

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.

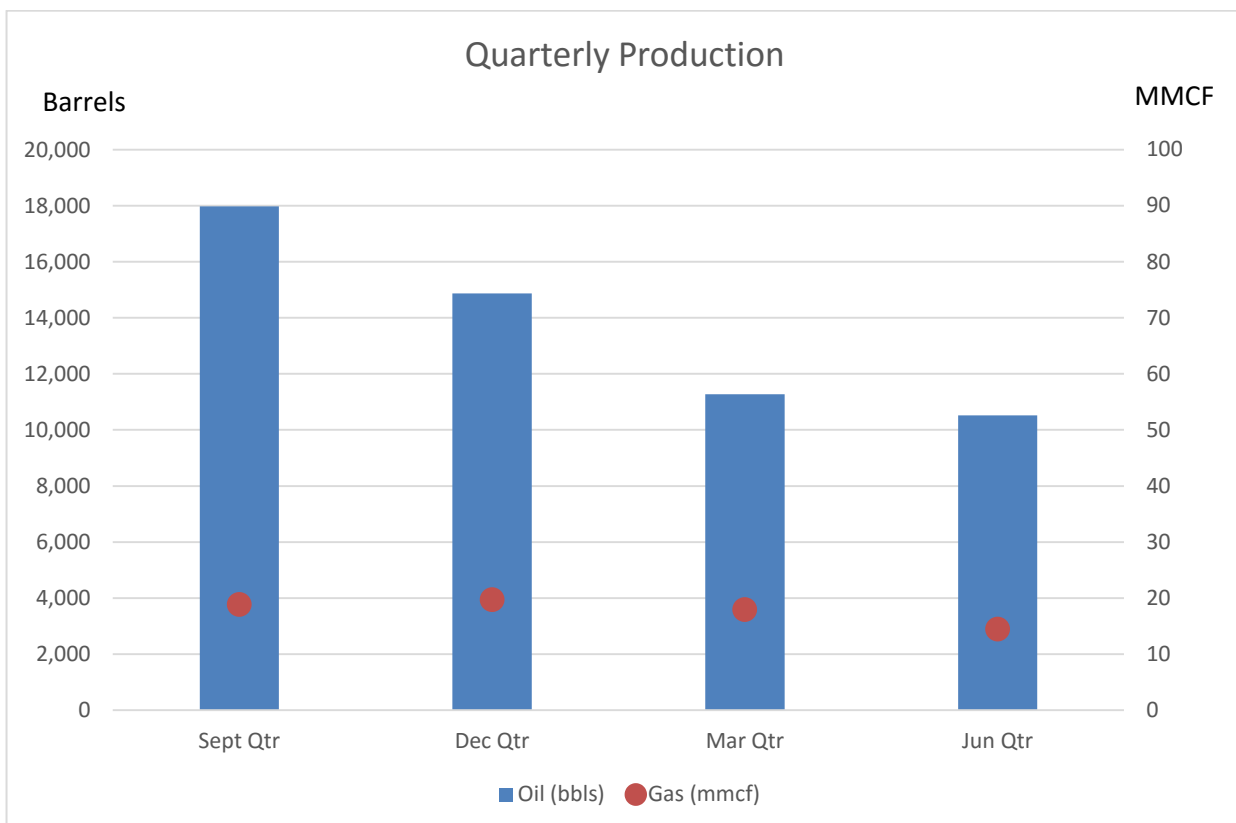
In addition, the number of producing properties in the USA coming to the market with PDP and PDNP reserves has increased significantly and the Company is assessing these opportunities with a view to increasing its production and reserves.

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

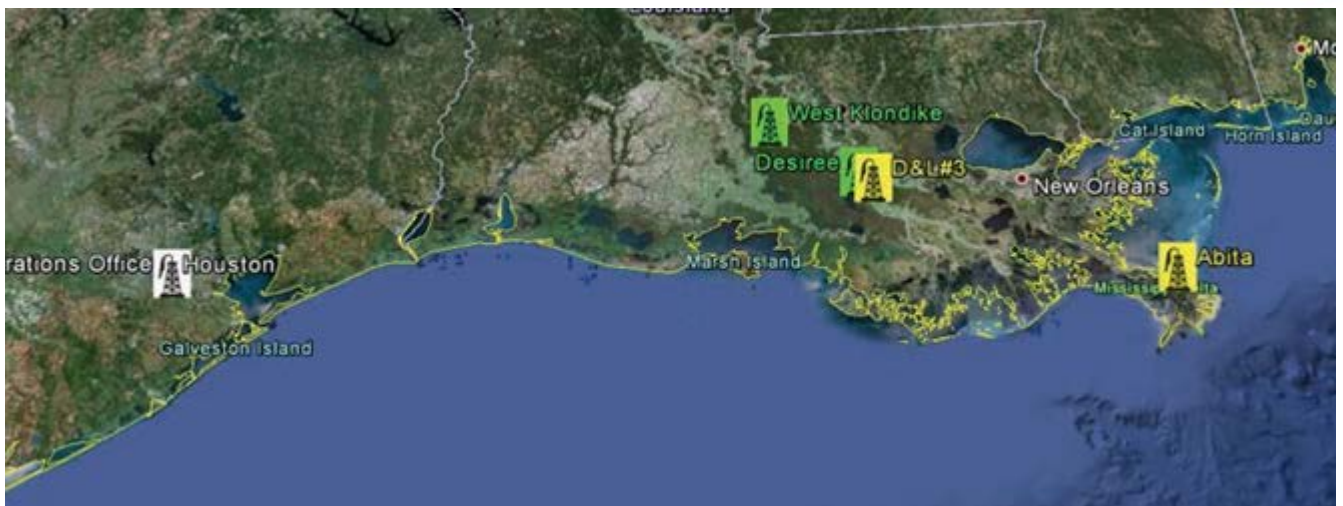
The Company provides the following Schedule of lease interest held by the Company for the quarter 31 March 2016 as required by ASX Listing Rule 5.3.

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%

Quarterly Report For Quarter ending 30 June 2016



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%



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 June 2016

Consolidated statement of cash flows

	Current quarter \$A'ooo	Year to date \$A'ooo
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	639	5,270
1.2 Payments for (a) exploration & evaluation	(42)	(997)
(b) development	(175)	(724)
(c) production	(295)	(1,709)
(d) administration	(157)	(713)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	22
1.5 Interest and other costs of finance paid	-	-
1.6 Insurance payment	85	1,053
1.7 Other (escrow of revenue)	-	-
Net Operating Cash Flows	77	2,202
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)	77	2,202

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	77	2,202
	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	77	2,202
1.20	Cash at beginning of quarter/year to date	3,148	970
1.21	Exchange rate adjustments to item 1.20	(2)	51
1.22	Cash at end of quarter	3,223	3,223

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	76
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	100
4.2 Development	0
4.3 Production*	300
4.4 Administration	150
Total	550

* 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	3,223	3,148
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	3,223	3,148

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: 29/7/2016
(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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