

HIGHLIGHTS

- **Eagle Ford Acreage (50% WI)** – GGE commences marketing drilling opportunities on its 1,075 gross acres in highly productive, liquids rich, Eagle Ford acreage.
- **Net Cash Reserves increased by \$287,000 for the Quarter to \$1.69 million. Current cash is \$2million.**

QUARTERLY CASH FLOW SUMMARY

| Cash Flow Analysis | June Quarter | Year to Date |
|------------------------|--------------|--------------|
| | \$AUD '000 | \$AUD '000 |
| Production Sales | 885 | 3,394 |
| Production Costs * | (414) | (1,296) |
| Operating Costs | (141) | (639) |
| Net Operating Proceeds | 330 | 1,459 |

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

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

| | | | |
|------------------------|---------------|------------------------|---------------|
| ASX Codes | GGE | Shares | 767 m |
| Share Price | 0.4 cent | Market Capitalisation | \$3 million |
| Cash Reserves @ 30/6 | \$1.7 million | Enterprise Value | \$1.3 million |
| Quarterly Revenue | \$885,491 | Producing Fields | 4 |
| Quarterly Net Oil Prod | 8,719 bbls | Quarterly Net Gas Prod | 18,306 mcf |
| Daily Net Oil Prod | 97 bbls/d | Daily Net Gas Prod | 203 mcf |

Grand Gulf Energy Ltd (ASX: GGE) ("Grand Gulf" or "Company") today announces its quarterly activities report for the period to 30th June 2018. Commenting on the June Quarter, Grand Gulf's Managing Director, Mark Freeman said:

"It has been a successful quarter for the GGE team and its partners. The Company has continued its strategy to expand into unconventional basins and is attending the Houston Nape conference in August 2018 to showcase and market its Eagle Ford East Texas project.

Financially, the Company continues to be in good standing having added over \$600,000 in net cash from production revenue to its cash reserves. The Company's production for the quarter has remained strong at over \$885,000. Grand Gulf is benefiting significantly from having low cost producing wells and achieving higher revenue due to improving and superior Louisiana Light oil pricing. At time of writing, the Company's market capital was just \$3million and, with \$2million in cash reserves, this represents a very low enterprise value of \$1million. Grand Gulf's board and management are continuing to review new oil and gas opportunities, focused on North America Oil and Gas Unconventional Basins to add significant commercial value for our shareholders."



Board of Directors
MD - Mark Freeman
Exec Chairman - Charles Morgan
Exec Director - Allan Boss
Non-Exec Director - Stephen Keenihan

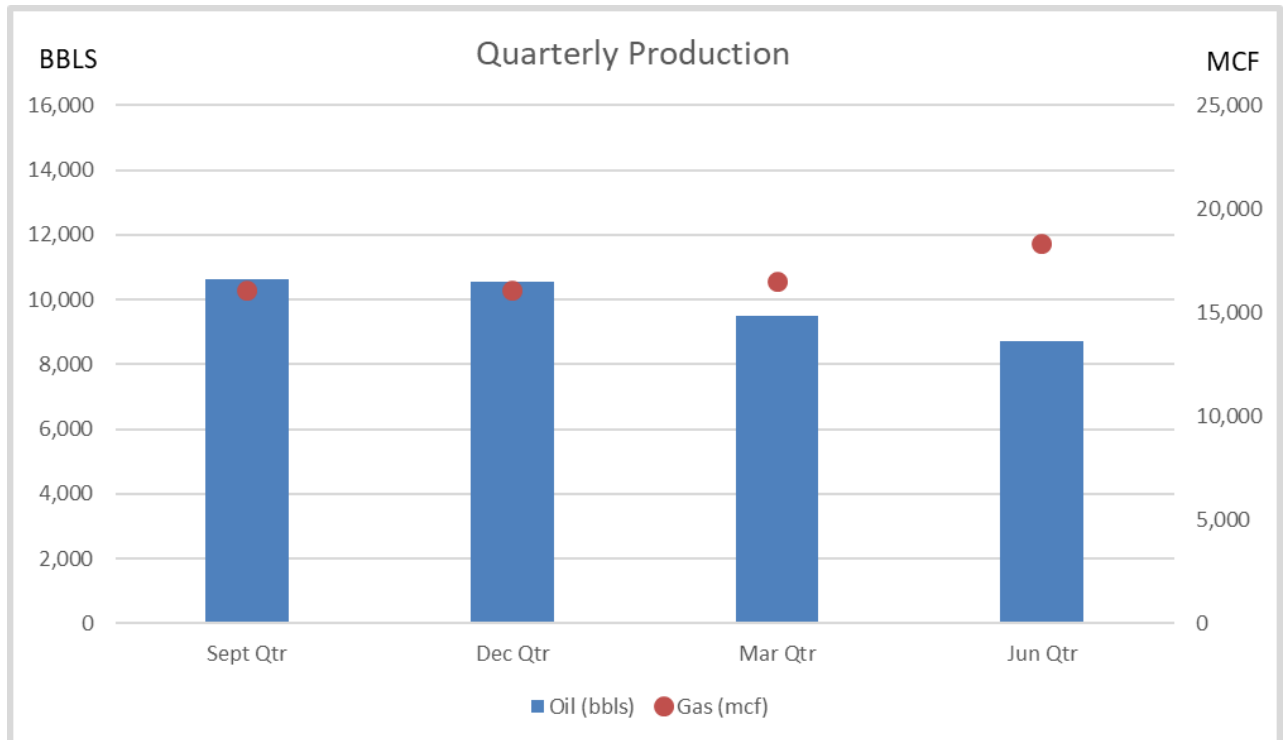
Registered Office
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Perth WA 6000
T +61 8 6102 4826
E info@grandgulf.net



PRODUCTION SUMMARY

Total Net Quarterly Production

| | Sept Qtr | Dec Qtr | Mar Qtr | June Qtr |
|------------|----------|---------|---------|----------|
| Oil (bbls) | 10,624 | 10,549 | 9,498 | 8,719 |
| Gas (mcf) | 16,038 | 16,054 | 16,500 | 18,306 |
| % Oil Equ. | 94% | 94% | 93% | 92% |



| | Working interest | Parish | Quarterly | | Daily | |
|-----------------|------------------|-------------|---------------|---------------|------------|--------------|
| | | | bo | Mcfg | bo | mcfg |
| Desiree Field | 39.65% | Assumption | 16,267 | - | 180 | - |
| Abita | 20% | Plaquemines | 637 | 91,529 | 7 | 1,017 |
| Dugas & Leblanc | 55.5% | Assumption | 5,184 | - | 58 | - |
| West Klondike | 11.925% | Iberville | - | - | - | - |
| Total | | | 22,087 | 91,526 | 245 | 1,017 |



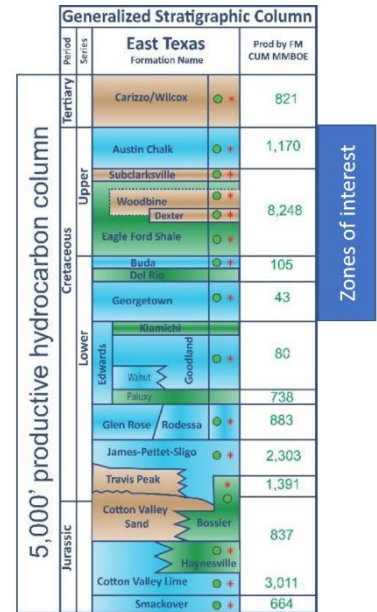


EXPLORATION AND DEVELOPMENT

East Texas Prospect (50% WI) – 1,075 acres in the Eagle Ford

The Eagle Ford is the one of the most prolific oil and gas basin in North America and has the lowest breakeven production cost at \$54 per barrel (see table below). The Company recently acquired a 50% interest in 881 net acres of 1,075 gross acres (440 acres net to GGE) in Burleson County, Texas as part of a 50/50 joint venture with a private Texas oil and gas company. The JV will be marketing its Eagle Ford project at NAPE this August.

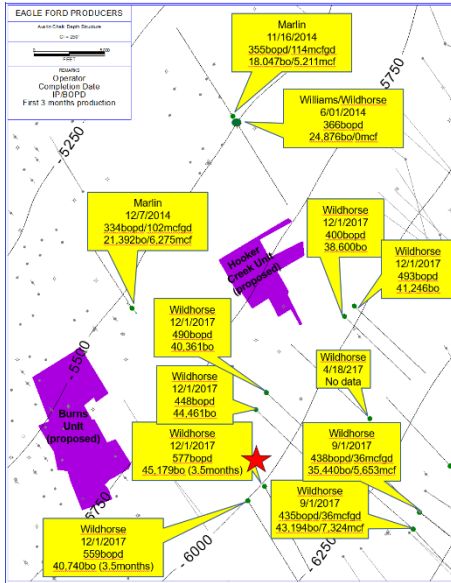
Critical to Grand Gulf’s strategy in the highly sought after East Texas acreage is that the JV focussed on areas with carbonate rich rocks combined with high gravity oil and high pore pressures all of which enhance likely well recoveries and are located in the high oil cut precinct. The acreage secured is also in existing production units. Modern completions have generated very attractive results and there are four potential productive zones; Austin Chalk, Buda, Georgetown and Eagle Ford. The acreage acquired to date provides 3 drilling locations each with capacity for laterals of 5,000-7,000ft. With initial wells being three in Eagle Ford and one in the Austin Chalk. Offset Operators are continuing development strategies in the Buda and Georgetown around our leases however to date the Austin Chalk and Eagle Ford have standout potential.



| PLAY | AREA (km²) | GROSS THICKNESS | COST TO ACQUIRE ACREAGE (US\$/acre) | BREAKEVEN COSTS US\$/BOE |
|------------------|------------|-----------------|-------------------------------------|--------------------------|
| EAGLE FORD (US) | 52,000 | 15-85m | \$15,000 | \$54 |
| BAKKEN (US/CAN) | 520,000 | Up to 40m | \$12,500 | \$57 |
| MONTNEY (CAN) | 130,000 | Up to 300m | \$5,000 | \$58 |
| BARNETT (US) | 13,000 | 25-180m | \$6,000 | \$64 |
| HAYNESVILLE (US) | 24,000 | 40-110m | \$6,500 | \$66 |
| MARCELLUS (US) | 247,000 | 25-90m | \$10,000 | \$89 |

Source RS Energy Group, Feb 2018





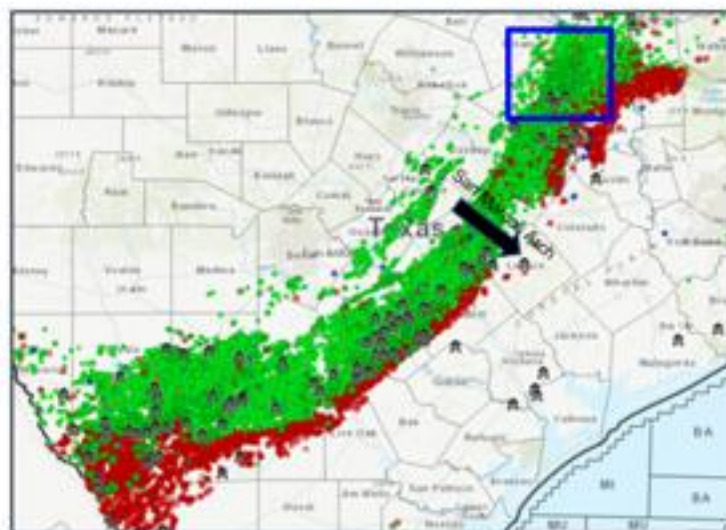
Burleson County is one of the most active counties being developed. The Company’s acreage is adjacent to WildHorse Resource Development (WildHorse) and Lone Star Resources. Both Wildhorse and Lone Star results continue to outperformed previous Eagle Ford type production curves with >80% of current wells yielding EUR estimates of over 91 boe/ft of horizontal well section, resulting in higher than average ultimate reserves estimates (EUR) per well.

The JV’s has finalised the majority of its leasing strategy and is presently marketing to secure a drilling operator for an Eagle Ford well. Total drilling costs (drilled and completed) are anticipated to be US\$4,500,000 per well. GGE will farm-down its interest to a manageable economic level as part of any work program. The Company has spent ~US\$650,000 in total leasing costs (~\$1,200 per acre).

Based on published EUR’s for the Eagle Ford, we estimate the following resources are potentially recoverable within the two proposed units, pending assumed lease acquisitions:

| Interval | Barrels of oil | GGE Share (bbls oil) |
|-----------------------------------|----------------|----------------------|
| Burns three 7,500’ laterals: | 1,758,500 | 879,250 |
| Hooker Creek, one 5,500’ lateral: | 430,000 | 215,000 |
| Total Eagle Ford Reserves: | 2,188,500 | 1,094,250 |
| Burns, one Austin Chalk: | 250,000 | 125,000 |
| Grand Total: | 2,388,500 | 1,219,250 |

Austin Chalk and Eagle Ford Oil and Gas Fields





CORPORATE

The Company changed its registered address to 1202 Hay St, West Perth, WA 6005. The new phone number is +61 8 6102 4826.

LEASE SCHEDULE

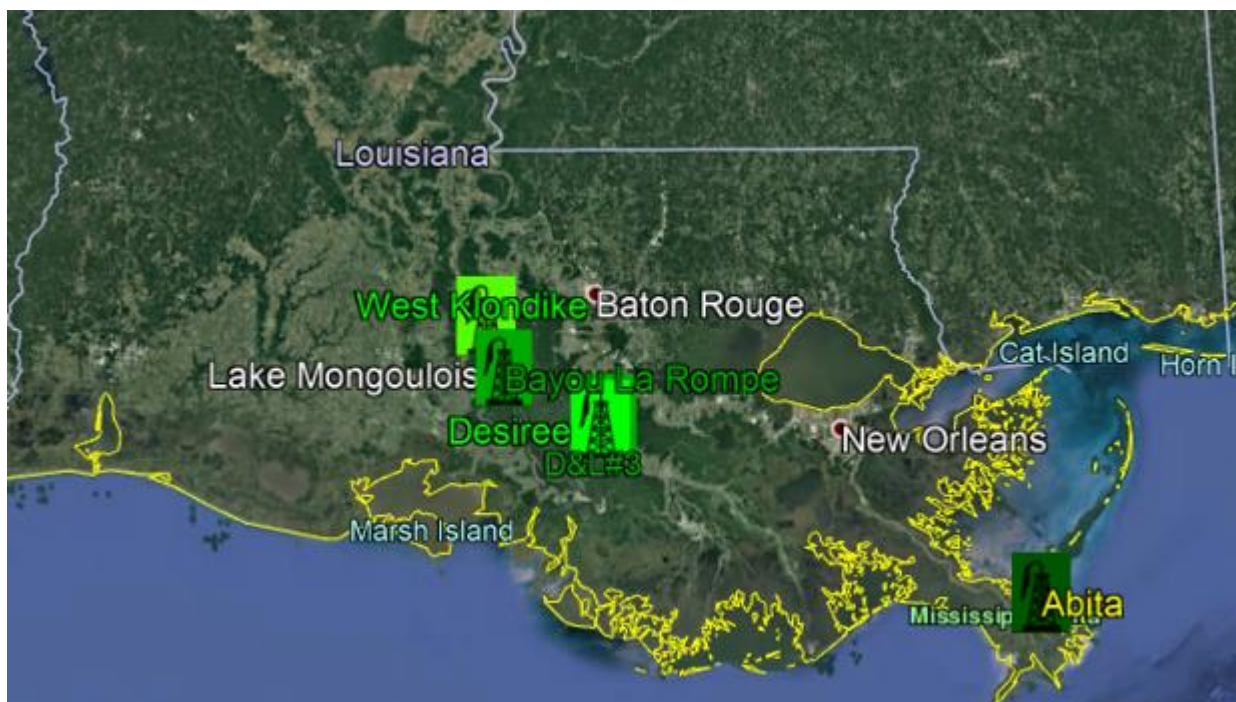
The Company provides the following Schedule of lease interest held by the Company for the quarter 30 June 18 as required by ASX Listing Rule 5.3.

| 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% |
| 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% | 11.925% |
| West Klondike | Iberville Parish, Louisiana | WK#1B | 11.7% | 11.925% |
| West Klondike | Iberville Parish, Louisiana | WK#1C | 11.7% | 11.925% |
| West Klondike | Iberville Parish, Louisiana | WK#2 | 11.7% | 11.925% |
| West Klondike | Iberville Parish, Louisiana | WK#3A | 11.7% | 11.925% |
| West Klondike | Iberville Parish, Louisiana | WK#3B | 11.7% | 11.925% |



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) and by Mr Kevin Kenning (Registered Reservoir Engineer and a member of the Society of Petroleum Engineers), with over 35 years and 37 years respective relevant experience within oil and gas sector. Both Messrs Keenihan and Kenning consent to this statement. Mr Keenihan is a director and related party of Grand Gulf Energy Ltd and Mr Kenning is a consultant and is self-employed.

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 and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

GRAND GULF ENERGY LIMITED

ABN

22 073 653 175

Quarter ended ("current quarter")

30 June 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 885 | 3,394 |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (61) | (743) |
| (b) development | (29) | (942) |
| (c) production | (414) | (1,296) |
| (d) staff costs | (105) | (372) |
| (e) administration and corporate costs | (37) | (268) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | | |
| 1.8 Other (Insurance payment - refundable) | - | - |
| 1.9 Net cash from / (used in) operating activities | 240 | (226) |

| | | |
|--|--|--|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | | |
| (b) tenements (see item 10) | | |
| (c) investments | | |
| (d) other non-current assets | | |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 2.2 Proceeds from the disposal of: (a) property, plant and equipment (b) tenements (see item 10) (c) investments (d) other non-current assets | | |
| 2.3 Cash flows from loans to other entities | | |
| 2.4 Refunds/(Payments) of security deposits | | |
| 2.5 Other (provide details if material) | | |
| 2.6 Net cash from / (used in) investing activities | | |

| | | |
|---|---|---|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | | |
| 3.2 Proceeds from issue of convertible notes | | |
| 3.3 Proceeds from exercise of share options | | |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | | |
| 3.5 Proceeds from borrowings | | |
| 3.6 Repayment of borrowings | | |
| 3.7 Transaction costs related to loans and borrowings | | |
| 3.8 Dividends paid | | |
| 3.9 Other (provide details if material) | | |
| 3.10 Net cash from / (used in) financing activities | - | - |

| | | |
|---|--------------|--------------|
| 4. Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 Cash and cash equivalents at beginning of period | 1,399 | 1,859 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | 240 | (225) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | - | - |
| 4.5 Effect of movement in exchange rates on cash held | 48 | 53 |
| 4.6 Cash and cash equivalents at end of period | 1,687 | 1,687 |

| 5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Bank balances | 1,687 | 1,399 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (provide details) | - | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 1,687 | 1,399 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

90

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

0

Mining exploration entity and oil and gas exploration entity quarterly report

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | | |
| 8.2 Credit standby arrangements | | |
| 8.3 Other (please specify) | | |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

| |
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| |
|--|

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 100 |
| 9.2 Development | - |
| 9.3 Production | 400 |
| 9.4 Staff costs | - |
| 9.5 Administration and corporate costs | 100 |
| 9.6 Other (provide details if material) | |
| 9.7 Total estimated cash outflows | 600 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Director/Company secretary)

Date: 31 July 2018

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.