



16 May 2016

MARKET UPDATE ON DESIREE LITIGATION

Grand Gulf is pleased to announce that in relation to a disputed 5.3% working interest in the Desiree Field and associated leases the arbitrator has denied the claim.

The Company is pleased with the result and this removes significant doubt over the Company's full ownership interest of 39.6% in the Desiree Field.

The Desiree Field has produced over 372,000 barrels of oil from the Hensarling #1 well since production commenced in July 2013.

The well is continuing to produce from the Cris R III at an average of over 245 barrels per day of oil and ~30 bbls per day of water from an 18/64 inch choke.

Following depletion or water production becoming excessive, the well will then switch to the thinner Cris R II (31ft pay) formation.

The downdip well, Simoneaux #2 produced significant water during its productive life. The Templet #1 well is owned by the JV for water disposal purposes; providing a significant economic advantage for the JV to dispose of water effectively.

The remaining proved reserves are estimated at 197,000 barrels net to the Company with proved and probable reserves being 382,000 barrels of oil at 31 March 2016.

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For more information visit www.grandgulfenergy.com and sign up for email news.

About Grand Gulf Energy: Grand Gulf is an ASX listed US based oil and gas exploration and production company with management in Houston and assets in Louisiana.

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