

Quarterly Report

For Quarter ending 30 September 2014



HIGHLIGHTS

- Quarterly net production was 16,667 bbls of oil and 21,432 Mcf of gas with gross revenue of A\$1.93m. After royalties, production and development costs the Company delivered \$1.1m to fund exploration and administration costs for the quarter.
- Desiree Production (35.6% WI)** - Hensarling #1 produced a total of 36,659 bbls of oil during the Sept quarter net to GGE at an average rate of 399 bbls per day. During the period, net revenue (after operating costs) averaged ~\$290,000 per month to GGE.
- Dugas & Leblanc #3 (40% WI)** - This well is presently producing at gross production rates of 100 bopd and 585 bswpd, through a 21/64" choke. The D&L#2 well was successfully converted into a SWD which will significantly reduce water disposal costs. During the period, net revenue (after operating costs) averaged ~\$75,000 per month.
- West Klondike (11.7% WI)** - The well commenced production on 2 September and is presently producing ~1.5mmcf/d and 15 bcpd through a 7/64 inch choke from the Lower Nod Blan. **Based on current production rate net revenue** (after operating costs) is estimated at ~\$14,000 per month.
- Abita (20% WI)** - The SL 19706 #1 well choke was increased to 8/64 and the well is presently producing 1.5 Mcfpd, 15 bcdpd and nil bs wd. **Based on current production rate net revenue** (after operating costs) is estimated at ~\$27,000 per month.
- Louise Prospect (22.5% WI)** - The Templet #1 well was drilled, unfortunately the logs indicated the well was uneconomic. The well provided important geological and geophysical data which will be utilized to guide future exploration efforts. Templet #1 has been suspended and will used as a water disposal well for Hensarling #1 when it commences to produce water.

ASX Codes	GGE	Shares	748m
Share Price	0.9 c	Mkt cap	\$6.095m

PRODUCTION RESERVES AT 30 JUNE 2014

Well #	Status	PUD Oil (net Mbo)	PUD Gas (Net Bcf)
D&L#3	Prod.	26	.24
Abita	Prod.	9	.48
Desiree	Prod.	309	-
W. Klondike	Prod.	12-55	0.02-1.2
Total		356-399	0.74-1.92

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Directors

Executive Chairman
Mr Charles Morgan

Managing Director
Mr Mark Freeman

Director
Mr Stephen Keenihan

Executive Director
Mr Allan Boss

Energy Prices

Brent US\$85.26 (BBL)
Nymex US\$3.67 (MMBTU)

Major Shareholders

Charles Morgan 21.5%
Craig Burton 24.6%





PRODUCTION AND DEVELOPMENT

	Mar Qtr	Jun Qtr	Sep Qtr
Oil (bbls)	15,999	15,392	16,667
Gas (mcf)	29,272	27,574	21,432
% Oil Equ.	94%	94%	95%

Desiree Field

Desiree, Assumption Parish, Louisiana, Non Operator 35.6%WI

The Hensarling #1 well (Desiree Field) commenced production on 3 July 2013 and is presently producing at around 400 bbls oil per day using a jet pump. The operator anticipates the well will sustain production rates between 350 to 400 bbls per day through a 25/64 inch choke until depleted or water production becomes excessive.

The well is producing from the thicker Cris R III following which the overlying Cris R II will be completed for production. At these production rates the Desiree Field contributes cash flow to the Company of US\$265,000-\$295,000 per month. Recent reductions in the Oil price will reduce likely monthly revenue to \$240,000 per month.

The net P1 reserves to the Company at 30 June 2014 were estimated at 309,000 bbls.

Dugas & Leblanc #3 "M" Sand

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 40% WI

The D&L#3 was placed on jet pump in December 2013 and is producing at flow rates of 100 bopd and 585 bswpd from a 21/64 inch choke. Monthly revenue net to the Company is estimated at around \$75,000 after royalties and operating costs.

During the period, the Operator completed the conversion of the D&L #2 well into a salt water disposal well which will significantly reduce operating costs. At these production rates the Dugas & Leblanc #3 well contributes cash flow to the Company of US\$75,000 per month. Recent reductions in the Oil price will reduce likely monthly revenue to \$67,000 per month.

The net P1 reserves to the Company at 30 June 2014 were estimated at 26,000 bbls and 240,000 mcf of gas.

Abita

Abita, Plaquemines Parish, Louisiana, Non Operator 20%WI (15% after payout) 350-700 BBLS / 6 BCFG

The field is being operated by Clayton Williams Energy Inc in Plaquemines Parish, Louisiana. The well commenced producing on 18 March 2012.

The well is presently producing from the upper 18 sands. The choke has just been increased. The well is presently producing at 1.5 mmcf/d, 15 bopd and nil bswd through a 8/64 inch choke. At these production rates the Abita contributes cash flow to the Company of ~US\$27,000 per month.

At 30 June 2014 the net P1 and P2 reserves to the Company were estimated to be 9,000 bbls and 479,000 mcf of gas for the "Upper 18", "17", and "15" Sands.

West Klondike Development

Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 11.7% WI

On 4 September, the well commenced production and the well is presently producing at 1.5 mmcf/d and 15 bc/d through a 7/64 inch choke from the lower nod blan.

At 30 June 2014 the net P1 and P2 reserves to the Company were estimated to be 12,000 bbls and 21,000 mcf of gas and the contingent resources were 18,000-55,000 bbls and 0.425-1.2 BCF of gas. At these production rates the West Klondike contributes cash flow to the Company of ~US\$14,000 per month.

Due to non-participation by one of the JV partners in the facilities and pipeline program, the Company has a working interest to 11.7%. The increased interest (1.2%) will revert back to the original owner following 400% recovery of the associated incremental cost to the Company. A summary of the characteristics of each reservoir is provided below:



Depths	Sand	Net Pay	Hydrocarbons	Description
10,330-10,350	Lario	4ft	Oil	18-20% porosity appears tight
10,518-10,524	U Nod Blan	6ft	Condensate/gas	Good porosity
10,616-10,661	L Nod Blan	35ft	Oil/gas	Good porosity

EXPLORATION

Napoleonville Salt Dome

Templet #1 well, Louise Prospect, Assumption Parish, Louisiana, Non Operator 22.57%

The Templet #1 well was drilled, unfortunately, the logs indicated the well was uneconomic. The well provided important geological and geophysical data which will be utilized to guide future exploration efforts. Templet #1 has been suspended and will used as a water disposal well for Henserling #1 when it commences to produce water.

Napoleonville Salt Dome

The Company has continued building its G&G database over the quarter, this includes the identification and review of a number of new projects on the dome, some with near term drilling potential. The reprocessed data is proving to be very beneficial and together with the frequency attribute work a number of new project opportunities have been identified.

CORPORATE MATTER

Annual General Meeting

The Annual General Meeting will be held on 20 November 2014, at Level 7, 1008 Hay Street, Perth.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 30 September 2014 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%
14-149	Assumption Parish, Louisiana	CL-0102	40.5%	40.5%
14-149	Assumption Parish, Louisiana	CL-0110	40.5%	40.5%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0119	22%	22%
Desiree/Louise	Assumption Parish, Louisiana	CL-0130	35.6/22.0%	35.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-031A (CL-0131)	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E52-031B (CL-0131)	35.6%	35.6%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0121	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0122	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0123	22%	22%
Louise	Assumption Parish, Louisiana	CL-0124	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0134	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0137	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0138A	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0138B	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0135	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0136	22%	22%

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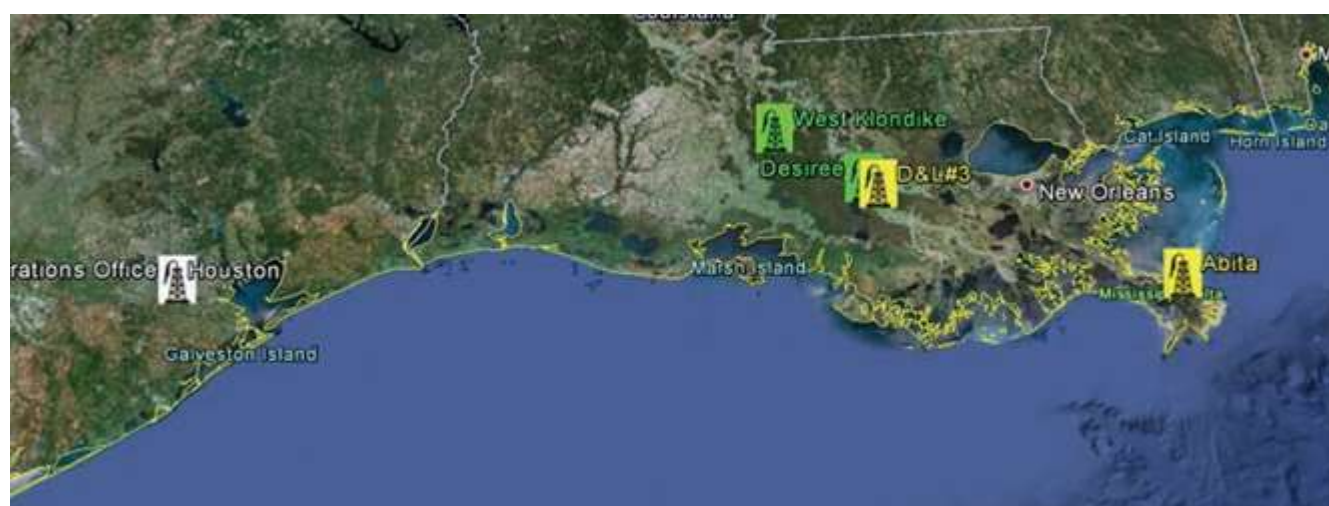


Dugas & Leblanc	Assumption Parish, Louisiana	CL-0139	40.5%	40.5%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-001	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-003	35.6/22.0%	35.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-004	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-005	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-006	35.6/22.0%	35.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-007	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E52-008	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-009	35.6/22.0%	35.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-010	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-011	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-013	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-014	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-015	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-016	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-017A	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-019	35.6/22.0%	35.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-020	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022A	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022B	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-012	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-018	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021A	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021B	35.6/22.0%	35.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-024	35.6/22.0%	35.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-023	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E51-001A	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E51-001B	35.6%	35.6%
Louise	Assumption Parish, Louisiana	12S14E52-025	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-026	35.6/22.0%	35.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-027	22.0%	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%
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%
Louise	Assumption Parish, Louisiana	12S14E53-008	22.0%	22.0%
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Louise	Assumption Parish, Louisiana	12S14E53-013	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-014	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-015	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-016	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-017	22.0%	22.0%

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Louise	Assumption Parish, Louisiana	12S14E53-018	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-019	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-020	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-021	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-022	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-023	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-024	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-025	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-026	22.0%	22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-032 (CL-0068 & 0106)	35.6%	35.6%
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	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#1B	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#1C	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#2	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#3A	10.5%	11.7%
West Klondike	Iberville Parish, Louisiana	WK#3B	10.5%	11.7%



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 37 and 31 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date \$A'ooo
1.1	Receipts from product sales and related debtors	1,932	1,932
1.2	Payments for (a) exploration & evaluation	(738)	(738)
	(b) development	(183)	(183)
	(c) production	(799)	(799)
	(d) administration	(162)	(162)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Insurance pre-payment (refundable)	-	-
1.7	Other (escrow of revenue)	-	-
Net Operating Cash Flows		50	50
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	50	50

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	50	50
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of Capital	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	50	50
1.20	Cash at beginning of quarter/year to date	1,810	1,810
1.21	Exchange rate adjustments to item 1.20	171	171
1.22	Cash at end of quarter	2,031	2,031

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'ooo
1.23	Aggregate amount of payments to the parties included in item 1.2	139
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting and directors fees, and provision of a Legal Secretary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	50
4.3 Production*	700
4.4 Administration	125
Total	1,175

* Production costs are primarily a fixed % of revenue and reflect royalties and state taxes. The balance are production costs.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,031	1,810
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,031	1,810

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

6.2 Interests in mining
tenements acquired or
increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference + securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	747,998,870	747,998,870		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options Unlisted Options			Exercise price	Expiry date
	Listed Options				

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				
7.13	Partly paid shares				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31/10/2014
(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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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