

HIGHLIGHTS

- **Eagle Ford Acreage Acquisition (50% WI)** – GGE has secured 1,075 gross acres in highly productive Eagle Ford acreage.
- **Pleasant Home Field (Earn-in 50% WI)** – GGE is presently participating in a re-completion program on the second well (Smak Dixon 31-6) in the Pleasant Home Field. The 31-11 well averaged 12 bopd.
- **Bayou La Rompe (Earn-in 20% WI)** – GGE farming-in to a 540,000 bbls oil and 1.4 BCF prospect with the well anticipated to spud in the H1 2018.
- **Desiree Field (39.6% WI)** – The well produced a total of 18,798 bbls of oil during the December quarter. The well averaged 205 bopd.
- **Dugas & Leblanc #3 Field (55.5% WI)** – The well produced a total of 5,802 bbls of oil during the December quarter. The well averaged rate of 63 bopd.
- **Abita Field (20% WI) – The SL 19706 #1** well produced a total of 365 bbls of oil and 80,271 mcf for the December quarter. The well averaged 892 mcf/d and 6 bopd.

QUARTERLY CASH FLOW SUMMARY

Cash Flow Analysis	Dec Quarter	Year to Date
	\$AUD '000	\$AUD '000
Production Sales	721	1,559
Production Costs *	(256)	(520)
Operating Costs	(134)	(352)
Net Operating Proceeds	331	687

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	767m
Share Price	0.6 cents	Mkt Cap	\$4.3m
Quarterly Rev	\$720,000	Prod. Wells	5
Cash @ 31/12	\$1.78m	Net rec/pay	\$300k
Net Prod oil qtr.	10,549 bbls	Net Prod gas qtr.	16,054 mcf

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



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

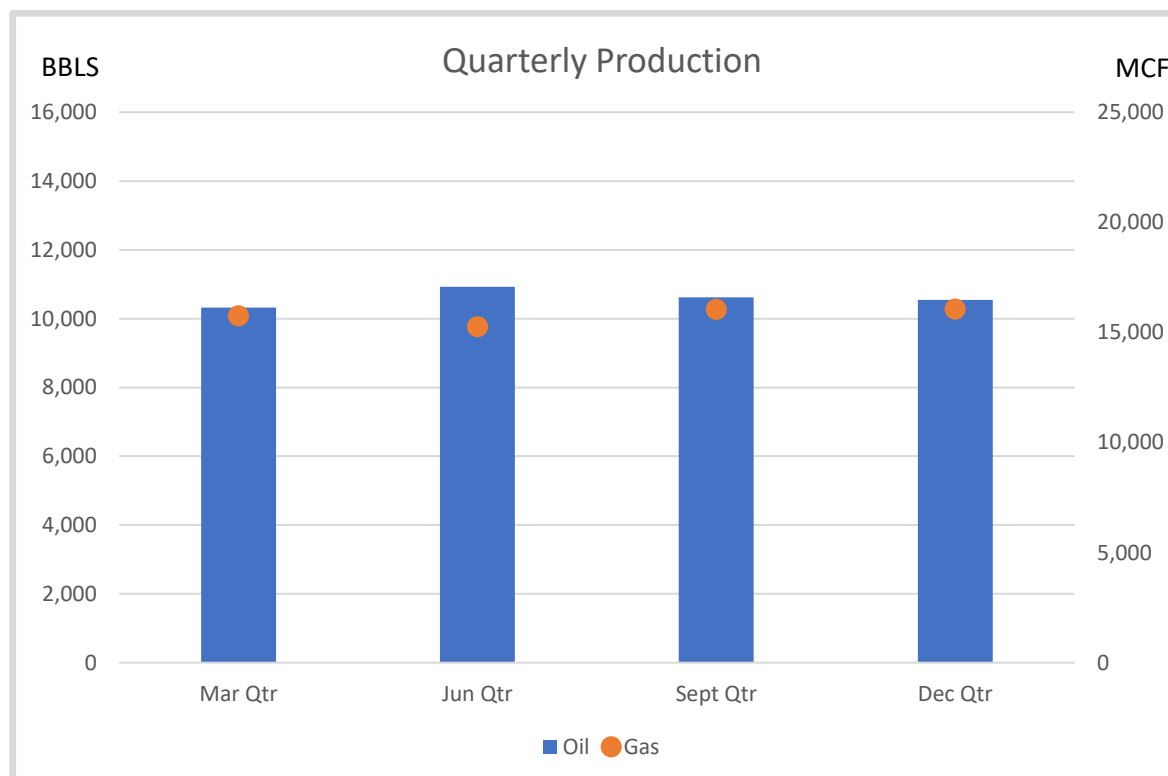
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Perth WA 6000
T +61 8 9389 2000
E info@grandgulf.net



PRODUCTION

Total Net Quarterly Production

	Mar Qtr	Jun Qtr	Sept Qtr	Dec Qtr
Oil (bbls)	10,343	10,133	10,624	10,549
Gas (mcf)	15,743	15,243	16,038	16,054
% Oil Equ.	94%	94%	94%	94%



Abita

Abita, Plaquemines Parish, Louisiana, Non Operator 20% WI

During the quarter, the field's operator changed to Krewe Energy, LLC. The SL 19706 #1 well produced a total for the quarter of 538 bbls of oil and 80,271 mcfg. The well averaged 6 bopd and 872 mcfgd.

Desiree Field

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

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 18,798 barrels of oil. The well averaged 205 bopd. The well has produced 490,533 barrels of oil to 31 December 2017.





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 5,802 barrels of oil. The well averaged 63 bopd. The well has produced over 277,171 barrels of oil and 0.6 BCF gas.

Pleasant Home Field

Smak Dixon, Covington County, Alabama, Non Operator (50% WI)

The Smak Dixon 31-11 produced a total for the quarter of 1,116 barrels of oil. The well averaged 12 bopd from the top three intervals. The Company receives a 60% WI in all net revenue from this well until its investment is recovered.

West Klondike

Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 11.925% WI

The Wilbert Sons LLC #1 well produced a total for the quarter of 291 barrels of oil with 67 days of production during the quarter. The well averaged 6 bopd.

EXPLORATION AND DEVELOPMENT

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

The Company secured it has secured 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 Texas oil and gas private company.

There is significant drilling in Burleson County by companies such as WildHorse Resource Development (WildHorse) and Lone Star Resources. Recent 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 section¹, resulting in higher than average ultimate reserves estimates (EUR) per well.

In the September quarter 2017, WildHorse brought online 27 Eagle Ford and one Austin Chalk horizontal wells. Of the 27 Eagle Ford completions, the Jurica/Doughtie wells, flowed at IP30's of 674 boe/d (96% oil) and 785 boe/d and these are within 10 miles of the JV acreage.

The acreage secured by GGE is in existing production units. The JV has also focussed on areas with carbonate rich rocks combined with high gravity oil and high pore pressures all of which enhance likely well recoveries. 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.

The JV's strategy is to finalise the rental of a small number of leases and secure a drilling operator to drill and frac 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.

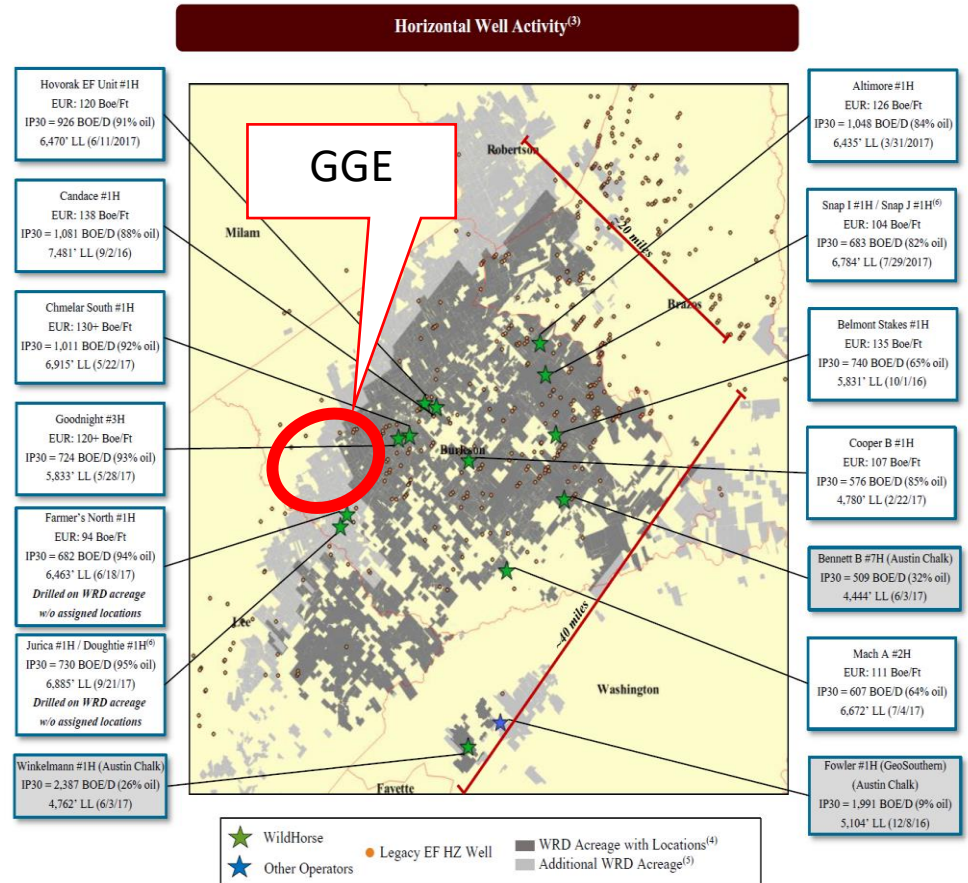
The Company has spent ~US\$550,000 in leasing costs.





Recent Well Results Outperform and Delineate Extensive Acreage Position

- WRD Gen 3 wells continue to outperform 91 Boe/ft type curve across the acreage position
- Total of 68 gross Gen 3 Eagle Ford wells online are averaging a 101 boe per foot EUR ⁽¹⁾
- Current Eagle Ford producing wells exist across entire ~800 square mile area
- 29 gross wells online on the Clayton Williams acquisition acreage with the average of the wells exceeding a 91 boe per foot type curve ⁽²⁾
- Drilled 10 gross wells on Anadarko/KKR acquisition acreage during the third quarter
- Brought online 5 gross wells outside of CGA's and management's 3P area
- Tested 6 successful Eagle Ford refracs across the position



1. Eagle Ford wells drilled and completed as of September 30, 2017, excluding six wells with not enough data to estimate an EUR.
 2. Excludes six wells with not enough data to estimate an EUR.
 3. Data for WildHorse based on actual results reported by WildHorse management. The initial production rates represent the peak average of the IP rates for the applicable consecutive days of production; IP rates are not normalized for lateral length. Dates are first production.
 4. The dark grey area represents ~255,000 net acres within CGA's and management's 3P reserve area.
 5. The light grey area represents ~130,000 net acres outside of CGA's and management's 3P reserve area with no assigned locations.
 6. Two well pads represented with average EURs, initial production rates, oil mix, and lateral lengths.



Pleasant Home Field Second Well Recompletion (50% WI)

The Company has participated as a 50% WI partner in the recompletion of the Smak Dixon 31-6, Pleasant Home Field, Covington Co. Alabama. The 31-6 well is the best producer in the field with over 424,000 bbls of oil produced to date. This recompletion represents an excellent low cost/low risk opportunity. Positive results from this well will provide additional encouragement for the JV to drill a new infill well in the field.

The Pleasant Home Field has produced in excess of 934,000 bbls of oil since 1999 from 4 wells. The wells to date have been completed as commingled completions from multiple zones and GGE believes a number of zones were bypassed or performed poorly due to inadequate zonal isolation. This logging & workover program has confirmed these theories.





The log data recorded indicates three hydrocarbon bearing intervals and with confirmation of a good cement bond log over all three a testing program will continue over the next few weeks. These intervals have not previously been produced from in this wellbore.

GGE's 50% participation in the recompletion of the 31-6 well means that it has now earned its 50% WI in the whole Pleasant Home Field. Previously it had earned a 50% interest in the Smak-Dixon 31-11 well.

Bayou La Rompe Prospect (20% WI) - 500,000 Barrel Oil Prospect

Bayou La Rompe is a conventional, low risk oil and gas exploration prospect in the Company's focus area of onshore South Louisiana. The Prospect is located 22km South of West Klondike and 43km North-West of Napoleonville. Success at Bayou La Rompe will significantly add to the Company's existing reserve and production base.

The project is located on the Lake Mongoilis Dome Field and sits on the previously poorly explored south western side of the Dome. The opportunity to drill and test this feature came about through the use of RTM technology (Reverse Time Migration: a high-fidelity processing algorithm for imaging near salt domes) which has identified untested potential in an area where 3D seismic data was previously uninterpretable.

Bayou La Rompe is an attic oil trap, updip from the Transamerican #1 Wilbert's well that produced 55,000 bbls of oil before it watered out confirming a strong water drive in the area. It is prognosed that the well will penetrate the target section at approximately 8,950ft tvd, and high to the Transamerican #1 Wilbert's well. The Bayou La Rompe Prospect has the potential to deliver reserves of 5.7 BCF and 1,425,000 BO (P10) or 1.6 BCF and 540,000 BO (P50).

The primary objective of the well is the Cib Haz sand which is a substantial producer in the Lake Mongoilis Dome Field having yielded over 10 mmbo. In addition, a shallower secondary objective (10,850 sand) is also productive in the field. Likely flow rates, should the well be successful, are:

10,850' sand	-	5mmcf/50bod
Cib Haz	-	380bod/250mcf

The well will be drilled in a geo-pressured environment from a barge location. The Company's likely share of costs will be \$440,000 to drill and an additional \$400,000 to complete the well with facilities if successful. The operator has advised that they have secured the drill pad and it is anticipated to spud the well in the first half of 2018.

Following a successful well result, the project vendor will retain an initial over-riding royalty of 2.5% which will increase to 5% after project payback (**APPO**). The Company's net revenue interest will commence at 15% and lower to 14% APPO.





LEASE SCHEDULE

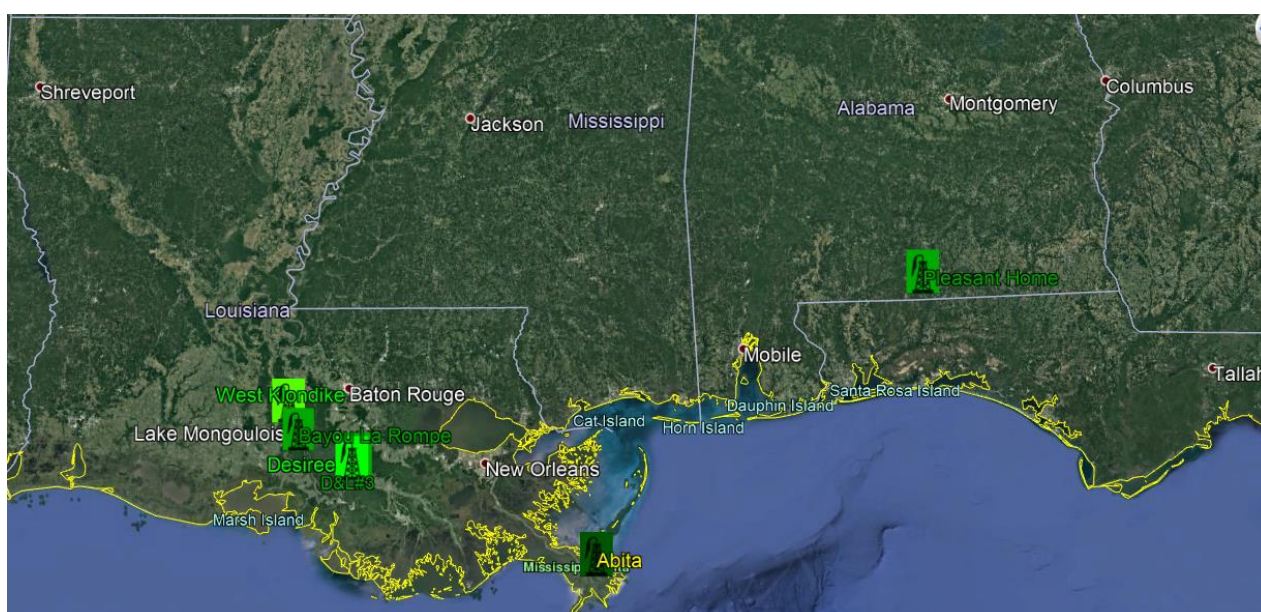
The Company provides the following Schedule of lease interest held by the Company for the quarter 31 December 2017 as required by ASX Listing Rule 5.3.

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%
Boleslaw-1	Central Poland	Boleslaw-1 well-site lease on the Kolo concession.	20.4%	20.4%



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")

31 December 2017

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	721	1,560
1.2 Payments for		
(a) exploration & evaluation	(519)	(644)
(b) development	(149)	(355)
(c) production	(262)	(526)
(d) staff costs	(89)	(182)
(e) administration and corporate costs	(59)	(116)
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	(356)	(262)

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 (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		

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	1,964	1,859
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(356)	(262)
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	176	187
4.6 Cash and cash equivalents at end of period	1,784	1,784

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	1,784	1,784
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)	1,784	1,784

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	119
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	

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	

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	300
9.2 Development	-
9.3 Production	300
9.4 Staff costs	-
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	750

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 January 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.