



6 January 2017

Pleasant Home 31-11 well update 1

- **Workover Program for the 31-11 well commenced on 28/11/16.**
- **The RST logging has been completed and indicates the primary zone of interest, between 9,849-9,863 ft, to contain untapped oil. Oil shows were also encountered in this interval.**
- **Well is presently being prepared so that the oil zone can be perforated and tested next week.**
- **GGE acquired the right to earn a 50% WI in Pleasant Home Field in Alabama, USA in October 2016.**

Pleasant Home Recompletion Program 31-11 Well Update

Grand Gulf (the "Company" or "GGE") is pleased to advise that the Reservoir Saturation Tool (RST) has confirmed the presence of untapped oil in the 9850 Hosston Sand in the 31-11 well. The logs indicate oil bearing reservoir sands between 9,849-9,863ft (refer Hosston Sand structure map below). This interval has the potential to recover up to 100,000 barrels of net oil at flow rates of up to 100 bbls oil per day.

The RST log also confirmed multiple, thinner, potential zones of interest above the 9850 Hosston Sand. These will be evaluated in due course.

The well is presently undergoing cement squeeze operations to isolate the Hosston pay zone prior to perforating and testing of the interval next week.

There have been a number of issues, including with cementation and weather, which have delayed the progress of operations. However, these issues have been overcome and the well is in good standing.

Following successful re-completion and production from the Smak Dixon 31-11 the Company will undertake a re-completion program in the Smak Dixon 31-6. The Smak Dixon 31-6 is also anticipated to have up to 100,000 barrels of recoverable oil remaining.

The Pleasant Home Field has produced in excess of 934,000 bbls of oil since 1999 from the 4 wells. The wells produce from multiple zones and presently have a number of zones that, based on show and log data, are interpreted to be bypassed oil pay and are yet to be completed for production.

Board & Management

Mr Mark Freeman
Managing Director
Mr Charles Morgan
Executive Chairman
Mr Allan Boss
Executive Director
Mr Stephen Keenihan
Non-Executive Director

Office

Level 7, 1008 Hay Street,
Perth WA 6000
T +61 (0) 8 9389 2000
F +61 (0) 8 9389 2099
E info@grandgulf.net
www.grandgulfenergy.com

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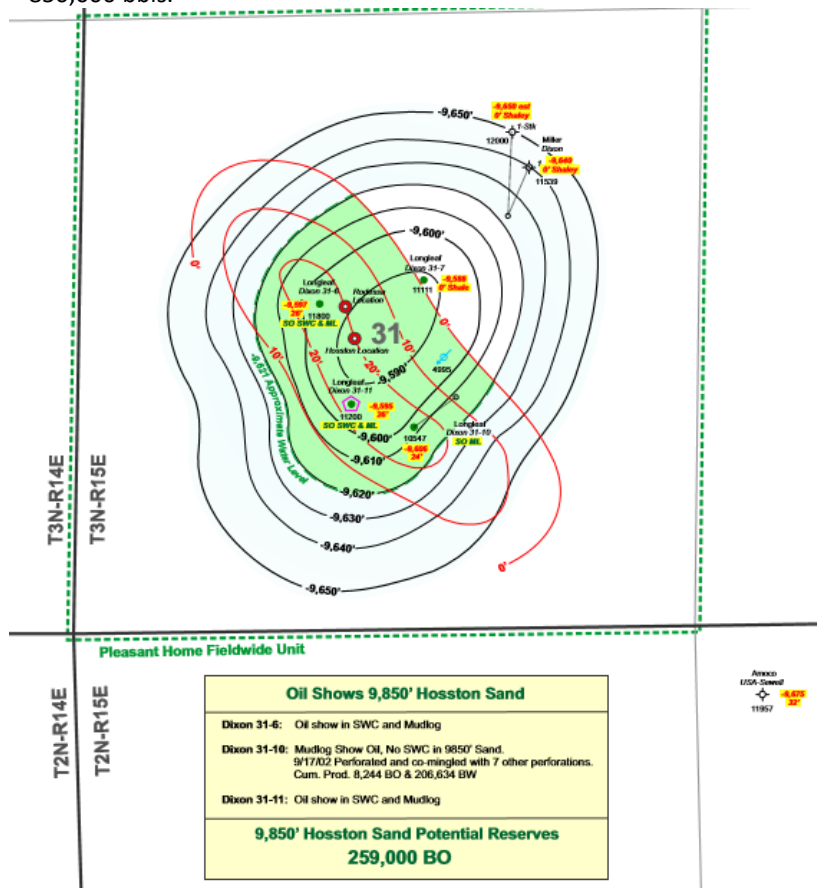
GGE 748m

Smak Dickson 31-6



Following an evaluation of the recompletion results the Company will be better placed to determine whether the field can support additional development drilling. If so, up to 650,000 bbls of additional oil (gross) may be proven.

With multiple reservoirs, the potential reserves for remaining recoverable oil on the field is estimated at between 200,000 – 850,000 bbls.



Contract Terms

- GGE will undertake RST and CBL type logs on 2 wells (Smak Dixon 31-6 and 31-11).
- Following recompletion of the first well the Company will have earned a 50% WI in that well and its facilities and will derive 75% of net revenues until its recompletion costs and entry costs are recovered. In the event the well is uncommercial the Company may withdraw from the project with no further obligations.
- Following 60 days of commercial production from the recompletion of the 31-11 the Company will issue 19,500,000 ordinary fully paid shares to the Operator.
- Following recompletion of the second well the Company will have earned a 50% WI in the field and all facilities.
- Grand Gulf's committed to funding the initial \$350,000 of recompletion costs (including RST and CBL type logs) following which all costs are to be shared 50/50 with the operator. Grand Gulf will have met this obligation following recompletion of the 31-11. In addition, GGE is liable to pay an entry fee of US\$50,000 as a satisfactory review of the 31-11 RST logs has been completed.

For further information contact:

Mark Freeman
 Managing Director
 Phone +61 8 9389 2000

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 and Alabama.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Henry Greaves (Registered Geologist, Mississippi, USA), with over 22 years respective 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.