

11 June 2014

MARKET UPDATE

- Status of Operations
 - The Company is pleased to confirm that a **rig** has been secured to drill the **Louise Prospect** on the Napoleonville Dome. The Templet #1 well is expected to be spud prior to the **end of June 2014** and is targeting 600,000-800,000 bbls oil in an updip segment of a proven oil bearing compartment. A detailed update on Louise is provided below.
 - Installation of production facilities are progressing well at **West Klondike**. The operator anticipates production to commence at the end of June 2014 and the project is presently within budget. The well tested flow rates above 2mmcf/g/d and associated condensate.
 - **Hensarling #1** continues to produce at above 400 bopd. Post-drill, gross reserves are estimated to be 952,000 bbls oil and 0.4 Bcf gas in the Cris R II & III and the Company has a 35.6% WI in the well. The well has produced over 115,000 barrels of oil since July 2013.
 - **D&L#3** continues to produce at gross daily production rates of 109 bopd with 390 bwpd (gas is being flared), through a 22.5/64" choke. The JV has recently received a permit to convert the D&L#2 well to a salt water disposal well which will reduce disposal costs substantially. GGE has a 40.5% WI in the well.
 - Production at **Abita** is presently 437 mcfpd, 3 bcdpd and 125 bswpd through a 7/64" choke. The operator has submitted an AFE to recompleat in the upper 18 sands which GGE has agreed to. The upper 18 sand is likely to contain 400,000 mcf and 8,000 bbls oil. it is anticipated that the recompletion will commence within the next 60 days.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 36 and 30 years relevant experience respectively 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.

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Napoleonville Salt Dome

Templet #1, Louise Prospect, Assumption Parish, Louisiana, Non Operator 23.9-23.4%

The operator has confirmed that a drilling rig has been secured and anticipates spudding the Templet #1 well prior to 30 June 2014. Drilling permits have been secured and the well is to be drilled from the Desiree pad (Hersarling#1).

This prospect was developed using proprietary 3D seismic data by the Company's in-house Geological and Geophysical team. The prospect follows the same style as Desiree (Hersarling#1) and is located to the immediate south. The Templet #1 well is expected to penetrate an accumulation of oil in a 3D-defined, normally pressured block up-dip from a productive well where an equivalent target interval has produced 2.2 mmbbl oil and 10.5 Bcf gas. The Louise prospect is targeting an estimated resource of between 600,000 to 800,000 bbls of oil.

As not all Lessees have elected to participate in this well, GGE has negotiated to acquire an additional 7.4% WI in the well. If this agreed acquisition does not proceed, GGE will pay an additional 6.829% of well costs under a risked fee basis. Under the Risked Fee Louisiana statute provisions, a non JOA working interest holder can be issued a request to participate in a well. If they do not agree to participate, the other parties can elect to cover their share of costs, and, in return for assuming this risk, be reimbursed their costs along with a 200% penalty (ie 300% payout).

A summary of the likely working interests attributable to the Company in the Templet #1 well is set out below:

	<u>AFE BCP</u>	<u>AFE ACP</u>	<u>After 300% payout*</u>
Risk Fee:	16.59%	23.40%	16.57%
Acquisition:	19.76%	23.90%	-