

June 2021 ASX Quarterly Report

30 July 2021

HIGHLIGHTS

Grand Gulf Energy Limited (ASX: GGE) (Grand Gulf or the Company) is pleased to provide shareholders with the following summary of its activities during the June 2021 quarter.

- **Desiree Field (39.6% WI)** – The well produced a total of 3,295 bbls of oil (averaged 37 bo/d) during the quarter.
- **Dugas & Leblanc #3 Field (61.8% WI)** – The well produced a total of 6,489 bbls of oil (averaged 72 bo/d) during the quarter.
- The Company received a legal settlement of **A\$145,700**

QUARTERLY SUMMARY

Cash Flow Analysis	June Quarter	Year to Date
	\$AUD '000	\$AUD '000
Production Sales (net of Royalties)	270	970
Legal Settlement	145	145
Production Costs	(173)	(607)
Operating & Overhead Costs	(117)	(392)
Net Operating Proceeds	121	103

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Code	GGE	Shares	384 m
Share Price	1 cent	Market Capitalisation	\$3.84 million
Cash Reserves @ 30/06	\$1,058,039	Producing Fields	2
Quarterly Net BO	3,998 bbls	Daily Net BO	45 bbls/d

PRODUCTION SUMMARY

Total Net Quarterly Oil Production

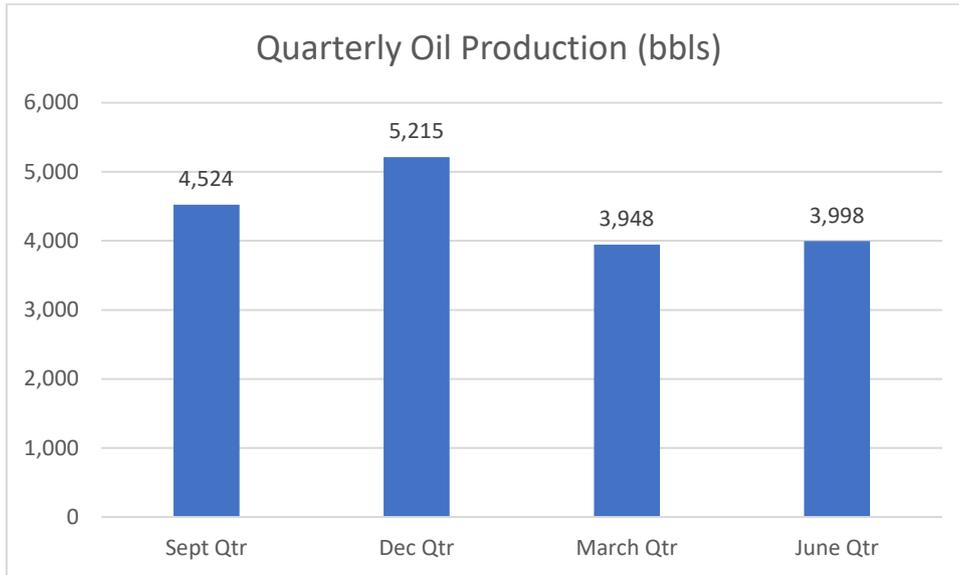
	Sept Qtr	Dec Qtr	March Qtr	June Qtr
Oil (bbls)	4,524	5,215	3,960	3,998

	Working interest	Parish	Quarterly Bo		Daily Bo	
			Gross	Net	Gross	Net
Desiree Field	39.65%	Assumption	3,295	1,305	37	15
Dugas & Leblanc	61.8%	Assumption	6,489	2,693	72	30
Total			9,785	3,988	109	45



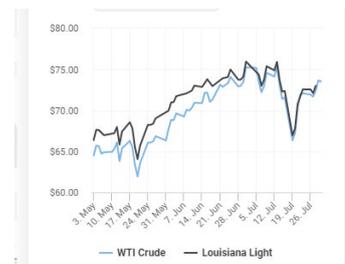
Board of Directors
Chairman – Craig Burton
Exec Dir - Mark Freeman
Director - Chris Bath

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US Oil Price & Production Commentary

The Company receives LLS (Louisiana Light) pricing per barrel which is currently (at 30 July 2021), US\$72.97 /bbl (\$A99.10/bbl). The graph below shows the relative trading of WTI vs LLS with LLS typically trading at a slight premium to WTI. Grand Gulf trading contracts are based on monthly average prices.



Dugas & Leblanc Field

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non-Operator 61.8% WI

The well produced a total for the quarter of 6,489 barrels of oil (up 17% from March 2021 Qtr) and averaged 72 bo/d. The well has produced 368,408 barrels of oil to 30 June 2021.

The D&L #3 well continues to outperform previous reserve estimates.

Desiree Field

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

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 3,295 barrels of oil. The well averaged 37 bo/d.

The well continues to produce from the Cris RIII sands. The well has been experiencing production declines inconsistent with its expected decline curve since February 2021. Whilst the well has stabilised around 40 bbls per day, the operator, Viking Energy LLC, is presently assessing whether a replacement bottom hole pump or other mechanical solutions may improve production or whether the interval is reaching its economic limit and the well can then be recompleted in the Cris RII sand.

The Hensarling well reached a TVD of 12,455ft in mid-December 2012. Electric logging operations confirmed net pay of 31ft in the Cris R II and 49ft in the Cris R III sands. The well is updip and 270ft from the largest producer, Pan American Simoneaux #2 well, in the Napoleonville Field (650,000 BO – Cris R II) which was abandoned at low oil prices with split casing while still producing 100 bbls per day (collectively from Cris R II and III).





The Hensarling #1 well has clearly been a very successful well and since July 2013 the well has produced over 631,500 barrels of oil from the Cris R III sands only. In September 2013, the Cris RIII was placed on jet pump and generated production of ~400 bbls per day. The well continued to produce at over 400 bbls/d for over 2 years.

As at 31 December 2021, the 3P reserves attributed to the Cris RII and RIII sands were ~556,000 barrels (~172,000 bbls net to GGE).

Desiree remains a substantial asset to the Company with long term reserves and cash flow.



Hensarling Facilities

EXPLORATION AND DEVELOPMENT

DJ Basin, Colorado, USA (66% WI)

The Company has ~66% working interests in 355 net acres in Weld County. The Company is looking at ways to unlock the sale of its interest in the DJ Basin.

OTHER PROJECTS

The Company is actively reviewing and assessing alternative projects to acquire.

US\$100,000 DESIREE LEGAL FEES RECOVERED

In January 2016 judgement was found in favour of the Company in respect of an ex-partner seeking an interest in the Desiree project. The judge ruled that legal fees of US\$100,000 were to be reimbursed to the Company. The ex-partner subsequently went into receivership and settlement of these funds owing were finally paid to the Company in June 2021.

RELATED PARTY PAYMENTS

During the quarter ended 30 June 2021, the Company made payments of \$84,500 to related parties and their associates. These payments relate to existing remuneration agreements with Directors.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held for the quarter as at 30 June 2021 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%	61.8%
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 & 0104)	39.6%	39.6%
Louise	Assumption Parish, Louisiana	12S14E52-029	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E52-030	22.0%	22.0%
DJ Basin	Weld County, Colorado	Lease A	52.2%	52.2%
DJ Basin	Weld County, Colorado	Lease B	52.2%	52.2%
DJ Basin	Weld County, Colorado	Lease C	52.2%	52.2%

Forward Looking Statements

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.

Competent Persons Statement

The information contained in these statements has been compiled by Kevin James Kenning, Registered P.E. State of Texas #77656, 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.





Oil and Gas Glossary

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	A\$ or AUD	Australian dollars
2P	proved plus Probable reserves	US\$ or USD	United states dollars
3P	proved plus Probable plus Possible reserves	Q1	first quarter ended September 30 th
bbl or bbls	barrel of oil	Q2	second quarter ended December 31 st
boe	barrel of oil equivalent (1 bbl = 6 Mcf)	Q3	third quarter ended March 31 st
d	suffix – per day	Q4	fourth quarter ended June 30 th
GJ	gigajoules	YTD	year-to-date
mbbl	thousands of barrels	YE	year-end
mboe	thousands of barrels of oil equivalent	H1	six months ended June 30 th
Mcf	thousand cubic feet	H2	six months ended December 31 st
MMcf	million cubic feet	B	Prefix – Billions
PDP	proved developed producing reserves	MM	Prefix – Millions
PUD	Proved Undeveloped Producing	M	Prefix – Thousands
C	Contingent Resources – 1C/2C/3C – low/most likely/high	/d	Suffix – per day
Net	Working Interest after Deduction of Royalty Interests	bbl	Barrel of Oil
NPV (10)	Net Present Value (discount rate), before income tax	boe	Barrel of Oil Equivalent (1bbl = 6 mscf)
EUR	Estimated Ultimate Recovery per well	scf	Standard Cubic Foot of Gas
WTI	West Texas Intermediate Oil Benchmark Price	Bcf	Billion Standard Cubic Foot of Gas
LLS	Louisiana Light Oil Benchmark Price	CY	Calendar Year
1P or 1P	Total Proved	OCF	Operating Cash Flow, ex Capex
2P or 2P	Total Proved plus Probable Reserves	E	Estimate
3P	Total Proved plus Probable plus Possible Reserves	Net Acres	Working Interest
EBITDA	Earnings before interest, tax, depreciation, depletion and amortisation		



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

30 June 2021

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	270	970
1.2	Payments for		
	(a) exploration & evaluation	(4)	(12)
	(b) development	-	(1)
	(c) production	(173)	(607)
	(d) staff costs	(74)	(169)
	(e) administration and corporate costs	(43)	(228)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	5
1.8	Legal Settlement	146	146
1.9	Net cash from / (used in) operating activities	122	104

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
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 equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	933	1,035
1,	Net cash from / (used in) operating activities (item 1.9 above)	122	104
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)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3	(81)
4.6	Cash and cash equivalents at end of period	1,058	1,058

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	1,058	933
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)	1,058	933

6. Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	84
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	122
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	122
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,060
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,060
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 30/07/2021

Authorised by:

By the board.

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.