

Quarterly Report

For Quarter ending 30 September 2015



HIGHLIGHTS

Cash Flow Analysis	Sept Qtr	Annual
	\$AUD M	\$AUD M
Production Sales	1.65	1.65
Production Costs *	(0.61)	(0.61)
Operating Costs	(0.13)	(0.13)
Net Operating Proceeds	0.91	0.91

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

- The Company continues to self-fund its exploration and development activities for the 5th consecutive year from production revenue with **zero debt** and **no equity raisings**.
- Cash on hand is **\$1.3m** with receivables of **\$1.6m**
- Included in receivables is the final insurance payout for Dugas and Leblanc blowout of **AUD1,017,168** which is being processed for payment forthwith.
- **Desiree Production (39.6% WI)** - produced a total of 38,250 bbls of oil during the September quarter at an average rate of gross 425 bbls per day.
- **Dugas & Leblanc #3 (55.5% WI)** - produced a total of 6,538 bbls of oil during the September quarter at an average rate of gross 73 bbls per day.
- **West Klondike (11.7% WI)** - The well was being worked over during the September quarter is scheduled to be recompleted in Upper Nod Blan within the next 2 weeks.
- **Abita (20% WI)** - The SL 19706 #1 well produced a total of 628 bbls of oil and 94,528 mcfg from the 17 Sand during the September quarter. The Operator has changed to DW Wapiti Investments I, LLC.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	748m
Share Price	0.9 c	Mkt Cap	\$8.2m
Quarterly Rev	\$1.65m	Prod. Wells	4
Cash @ 30/9	\$1.3m	Receivables	\$1.6m
Prod oil mth	17,982 bbl	Prod gas mth	18,906 mcf
P1 Reserves Oil	296,000	P1 Reserves Gas	729 mmcf

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Executive Chairman
Mr Charles Morgan

Managing Director
Mr Mark Freeman

Executive Director
Mr Allan Boss

Director
Mr Stephen Keenihan

Energy Prices
LLS US\$43.30 (BBL)
Nymex US\$2.10 (MMBTU)

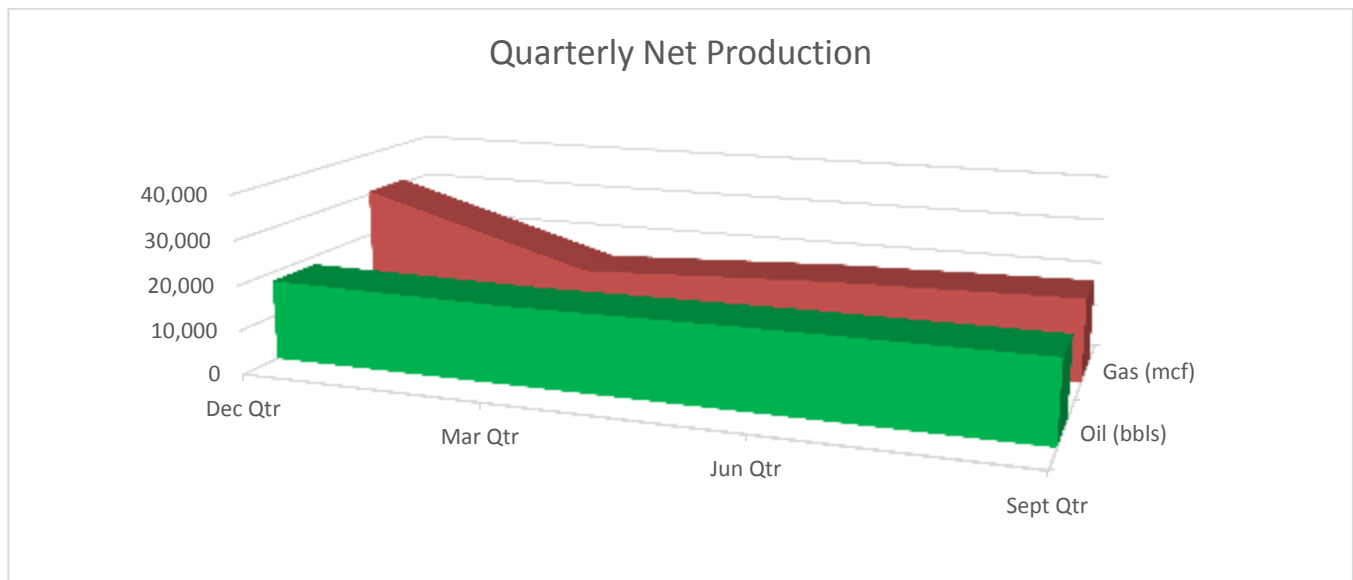
Major Shareholders
Charles Morgan 21.5%
Craig Burton 24.6%





PRODUCTION AND DEVELOPMENT

	Dec Qtr	Mar Qtr	Jun Qtr	Sept Qtr
Oil (bbls)	18,075	17,421	17,887	17,982
Gas (mcf)	30,785	15,360	17,673	18,796
% Oil Equ.	95%	96%	96%	96%



FINANCIAL UPDATE

Production revenue has again enabled the Company to continue to explore and re-invest in its assets and future without having had the need, for the 5th year running, to raise any equity or borrow any debt.

The Company has made significant efforts to farmout Yellowfin prospect, however, the downturn in the US oil and gas industry, as a result of ongoing low oil prices, has substantially reduced industry interest in exploration projects. Accordingly, the Company believes it unlikely that a farmout of Yellowfin will be achieved in the near term and has ceased investing funds on associated exploration activities.

The Company is expecting the receipt of an insurance payout for Dugas and Leblanc blowout payment in the current quarter of AUD1,017,168.

Option hedges protect 3,600 barrels of oil per month at an average WTI (West Texas Intermediary) price of \$51.90 until December 2016. Whilst the Company sells oil on LLS (Louisiana Sweet), the Company secures hedges on WTI due to lack of LLS trading efficiencies. When the WTI oil price falls below \$51.90 the Company is paid a monthly amount compensating it for revenue losses associated with the options.

The Company is focusing its attention on the following primary objectives:

1. Optimising the value of its producing assets and associated Company overheads.
2. Acquisition of producing assets - the Company’s ability to review and quickly secure assets (as in Birdwood) enables it to possible capitalize on a weak US oil and gas prices.
3. Reviewing ongoing opportunities at Napoleonville which include 3rd party seismic farm-outs.



PRODUCTION

Reserves and Resources Summary

Reserves and Resources as at 30 September 2015

Net to Grand Gulf Energy Ltd

FILED (LICENCE)	INTEREST	Proved(1P)			PROVED & PROBABLE(2P)		
		LIQUIDS MBOE	GAS MMCF	OIL EQUIVALENT ⁽¹⁾ MBOE	LIQUIDS MBOE	GAS MMCF	OIL EQUIVALENT ⁽¹⁾ MBOE
Reserves							
USA							
Dugas & Leblanc #3	55.50%	14	349	72	14	349	72
Desiree	39.65%	275	-	275	363	-	363
West Klondike	11.70%	0	7	1	12	7	18
Abita	20%	8	374	70	8	374	70
Total Reserves		296	729	418	396	729	524
Contingent Resources							
Reserves							
USA							
Dugas & Leblanc #3	55.50%		833			278	46
Desiree	39.65%						
West Klondike	11.70%	55	1,381	285	18	460	95
Abita	20%						
Total Contingent Resources		55	2,214	285	18	738	141
Total Reserves and Resources		351	2,943	703	415	1,467	665
(1)	Oil equivalent conversion factor: 6MSCF per BBL.						

Competent Persons Statement

The information contained in these statements has been compiled by Kevin Kenning, Senior Petroleum Engineer, who is a consultant of the Company, is qualified in accordance with ASX listing rule 5.11 and has consented to the publication of this report. The reserve estimates in this report are solely based on Kevin Kennings professional opinion and are consistent with accepted industry standards for proved reserves. The proved reserve definition is based upon the criteria contained within the "SPE PRMS" (Society of Petroleum Engineers Petroleum Resources Management System).

Desiree Field

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

The Hensarling #1 well (Desiree Field) continues to produce at over 400 barrels of oil per day with total production for the quarter being 38,250 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 Templet #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 5.2% 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 date finalised for late November 2015.

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 over the quarter totaled 6,538 barrels of oil, from a 21/64 inch choke.

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 at an average of 1 mmcf/d and 7 bopd through a 7/64 inch choke. Total production for the quarter was 628 barrels of oil and 94,528 mcf gas.

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 being re-completed in the upper Nod Blan. Attempts to perforate the upper member of the lower Nod Blan were unsuccessful.

The third, and most substantial interval to be produced following the depletion of the Nod Blan sands, is the Lorio interval which has the potential for up to 500,000 barrels of oil.

EXPLORATION

Napoleonville Salt Dome

Yellowfin Prospect (96% WI) - Potential for 1.6-2TCF

- Proven Productive Trend, Tuscaloosa Sands & Column Height
- Syncline separated from Freeport McMoran’s 2014 “Highlander” “3.0 TCF” Discovery, tested at 75 MMCFD
- 8,000 acre 3-Way Compressional Fold Trap analog feature
- Deeper Pool Test - Migration Pathway to 20 MMBO & 180 BCF Field
- 2,000’ Objective Interval
- Analogous to Offshore Ultra Deep Sub-Salt Discoveries
- Proprietary 3D
- Wilcox & Marg vag Upside
- Land Location, Infrastructure & Pipelines

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. An initial test well would be drilled to a total depth of approximately 29,500ft.

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, the end result has shown that the funding of a deep gas well in South Louisiana is unlikely to occur until energy prices recover.

Accordingly, the Company has determined that it is in the best interests of shareholders to cease exploration and farmout activities associated with the Yellowfin prospect until a change in market conditions take place.



LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 30 September 2015 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%
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%



Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
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%



COMPETENT PERSONS STATEMENT: *The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 37 and 31 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 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.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors	1650	1650
1.2 Payments for (a) exploration & evaluation	(562)	(562)
(b) development	(133)	(133)
(c) production	(609)	(609)
(d) administration	(135)	(135)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Insurance pre-payment (refundable)	(12)	(12)
1.7 Other (escrow of revenue)	-	-
Net Operating Cash Flows	199	199
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	199	199

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	199	199
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of Capital	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	199	199
1.20	Cash at beginning of quarter/year to date	962	962
1.21	Exchange rate adjustments to item 1.20	90	90
1.22	Cash at end of quarter	1251	1251

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	117
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting and directors fees, and reimbursement of accounting fees and serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	50
4.3 Production*	700
4.4 Administration	125
Total	1,025

* Production costs are primarily a fixed % of revenue and reflect royalties and state taxes. The balance are production costs.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1251	962
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1251	962

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	747,998,870	747,998,870		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options			Exercise price	Expiry date
<i>Unlisted Options</i>	27,000,000		1.4c	30 Nov 2018
<i>Listed Options</i>				

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				
7.13	Partly paid shares				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 28/10/2015
(Director/Company secretary)

Print name: Mark Freeman

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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