

Quarterly Report

For Quarter ending 30 June 2016



HIGHLIGHTS

| Cash Flow Analysis | Annual |
|------------------------|---------|
| | \$AUD M |
| Production Sales | 5.2 |
| Production Costs * | (1.71) |
| Operating Costs | (0.70) |
| Net Operating Proceeds | 2.2 |

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

- The Company has seen an increase in Oil and Gas activity in the US and is actively marketing the Napoleonville seismic with a view to attracting a new partner who will fund future exploration activity.
- The Company confirms that it will no longer be working towards a demerger of its oil assets.
- Desiree Production (39.6% WI) - produced a total of 19,483 bbls of oil during the June quarter. The well is presently producing at an average rate of 240 bbl/d.
- Dugas & Leblanc #3 (55.5% WI) - produced a total of 6,464 bbls of oil during the June quarter. The well is presently producing at an average rate of 72 bbl/d.
- West Klondike (11.7% WI) - The well is awaiting recompletion in the Lorio.
- Abita (20% WI) - The SL 19706 #1 well produced a total of 601 bbls of oil and 71,922 mcf from the 17 Sand during the June quarter. As production from this interval has commenced a steep decline, the operator is expected to move to perforate the overlying 15 Sand in the near future.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

| | | | |
|------------------|------------|------------------|------------|
| ASX Codes | GGE | Shares | 748m |
| Share Price | 0.6 | Mkt Cap | \$4.5m |
| Quarterly Rev | \$639,000 | Prod. Wells | 4 |
| Cash @ 31/3 | \$3.2m | Net payables | \$13,000 |
| Net Prod oil qtr | 10,516 bbl | Net Prod gas qtr | 14,384 mcf |
| P1 Reserves Oil | 168,000 | P1 Reserves Gas | 301 mmcf |
| P1 & P2 Oil | 230,000 | P1 & P2 Gas | 301 mmcf |

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Directors
Executive Chairman
Mr Charles Morgan

Managing Director
Mr Mark Freeman

Executive Director
Mr Allan Boss

Director
Mr Stephen Keenihan

Energy Prices
LLS US\$43.60 (BBL)
Nymex US\$2.86 (MMBTU)

Major Shareholders
Charles Morgan 21.5%
Craig Burton 24.9%





COMPANY UPDATE

The Company has been very encouraged by renewed interest in USA conventional oil and gas projects following the oil price recovery from \$28.50 per barrel in January 2016 to over \$50.00 per barrel in June. A number of US oil companies have expressed interest in farming into the Napoleonville project.

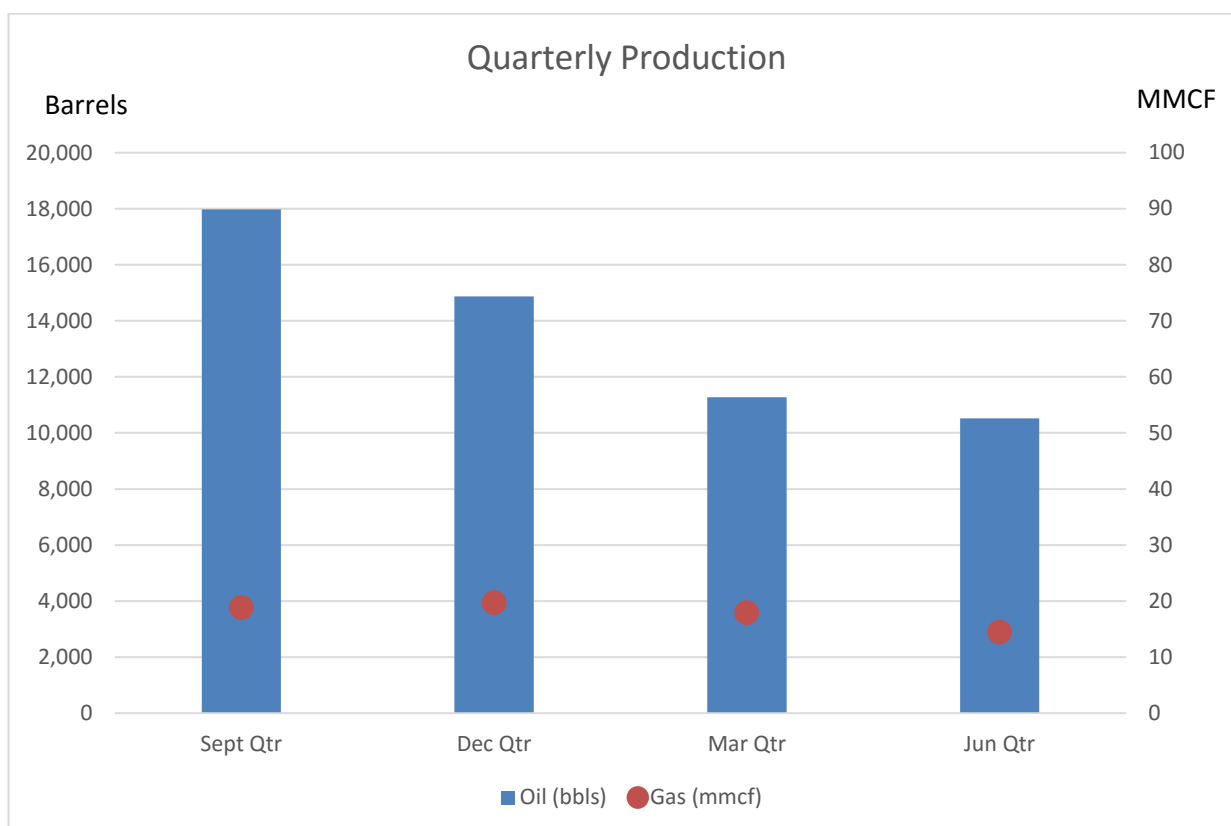
In addition, the number of producing properties in the USA coming to the market with PDP and PDNP reserves has increased significantly and the Company is assessing these opportunities with a view to increasing its production and reserves.

Ongoing cost cutting has enabled the Company to remain cash flow positive.

The Company confirms that it will no longer be working towards a demerger of its oil assets. Following the adverse advice by the ATO, the Company assessed alternative methods of completing the demerger however the risks to the Company and shareholders were deemed not to be in their best interests.

PRODUCTION AND DEVELOPMENT

| | Sept Qtr | Dec Qtr | Mar Qtr | Jun Qtr |
|------------|----------|---------|---------|---------|
| Oil (bbls) | 17,982 | 14,872 | 11,278 | 10,516 |
| Gas (mcf) | 18,796 | 19,654 | 17,868 | 14,384 |
| % Oil Equ. | 96% | 95% | 94% | 94% |





PRODUCTION

| 2016 Reserves and Resources Summary | | | | | | | | |
|---|------------------|------------------|--------------|------------------------------------|------------------------|-----------------------|------------------------------------|------------|
| Reserves and Resources as at 30 June 2016 | | | | | | | | |
| Net to Grand Gulf Energy Ltd | | | | | | | | |
| FILED (LICENCE) | NET REV INTEREST | Proved(1P) | | | | PROVED & PROBABLE(2P) | | |
| | | LIQUIDS MBBL | GAS MMCF | OIL EQUIVALENT ⁽¹⁾ MBOE | LIQUIDS MBBL | GAS MMCF | OIL EQUIVALENT ⁽¹⁾ MBOE | |
| Reserves | | | | | | | | |
| USA | | | | | | | | |
| Dugas & Leblanc #3 | 43.20% | 14 | 235 | 53 | 19 | 235 | 53 | |
| Desiree | 30.96% | 154 | - | 154 | 202 | - | 202 | |
| West Klondike | 8.53% | - | - | 0 | 8 | - | 8 | |
| Abita | 15% | 1 | 66 | 12 | 1 | 66 | 12 | |
| Total Reserves | | 168 | 301 | 219 | 230 | 301 | 275 | |
| Contingent Resources | | | | | | | | |
| | | High Estimate 1C | | | Mid to Low Estimate 2C | | | |
| Reserves | | | | | | | | |
| USA | | | | | | | | |
| Dugas & Leblanc #3 | 43.20% | | 648 | | | 216 | | 36 |
| Desiree | 30.96% | | | | | | | |
| West Klondike | 8.53% | 40 | 1,214 | 242 | 13 | 405 | | 81 |
| Abita | 15% | | | | | | | |
| Total Contingent Resources | | 40 | 1,862 | 242 | 13 | 621 | | 117 |
| Total Reserves and Resources | | 208 | 2,163 | 461 | 243 | 922 | | 392 |

(1) Oil equivalent conversion factor: 6MSCF per BBL.

Competent Persons Statement

The information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer) with over 33 years relevant experience within oil and gas sector. This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Desiree Field

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

The Hensarling #1 well (Desiree Field) continues to produce at over 250 barrels of oil per day with total production for the quarter being 19,483 barrels. Water production since March has increased to around 130 bbls per day.

The well has produced over 386,000 barrels of oil. The downdip well, Simoneaux #2 produced significant water during its productive life. The remaining proved reserves are estimated at 189,000 barrels net to the Company with proved and probable reserves being 383,000 barrels of oil at 30 June 2016.

Desiree Litigation

The ongoing litigation, over a disputed 5.3% working interest in Desiree, was undertaken in January 2016 and the judgment found in favour of the Company. In addition, the judge ruled that legal fees of \$100,000 were to be reimbursed to the Company. This removes a significant burden and uncertainty over the Company's interest in Desiree.



Dugas & Leblanc Field

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

The D&L#3 well (Dugas & Leblanc Field) continues to produce at over 70 barrels of oil per day with total production for the quarter being 6,464 barrels.

The well has produced over 243,500 barrels of oil and 0.5 BCF gas. The remaining proved reserves are estimated at 17,000 barrels and 306 mmcf net to the Company.

Abita

Abita, 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 produced from the 17 sand a total of 601 bbl of oil and 72,922 mcf gas over the quarter. In July the well started to decline significantly and it is anticipated that the Operator will propose to re-complete the well in the 15 sand in due course.

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 after recompletion commenced production on 2 November 2015. The operator attempted perforated the production casing to the Lorio interval but the well did not flow. The JV believes the wellbore surface in the Lorio whilst being exposed to drilling mud has clogged the perforations. The Operator has recently provided a revised AFE to re-perforate the Lorio. The operator is expected to be completed in the coming weeks.

The Lorio Sand has produced over 4 Million barrels of oil from the adjacent field (“Klondike”) and represents the greatest value of this well with a high estimate of oil at 500,000 barrels (gross). It is also noted that when the Lorio was initially perforated during the testing phase the well flowed oil to surface with no assistance.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 31 March 2016 as required by ASX Listing Rule 5.3.

| Project | Location | Lease | Interest at Beginning of the Quarter | Interest at the end of the Quarter |
|-----------------|------------------------------|-------------------------|--------------------------------------|------------------------------------|
| Abita | Plaquemines Parish | 16990 | 20% | 20% |
| Abita | Plaquemines Parish | 16991 | 20% | 20% |
| Abita | Plaquemines Parish | 16992 | 20% | 20% |
| Abita | Plaquemines Parish | 16993 | 20% | 20% |
| Dugas & Leblanc | Assumption Parish, Louisiana | CL-0110 | 55.8% | 55.8% |
| Desiree/Louise | Assumption Parish, Louisiana | CL-0130 | 39.6/22.0% | 39.6/22.0% |
| Desiree | Assumption Parish, Louisiana | 12S14E52-031A (CL-0131) | 39.6% | 39.6% |
| Desiree | Assumption Parish, Louisiana | 12S14E52-031B (CL-0131) | 39.6% | 39.6% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-001 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-003 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-005 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-006 | 39.6/22.0% | 39.6/22.0% |
| Desiree | Assumption Parish, Louisiana | 12S14E52-008 | 39.6% | 39.6% |

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| Project | Location | Lease | Interest at Beginning of the Quarter | Interest at the end of the Quarter |
|----------------|------------------------------|----------------------------------|--------------------------------------|------------------------------------|
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-009 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-011 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-013 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-014 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-015 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-016 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-019 | 39.6/22.0% | 39.6/22.0% |
| Desiree | Assumption Parish, Louisiana | 12S14E52-020 | 39.6% | 39.6% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-022A | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-022B | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-012 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-002 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-018 | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-021A | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-021B | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-024 | 39.6/22.0% | 39.6/22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E52-025 | 39.6% | 39.6% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-026 | 39.6/22.0% | 39.6/22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E52-028 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-001 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-002A | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-002B | 22.0% | 22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-002C | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-002D | 39.6/22.0% | 39.6/22.0% |
| Desiree/Louise | Assumption Parish, Louisiana | 12S14E52-002E | 39.6/22.0% | 39.6/22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-003 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-004 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-005 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-006 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E53-007 | 22.0% | 22.0% |
| Desiree | Assumption Parish, Louisiana | 12S14E52-032 (CL-0068 & 0106) | 39.6% | 39.6% |
| Louise | Assumption Parish, Louisiana | 12S14E52-029 | 22.0% | 22.0% |
| Louise | Assumption Parish, Louisiana | 12S14E52-030 | 22.0% | 22.0% |
| West Klondike | Iberville Parish, Louisiana | WK#1A | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#1B | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#1C | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#2 | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#3A | 11.7% | 11.7% |
| West Klondike | Iberville Parish, Louisiana | WK#3B | 11.7% | 11.7% |

