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## **GRAND GULF ENERGY LIMITED**

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### **NOTICE OF GENERAL MEETING**

**The General Meeting of the Company will be held at  
Level 7, 1008 Hay Street, Perth WA 6000  
on January 11, 2016 at 10.00 am (AWST)**

*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9389 2000.*

# GRAND GULF ENERGY LIMITED

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## NOTICE OF GENERAL MEETING

Notice is hereby given that an General Meeting of shareholders of Grand Gulf Energy Limited (**Company** or **Grand Gulf**) will be held at **Level 7, 1008 Hay Street, Perth WA 6000 on January 11, 2016 at 10.00 am (AWST) (Meeting)**.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum, Proxy Form and the Prospectus form part of this Notice. The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on January 9, 2016 at 10.00am (AWST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 8 of this document.

## AGENDA

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### 1. Resolution 1 – Authorise Disposal Assets

To consider and, if thought fit, to pass with or without amendment, the following resolution as an ordinary resolution:

*"That, in accordance with Listing Rule 11.2 and for all other purposes, Shareholders approve and authorise the Company to dispose of the Company's interests in the Assets pursuant to the Restructure Agreement on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (or any associate of such a person) who might obtain a benefit, except a benefit solely in their capacity as a holder of ordinary securities if the Resolution is passed. However, the Company will not disregard a vote if it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. Resolution 2 – Approval of Equal Reduction of Capital

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

*"That, subject to and condition upon the passing of Resolution 1, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce the share capital of the Company by the Company making a pro rata in specie distribution of 74,799,888 Louisiana Oil Shares to Eligible Shareholders on the basis of 1 Louisiana Oil Share for every 10 Shares held by Shareholders on the Record Date (with fractional entitlements to be rounded down to the nearest whole Louisiana Oil Share), with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Louisiana Oil shareholder and being bound by its constitution, on the terms and conditions set out in the Explanatory Memorandum".*

#### BY ORDER OF THE BOARD

Mark Freeman  
Managing Director  
Dated: 2 December 2015

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting of Grand Gulf Energy Limited. The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions. Shareholders should read the full text of this Explanatory Memorandum and, if in any doubt, should consult with your professional advisers.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions provided. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Terms and abbreviations used in this Explanatory Memorandum are defined in Schedule 7.

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## 1. Overview of disposal of interest in the Assets and In-specie Distribution

### 1.1 Background to the Demerger

Grand Gulf (through its subsidiaries) owns the various interests in oil and gas assets as set out in Part A of Schedule 1 (**Assets**), which comprise all the oil and gas interests of the Company, other than the Abita Project.

It is apparent to the Board of Grand Gulf that the value of the Company's Shares does not properly reflect the value of the underlying Assets. The oil and gas sector is currently undervalued on the ASX. Accordingly, the Board is proposing to effect a demerger (**Demerger**) of the Assets.

The Demerger will be effected by transferring ownership of the Company's subsidiaries that hold the Assets to a newly incorporated wholly-owned subsidiary of the Company, Louisiana Oil Ltd, and then effecting an in-specie distribution of all shares in Louisiana Oil Ltd (**Louisiana Oil Shares**) to Shareholders of the Company as a return of capital.

The Demerger is subject Shareholders approving Resolutions 1 and 2 and the Company obtaining the ATO Rulings. The restructuring of the Company described above will be effected pursuant to an agreement between the Company and the relevant subsidiaries (**Restructuring Agreement**), the key terms of which are summarised in Section 1.3 below.

A diagram showing the corporate structure of the Grand Gulf group both pre and post the Demerger is set out in Schedule 4.

The Board believes that the Demerger will provide the following benefits to Grand Gulf Shareholders:

1. By undertaking the Demerger, Grand Gulf will be free to pursue new business opportunities likely to achieve greater recognition in the Australian stock market without diluting Shareholders' interests in the Assets.
2. The mandate of Louisiana Oil Ltd is to collect the existing oil and gas production income generated by the Assets, to otherwise minimise expenditures, and to distribute the net income to Shareholders. This is likely to result in regular cash payments to Shareholders from the Assets.

Pursuant to Resolution 1, the Company is seeking approval from Shareholders to dispose of the Assets (by way of the Demerger), which are the Company's main undertaking.

Resolution 2 seeks Shareholder approval to distribute the Louisiana Oil Shares to Shareholders on a pro-rata basis (**In-specie Distribution**).

## 1.2 The Assets

Further information in respect of the Assets is set out in Part A of Schedule 1.

## 1.3 Restructure Agreement

The Restructure Agreement was entered into on 16 November 2015 between the Company and its various subsidiaries. The material terms of the Restructure Agreement are as follows:

- (a) The Demerger is subject to Grand Gulf obtaining:
  - (i) all necessary Shareholder approvals as are required to give effect to the Demerger (including under sections 256B and 256C(1) of the Corporations Act and Listing Rule 11.2); and
  - (ii) the ATO Rulings (as defined in Section 1.4 below).
- (b) Immediately following Grand Gulf obtaining the Shareholder approvals and the ATO Rulings:
  - (i) Grand Gulf and its wholly-owned subsidiary, Alto Energy Limited (**Alto**), will capitalise the amount of the loans from Grand Gulf to GG Oil and Gas, Inc (**GG**) and Grand Gulf Energy, Inc. (**GGE**) in excess of \$19,076,084 at the date of completion into fully paid ordinary shares in GG and GGE;
  - (ii) Grand Gulf and Alto will sell, and Louisiana Oil Ltd (or its subsidiaries) will purchase, 100% of the fully paid ordinary shares in GG and GGE for consideration of 74,799,887 Louisiana Oil Shares with a paid up value in aggregate equal to the fair market value of the Assets, being 25.5 cents per Louisiana Oil Share or A\$19,076,086;
  - (iii) GG will assign and transfer its interests in the Abita Project to Grand Gulf Operating Inc (**GGO**);
  - (iv) on completion, Grand Gulf and Alto will nominate that the Louisiana Oil Shares are issued directly to the Shareholders of Grand Gulf, as part of an in-specie distribution of 100% of the Louisiana Oil Shares held by Grand Gulf on the basis of 1 Louisiana Oil Share for every 10 Shares held; and
  - (v) Louisiana Oil Ltd will make an offer to each existing holder of Grand Gulf Options to issue 1 Louisiana Oil Option (for no consideration) for every 10 Grand Gulf Options held. The Louisiana Oil Options will be exercisable at 10 cents each on or before 30 November 2018 and the remaining terms of the Louisiana Oil Options will be similar to the remaining terms of the Grand Gulf Options assuming vesting conditions (if any) have been satisfied. The offer of Louisiana Oil Options will not affect the Grand Gulf Options in any way, which options will be retained by the Grand Gulf Option holders and adjusted as a result of the Demerger in accordance with the Listing Rules.

## 1.4 ATO Rulings

As part of the Demerger, the Company will seek rulings from the Australian Taxation Office as follows:

- (a) a Class Ruling confirming that the Demerger does not create any Australian taxable event for Shareholders and Option holders and that the appropriate cost base split is recognised; and
- (b) a Private Binding Ruling confirming that there is no taxable event for the Company at the point of transfer of the Louisiana Oil Shares,

(together the **ATO Rulings**).

## 1.5 Louisiana Oil Ltd

Louisiana Oil Ltd is a public unlisted company incorporated on 9 November 2015 in Western Australia for the specific purpose of holding the GG Shares following completion of the Demerger.

Following completion of the Demerger, GG will be a 100% subsidiary of Louisiana Oil Ltd and the only asset of Louisiana Oil Ltd. In turn, GGE will be a 100% subsidiary of GG. GGE and GG will together hold approximately A\$210,000 in cash and A\$118,000 liabilities (less any expenditures post 30 September 2015), which together with their operating revenue will enable them to meet all of their ongoing working capital requirements. Please refer to Schedules 3 and 4, which set out the proposed financial and corporate structure of Louisiana Oil Ltd pre and post Demerger.

Given Louisiana Oil Ltd will not be listed on the ASX, ongoing disclosure of information to shareholders of Louisiana Oil Ltd will mostly be by shareholder updates communicated directly to shareholders and statutory returns.

## 1.6 Advantages and disadvantages of the Demerger

The Directors are of the view that the following non-exhaustive list of advantages and disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

### Advantages

- (a) Shareholders will retain their current shareholding in Grand Gulf and also receive a proportional shareholding in Louisiana Oil Ltd with a book value of 2.55 cents per Grand Gulf Share held.
- (b) Grand Gulf will be free to pursue new business opportunities likely to achieve greater recognition on the ASX, without diluting Shareholder's interests in the Assets. Grand Gulf will have approximately \$3,000,000 in cash and be debt free, in addition to retaining an interest in Abita.
- (c) The mandate of Louisiana Oil Ltd is to collect the existing oil and gas production income generated by the Assets, to otherwise minimise expenditures, and to distribute the net income to Shareholders. This is likely to result in regular cash payments to Shareholders from the Assets.

### Disadvantages

- (a) Louisiana Oil Ltd is an unlisted company, consequently its shares are not easily sold.
- (b) Although Louisiana Oil Ltd will provide regular shareholder updates, it will not be subject to ASX continuous disclosure rules.
- (c) There may be a taxation consequence in respect of the distribution of the Louisiana Oil Shares to the Shareholders. Details of the general taxation effect of the transaction are set out in Section 3.16.

## 1.7 Future of the Company following completion of the Demerger

Following completion of the Demerger, the Company will continue to produce oil and gas from its US producing property, the Abita Project, and seek a new project. The SL 19706 #1 well on the Abita Project in Louisiana is producing over 1 mmcf/d and 5 bopd through a 7/64 inch choke from the 17 Sand.

The Company is actively pursuing other business opportunities likely to be recognised by the Australian market. Shareholders should be aware that following the Demerger, ASX may require the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2 and/or re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect of any future transaction the Company may enter into.

Disposal by a listed entity of its main undertaking can also raise issues under Listing Rules 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient,

and its financial condition adequate, to warrant its continued listing and continued quotation of its securities.

ASX Guidance Note 12 states, the disposal by a listed entity of its main undertaking may be a precursor to the entity embarking on a new business venture, either immediately or once a suitable business has been identified and acquired. In the latter case, notwithstanding Listing Rule 12.3, ASX will, in the absence of any other reason to suspend the quotation of the entity's securities, generally continue the quotation of its securities for up to six months to allow it time to identify, and make an announcement of its intention to acquire, a suitable new business.

Accordingly, if the Company is not able to make an announcement of its intention to acquire a new business or develop with remaining assets within the six month period following completion of the Demerger, the Company's securities may be suspended from trading. The Company will update Shareholders in relation to any such issues in due course.

Please refer to Sections 3.11 and 3.13(b) to see the proposed changes to the Board as a result of the Demerger.

## **1.8 Future of the Company if the Demerger is not approved**

In the event Shareholders do not approve the Demerger, the Company will not transfer its interest in GGE and GG to Louisiana Oil Ltd (or its subsidiaries) and will:

- (a) limit operational activity to run with a mandate to conserve cash, reduce exploration expenditure and manage the existing assets as an income stream; and
- (b) seek to acquire new projects which are likely to have greater recognition in the Australian stock market.

## **1.9 Future of Louisiana Oil Ltd if the Demerger is approved**

Following completion of the Demerger, ongoing activities of Louisiana Oil Ltd will be:

- (a) to manage and collect the existing oil and gas production income generated by the Assets, to otherwise minimise expenditures, and to distribute the net income to Shareholders; and
- (b) to seek to enter into a partnering arrangement in respect of the Napoleonville Salt Dome 3D Seismic that will advance further activity, but with a preference for royalties or carried working interests consistent with the aim to minimising ongoing expenditures.

## **1.10 Directors' interests and Recommendations**

The Directors do not have any material interest in the outcome of Resolutions 1 and 2, other than as a result of their interests arising solely in the capacity as security holders. The Directors' relevant interests in Securities are set out in Section 3.12 below.

After considering all relevant factors, the Directors unanimously recommend the Shareholders vote in favour of Resolutions 1 and 2 for the following reasons:

- (a) after a full and proper assessment of all available information they believe that the proposed Demerger of the Assets is in the best interests of the Shareholders and the Company;
- (b) in the opinion of the Directors, the advantages of the Demerger outweigh its disadvantages as set out in Section 1.6; and
- (c) the Directors are satisfied that the Demerger is the best option available to realise the value of the Assets in the current circumstances and market conditions facing the Company.

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## 2. Resolution 1 – Authorise disposal of Assets

As detailed in Section 1, the Company is proposing to dispose of its main undertaking, the Assets to Shareholders via the Demerger. Resolution 1 seeks Shareholder approval of the disposal of the Assets pursuant to Listing Rule 11.2.

Listing Rule 11.2 provides that a company may not dispose of its main undertaking (that is, its main asset or business) without the prior approval of its shareholders. The Assets currently represent the Company's main undertaking and accordingly disposal of the Assets requires approval by way of an ordinary resolution of the Shareholders.

Refer to Section 1 for further information on the proposed disposal of the Assets via the Demerger.

Resolution 1 is an ordinary resolution.

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## 3. Resolution 2 – Approval of equal reduction in capital

### 3.1 General

As detailed in Section 1.3 above, the Company, Louisiana Oil Ltd, Alto, GG, GGO, GG1 and GGE have entered into the Restructure Agreement pursuant to which, subject to Shareholders approving Resolutions 1 and 2 and the Company obtaining the ATO Rulings, the Company will transfer the GG Shares to Louisiana Oil Ltd and Alto will transfer the GGE Shares to GG, in exchange for Louisiana Oil Ltd issuing 74,799,887 Louisiana Oil Shares to the Company and Alto (or their respective nominees).

The Company and Alto have nominated that on completion of the sale of the shares in GGE and GG, the Louisiana Oil Shares will be issued directly to Shareholders. In addition to the consideration Louisiana Oil Shares to be issued, the Company currently holds 1 Louisiana Oil Ltd Share.

Pursuant to Resolution 2, the Company is seeking approval from Shareholders to distribute 74,799,888 Louisiana Oil Shares in-specie to Grand Gulf's Shareholders on a pro-rata basis. Based on the number of Shares currently on issue (being 747,998,870) each of the Company's Shareholders will receive 1 Louisiana Oil Ltd Share for every 10 Shares held on the Record Date (with fractional entitlements to be rounded down to the nearest whole Louisiana Oil Ltd Share).

The proposed Demerger will give Shareholders 100% of the issued capital of Louisiana Oil Ltd, which will own 100% of GG, and GG will turn will own 100% of GGE.

Relevant general information in respect of the Demerger is set out in Section 1. In addition, the following specific information is provided.

### 3.2 Timetable

The anticipated timetable for the capital reduction and in specie distribution is set out below (assuming a draft ruling from ATO is received prior to the General Meeting):

Despatch of Notice of General Meeting to approve disposal of the Assets and the capital reduction	4 December 2015
General Meeting to approve disposal of the Assets and the capital reduction Company notifies ASX that Shareholders have approved the Resolutions	11 January 2016
Ex date for the capital reduction – the date on which Shares commence trading without the entitlement to participate in the distribution	12 January 2016
Record Date for capital reduction	14 January 2016

Completion of Demerger including In-Specie Distribution of Louisiana Oil Shares to Shareholders	22 January 2016
Date holding statements are sent to Shareholders	22 January 2016

The timetable above is indicative only, and may be changed at the discretion of the Directors (subject to the Listing Rules) or as required by ASX.

### 3.3 Louisiana Oil Shares not listed

Louisiana Oil Ltd is an unlisted Australian public company. Accordingly the Louisiana Oil Shares will not be listed on the ASX or any other securities exchange.

### 3.4 Requirements under section 256B and section 256C of the Corporations Act

The In-specie Distribution of the Louisiana Oil Shares to Eligible Shareholders by way of capital reduction is an equal reduction of capital under the Corporations Act. Under section 256C(1) of the Corporations Act, an equal capital reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

Section 256B of the Corporations Act provides that the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act.

For the reasons set out in this Explanatory Memorandum, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors. This is because each Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-Specie Distribution is on a pro-rata basis and the proportionate ownership of each Grand Gulf Share remains the same before and after the In-Specie Distribution.

### 3.5 The effect of the proposed equal reduction of capital on the Company

If the Demerger is approved, the share capital and net assets of the Company will be reduced by approximately \$19.1 million.

A pro forma balance sheet of the Company as at 30 September 2015 is contained in Part A of Schedule 3 which shows the financial impact of the Demerger, including the capital reduction, on the Company (assuming that no further Shares are issued).

### 3.6 The effect of the proposed equal reduction of capital on Shareholders

The Louisiana Oil Shares will be distributed to Eligible Shareholders on a pro-rata basis, with fractional entitlements to be rounded down to the nearest whole Louisiana Oil Ltd Share. Eligible Shareholders will not be required to pay any additional consideration for the Louisiana Oil Shares. The terms of the capital reduction are the same for each Eligible Shareholder (subject to Sections 3.7 and 3.10).

As at the date of this Notice of Meeting, the Company has 747,998,870 Shares on issue. No additional Shares will be issued as a result of the Demerger. Assuming no Options are exercised, the Company will have 747,998,870 Shares on issue as at the Record Date.

The Directors propose to distribute 74,799,888 Louisiana Oil Shares, so assuming that there are 747,998,870 Shares on issue on the Record Date, the ratio for distribution will be 1 Louisiana Oil Ltd Share for every 10 Shares held by Eligible Shareholders on the Record Date. If any existing Options are exercised prior to the Record Date, this will impact the number of Louisiana Oil Shares distributed (this



is not expected to occur to any material extent). A summary of the financial impact of the capital reduction is set out in Schedule 3.

The number of Shares held by Shareholders will not change, and Shareholders will retain their current percentage shareholding interest in the Company, after the Demerger. However, if the Demerger is implemented, the value of the Shares will be less than the value of the Shares held prior to the Demerger because, after the Demerger, the Company will not retain an interest in GGE and GG. The decrease in book value is 2.55 cents per Grand Gulf Share. The rights attaching to Shares will not be altered by the Demerger.

Given the capital reduction is equal and the Company will still have positive net assets following the Demerger, the Directors consider the capital reduction is fair and reasonable to Shareholders as a whole.

### 3.7 The effect of the proposed equal reduction of capital on Option holders

In order to receive Louisiana Oil Shares pursuant to the Demerger, Option holders must exercise their Options and be registered on the Company's share register on the Record Date.

In accordance with Listing Rule 7.22.3, the number of Options on issue following the Demerger will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned (book value) in relation to each Share, being 2.55 cents per Grand Gulf Share. This means the exercise price of each Option remaining on issue at the time of completion of the Demerger will be reduced to nil.

As of the date that the Demerger becomes effective, the Company will have the following Options on issue:

Number of Options	Exercise Price Pre Demerger	Exercise Price Post Demerger	Expiry	Listed status
27,000,000	1.4 cents	nil	30/11/2018	Unlisted

### 3.8 Capital Structure of the Company

Below is a table showing the Company's capital structure pre and post Demerger (assuming none of the Options are exercised).

	Shares	Options*
Balance at the date of this Notice	747,998,870	27,000,000
Balance following completion of the Demerger	747,998,870	27,000,000

\* Refer to Section 3.7 for details of the Options.

### 3.9 Capital Structure of Louisiana Oil Ltd

Below is a table showing Louisiana Oil Ltd's capital structure pre and post Demerger.

	Louisiana Oil Shares	Louisiana Oil Options*
Balance at the date of this Notice	1	-
Balance following completion of the Demerger	74,799,888	2,700,000

\* Refer to Section 1.3(b)(v) for details of the Louisiana Oil Options.

### 3.10 Overseas Shareholders

Distribution of the Louisiana Oil Shares to Overseas Shareholders pursuant to the Demerger will be subject to the legal and regulatory requirements in the relevant overseas jurisdiction. At the date of this Notice, the Company has 5 Overseas Shareholders and it will seek to resolve the jurisdictional implications with those Shareholders directly.

If the Company is unable to resolve the legal implications of the Demerger with the current Overseas Shareholders, or if the Company acquires new Overseas Shareholders prior to the Record Date, the Louisiana Oil Shares to which the relevant Overseas Shareholders would otherwise be entitled will be sold by the Company on behalf of those Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Shareholders for the net proceeds of the sale after deducting the costs and expenses of the sale. The net proceeds of sale to be distributed to the relevant Overseas Shareholders may be more or less than the notional dollar value of the Louisiana Oil Shares as set out in this Notice.

### 3.11 Board of Louisiana Oil Ltd

The Board of Louisiana Oil Ltd comprises the following directors:

#### Mr Charles Morgan

Executive Chairman

Mr Morgan has been involved in the oil and gas industry since 1995. He has been involved in oil and gas assets in South East Asia, USA, Africa and Europe. Mr Morgan is also a director of ADG Global Supply Ltd. Directorships in listed entities in last 3 years - Alcyone Resources Ltd, Tamaska Oil & Gas Ltd (ASX:TMK) and Transerv Energy Ltd (ASX:TSV).

#### Mr Mark Freeman

B.com, CA, F.Fin

Managing Director and Company Secretary

Mr Freeman is a Chartered Accountant and has more than 20 years' experience in corporate finance and the resources industry. He has experience in project acquisitions and management, strategic planning, business development, M&A, asset commercialisation, and project development. Prior experience with Mirabela Nickel Ltd, Exco Resources NL, Panoramic Resources Ltd and Matra Petroleum Plc. Directorships in listed entities in last 3 years – Macro Energy Ltd (resigned 5 June 2015) and Mustang Resources Limited (resigned 10 June 2015) and Tamaska Oil & Gas Ltd (resigned 1 February 2015).

#### Mr Allan Boss

B. Com

Doctor of Jurisprudence

Executive Director

Mr Boss is a Houston-based banker and lawyer with 31 years' experience providing legal services and representations to the oil and gas industry and was lead counsel to NiSource Inc, a Fortune 500 energy utility. Former directorships in last 3 years – none.

#### Mr Aaron Hughes

B.Sc Earth Science (hons.)

Mr Hughes is a geologist who has primarily been involved in the exploration of both conventional and unconventional resources throughout North America. Recently he has held roles with Latent Petroleum Pty Ltd, Tamaska Oil & Gas Ltd and Neon Energy Limited working on projects within Australia, North America, and South East Asia. He currently serves on the West Australian committee for the Petroleum Exploration Society of Australia.

### 3.12 Directors' interests

Set out in the table below are details of Directors' relevant interests in the Securities of the Company at the date of this Notice and the Louisiana Oil Shares and Louisiana Oil Options that they are likely to receive if Resolution 2 is passed:

Director	Shares	Options <sup>1</sup>	Louisiana Oil Shares	Louisiana Oil Options <sup>2</sup>
Charles Morgan	160,855,496	Nil	16,085,549	Nil
Mark Freeman	Nil	8,000,000	Nil	800,000
Allan Boss	2,481,720	3,000,000	248,172	300,000
Stephen Keenihan	3,917,229	5,000,000	391,723	500,000

**Notes:**

1. Each Unquoted Option is exercisable at 1.4 cents each on or before 30 November 2018 and subject to certain vesting conditions.
2. Each Option will be exercisable at 10 cents each on or before 30 November 2018.

**3.13 Directors' remuneration****(a) Company Remuneration**

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$200,000 per annum to be paid as non-executive Directors' fees.

Mr Mark Freeman currently receives a consulting fee of \$260,000 per annum (inclusive of superannuation and Director's fees) for his role as Managing Director and CEO of the Company.

Directors have received the following remuneration for the preceding two financial years:

<b>Directors</b>	<b>Year</b>	<b>Salary &amp; Fees \$</b>	<b>Share Based Payments \$</b>	<b>Total \$</b>
Charles Morgan	2015	\$72,000	-	\$72,000
	2014	\$72,000	-	\$72,000
Mark Freeman	2015	\$260,000	\$10,357	\$270,357
	2014	\$260,000	\$12,261	\$272,261
Allan Boss	2015	\$144,300	\$6,473	\$150,773
	2014	\$162,490 <sup>1</sup>	\$5,146	\$167,636
Stephen Keenihan	2015	\$52,600	\$3,884	\$56,484
	2014	\$48,000	\$2,573	\$50,573

**Note:**

1. Mr Boss received a discretionary bonus of \$32,403 for services performed for the year.

**(b) Remuneration Post Demerger**

It is proposed that, following completion of the Demerger, the Directors and Louisiana Oil Directors will receive the following fees:

<b>Directors</b>	<b>Grand Gulf Energy Limited \$</b>	<b>Louisiana Oil Ltd \$</b>	<b>Total \$</b>
Charles Morgan	\$36,000	\$36,000	\$72,000
Mark Freeman	\$40,000	\$160,000	\$200,000
Allan Boss	-	\$160,000	\$160,000
Stephen Keenihan	\$24,000	-	\$24,000
Aaron Hughes	-	\$10,000	\$10,000
<b>Totals</b>	<b>\$100,000</b>	<b>\$366,000</b>	<b>\$466,000</b>

Since Louisiana Oil Ltd's incorporation on 9 November 2015, each Louisiana Oil Ltd Director has received nil remuneration for their role as a director of Louisiana Oil Ltd.

The Constitution of Louisiana Oil Ltd has an aggregate amount of up to \$200,000 per annum to be paid as non-executive directors fees approved, however, directors' fees are as described above.

**3.14 Rights attaching to Louisiana Oil Shares**

Refer to Schedule 5 for a summary of the rights attaching to Louisiana Oil Shares.

### **3.15 Risk factors**

On completion of the Demerger, the Company's Shareholders will become direct shareholders in Louisiana Oil Ltd and should be aware of the general and specific risks that may affect Louisiana Oil Ltd and the value of its securities. These risk factors are outlined in Schedule 6.

### **3.16 Tax consequences**

The Company has sought a class ruling from the ATO seeking to confirm demerger relief for income tax purposes will be available to Shareholders. Under demerger relief, the distribution of Louisiana Oil Shares should not be a taxable dividend for income tax purposes, and any capital gain or loss from the demerger should be disregarded, provided the Shareholder elects for this capital gains tax (CGT) relief to apply.

Under demerger relief, a shareholder's cost base and reduced cost base of their shares in Grand Gulf before the demerger should be apportioned across their shares in Grand Gulf and Louisiana Oil Ltd after the demerger on a reasonable basis and the Louisiana Oil Shares will be treated as being acquired at the same time as the shareholder's Grand Gulf shares for the purposes of the CGT discount.

Shareholders should consult their own professional advisors to confirm these implications as they may vary depending on individual circumstances and taxation positions.

Once a Class ruling has been received, it will be posted on the Company's website <http://grandgulfenergy.com>.

### **3.17 Lodgement with ASIC**

The Company has lodged with the ASIC a copy of this Notice of Meeting and the Explanatory Memorandum in accordance with section 256C(5) of the Corporations Act. The Company has also lodged with ASIC a copy of the Prospectus that accompanies this Notice of Meeting at the same time the Notice of Meeting was lodged with ASIC.

The ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

### **3.18 Disclosure to the ASX and ASIC**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office.

### **3.19 No financial product advice**

This document does not constitute financial product or investment advice nor a recommendation in respect of the Louisiana Oil Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act Shareholders and other should consider the appropriateness of the information having regard to their own objective, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor Louisiana Oil Ltd is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Louisiana Oil Shares under the In-Specie Distribution (whether the regime is provided for by law or otherwise).

### **3.20 Other Material Information**

There is no information material to the making of a decision by Shareholders whether or not to approve the Resolutions (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Memorandum, the accompanying Prospectus and information the Company has previously disclosed to Shareholders.

### 3.21 Other Legal Requirements

Under ASIC Regulatory Guide 188, an invitation to Shareholders to vote on Resolution 2 for the in specie distribution of Louisiana Oil Shares to Shareholders constitutes an “offer” of securities under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies. As no exemption applies, the Company has prepared a prospectus that contains information in relation to Louisiana Oil Ltd (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their Louisiana Oil Shares within the first 12 months after receiving them.

# Schedule 1 – The Assets

## Part A: Assets to be disposed

### Reserves

#### 2015 Reserves and Resources Summary

Reserves and Resources as at 30 Sept 2015

Net to Grand Gulf Energy Ltd

FIELD (LICENSE)	APPROVED (1P)			APPROVED PROBABLE (2P)			TOTAL
	LIQUIDS - GAS	SOIL EQUIVALENT <sup>(1)</sup>	INTEREST (MBOE)	LIQUIDS - GAS	SOIL EQUIVALENT <sup>(1)</sup>	INTEREST (MBOE)	
<b>Reserves</b>							
<b>USA</b>							
Dugas & Leblanc #3	55.50%	14	349	72	14	349	72
Desiree	39.65%	275	-	275	345	-	345
West Klondike	11.70%	0	7	1	12	7	18
Abita	20%	8	374	70	8	374	70
<b>Total Reserves</b>		<b>296</b>	<b>729</b>	<b>418</b>	<b>378</b>	<b>729</b>	<b>506</b>

Contingent Resources	High Estimate (1C)			Mid to Low Estimate (2C)			TOTAL
	LIQUIDS - GAS	SOIL EQUIVALENT <sup>(1)</sup>	INTEREST (MBOE)	LIQUIDS - GAS	SOIL EQUIVALENT <sup>(1)</sup>	INTEREST (MBOE)	
<b>Reserves</b>							
<b>USA</b>							
Dugas & Leblanc #3	55.50%		833			278	46
Desiree	39.65%						
West Klondike	11.70%	55	1,381	285	18	460	95
Abita	20%						
<b>Total Contingent Resources</b>		<b>55</b>	<b>2,214</b>	<b>285</b>	<b>18</b>	<b>738</b>	<b>141</b>
<b>Total Reserves and Resources</b>		<b>351</b>	<b>2,943</b>	<b>703</b>	<b>397</b>	<b>1,467</b>	<b>647</b>

<sup>(1)</sup> Oil equivalent conversion factor: 6MSCF per BBL.

In accordance with ASX Listing Rule 5.25.6 Mr Kenning has adopted a deterministic approach and utilises the latest 3D seismic technology with subsurface data to accurately quantify resources and reserves. No portion of the reserves are estimated to be used for operation purposes.

For the purposes of ASX Listing Rule 5.26.5, the Company has used the criteria contained within the "SPE PRMS" (Society of Petroleum Engineers Petroleum Resources Management System) for the purpose of measuring and assessing the estimated petroleum reserves. This includes all the seismic and subsurface control for each project.

### 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. Production during the year was 149,056 barrels.

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 Temple #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 5.189% 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 January 2016.

## **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 is presently 75 bod, 38 mcf/d and 380 barrels of water per day from a 21/64 inch choke. Production during the year was 30,863 barrels and 16,288 mcf gas. Remaining reserves are estimated at 139,000 boe.

## **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 suspended as the Company plans to test U Nod Blan. Production during the year was 3,073 barrels condensate and 297,142 mcf gas.

The next and final interval to test following the U NB is the Lorio. This is the expected to be the most substantial interval which has the potential for up to 500,000 barrels of oil.

## **Exploration**

### **Yellowfin Prospect (96% WI) – Potential for 1.4-2TCF**

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.

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 mmcf/d (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 Co<sub>2</sub>. Based on the production test in February 2015, Freeport McMoran can anticipate production of in-excess of 100,000 mcf/g per day.

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.

Over the last quarter, the US oil and gas exploration market has experienced a significant downturn and, whilst the Company had received serious interest from potential partners initially, the end result has shown that the funding of a deep gas well in South Louisiana is unlikely to occur until the energy prices recover.

## **Napoleonville 3D Seismic**

Grand Gulf will own a 65% WI in the 52 Square Mile Napoleonville Seismic. The Napoleonville Salt Dome Project ("Napoleonville") is located in Assumption, Iberville and Ascension Parishes, Louisiana within the Mid-Lower Miocene productive fairway of south Louisiana. The Miocene is one of the regions' most prolific producing zones along the S. Louisiana Gulf Coast region. Gravity data indicate a large salt withdrawal basin surrounding the dome with potential sourcing from a very large fetch area of 120 square miles. Studies have shown (Halbouty, 1967; Johnson and Bredeson, 1971) that the size of the uplifted area and the fetch area directly corresponds to the relative amount of production found. Napoleonville discovered in the 1940's has produced 188 billion cubic feet gas and 20.2 million barrels

oil was one of the few remaining opportunities to shoot a proprietary 3D Seismic survey. In 2007 Grand Gulf Energy with its partners shot 50.4 sq miles of 3D seismic data over the area and has since developed a full inventory of prospects and leads for future development.

The Napoleonville Project is located within the L Miocene Planulina – U Frio Marg vag trend of south Louisiana. Napoleonville is a large productive shallow piercement salt dome discovered in the early 1940's. Reported production is 188 BCF & 20.2 MMBO. Actual production is most likely much higher given the age of discovery and lack of consistent reporting prior to the mid 1960's. The field is uniquely positioned along a paleo shelf edge and overlaps both the ancestral Laura ridge and the edge of the Lake Verret Planulina embayment. A large salt withdrawal basin exists to the north and flanks the dome. Production along trend is primarily from the unexpanded Planulina and Marg Vag. The nature of salt dome affords it with additional production from the middle and upper Miocene formations primarily along the edge of the salt. The prospect and lead inventory has been generated using the proprietary 3D integrated with subsurface well data and production histories. The dome continues to have undeveloped resources and deeper exploration opportunities.

## Part B: Assets that will be retained by Grand Gulf post demerger

### Abita Field

#### 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 well was re-completed in the 17 sand in May 2015 and has since produced over 1 mmcf/d and 5 bopd through a 7/64 inch choke. Production during the year to 30 June was 1,753 barrels condensate and 224,449 mcf gas.

Following depletion of the 17 Sand the Company has one additional sand to produce from, being the 15 Sand. The 15 Sand is estimated to contain 1.5 BCF and 30,500 barrels of condensate.

#### Licences for Abita

Lease or tract #	Lessor	Interest	Prospect
16990	SL 19706	20%	Abita
16991	SL 19706	20%	Abita
16992	SL 19706	20%	Abita
16993	SL 19706	20%	Abita

## Part C: Budget of demerged Assets

### Budget

	30-Jun-16	31-Dec-16
Gross Income	1,891,033	2,951,913
Royalties	- 472,758	- 737,978
Operating Costs	- 256,500	- 399,000
Net Income US	1,161,775	1,814,935
Convert to A\$	1.43	1.43
A\$	1,664,939	2,600,983
Australian Costs	- 123,100	- 200,400
<b>Net Cashflow</b>	<b>1,541,839</b>	<b>2,400,583</b>

Above is a proposed budget which assumes the following:

1. For period 1 November 2015 – 31 December 2016



2. Production continues on each property with a 1% decline rate per month cumulative
3. Sales continue at \$51 bbl/ oil and \$2.50 mcf gas.
4. Management costs reduce as shown above.

## **Summary**

The Company's assets that will be transferred into Louisiana Oil Ltd include all the existing group's assets except for the Abita field.

The assets to be transferred are all convention oil and gas assets located in South Louisiana, USA. This includes the Company's interests in the Desiree, West Klondike and Dugas & Leblanc Fields.

The producing assets have the ability to generate a net free cash flow estimated at A\$1.5m by 30 June 2016 and \$2.4m by 31 December 2016. A significant portion of these funds will then be free to be transferred to shareholders via an unfranked dividend or return of capital.

## **Competent Persons Statement**

The petroleum reserve, contingent resource or prospective resource estimates outlined in this document are based on, and fairly represent, information and supporting documentation prepared by Kevin Kenning, a qualified petroleum reserves and resources evaluator. Kevin Kenning is a Senior Petroleum Engineer, who is a consultant of the Company, holds a Bachelor of Science degree in Petroleum Engineering with over 35 years of relevant experience and is a member of the Society of Petroleum Engineers in the State of Texas. Kevin Kenning consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information in this report has been reviewed and signed off by Mr Kevin Kenning (Registered Reservoir Engineer) with over 35 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.

## Schedule 2 – Summary of Leases

### Part 1 – Assets Licenses

As at 30 September 2015, the Company's interests in leases are set out below. Leases hold all oil and gas rights.

Lease or tract #	Lessor	Interest	Prospect	Net Acres
CL-0110	Dugas & LeBlanc, Ltd.	100.00%	14-149	160.000
CL-0130	Louise Lasseigne Stevens, et al	89.30%	14-52 & 14-54	61.617
12S14E52-031A (CL-0131)	Roseanne Savoy Shirley, et al	87.25%	14-52	41.444
12S14E52-031B(CL-0131)	Percy LeBlanc, et al	3.00%	14-52	1.425
12S14E52-001	Theresa Landry Hensarling	100.00%	14-52 & 14-54	19.150
12S14E52-003	Nancy Simoneaux Alexander	100.00%	14-52 & 14-54	1.661
12S14E52-005	Ross Simoneaux	100.00%	14-52 & 14-54	4.410
12S14E52-006	Herman Simoneaux	100.00%	14-52 & 14-54	1.661
12S14E52-008	Wallace Simoneaux	100.00%	14-52	1.612
12S14E52-009	Curtis Simoneaux	100.00%	14-52 & 14-54	1.659
12S14E52-011	Alfred Paul LeBlanc, Jr., et al	100.00%	14-52 & 14-54	7.395
12S14E52-013	Carolyn Simoneaux Blanchard	100.00%	14-52 & 14-54	2.310
12S14E52-014	Kenneth D. Simoneaux	100.00%	14-52 & 14-54	2.300
12S14E52-015	Huey P. Simoneaux, Sr., et al	100.00%	14-52 & 14-54	3.310
12S14E52-016	Huey P. Simoneaux, Sr.	100.00%	14-52 & 14-54	3.620
12S14E52-019	Huey Simoneaux, et ux	100.00%	14-52&14-54	1.920
12S14E52-020	Wayne Joseph Barrilleaux, et al	66.67%	14-52	1.075
12S14E52-022A	Wayne Joseph Barrilleaux, et al	31.69%	14-52 & 14-54	0.206
12S14E52-022B	Huey P. Simoneaux, Sr., et al	66.71%	14-52 & 14-54	0.434
12S14E52-012	Noelie Simoneaux Templet	100.00%	14-52 & 14-54	6.150
12S14E52-002	Emmet J. Simoneaux , Jr.	100.00%	14-52 & 14-54	15.080
12S14E52-018	Paul J. Rousseau, et ux	100.00%	14-52 & 14-54	1.360
12S14E52-021A	Wayne Joseph Barrilleaux, et al	99.67%	14-52 & 14-54	11.144
12S14E52-021B	David L. Bouquet	0.32%	14-52 & 14-54	0.036
12S14E52-024	Leroy J. LeBlanc, et al	63.00%	14-52 & 14-54	4.410
12S14E52-025	Rene P. Landry	100.00%	14-54	0.370
12S14E52-026	Roland J. Landry, et ux	100.00%	14-52 & 14-54	0.330
12S14E52-028	Glenn Joseph Simoneaux	100.00%	14-54	1.000
12S14E53-001	David J. Templet, et al	100.00%	14-54	3.000
12S14E53-002A	Roland J. Landry, et ux	37.50%	14-54	0.744
12S14E53-002B	Barry J. Bates, et ux	37.50%	14-54	0.744

Lease or tract #	Lessor	Interest	Prospect	Net Acres
12S14E53-002C	Bobby Boyd, et ux	75.00%	14-52 & 14-54	0.761
12S14E53-002D	Charlotte D. Landry, et ux	25.00%	14-52 & 14-54	0.263
12S14E53-002E	Charlotte D. Landry, et ux	25.00%	14-52 & 14-54	0.496
12S14E53-003	Charlotte D. Landry, et ux	100.00%	14-54	3.000
12S14E53-004	David J. Templet, et ux	100.00%	14-54	3.000
12S14E53-005	Huey P. Simoneaux, Jr., et ux	100.00%	14-54	9.000
12S14E53-006	Noelie Simoneaux Templet	100.00%	14-54	8.900
12S14E53-007	Wallace Simoneaux	100.00%	14-54	3.740
12S14E52-032 (CL-0068 & 0106)	Alden Charlet, et al	94.87%	14-52	33.063
12S14E52-029	Todd Lambert	100.00%	14-52	0.842
12S14E52-030	John P. Rose, et ux	100.00%	14-52	0.833
2 & 8	Pierre F. V De LaBarre, et al	98.91%	West Yellowfin	431.25
3	Dugas & Leblanc, LTD.	100.00%	West Yellowfin	30.00
4	Martin S. Triche, et al	100.00%	West Yellowfin	440.00
5	U. J. Hebert Estate	100.00%	West Yellowfin	40.00
7	A. Hebert Estate	4.86%	West Yellowfin	1.94
9	Floyd A. LaBarre, et al	77.22%	West Yellowfin	16.41
10	Pierre F.V. De Labarre , IV, et al	82.76%	West Yellowfin	84.42
11	Martin S. Triche, et al	72.59%	West Yellowfin	45.73
13	Folse Estate	47.50%	West Yellowfin	17.58
14	Pierre D. Blanchard Estate	22.43%	West Yellowfin	10.73
1,7 & 11	Dugas & Leblanc, LTD.	100.00%	East Yellowfin	1062.53
2	Jamelia Ann Dugas	100.00%	East Yellowfin	2.98
3	Eddie Landry, Jr.	100.00%	East Yellowfin	0.34
4	Lane P. Dugas, Jr., et ux	100.00%	East Yellowfin	0.32
5	Acie Delhommer, et ux	100.00%	East Yellowfin	0.64
6	Albert Landry, et ux	100.00%	East Yellowfin	1.84
12	Robert P. Leblanc, et al	100.00%	East Yellowfin	65.00
13	John & Clarisse Nizzo, LLC(Heirs of Anthony "Tony" Russo")	83.33%	East Yellowfin	25.00
13	Savoie Industries, LLC	16.67%	East Yellowfin	5.00
14,15	No Problem Raceway Park, L.L.C.	100.00%	East Yellowfin	163.09
16	Fred Myrtle Doris Landry Properties, LLC	100.00%	East Yellowfin	12.00
17	Armeline Planting Co., LTD.	100.00%	East Yellowfin	252.00
18	E. Robert Sternfels, Jr. et al	100.00%	East Yellowfin	40.00

Lease or tract #	Lessor	Interest	Prospect	Net Acres
19	Anna Lee Sagona Guillot, et al	100.00%	East Yellowfin	63.36
21	Cliffon Land Corporation	100.00%	East Yellowfin	70.00
22	Harold Landry, et al (30 Ac.)	100.00%	East Yellowfin	30.00
23	Harold Landry, et al (38 ac.)	94.26%	East Yellowfin	35.82
24	Joe Landry Estate, et al	21.72%	East Yellowfin	5.52
26	Carol R. Didier	100.00%	East Yellowfin	35.00
34	Leonard D. Garrison, Jr.	100.00%	East Yellowfin	0.85
35, 36, 37	Steven W. Kent, et ux	100.00%	East Yellowfin	4.42
38	Alvaro Lopez Rios, et ux	100.00%	East Yellowfin	0.29
39	Milton J. Metrejean, et ux	100.00%	East Yellowfin	0.64
40	Felix Acosta, et ux	100.00%	East Yellowfin	0.69
42	LPL Land Co., et al	79.37%	East Yellowfin	42.86
	Dugas & LeBlanc, LTD	100.00%	Tuna	315.00
WK#1A	A Wilberts & Sons, LLC	11.7%	West Klondike	
WK#1B	A Wilberts & Sons, LLC	11.7%	West Klondike	
WK#1C	A Wilberts & Sons, LLC	11.7%	West Klondike	
WK#2	A Wilberts & Sons, LLC	11.7%	West Klondike	
WK#3A	A Wilberts & Sons, LLC	11.7%	West Klondike	
WK#3B	A Wilberts & Sons, LLC	11.7%	West Klondike	

## Part 2 – Summary of Joint Operating Agreement (JOA)

All projects except for Yellowfin have a JOA which each contain the following:

1. appointment and removal of the Operator;
2. outlines the powers and responsibilities of the Operator;
3. JOA obligations in regard to employees and contractors, the rights and duties of the operator, defining the initial well and subsequent operations, including completion, reworking and plugging back;
4. defines areas of mutual interest, other operations including the abandonment and termination procedures;
5. describes the expenditure and liability of parties, the liens of security interests, defaults and remedies, rentals shut-in well payments and minimum royalties and taxes; and
6. the JOA also deals with the surrender of leases, renewal of extensions, acreage or cash contributions.

Operator	Asset
DW Wapiti Investments I, LLC	Abita
Petrodome Operating LLC	Desiree
Mantle Oil and Gas, LLC	Dugas & LeBlanc
Expert Oil and Gas, LLC	West Klondike

## Schedule 3 – Financial Information

### PART A: Financial Information of Grand Gulf

If the Resolutions are approved, the Demerger will have the effect of reducing the Company's share capital and net assets by approximately \$19.1 million. To illustrate the effect of the return of capital on the financial position of the Company, the Pro Forma Statement of Financial Position (unaudited) set out below has been based on the Company's unaudited financial statements at 30 September 2015 adjusted to reflect the Demerger.

<b>Balance Sheet</b>	<b>30/09/2015</b>	<b>Capital Reduction</b>	<b>(Pro-forma after Capital Reduction) 30/09/2015</b>
	\$		
<b>Current assets</b>			
Cash & cash equivalents	1,252,846	(210,000)	1,042,846
Trade & other receivables	1,027,382		1,027,382
Insurance Claim Receivable	1,116,917		1,116,917
Prepayments	12,241		12,241
<b>Total current assets</b>	<b>3,409,386</b>	<b>(210,000)</b>	<b>3,199,386</b>
<b>Non-current assets</b>			
<b>Other Financial Assets</b>			
Property Plant & Equipment	12,774	(12,774)	-
Capitalised Oil & Gas Expenditure	15,129,447	(15,129,447)	-
Oil & Gas Properties	5,205,625	(4,103,402)	1,102,223
<b>Total non-current assets</b>	<b>20,347,846</b>	<b>(19,245,623)</b>	<b>1,102,223</b>
<b>Total assets</b>	<b>23,757,232</b>	<b>(19,455,623)</b>	<b>4,301,609</b>
<b>Current liabilities</b>			
Trade & other payables	213,198	(118,235)	94,963
<b>Total current liabilities</b>	<b>213,198</b>	<b>(118,235)</b>	<b>94,963</b>
<b>Non current liabilities</b>			
Restoration Provision	402,515	(261,302)	141,213
<b>Total non current liabilities</b>	<b>402,515</b>	<b>(261,302)</b>	<b>141,213</b>
<b>Total liabilities</b>	<b>615,713</b>	<b>(379,537)</b>	<b>236,176</b>
<b>Net assets</b>	<b>23,141,519</b>	<b>(19,076,086)</b>	<b>4,065,433</b>

## Basis of Preparation

The above pro forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005) and to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The pro forma statement is based on the unaudited statement of financial position as at 30 September 2015 and has then been adjusted to reflect the following material transactions.

## Pro-forma adjustments

1. Completion of the sale of the Company's Assets, resulting in 74,799,888 shares in Louisiana Oil Ltd being issued pro-rata to Shareholders of the Company. The return of capital to Shareholders under the equal capital reduction which will have the effect of reducing the Company's assets and issued capital by \$19.1 million.

## PART B: Financial Information of Louisiana Oil Ltd

Louisiana Oil Ltd is a holding company whose sole asset, subject to completion of the Demerger, will be 100% of the GG Shares (which in turn will hold 100% of the GGE Shares) (refer to Schedule 4).

GGE and GG generated production revenue of \$6 million gross over the financial year ended 30 June 2015. A summary of the Company's financial performance between 2011 and 2015 is summarised below<sup>1</sup>:

	2011	2012	2013	2014	2015
Gross Revenue	6,683,166	7,510,572	3,487,033	3,720,486	648,389
Operating Profit	3,868,234	4,810,399	2,295,135	2,471,964	364,775
EBITDA	3,037,971	3,775,991	1,144,988	6,880,532	-1,493,163
Profit / (loss) for the year	-546,306	1,400,466	-2,167,264	2,917,786	-5,610,950
Basic earnings/(loss) per share (cents per share)	-0.07	0.11	-0.29	0.4	-0.9
Current Assets	3,191,652	3,460,511	2,098,012	6,159,621	2,368,075
Oil & Gas Assets	18,526,062	14,415,969	15,338,569	12,531,216	11,640,651
Total Liabilities	748,126	391,249	837,211	1,616,811	2,980,801
Net Assets	20,942,406	17,485,230	16,599,370	17,020,978	10,931,620

### Note:

1. The figures set out in the table above are unaudited and have been extracted from the audited financial reports of the Grand Gulf group.

The unaudited consolidated balance sheet at 30 September 2015 for Louisiana Oil Ltd is set out below assuming the Demerger is completed.

## Louisiana Oil Ltd (Consolidated Balance sheet)

### Balance Sheet

30/09/2015

\$

#### Current assets

Cash & cash equivalents

210,000

**Total current assets**

**210,000**

#### Non-current assets

Other Financial Assets

Property Plant & Equipment

12,774

Capitalised Oil & Gas Expenditure

15,129,447

Oil & Gas Properties

4,103,402

**Total non-current assets**

**19,245,623**

**Total assets**

**19,455,623**

#### Current liabilities

Trade & other payables

118,235

**Total current liabilities**

**118,235**

#### Non current liabilities

Restoration Provision

261,302

**Total non current liabilities**

**261,302**

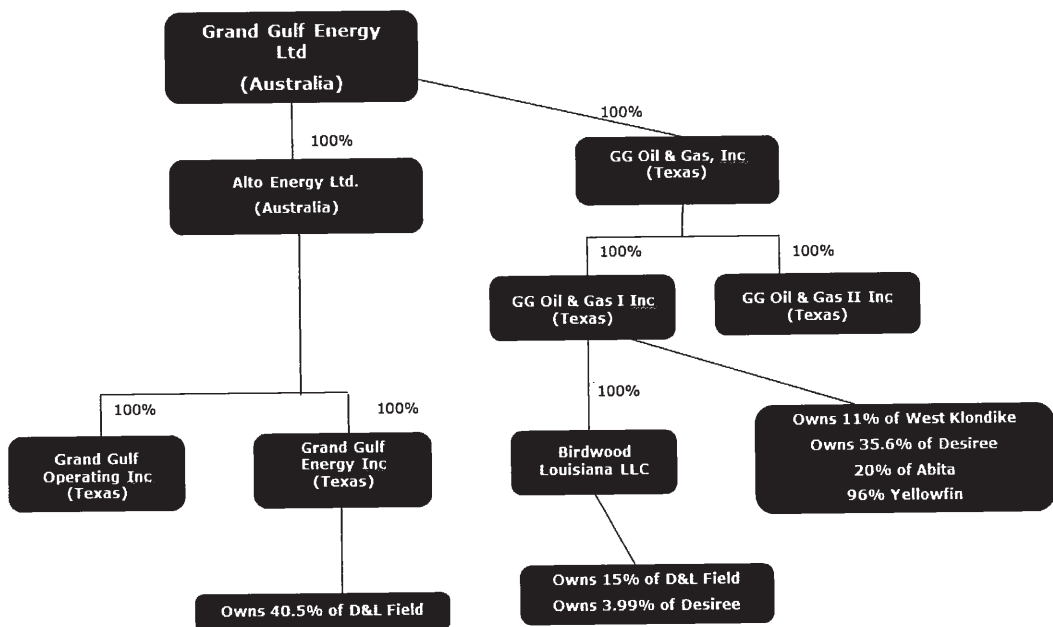
**Total liabilities**

**379,537**

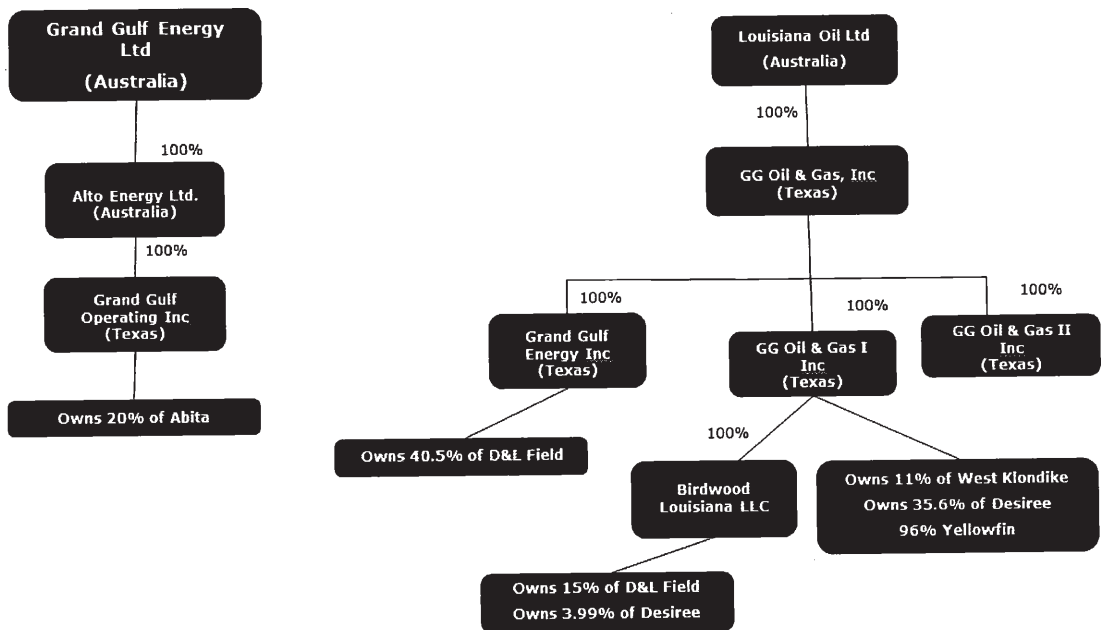
**Net assets**

**19,076,086**

# Grand Gulf Energy - Pre



# Grand Gulf Energy - Post





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## Schedule 5 - Rights attaching to Louisiana Oil Shares

Louisiana Oil Shares proposed to be distributed to Shareholders will not be quoted on ASX and consequently shareholders will not be able to be traded on ASX. Once the shares are registered in the name of the shareholder as a result of the Prospectus being issued by the Company, they may sell or transfer those shares if they can find a buyer.

The following is a summary of the more significant rights and liabilities attaching to Louisiana Oil Shares to be distributed to Shareholders. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders of Louisiana Oil Ltd. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Louisiana Oil Shares are set out in Louisiana Oil Ltd's constitution, a copy of which is available to view at the Company's registered office.

### (a) General Meetings

Louisiana Oil Ltd Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Louisiana Oil Ltd. Shareholders may requisition meetings in accordance with the constitution of Louisiana Oil Ltd.

### (b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Louisiana Oil Shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

### (c) Dividend Rights

The directors of Louisiana Oil Ltd may from time to time declare and pay or credit a dividend. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the share is to the total amount payable in respect of the shares (but any amount paid during the period in respect of which a dividend is declared only entitles the shareholder to an apportioned amount of that dividend as from the date of payment). The directors of Louisiana Oil Ltd may from time to time pay or credit to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the directors of Louisiana Oil Ltd as to the profits of Louisiana Oil Ltd shall be conclusive. No dividend shall carry interest as against Louisiana Oil Ltd.

The directors of Louisiana Oil Ltd may from time to time grant to shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by Louisiana Oil Ltd by subscribing for shares in Louisiana Oil Ltd on such terms and conditions as the directors think fit. The directors of Louisiana Oil Ltd may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any shares of Louisiana Oil Ltd, that holders of such shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of shares credited as fully paid to the extent and on the terms and conditions of the constitution. The directors of Louisiana Oil Ltd may set aside out of the profits of Louisiana Oil Ltd such amounts as they may determine as reserves, to be applied at the discretion of the directors, for any purpose for which the profits of Louisiana Oil Ltd may be properly applied.

(d) Winding-Up

If Louisiana Oil Ltd is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of Louisiana Oil Ltd, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) Transfer of Shares

Generally, shares in Louisiana Oil Ltd are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act.

(f) Future Increase in Capital

The allotment and issue of any new shares is under the control of the directors of Louisiana Oil Ltd. Subject to restrictions on the issue or grant of securities contained in the constitution of Louisiana Oil Ltd and the Australian Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the directors of Louisiana Oil Ltd may issue shares as they shall, in their absolute discretion, determine.

(g) Variation of Rights

Under section 246B of the Corporations Act, Louisiana Oil Ltd may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Louisiana Oil Ltd is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

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## Schedule 6 - Risk Factors

As Louisiana Oil Ltd is in the same industry as the Company, being oil and gas exploration, the risks to the Company's Shareholder, being shareholders of Louisiana Oil Ltd, are similar to the risks of having an investment in the Company.

### Industry specific risks

(a) Hydrocarbon Product Price and Volatility

The demand for, and price of, oil and natural gas is dependent on a variety of factors, including supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

The market price of hydrocarbon products is volatile and cannot be controlled. Oil and gas prices have fluctuated widely in recent years. If the price of hydrocarbons should drop significantly and remain depressed, the economic prospects of the Assets could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may not exist for their sale.

The marketability of hydrocarbons is also affected by numerous other factors beyond the control of Louisiana Oil Ltd, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted.

(b) Resource Exploration and Development Risk

Hydrocarbon exploration by its nature contains elements of significant risk. The success of Louisiana Oil Ltd depends on the discovery and delineation of economically viable energy reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to Louisiana Oil Ltd's exploration and production tenements and obtaining all consents and approvals necessary for the conduct of its exploration and production activities. Whilst indicators in relation to the Assets are positive there is no guarantee that the acreage will be able to produce commercial hydrocarbons.

The value of the Louisiana Oil Shares will likely be affected by the results obtained by company's conducting exploration activities within the Assets. If the results obtained by other companies are positive then this will likely increase the value of the Louisiana Oil Shares. Conversely, if the results obtained by other companies are negative then this will likely decrease the value of the Louisiana Oil Shares.

(c) Commercialisation of Discoveries

It may not always be possible for Louisiana Oil Ltd to participate in the exploitation of successful discoveries made in any areas in which Louisiana Oil Ltd has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as Louisiana Oil Ltd. Such further work may require Louisiana Oil Ltd to meet or commit to financing obligations for which it may not have planned.

(d) Other incidents beyond the control of Louisiana Oil Ltd

The operations of Louisiana Oil Ltd may be disrupted by a variety of risks and hazards which are beyond the control of Louisiana Oil Ltd, including geological conditions, environmental hazards, technical and equipment failures and extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of key personnel, labour, consumables or parts and equipment, fire, explosions and other incidents beyond the control of Louisiana Oil Ltd.

Although Louisiana Oil Ltd believes that it will carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances Louisiana Oil Ltd's insurance may not cover, or be adequate to cover, the consequence of such events. In addition, Louisiana Oil Ltd may be subject to liability for pollution, blow-outs or other hazards against which Louisiana Oil Ltd does not insure or against which it may elect not to insure because of high premium costs or other reasons.

(e) Competition

Louisiana Oil Ltd will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than Louisiana Oil Ltd and, as a result, may be in a better position to compete for future business opportunities. Many of Louisiana Oil Ltd's competitors not only explore for and produce oil and gas, but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that Louisiana Oil Ltd will compete effectively with these companies and other industry participants and thereby be successful in acquiring additional oil and gas properties on reasonable commercial terms. Louisiana Oil Ltd operates in a competitive and dynamic market. Competitors as yet unknown to Louisiana Oil Ltd may emerge from time to time. Access to equipment such as rigs, infrastructure such as pipelines is not guaranteed. Future costs may rise and prices within the existing operating paradigm may fall, which may or may not restrict Louisiana Oil Ltd's ability to compete profitably.

(f) Regulation – General

There are a number of Federal and State policies and regulations that, if changed, may have a material impact on the financial and operational performance of Louisiana Oil Ltd.

The risks relating to these policies and regulations to Louisiana Oil Ltd's business include:

- (i) changes to the nature and extent of the regulation or licensing systems could result in a change in industry structure, which could adversely impact the growth opportunities for and profitability of its business;
- (ii) Federal or State Taxes or Royalty structure, such as a change to the Royalty Rebate Schemes ;
- (iii) changes to the State Government legislation about drilling, fracking, or environmental approvals

In addition, Louisiana Oil Ltd may become subject to other regulations which could increase its regulatory and compliance obligations. Any new regulatory restrictions or changes in government attitudes or policies in relation to any or all of the existing regulatory areas may adversely impact on the financial performance and position, and future prospects of Louisiana Oil Ltd.

(g) Regulation– Exploration and Production

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, Louisiana Oil Ltd is unable to predict the future cost or impact of complying with such laws.

Permits are required in some of the areas in which Louisiana Oil Ltd operates for drilling operations, drilling bonds and the filing of reports concerning operations and they impose other requirements relating to the exploration and production of oil and gas. The Company is required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which impose a substantial rehabilitation obligation on Louisiana Oil Ltd, which may have a material adverse effect on Louisiana Oil Ltd's financial performance.

### **Louisiana Oil Ltd specific risks**

(a) Dispute regarding Desiree Project

As noted in Schedule 1 of this Notice of Meeting, the Company was advised in July 2014 that a previous JV partner in the Desiree Project was suing the Company for a 5.189% 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 January 2016.

However, there are uncertainties in relation to the outcome of any such claim. Any arbitration or litigation, whether or not it is successful, could result in significant expense to the Company and cause a distraction to management and may impact adversely on the Company's operations, financial performance and financial position.

(b) Key Personnel

Louisiana Oil Ltd's business is reliant on the performance and expertise of key personnel, including the Board. There is a risk that Louisiana Oil Ltd may fail to attract, retain or develop key employees or consultants and this would have the effect on the development of the Assets.

(c) Funding Louisiana Oil Ltd

Louisiana Oil Ltd will have adequate working capital to maintain a modest admin staff, technical consultants and Board for approximately 9 months (refer to the use of funds table in Schedule 1). Louisiana Oil Ltd may require a small capital raising in the future to cover ongoing Assets overheads prior to a partnering arrangement being finalised. The ongoing viability of Louisiana Oil Ltd is dependent on the company raising additional funds from farm-out, sale of land, or investors. However, the ability to raise funds may be affected by Louisiana Oil Ltd being an unlisted company.

(d) Liquidity

Louisiana Oil Ltd is an unlisted public company. Accordingly the Louisiana Oil Shares not be listed on the ASX or any other securities exchange. As a result, there is a liquidity risk as there may be a limited market for Louisiana Oil Shares and holders of Louisiana Oil Shares will need to arrange private sales of Louisiana Oil Shares.

In addition, the limited liquidity of the Louisiana Oil Shares may affect Louisiana Oil Ltd's ability to raise funds.

## General Risks

Factors such as inflation, interest rates, levels of tax, taxation law and accounting practices, government legislation or intervention, natural disasters, social upheaval and war may have an impact on prices, operating costs and market conditions generally. Accordingly, Louisiana Oil Ltd's future possible revenue and operations can be affected by these factors, which are beyond the control of Louisiana Oil Ltd.

General movements in local and international stock markets, oil and gas prices and economic conditions could all affect the value of the land held and implied value of Louisiana Oil Ltd's Shares.

(a) Economic Factors

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices and stock market prices. Louisiana Oil Ltd's future possible revenue and share price can be affected by these factors, which are beyond the control of Louisiana Oil Ltd and its directors.

(b) Government Policy Changes

Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of Louisiana Oil Ltd and may affect industry profitability.

(c) Stock Market Conditions

Share market conditions may affect the monetisation of the Louisiana Oil Shares regardless of the operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;

- (ii) movements in, or outlook on, interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity prices;
- (v) changes in investor sentiment towards particular market sectors; and
- (vi) the demand for, and supply of, capital.

The list of risk factors ought not to be taken as exhaustive of the risks faced by Louisiana Oil Ltd or by investors in Louisiana Oil Ltd. Those factors, and others not specifically referred to, may in the future materially affect the financial performance of Louisiana Oil Ltd and the value of the Louisiana Oil Shares. The Louisiana Oil Shares carry no guarantee with respect to the payment of dividends, return of capital or their market value.

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## Schedule 7 - Definitions

In this Explanatory Memorandum, the Notice of Annual General Meeting, Proxy Form and Prospectus:

**\$ or A\$** means Australian Dollars.

**Alto** means Alto Energy Limited (ABN 31 107 772 403)

**Assets** means the Assets described in Part A of Schedule 1.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ATO Rulings** has the meaning given in Section 1.4.

**AWST** means Australian Western Standard Time.

**Company** or **Grand Gulf** means Grand Gulf Energy Limited (ABN 22 073 653 175).

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Demerger** has the meaning given in Section 1.1.

**Directors** mean the directors of the Company.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**GG** means GG Oil & Gas, INC., a Texas corporation.

**GG1** means GG Oil & Gas 1, INC., a Texas corporation.

**GGE** means Grand Gulf Energy INC., a Texas corporation.

**GG Shares** means 100% of the fully paid ordinary shares in GG.

**GGE Shares** means 100% of the fully paid ordinary shares in GGE.

**GGO** means Grand Gulf Operating, INC., a Texas corporation.

**Grand Gulf Option** means an Option exercisable at 1.4 cents on or before 30 November 2018.

**Listing Rules** means the official listing rules of ASX.

**Louisiana Oil Ltd** means Louisiana Oil Ltd (ACN 609 185 579).

**Louisiana Oil Directors** means the directors of Louisiana Oil.

**Louisiana Oil Option** means an option to acquire a Louisiana Oil Ltd Share.

**Louisiana Oil Share** means a fully paid ordinary share in the capital of Louisiana Oil Ltd.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice of Meeting** or **Notice** means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option to acquire a Share.

**Overseas Shareholder** means an Eligible Shareholder with a registered address outside of Australia on the Record Date.

**Prospectus** has the meaning given in Section 3.21.

**Proxy Form** means the proxy form attached to this Notice.

**Record Date** means the record date for the In-specie Distribution as set out in the timetable in Section 3.2.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Restructure Agreement** means the restructure agreement dated 16 November 2015 between, the Company, Alto, Louisiana Oil Ltd, GGO, GG1, GGE and GG.

**Section** means a section of the Explanatory Statement.

**Security** means a Share or Option.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.



**PROXY FORM**

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**

**GENERAL MEETING**

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10:00am (AWST), on January 11, 2016 at Level 7, 1008 Hay Street, Perth WA 6000, and at any adjournment thereof.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

<b>Voting on business of the Meeting</b>		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Authorise Disposal Assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Equal Reduction of Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:** YES  NO

## Instructions for completing Proxy Form

1. **(Voting by proxy):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
3. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

4. **(Signing instructions):**

- **(Individual):** Where the holding is in one name, the Shareholder must sign.
- **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
- **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

5. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

6. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Grand Gulf Energy Limited, PO Box 7209 Cloisters Square WA 6850 or
- (b) facsimile to the Company on facsimile number +61 8 9389 2099; or
- (c) email to the Company at [info@grandgulf.net](mailto:info@grandgulf.net),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

# **GRAND GULF ENERGY LIMITED**

## **ACN 073 653 175**

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### **SHORT FORM PROSPECTUS**

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**For an offer to transfer 74,779,888 Louisiana Oil Shares to Company Shareholders of Grand Gulf Energy Limited pursuant to a Capital Reduction by way of In Specie Distribution contained in the Capital Reduction Resolution in the Notice of Meeting dated 2 December 2015 and to facilitate secondary trading of those shares.**

#### **IMPORTANT NOTICE**

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with Section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Company Directors consider an investment in the Louisiana Oil Shares that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

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# 1. Important Notes

## 1.1 General

This Prospectus is dated 2 December 2015 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No Louisiana Oil Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately. The Louisiana Oil Shares the subject of this Prospectus should be considered speculative.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

The Offer to New Zealand Company Shareholders is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made. There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

As Louisiana Oil is an unlisted public company, the Louisiana Oil Shares will not be listed on the ASX or any other securities exchange.

Defined terms and abbreviations used in this Prospectus are defined in Section 7.

## **1.2 Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 2 December 2015. This Prospectus is issued pursuant to section 710 of the Corporations Act.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of Louisiana Oil Shares under this Prospectus and contains information that will provide investors and their professional advisers to assist them in making an informed assessment of:
  - (i) the rights and liabilities attaching to the Louisiana Oil Shares; and
  - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of Louisiana Oil;
- (b) refers investors and their professional advisers to this Prospectus which summarises the information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- (c) informs investors and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the Offer Period; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to investors and their professional advisers or analysts.

## **1.3 Forward looking statements**

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward looking statements or information.

Whilst the Company considers the expectations reflected in any forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Schedule 6 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to Louisiana Oil, may cause actual events to be materially different from those expressed, implied or projected in any forward looking statements or information. Any forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

#### **1.4 Website – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.grandgulfenergy.com](http://www.grandgulfenergy.com). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in Louisiana, you must be an Australian resident and must only access this Prospectus from within Australia.

#### **1.5 Competent Persons Statement**

The petroleum reserve, contingent resource or prospective resource estimates outlined in this document are based on, and fairly represent, information and supporting documentation prepared by Kevin Kenning, a qualified petroleum reserves and resources evaluator. Kevin Kenning is a Senior Petroleum Engineer, who is a consultant of the Company, holds a Bachelor of Science degree in Petroleum Engineering with over 35 years of relevant experience and is a member of the Society of Petroleum Engineers in the State of Texas. Kevin Kenning consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information in this report has been reviewed and signed off by Mr Kevin Kenning (Registered Reservoir Engineer) with over 35 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.



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## 2. The Offer

### 2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Capital Reduction Resolution of the Notice of Meeting is as follows:

*“That, subject to and condition upon the passing of Resolution 1, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce the share capital of the Company by the Company making a pro rata in specie distribution of 74,799,888 Louisiana Oil Shares to Eligible Shareholders on the basis of 1 Louisiana Oil Share for every 10 Shares held by Shareholders on the Record Date (with fractional entitlements to be rounded down to the nearest whole Louisiana Oil Share), with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Louisiana Oil shareholder and being bound by its constitution, on the terms and conditions set out in the Explanatory Memorandum”.*

Pursuant to the Capital Reduction Resolution, the Company is inviting Company Shareholders to vote on a reduction of capital by way of an In Specie Distribution of 74,799,888 Louisiana Oil Shares to Company Shareholders on a pro rata basis. This represents one Louisiana Oil Share for every 10 Company Shares held by Company Shareholders on the Record Date (rounded down to the nearest whole Louisiana Oil Share).

The In Specie Distribution will only proceed if:

- (a) Resolution 1 of the Notice of Meeting is passed, which seeks Company Shareholder approval for the Company to dispose of its interests in the Assets pursuant to the Restructure Agreement;
- (b) the Capital Reduction Resolution is passed by Company Shareholders; and
- (c) the Company obtains rulings from the Australian Taxation Office as follows:
  - (i) a Class Ruling confirming that the Demerger does not create any Australian taxable event for Company Shareholders and Company Option holders and that the appropriate cost base split is recognised; and
  - (ii) a Private Binding Ruling confirming that there is no taxable event for the Company at the point of transfer of the Louisiana Oil Shares,

(together the **ATO Rulings**).

Based on ASIC Regulatory Guide 188, the invitation to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer to transfer the Louisiana Oil Shares for the purposes of Section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Distribution of Louisiana Oil Shares to any Company Shareholder with a registered address outside Australia and New Zealand (**Overseas Shareholder**) under the Capital Reduction Resolution will be subject to the legal and regulatory requirements in the relevant jurisdictions of those Company Shareholders. At the date of this Prospectus, the Company

has five Overseas Shareholders and it will seek to resolve the jurisdictional implications with those Company Shareholders directly.

If the Company is unable to resolve the legal implications of the Demerger with the current Overseas Shareholder, or if the Company acquires new Overseas Shareholders prior to the Record Date, the Louisiana Oil Shares to which the relevant Overseas Shareholders would otherwise be entitled will be sold by the Company on behalf of those Company Shareholders as soon as practicable after the Record Date. The Company will then account to the relevant Company Shareholders for the net proceeds of the sale after deducting the costs and expenses of the sale.

The Company notes that pursuant to the Demerger, the Company will also offer up to 2,700,000 Louisiana Oil Options to the Company Option holders (refer to Section 1.3(b)(v) of the Notice of Meeting for further details). These Louisiana Oil Options are not being offered pursuant to this Prospectus as the offer of these Louisiana Oil Options can be made without disclosure to the Company Option holders under Chapter 6D of the Corporations Act.

## **2.2 Effect of the Offer on the Company**

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own approximately 74,799,888 Louisiana Oil Shares (being the one Louisiana Oil Share that it currently holds and the 74,799,887 Louisiana Oil Shares to be issued to it under the Restructure Agreement);
- (b) the Company's share capital and total and net assets being reduced by approximately \$19.1 million. This figure will vary slightly depending on the fair market value of the assets of GGE and GG, being the amount of the loan between the Company and GGE and GG capitalised at the date of the In Specie Distribution as contemplated in the Restructure Agreement (refer to Section 3.5 of the Notice of Meeting for further details). The Company Directors will notify Company Shareholders of the actual reduction in due course; and
- (c) Company Shareholders that are registered on the Record Date will receive one Louisiana Oil Share for every 10 Company Shares held.

## **2.3 Effect of the Offer on Louisiana Oil**

The effect of the Offer on Louisiana Oil will be that the entire issued capital of Louisiana Oil (74,799,888 Louisiana Oil Shares) will no longer be held by a sole shareholder and instead will be held by Company Shareholders that are registered on the Record Date of the Demerger.

## **2.4 Action required by Company Shareholders**

No action is required by Company Shareholders under this Prospectus.

Should Company Shareholder approval be obtained for the In Specie Distribution, the Louisiana Oil Shares will be transferred to Company Shareholders in accordance with the terms set out in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from the requirement in ASIC Class Order [CO 07/10] so that the application form is not required to be included in this Prospectus. If the Capital Reduction Resolution is

passed, the Company will sign the share transfer forms for the transfer of the Louisiana Oil Shares to Company Shareholders on behalf of Company Shareholders. Company Shareholders will receive a holding statement for the Louisiana Oil Shares to which they are entitled.

If you have any queries regarding this Prospectus, please contact the Company Secretary on (08) 9389 2000.

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### **3. Information deemed to be incorporated in this Prospectus**

#### **3.1 Short Form Prospectus**

This Prospectus is a short form prospectus issued in accordance with Section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, however it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Company Shareholders require in relation to the Demerger and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 3.2 of this Prospectus and will primarily be of interest to Company Shareholders and their professional advisers.

A copy of the Notice of Meeting has been sent to Company Shareholders with this Prospectus. However, Company Shareholders and their professional advisers may also obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours.

#### **3.2 Summary of material provisions of Notice of Meeting**

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to Sections and Schedules (respectively) in the Notice of Meeting:

(a) **Section 1.1 – Background to the Demerger**

This Section provides an overview of the Demerger including information on GG and GGE and their interest in the Assets, which are to be acquired by Louisiana Oil from the Company under the Restructure Agreement.

(b) **Section 1.2 and Schedules 1, 2 and 3 – Proposed Assets of Louisiana Oil**

This Section and these Schedules give a description of the Assets which are the assets that Louisiana Oil is acquiring under the Restructure Agreement, including a technical summary of the Assets and a summary of the license commitments and Joint Operating Agreements.

Part B of Schedule 1 gives an overview of the assets that will be retained by the Company following the Demerger.

(c) **Section 1.3 – Summary of the Restructure Agreement**

This Section provides a summary of the Restructure Agreement. The Company, Alto Energy, GGE, GG, GG1, GGO and Louisiana Oil have agreed that, subject to, and immediately following, Company Shareholder approval of the resolutions in the Notice of Meeting and the ATO Rulings being obtained:

- (i) the Company and Alto Energy will capitalise that amount of the loans from the Company to GG and GGE in excess of \$19,076,084 at the date of completion into fully paid ordinary shares in GG and GGE;
- (ii) the Company and Alto Energy will sell, Louisiana Oil (or its subsidiaries) will acquire all of the shares in GGE and GG for the issue of 74,799,887 Louisiana Oil Shares;
- (iii) GG will assign and transfer its interests in the Abita Project to Grand Gulf Operating, INC.;
- (iv) the Louisiana Oil Shares will be distributed directly to the Company Shareholders; and
- (v) Louisiana Oil will offer Louisiana Oil Options to the Company Option holders.

Additionally, the Company will seek the ATO Rulings.

(d) **Section 1.4 – ATO Rulings**

This Section describes the ATO Rulings that the Company will seek. The Company obtaining the ATO Rulings is a condition of the Demerger occurring.

(e) **Section 1.5 – Louisiana Oil**

This Section provides information about Louisiana Oil, The company that the Company is proposing to distribute shares in.

(f) **Section 1.6 – Advantages and disadvantages of the Demerger**

This Section outlines the principal advantages and disadvantages to Company Shareholders of the Demerger.

(g) **Section 1.7 - Future of the Company following completion of the Demerger**

This Section clarifies the Company's anticipated future plans (assuming the Demerger is completed).

(h) **Section 1.8 - Future of the Company if the Demerger is not approved**

This Section clarifies the Company's anticipated future plans (assuming the Demerger is not completed). The Company will retain its interest in the Assets and will limit operational activity of the Assets, whilst looking for alternative opportunities.

(i) **Section 1.9 - Future of Louisiana Oil if the Demerger is approved**

This Section clarifies the Louisiana Oil's anticipated future plans (assuming the Demerger is completed). Louisiana Oil will continue to operate the Assets on a low

cost budget and distribute the proceeds to shareholders via unfranked dividends or capital redemptions.

(j) **Section 1.10 – Company Directors’ Interests and Recommendations**

This Section sets out the Company Directors’ interests in the resolutions of the Notice of Meeting and includes a recommendation from the Company Directors that Company Shareholders vote in favour of the Demerger including the Capital Reduction Resolution. This Section also sets out the reasons why the Company Directors unanimously recommend that Company Shareholders vote in favour of the Demerger.

(k) **Section 3.1 – General (overview of the Demerger)**

This Section provides a brief overview of the Demerger including the expected number of Louisiana Oil Shares to be received by Company Shareholders for every Company Share held. Based on the current issued capital of the Company of 747,998,870 Shares, Company Shareholders will receive one Louisiana Oil Share for every 10 Company Shares held on the Record Date (rounded down to the nearest whole Louisiana Oil Share).

(l) **Section 3.2 – Timetable**

This Section sets out the indicative timetable for the In Specie Distribution.

(m) **Section 3.3 – Louisiana Oil Shares not listed**

This Section includes a statement that the Louisiana Oil Shares will not be listed on the ASX or any other securities exchange.

(n) **Section 3.4 – Requirements under section 256B and section 256C of the Corporations Act**

This Section includes a statement that the Company Directors believe that the Capital Reduction is fair and reasonable to Company Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(o) **Section 3.5 – The effect of the proposed equal reduction of capital on the Company**

This Section states that if the Demerger is completed the share capital and net assets of the Company will be reduced by approximately \$19.1 million. This figure will vary slightly depending on the fair market value of the Assets (refer to Section 1.3 of the Notice of Meeting for further details).

(p) **Section 3.6 – The effect of the proposed equal reduction of capital on Company Shareholders**

This Section outlines the effect of the proposed capital reduction on Company Shareholders which is that Company Shareholders registered on the Record Date will receive a pro rata distribution in specie of Louisiana Oil Shares.

(q) **Section 3.7 – The effect of the proposed equal reduction of capital on Company Option holders**

This Section outlines the effect of the proposed capital reduction on Company Option holders which is that in accordance with Listing Rule 7.22.3, the number of Company Options on issue following the Demerger will remain the same, but the exercise price of each Company Option will be reduced to nil.

(r) **Sections 3.8 and 3.9 – Capital structures of the Company and Louisiana Oil**

These Sections provide the capital structure of the Company and Louisiana Oil at the date of the Notice of Meeting and a pro forma capital structure of the Company and Louisiana Oil upon completion of the In Specie Distribution.

(s) **Section 3.10 – Overseas Company Shareholders**

This Section sets out the rights and restrictions of overseas Company Shareholders in relation to the Demerger and associated In Specie Distribution.

(t) **Section 3.11 – Board of Louisiana Oil**

This Section provides information about the Louisiana Oil Directors.

(u) **Section 3.12 – Grand Gulf Energy Directors’ Interests**

This Section details the number of securities in the Company which the Company Directors have an interest in prior to the Demerger and the number of Louisiana Oil Shares and Louisiana Oil Options they are likely to receive if the Demerger is completed.

(v) **Section 3.13 – Directors’ Remuneration**

This Section sets out a table showing the remuneration provided to the Company Directors during the last two financial years prior to the date of the Notice of Meeting. This Section also sets out the proposed remuneration of the Louisiana Oil Directors and Company Directors moving forward.

(w) **Section 3.14 and Schedule 5– Rights attaching to Louisiana Oil Shares**

This Section and Schedule contain a summary of the more significant rights and liabilities attaching to Louisiana Oil Shares.

(x) **Section 3.15 and Schedule 6 – Risk factors**

This Section and Schedule list a number of specific and general risks that may have a material effect on the financial position and performance of Louisiana Oil and the value of its shares.

(y) **Section 3.16 – Taxation**

This Section outlines a general summary of the potential Australian tax consequences relating to the Demerger to Company Shareholders.

The summary is general in nature and Company Shareholders should obtain and rely on their own taxation advice in relation to the In Specie Distribution. To the maximum extent permitted by law, the Company, its officers and each of their

respective advisors accept no liability and responsibility with respect to the taxation consequences for Company Shareholders.

(z) **Schedule 4 – Financial Information**

This Schedule includes a pro-forma balance sheet of the Company's unaudited balance sheet as at 30 September 2015 as a result of the Demerger, which includes the In Specie Distribution, and Louisiana Oil's unaudited consolidated balance sheet post Demerger (assuming the Demerger is completed).

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## **4. Additional Information**

### **4.1 Interests of Louisiana Oil Directors**

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no Louisiana Oil Director or proposed Louisiana Oil Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
  - (i) the formation or promotion of Louisiana Oil;
  - (ii) property acquired or proposed to be acquired by Louisiana Oil in connection with its formation or promotion or the Offer; or
  - (iii) the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Louisiana Oil Director or proposed Louisiana Oil Director, either to induce him to become, or to qualify, as a Louisiana Oil Director or otherwise for services rendered by them in connection with the formation or promotion of Louisiana Oil or the Offer.

### **4.2 Interests of Advisors**

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of Louisiana Oil or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of Louisiana Oil;
- (b) any property acquired or proposed to be acquired by Louisiana Oil in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services rendered in connection with the formation or promotion of Louisiana Oil or the Offer.

Steinepreis Paganin (**SP**) has acted as the Australian solicitors to the Company in relation to the Offer providing general advice to the Company and assisting in the preparation of this Prospectus and the Notice of Meeting. The Company estimates it will pay SP approximately

\$20,000 (excluding GST and disbursements) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, SP has received approximately \$2,600 (excluding GST and disbursements) for legal services provided to the Company.

#### 4.3 Substantial Louisiana Oil Shareholders

As at the date of this Prospectus, the Company holds the one Louisiana Oil Share on issue.

On completion of the In Specie Distribution the substantial Louisiana Oil Shareholders (being the Louisiana Oil Shareholders with a voting power in 5% or more of the Louisiana Oil Shares on issue) will be as set out below:

Name of Louisiana Oil Shareholder	Number of Louisiana Oil Shares in which the Louisiana Oil Shareholder has a relevant interest	Percentage interest
Mr Craig Burton (consolidated)	18,606,000	24.87%
Mr Charles Morgan	16,085,549	21.5%

#### 4.4 Litigation

To the knowledge of the Company Directors, as at the date of this Prospectus, Louisiana Oil is not involved in any legal proceedings, and the Company Directors are not aware of any legal proceedings pending or threatened against Louisiana Oil.

#### 4.5 Dividend policy

The Company expects Louisiana Oil to declare dividends in the near future as its focus will primarily be on reducing costs and generating cash reserves for distribution to shareholders.

Any future determination as to the payment of dividends by Louisiana Oil will be at the discretion of the Louisiana Oil Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of Louisiana Oil, future capital requirements and general business and other factors considered relevant by the Louisiana Oil Directors. No assurances can be given by the Company Directors in relation to the payment of dividends by Louisiana Oil or that franking credits may attach to any dividends.

#### 4.6 Forecast financial information

Given the nature of the Louisiana Oil business and the fact that the majority of production is generated from the company's interest in one field (Desiree Field) there are significant uncertainties associated with forecasting future revenues and expenses of Louisiana Oil. In light of uncertainty as to continued reliability of income and the general nature of the industry in which Louisiana Oil will operate, as well as uncertain macro market and economic conditions in Louisiana Oil's markets, Louisiana Oil's performance in any future period cannot be reliably estimated. On this basis and after considering Regulatory Guide 170, the Company Directors believe that reliable financial forecasts for Louisiana Oil cannot be prepared and accordingly have not included financial forecasts in this Prospectus.



#### 4.7 Exposure period

The Corporations Act prohibits the Company from transferring the Louisiana Oil Shares in the seven day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the Louisiana Oil Shares. Given the General Meeting will be held on 11 January 2016 and the In Specie Distribution will occur sometime after that date, the exposure period will be expired by the time the In Specie Distribution occurs.

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## 5. Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section;
- (b) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (c) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this Section.

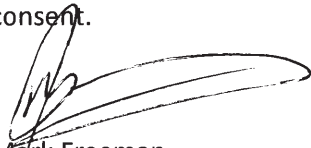
SP has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as Australian solicitors to the Company in relation to the Offer in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

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## 6. Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Company Directors.

In accordance with Section 720 of the Corporations Act, each Company Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.



Mark Freeman  
Managing Director

For and on behalf of Grand Gulf Energy Limited

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## 7. Definitions

**Alto Energy** means Alto Energy Limited (ACN 107 772 403).

**ASIC** means Australian Securities and Investments Commission.

**Assets** means the assets described in Part A of Schedule 1 of the Notice of Meeting.

**ASX** means Australian Stock Exchange Limited (ACN 008 624 691).

**ASX Listing Rules** means the official Listing Rules of the ASX.

**ATO Rulings** has the meaning given in Section 2.1(c) of this Prospectus.

**Board** means the board of Company Directors unless the context indicates otherwise.

**Capital Reduction** means the equal reduction of capital of the Company proposed to be satisfied by the In Specie Distribution and transfer to Eligible Shareholders (in proportion to their holdings of Company Shares) of Louisiana Oil Shares held by the Company.

**Capital Reduction Resolution** means Resolution 2 of the Notice of Meeting to be put to Company Shareholders at the General Meeting to approve the Capital Reduction.

**Company** or **Grand Gulf** means Grand Gulf Energy Limited (ACN 073 653 175).

**Company Directors** means the directors of the Company.

**Company Option** means an option to acquire a Company Share.

**Company Share** means a fully paid ordinary share in the capital of the Company.

**Company Shareholder** means a holder of Company Shares.

**Constitution** means the Company's constitution as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001(Cth).

**Demerger** means the demerger of the Assets as contemplated by the Capital Reduction Resolution and summarised in Section 3.1 of the Explanatory Memorandum.

**Eligible Shareholder** means a holder of Company Shares as at the Record Date.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice of Meeting.

**General Meeting** or **Meeting** means the meeting convened by the Notice of Meeting.

**GG** means GG Oil & Gas INC, a Texas Corporation.

**GG1** means GG Oil & Gas 1, INC, a Texas Corporation.

**GGE** means Grand Gulf Energy, INC, a Texas Corporation.

**GGO** means Grand Gulf Operating INC, a Texas Corporation.

**In Specie Distribution** means, as part of the transaction contemplated by the Restructure Agreement, the Capital Reduction by way of in specie distribution of Louisiana Oil Shares to Company Shareholders for which approval is being sought pursuant to the Capital Reduction Resolution of the Notice of Meeting.

**Louisiana Oil** means Louisiana Oil Ltd (ACN 609 185 579).

**Louisiana Oil Constitution** means Louisiana Oil's constitution as at the date of this Prospectus.

**Louisiana Oil Directors** means the directors of Louisiana Oil.

**Louisiana Oil Option** means an option to acquire a Louisiana Oil Share.

**Louisiana Oil Share** means a fully paid ordinary share in the capital of Louisiana Oil.

**Louisiana Oil Shareholder** means a holder of a Louisiana Oil Share.

**Notice of Meeting** means the Notice of General Meeting of the Company dated 2 December 2015 in which the Capital Reduction Resolution is to be considered.

**Offer** means the offer of Louisiana Oil Shares pursuant to this Prospectus.

**Prospectus** means this short form prospectus prepared in accordance with Section 712 of the Corporations Act and dated 2 December 2015.

**Record Date** means date for determining Eligible Shareholders in respect of the Offer as specified in the timetable set out in Section 3.2 of the Notice of Meeting (unless extended).

**Restructure Agreement** means the restructure agreement dated 16 November 2015 between the Company, Louisiana Oil, Alto Energy, GG, GGE, GG1 and GGO.

**Schedule** means a schedule of the Notice of Meeting

**Section** means a section of this Prospectus, the Notice of Meeting or the Corporations Act, as the context requires.