Market Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

ASX Quarterly Report
31 December 2018

HIGHLIGHTS

- **Acquisition of DJ Basin Acreage, Colorado USA –** The Company settled on its first acquisition in the DJ Basin for A$911,000. The JV is about to lodge 3 Drilling Unit Applications and is actively reviewing additional land acquisitions in the DJ Basin, Colorado.

- **Eagle Ford Acreage, Texas, USA (50% WI)** – New Wildhorse wells achieve excellent Eagle Ford production rates adjacent to GGE land of over 840 bopd. Chesapeake acquires Wildhorse for US$4 billion.

- **Desiree Field (39.6% WI)** – The well produced a total of 11,356 bbls. of oil during the December quarter. The well is presently averaging 135 bopd.

- **Dugas & Leblanc #3 Field (55.5% WI)** – The well produced a total of 6,334 bbls. of oil during the December quarter. The well is presently averaging 75 bopd.

QUARTERLY CASH FLOW SUMMARY

Cash Flow Analysis	Dec Quarter	Year to Date
	$AUD '000	$AUD '000
Production Sales	717	1,906
Production Costs *	(331)	(761)
Operating Costs	(172)	(321)
Net Operating Proceeds	268	869

*Production costs are primarily royalties and severance taxes which are a fixed % of revenue. As a result of workover's on D&L#3 and Hensarling #1 production costs this quarter were higher than normal.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

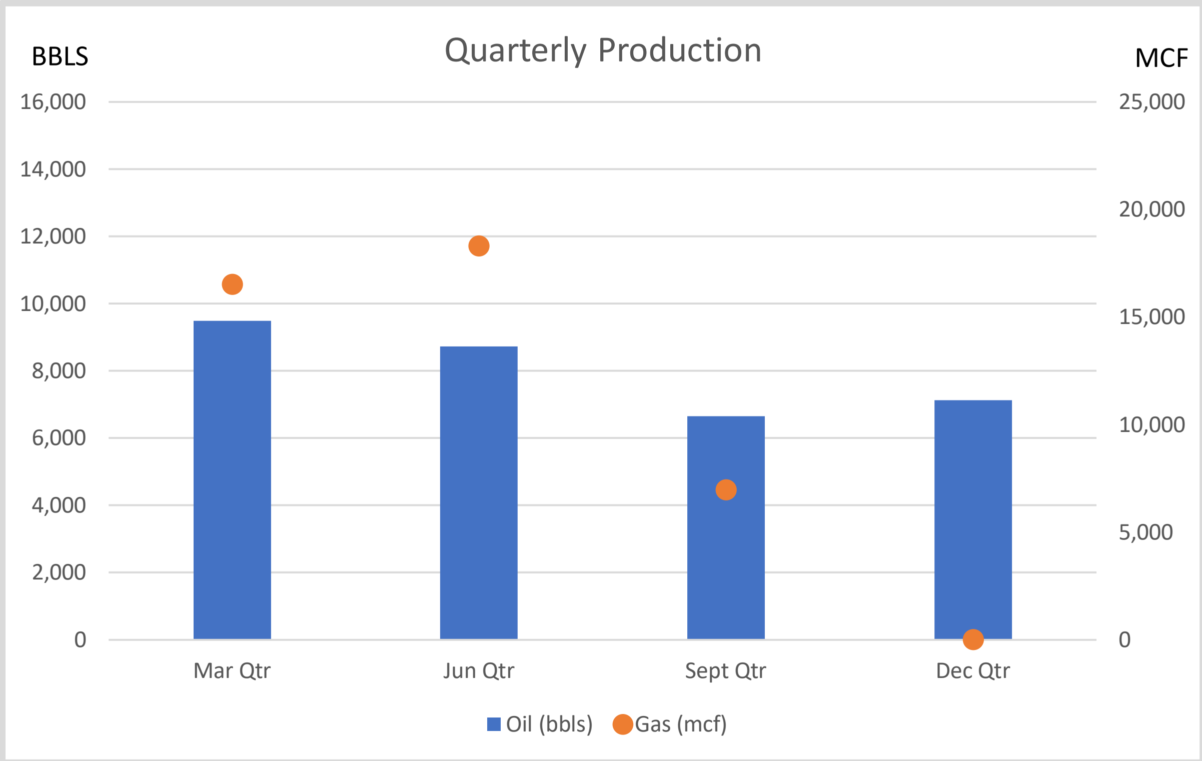
ASX Codes	GGE	Shares	767 m
Share Price	0.4 cent	Market Capitalisation	$3 million
Cash Reserves @ 31/12	$1.5 million	Enterprise Value	$1.5 million
Quarterly Revenue	$771,000	Producing Fields	2
Quarterly Net BO	7,125 bbls	Daily Net BO	79 bbls/d

Grand Gulf Energy Ltd (ASX: GGE) ("Grand Gulf" or "Company") today announces its quarterly activities report for the period to 3st December 2018. Commenting on the December Quarter, Grand Gulf's Managing Director, Mark Freeman said: *"The Company continues to enhance its acreage position in the unconventional strong holds of the DJ Basin and the Eagle Ford. Notwithstanding the sizeable $911,000 DJ Basin acquisition the Company presently has ~$1.9m of working capital following another profitable quarter. Grand Gulf continues to benefit significantly from having low cost producing wells and higher revenue due to improving and superior Louisiana Light oil pricing. Grand Gulf's board and management focus is on securing additional project/acreage positions in the DJ Basin with an emphasis on drilling wells."*

PRODUCTION SUMMARY

Total Net Quarterly Production

	Mar Qtr	June Qtr	Sept Qtr	Dec Qtr
Oil (bbls)	9,498	8,719	6,662	7,125
Gas (mcf)	16,500	18,306	6,954	-
% Oil Equ.	93%	92%	96%	100%



			Quarterly Bo		Daily Bo	
	Working interest	Parish	Gross	Net	Gross	Net
Desiree Field*	39.65%	Assumption	11,356	4,496	126	50
Dugas & Leblanc	55.5%	Assumption	6,334	2,629	70	29
Total			17,690	7,125	196	79

* Following the sale of Abita and West Klondike the Company is a presently a 100% oil producer.

Desiree Field

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

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 11,356 barrels of oil. The well is presently averaging 135 bopd.

Dugas & Leblanc Field

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non-Operator 55.5% WI

The D&L#3 well (Dugas & Leblanc Field) produced a total for the quarter of 6,334 barrels of oil. The well is averaging 75 bopd. During the quarter the well received an upgraded down-hole pump which has delivered substantially higher oil production rates.

EXPLORATION AND DEVELOPMENT

The Company's strategy continues to acquire development assets in the most attractive shale oil plays in the USA. As illustrated in the table below the oil prone Eagle Ford and DJ Basin are also the lowest unit cost producing areas and are where GGE is concentrating its efforts.

PLAY	AREA (km^2)	GROSS THICKNESS	SALE AVERAGE PRICES (US$/acre)	BREAKEVEN COSTS US$/BOE
EAGLE FORD (US)	**52,000**	**15-85m**	**$15,000**	**$54**
DJ BASIN (US)	**21,924**	**70-160m**	**$12,500**	**$50**
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

DJ Basin, Colorado, USA

During the quarter, the Company settled on its acquisition in the highly productive Wattenberg Field in the Weld County portion of the DJ Basin which produces oil mainly from the Niobrara. Under this agreement, the Company's has acquired 36.5% working interest in a Joint Venture with PetroStone Inc (Operator), holding an initial 355 net acres across 8 sections. The Company's strategy, with its partner, is to utilise Colorado's development pooling process as a catalyst to create Drilling Spacing Units (DSUs) and maximise its interest in each. The acquired lands have the potential to yield 8 DSUs with a total of up to 64 drilling locations. If all the DSU's are awarded they will cover a total area of 5,120 acres. Until the DSU application process is resolved, GGE's final equity will be unknown but, on a simple pro rata basis, if no other interests become available, the Joint Venture's interest would average 11.9% across of the anticipated DSU's (GGE's ~4%). The DSU's remain active for a 2-year period with the ability to request a 12-month extension. GGE's final interest will only be know following issuing of AFEs for wells and interest holders elections as to whether they will participate or not.

PetroStone has made significant headway and expects to lodge applications for 3 drilling spacing units (DSU's) in the near future, having previously secured land surface agreements for the areas in question. In addition, Nickel Road, another local operator, recently lodged a DSU application over another part of the Company's holdings further confirming the Joint Venture strategy and the oil and gas potential of the areas.

The DSU's have a 35-day exposure period when others may apply and are expected to be granted within 90 days of lodgement. PetroStone has recently also secured a land surface agreement (SUA) for an additional proposed DSU (the SUA is a critical step in securing a DSU).

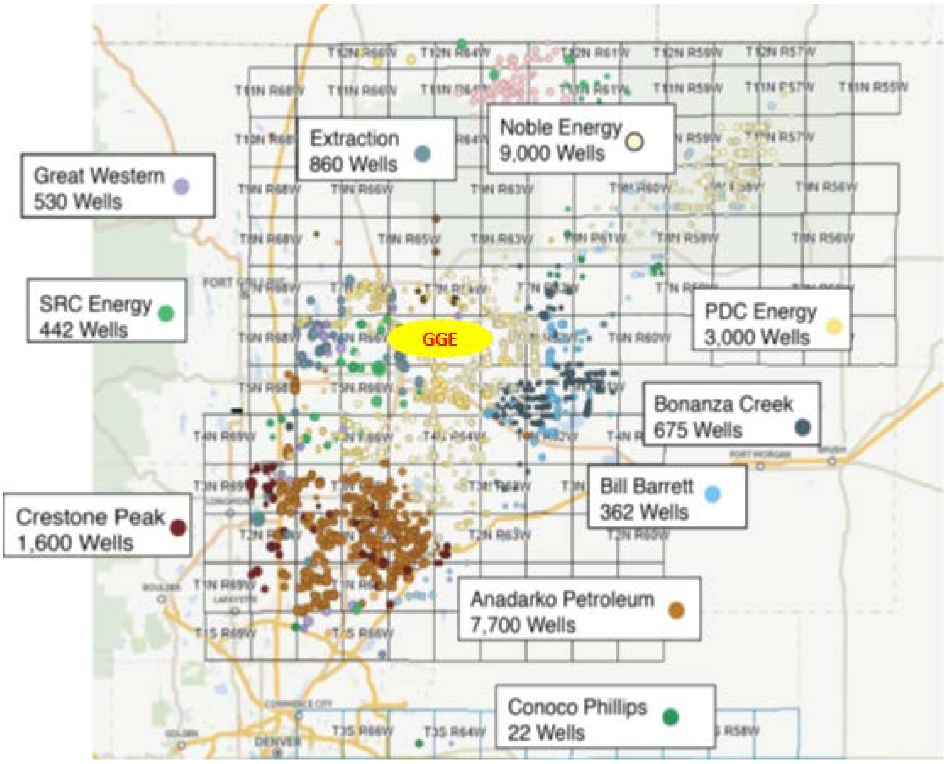
Grand Gulf estimates new wells with 8,000-10,000ft laterals to cost gross US$5m each. GGE's share of well costs is dependent on the level of participation by other parties in each DSU and on a well-by-well basis. This will be determined following the DSU process. However, under the farmin arrangement our minimum commitment is to participate in two wells with total exposure ~US$240,000. GGE will have the option to elect to increase its exposure in the event that other parties do not participate. The JV anticipates commencing drilling its first wells within 6 months following approval of the DSU's.

Background on the DJ Basin

The Energy Information Administration (EIA) projects that Niobrara production will rise 10,000 bo/d and 54 MMcf/d in 2019 to 679,000 bo/d and 5.209 Bcf/d. Colorado accounts for almost 4% of U.S. total crude oil production and also holds about 4% of the nation's economically recoverable crude oil reserves. Colorado's crude oil production has quadrupled since 2010, partly from the increased use of directional drilling and hydraulic fracturing technologies. Oil output declined somewhat in 2016 because of lower crude oil prices, but production rebounded and reached a record high in 2018 after oil prices rose. Substantial new production comes from the Niobrara Shale formation located in the Denver-Julesburg Basin in north-eastern Colorado, where oil production in one county, Weld, is the source of almost 9 out of every 10 barrels of crude oil drilled in Colorado. The Wattenberg field, much of which is in Weld County, is the fourth-largest U.S. oil field based on proved reserves.

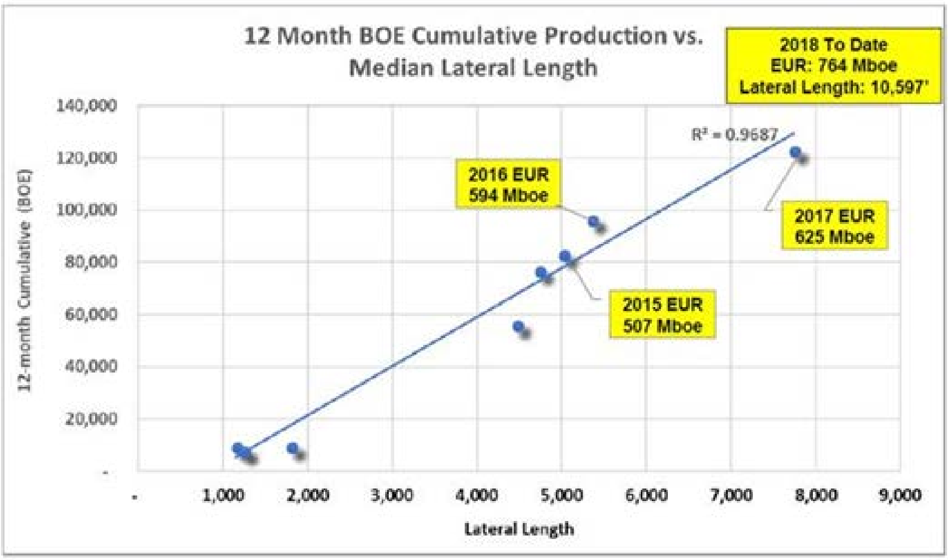
Some of the majors in the Basin are stepping up drilling with Anadarko recently announcing their drilling expenditure in the DJ Basin is expected to be ~US$1.3 billion during FY19. PDC Energy ("PDC") announced their Wattenberg production during the December 18 quarter grew 7% sequentially to 84,000 boe/d. PDC spudded 43 wells and turned 22 to sales in Wattenberg. During 2019, PDC plans to run three rigs in the Wattenberg.

During the quarter several political achievements occurred including Colorado proposition 112 being defeated. This proposal would have increased setbacks for new oil and gas developments.



Drilling and Completion Advances

Over the last 8 years unconventional basins in the USA have seen significant improvements in recoveries and the DJ Basin is one of the best performers. The Graph below shows the recovery improvements as measured by 12-month cumulative production as lateral lengths have increased from 2010 to 2018.



East Texas Prospect (50% WI) – 1,117 acres in the Eagle Ford

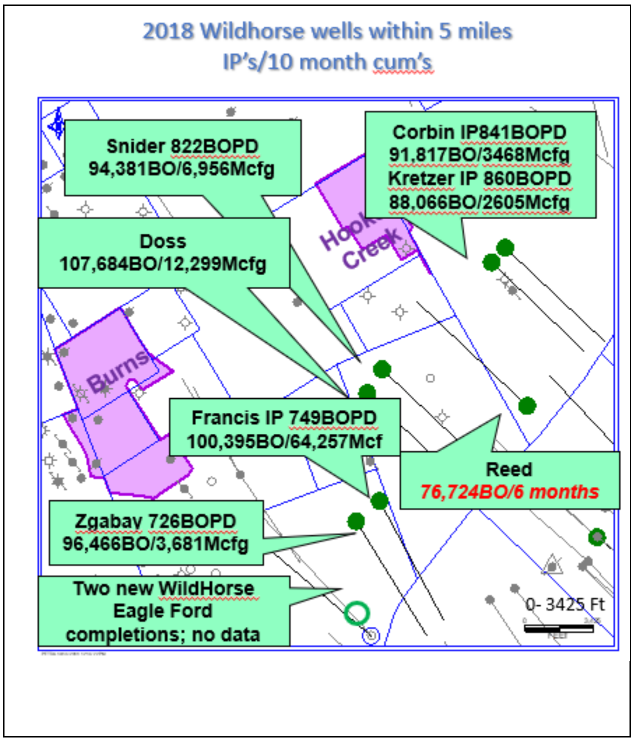
Oil and Gas Producer, Grand Gulf Energy (ASX: GGE), is pleased to provide an update on its 1,232 gross / 1,117 net acres Eagle Ford position in Burleson County, Texas as part of a 50/50 joint venture with a Texas oil and gas private company.

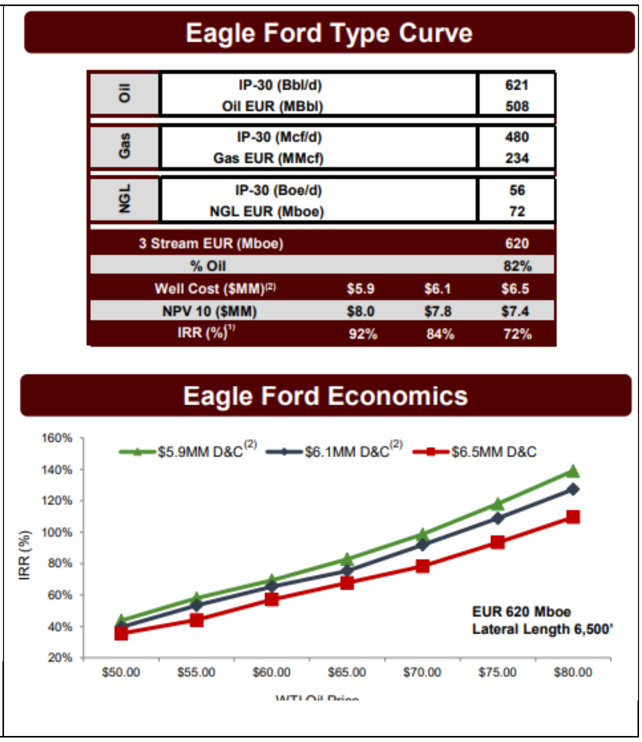
Wildhorse Resource Development has recently drilled and completed Eagle Ford wells with initial flowing rates of up to 840BOPD within one mile from GGE's proposed oil units. Wildhorse is the Eagle Ford play leader in Burleson, Lee and Brazos Counties with over 418,000 net acres. In September 2018, Chesapeake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

Grand Gulf's proposed units (shown in purple on the map below) 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 fraccing of a number of Eagle Ford horizontal wells. Well costs (drilled, fracced 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.





CHANGE OF REGISTERED ADDRESS

The Company effective 31 January 2019 has changed its registered address to 1A Alvan St, Subiaco WA 6008.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 31 December 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
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 (CI-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%

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.

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

+Rule 5.5

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	Quarter ended ("current quarter")
22 073 653 175	31 December 2018

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	771	1,906
1.2	Payments for		
	(a) exploration & evaluation	(128)	(178)
	(b) development	(62)	(27)
	(c) production	(331)	(716)
	(d) staff costs	(80)	(163)
	(e) administration and corporate costs	(92)	(158)
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**	**79**	**665**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(911)	(911)
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 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**	**(911)**	**(911)**

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	2,316	1,687
4.2	Net cash from / (used in) operating activities (item 1.9 above)	79	665
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(911)	(911)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	10	53
4.6	**Cash and cash equivalents at end of period**	**1,494**	**1,494**

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	1,494	2,316
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)**	**1,494**	**2,316**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	195
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

Directors Fees

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	0
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

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	100
9.2	Development	-
9.3	Production	300
9.4	Staff costs	-
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**500**

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: .... Date: 31 January 2019
(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 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.