

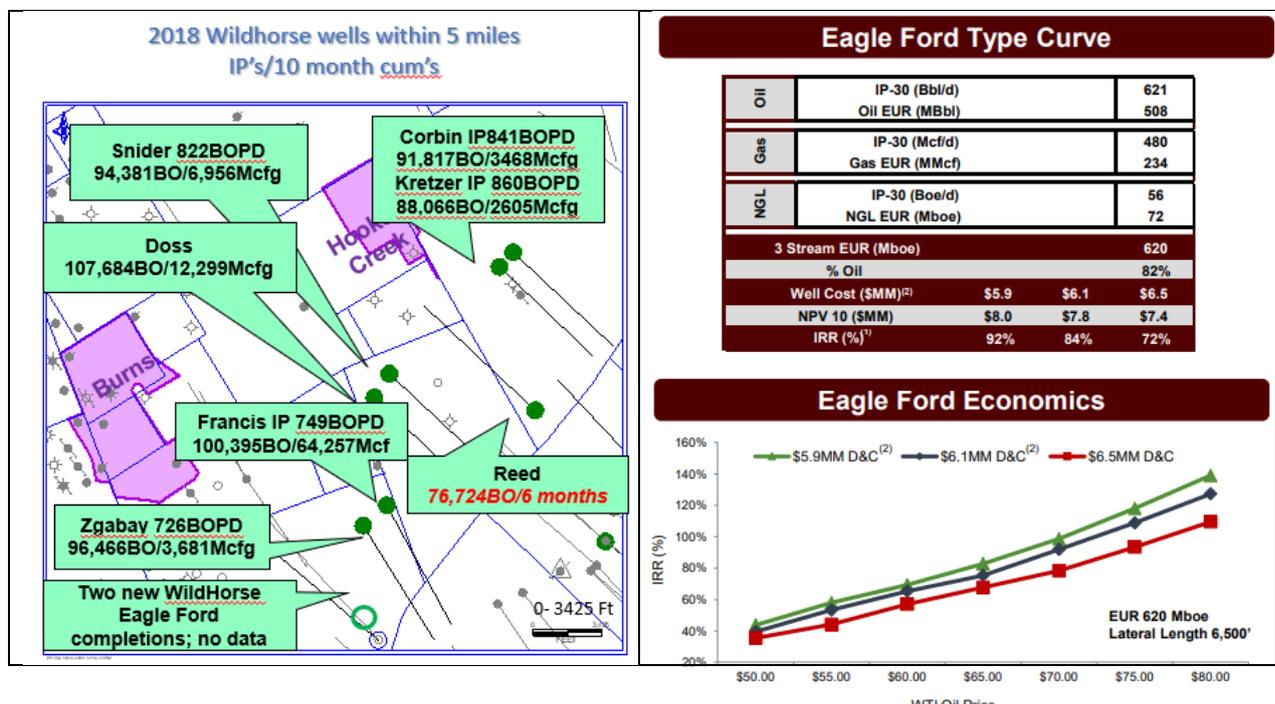
**ASX Release**  
 30 January 2019

**New wells achieve excellent Eagle Ford production rates adjacent to GGE land**

Oil and Gas Producer, Grand Gulf Energy (ASX: GGE), is pleased to provide an update on its 1,232 gross / 1,117 net acres Eagle Ford position in Burleson County, Texas as part of a 50/50 joint venture with a Texas oil and gas private company.

Wildhorse Resource Development has recently drilled and completed Eagle Ford wells with initial flowing rates of up to 840 BOPD within one mile from GGE’s proposed oil units. Wildhorse is the Eagle Ford play leader in Burleson, Lee and Brazos Counties with over 418,000 net acres. In September 2018, Chesapeake Energy announced a US\$4 billion acquisition of Wildhorse.

Wildhorse drilled its first horizontal wells in the area in 2016. Its more recent “Gen 3” wells, are predicted to achieve significantly improved estimated ultimate recoveries (based on initial flow rates) of 620,000 boe/well, and with significantly reduced drilling costs, result in a NPV10 of \$7.4 - \$8m per well<sup>1</sup>. All the Wildhorse wells drilled in a 5 mile radius of the GGE’s acreage during 2018 are shown below. The map indicates the IP rates and cumulative 10 month oil and gas production. Using the improvements in drilling and completion techniques, 6 out of 7 of the “Gen 3” well’s initial production results exceed the recoveries from older generation wells for the same period, irrespective of depth. Their decline rate is also less than for the older wells (which average 154,000 BO over 27 months) and Wildhorse expects the “Gen 3” wells to produce more oil over their lifetime.



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 Exec Chairman - Charles Morgan  
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Grand Gulf's proposed units (shown in purple on the map above) have the potential for up to 6 Eagle Ford and 1 Austin Chalk locations each with horizontal wells within the 5,000ft – 8,000ft range, similar to the wells being drilled by Wildhorse. The Company has spent ~US\$660,000 in leasing costs and has the potential to add further adjacent land in H1, 2019.

The JV's strategy is to attract a third party to fund and operate the drilling and fracking of a number of Eagle Ford horizontal wells. Well costs (drilled, fraced and completed) are anticipated to be US\$4,500,000 each. GGE will reduce its interest to a manageable level as part of any farmin work program.

Commenting on the acquisition, Managing Director, Mark Freeman stated:

*"The Eagle Ford is continuing to produce spectacular improvements in both recoveries and reduced costs. Most helpful is that production is predominantly oil which sells at a slight premium to WTI GGE's strategy to continue to diversify into unconventional, de-risked, US Basins was upscaled with the entry into the DJ Basin announced 15 October 2018. The Company is looking forward to strategically expanding its positions. Shareholders are reminded that all acquisitions are self-funded and the Company hasn't raised funds in over 8 years, has nil debt and ~\$1.9m in net working capital."*

For further details please contact:

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**COMPETENT PERSONS STATEMENT:** The information in this report has been reviewed and signed off by Mr Stephen Keenihan (Registered Geologist and a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists), with over 40 years respective relevant experience within oil and gas sector. Mr Keenihan consents to this statement and is a director and related party of Grand Gulf Energy Ltd.

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.

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<sup>i</sup> <http://ir.wildhorserd.com/~media/Files/W/WildHorse-IR/reports-and-presentations/wrd-investor-presentation-november-2018.pdf>



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