 by 15.3% through the purchase of Birdwood Louisiana LLC. The net payment made in June 2015 was US\$375,000 which reflects an effective purchase of 57,278 boe of P1 reserves at a cost of US\$8 per barrel.

The Hensarling #1 well at Desiree has produced in excess of 287,000 barrels of oil consistently at ~420 barrels per day. The remaining P1 gross reserves at 30 June 2015 are 737,000 barrels of oil with P1/P2 gross reserves of 916,000 barrels of oil.

The D&L#3 P1 gross reserve is estimated at 139,000 boe. In addition, the D&L leases over part of the Yellowfin acreage, thereby securing an additional 15.3% WI in that portion of Yellowfin.

Option hedges protect 3,600 barrels of oil per month at an average WTI (West Texas Intermediary) price of \$51 until December 2016. Whilst the Company sells oil on LLS (Louisiana Sweet), the Company secures hedges on WTI due to lack of LLS trading efficiencies.



The Company is focusing its attention on the following primary objectives:

1. Farming out the Yellowfin Project - whilst the US market has seen steep declines in exploration budgets as a result of the oil price downturn, the Company continues to see strong US interest for the Yellowfin project due to its significant reserve size and potential production flow rates.
2. Acquisition of producing assets - the Company's ability to review and quickly secure assets (as in Birdwood) enables it to possible capitalize on a weak US oil and gas prices.
3. Reviewing ongoing opportunities at Napoleonville - the Company has secured the services of Mark Hartman as its Senior Geophysicist. Mark assisted in the generation of the La Posada discovery and has over 30 years experience in the industry. Mark has so far been concentrated on the seismic depth conversion of Yellowfin, but is now focused on looking at and de-risking prospects at Napoleonville.

| 2015 Reserves and Resources Summary | | | | | | | |
|---|----------|-----------------|--------------|---------------------------------------|-----------------------|--------------|---------------------------------------|
| Reserves and Resources as at 30 June 2015 | | | | | | | |
| Net to Grand Gulf Energy Ltd | | | | | | | |
| FILED (LICENCE) | 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 | 55.50% | 17 | 349 | 76 | 17 | 349 | 76 |
| Desiree | 39.65% | 290 | - | 290 | 363 | - | 363 |
| West Klondike | 11.70% | 0 | 7 | 1 | 12 | 7 | 18 |
| Abita | 20% | 8 | 393 | 73 | 8 | 393 | 73 |
| Total Reserves | | 315 | 748 | 440 | 400 | 748 | 531 |
| Contingent Resources | | | | | | | |
| High Estimate 1C | | | | Mid to Low Estimate 2C | | | |
| Reserves | | | | | | | |
| USA | | | | | | | |
| Dugas & Leblanc #3 | 55.50% | | 833 | | | 278 | 46 |
| Desiree | 39.65% | | | | | | |
| West Klondike | 11.70% | 55 | 1,362 | 282 | 18 | 454 | 94 |
| Abita | 20% | | | | | | |
| Total Contingent Resources | | 55 | 2,195 | 282 | 18 | 732 | 140 |
| Total Reserves and Resources | | 370 | 2,943 | 722 | 419 | 1,480 | 671 |
| ⁽¹⁾ Oil equivalent conversion factor: 6MSCF per BBL. | | | | | | | |

Competent Persons Statement

The information contained in these statements has been compiled by Kevin Kenning, Senior Petroleum Engineer, who is a consultant of the Company, is qualified in accordance with ASX listing rule 5.11 and has consented to the publication of this report. The reserve estimates in this report are solely based on Kevin Kennings professional opinion and are consistent with accepted industry standards for proved reserves. The proved reserve definition is based upon the criteria contained within the "SPE PRMS" (Society of Petroleum Engineers Petroleum Resources Management System).



EXPLORATION

Napoleonville Salt Dome

Yellowfin Prospect (96% WI) - Potential for 1.6-2TCF

- Proven Productive Trend, Tuscaloosa Sands & Column Height
- Syncline separated from Freeport McMoran's 2014 "Highlander" "3.0 TCF" Discovery, tested at 75 MMCFD
- 8,000 acre 3-Way Compressional Fold Trap analog feature
- Deeper Pool Test - Migration Pathway to 20 MMBO & 180 BCF Field
- 2,000' Objective Interval
- Analogous to Offshore Ultra Deep Sub-Salt Discoveries
- Proprietary 3D
- Wilcox & Marg vag Upside
- Land Location, Infrastructure & Pipelines
- MOST LIKELY RESERVES in the case of a discovery: 1.7 TCF (5,200 ac., 2,000' relief)

Located in Assumption Parish, Louisiana, the Yellowfin Prospect targets Cretaceous Tuscaloosa sands over a 2,000ft interval on a structural closure covering an area of 8,000 acres. The Prospect is currently being marketed to industry and will likely be of interest to a large US GOM Oil and Gas Company. This initial test well will be drilled to a total depth of 29,500ft.

Over the last 12 months the Company has secured leases over the Yellowfin Project. The Project has been developed in house using the Company's proprietary 52 square miles seismic survey headed by chief geologist and project manager KC Whittemore (who developed the deep La Posada Prospects, now fields, in Vermilion Parish, Louisiana).

Yellowfin follows Freeport McMoran's "Highlander" Jeanerette #1 Discovery which establishes sand, pay and significant column height and multi-TCF potential in the new trend. Freeport McMoran's reported potential of the discovery is 3TCF with 50,000+ acres under lease and two additional wells permitted in the area. Yellowfin is a large, similar sized feature situated on the adjacent structure to the Discovery. The Freeport McMoran well was recently tested at 75 mmcfd (42/62" choke) and has been on production at over 25,000 mcf per day since February. The facilities are awaiting additional amine units to remove Co². Based on the production test in February 2015, Freeport McMoran can anticipate production of in-excess of 100,000 mcfg per day.

An NPV10 of the project based on a 10 well program and recovering 1.6 TCF will generate in excess of US\$2 billion dollars before income tax.

Highlander and Yellowfin are characterized by and analogous to the sub-salt, compressional structural style and sand depositional setting comparative to the ultra-deep offshore deep water sub-salt play and discoveries being developed by major oil companies.

Following recent completion of the seismic depth conversion work, the Company recommenced marketing efforts in July 2015 and, based on feedback and interest in what can only be described as a very challenging exploration market, we continue to be impressed with the interest received.



PRODUCTION

Desiree Field

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

The Hensarling #1 well (Desiree Field) has produced over 287,000 barrels of oil with production rates of over 400 barrels per day being maintained. Remaining P1 reserves are estimated at 737,000 barrels and P1/P2 are 916,000

In June 2015 a partner in Desiree sold its 17% WI in Desiree for US\$2.5m valuing GGE's interest at -US\$6,000,000 (A\$7.8m). This represents a \$3.5m premium to the Company's current market capitalisation.

Production from the CRIII will continue through a 25/64 inch choke until depletion takes place, or water production becomes excessive, and will then switch to the thinner Cris R II (31ft pay) formation. The JV has secured the Templet #1 as a disposal well for Hensarling #1 when it commences to produce water.

Desiree Litigation

The Company advised in July 2014 that a previous JV partner in the Desiree Project was suing the Company for a 5.3% WI (4.63% WI net to GGE) in the Desiree Project and leases. The partner formally withdrew from the project in December 2011 and, subsequent to the well having commenced drilling, demanded their interest be reinstated. GGE's right to its working interest is being vehemently defended.

The matter was removed from court and will be dealt with in private arbitration with a hearing set for August 2015.

Dugas & Leblanc Field

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 55.5% WI*

The D&L#3 "M" sand was successfully perforated and placed on production on 18 October 2011. Production over the quarter averaged 75 bod, 38 mcf/d and 380 barrels of water per day from a 21/64 inch choke.

Remaining reserves are estimated at 139,000 boe.

Abita

Abita, Plaquemines Parish, Louisiana, Non Operator 20%WI

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

The well was re-completed in the 17 sand in May 2015 and has since produced over 1 mmcf/d and 5bopd through a 7/64 inch choke.

West Klondike Development

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

The well commenced producing from the lower Nod Blan on 4 September 2014 and is presently awaiting water to recede at the well head to enable a rig to re-complete in the upper member of the L Nod Blan. Whilst the JV does not expect significant production from the Upper Nod Blan the cost of perforation to be -US\$3,000.

Following depletion in the L Nod Blan the well will be completed and produced from the upper Nod Blan.

The third, and most substantial interval to be produced following the depletion of the Nod Blan sands, is the Lorio interval which has the potential for up to 500,000 barrels of oil.



LEASE SCHEDULE

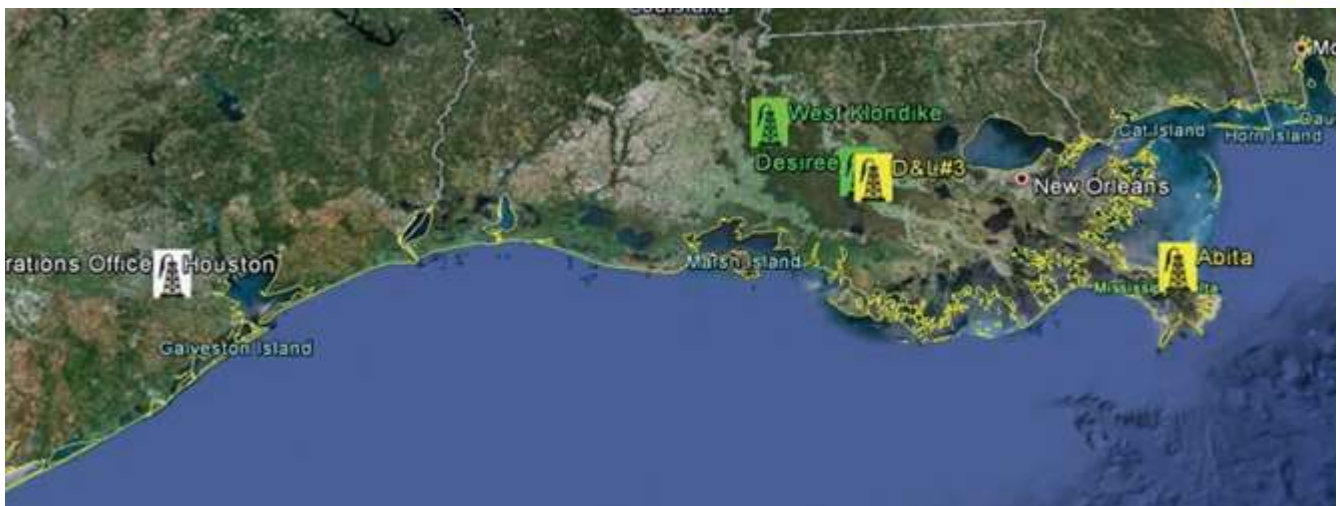
The Company provides the following Schedule of lease interest held by the Company for the quarter 30 June 2015 as required by ASX Listing Rule 5.3.

| 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-0102 | 55.8% | 55.8% |
| Dugas & Leblanc | Assumption Parish, Louisiana | CL-0110 | 55.8% | 55.8% |
| Napoleonville 3-D | Assumption Parish, Louisiana | CL-0119 | 22% | 22% |
| 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% |
| 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 | 56.8% | 56.8% |
| 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 | Assumption Parish, Louisiana | 12S14E52-004 | 39.6% | 39.6% |
| 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 | 12S14E52-007 | 39.6% | 39.6% |
| 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 | Assumption Parish, Louisiana | 12S14E52-010 | 39.6% | 39.6% |
| 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 | 12S14E52-017A | 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 | 35.6/22.0% | 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% |

Quarterly Report For Quarter ending 30 June 2015



| | | | | |
|----------------|------------------------------|----------------------------------|------------|------------|
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-024 | 39.6/22.0% | 39.6/22.0% |
| Desiree | Assumption Parish, Louisiana | 12S14E52-023 | 39.6% | 39.6% |
| Desiree | Assumption Parish, Louisiana | 12S14E51-001A | 39.6% | 39.6% |
| Desiree | Assumption Parish, Louisiana | 12S14E51-001B | 39.6% | 39.6% |
| 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 | 12S14E52-027 | 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) | 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% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#1B | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#1C | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#2 | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#3A | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#3B | 11.7% | 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.*