Grand Gulf Energy Limited

ABN 22 073 653 175

Annual Report

for the financial year ended

30 June 2022

CONTENTS

CORPORATE DIRECTORY
FOR THE YEAR ENDED 30 June 2022

DIRECTORS
Mr Craig Burton – Non Executive Chairman
Mr Dane Lance - Managing Director
Mr Keith Martens – Non-Executive Director

COMPANY SECRETARY
Mr Lloyd Flint

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ABN
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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity (**Company, Group or GGE**) for the year ended 30 June 2022.

DIRECTORS

The names of directors who held office during or since the end of the year are:

Mr Craig Burton	*Non-Executive Chairman*
Mr Dane Lance	*Managing Director (appointed 23 February 2022)*
Mr Keith Martens	*Technical Director (appointed Managing Director 11 October 2021. Appointed Technical Director on 23 February 2022 following appointment of Mr Dane Lance as MD)*
Mr Mark Freeman	*Executive Director & Company Secretary (resigned 15 April 2022)*
Mr Chris Bath	*Non-executive Director (resigned 11 October 2021)*

OPERATING RESULT

The Group incurred an operating loss after income tax for the year ended 30 June 2022 of $18,703,757 (30 June 2021: $115,218).

The Directors believe the Group is in a sound financial position to continue its exploration and development endeavours.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

It was a transformative year for the Company making a strategic pivot to pure-play helium exploration with the acquisition of a now 70% interest in the Red Helium project (refer note 20 – Events occurring after the reporting date), and the right to earn up to 85%. Throughout the year the company continue to mature the project, including the following milestones:

- Booking of the maiden prospective resource with a gross project unrisked P50 helium resource of 10.9 billion cubic feet of helium;
- Drilled the maiden helium exploration well Jesse#1A and announced the Jesse discovery generally exceeding pre-drill expectation and highlights including:
    - Helium grade of 0.8%;
    - Over 200 feet of gross gas column;
    - 101 feet of net pay;
    - Well pressured and productive reservoir; and
    - Independent Auditor confirms Jesse helium discovery and maturation from Prospective to Contingent Resource category.
- Helium Offtake Agreement (**"Offtake"**) with Paradox Resources LLC (**"Paradox"**), owner and operator of the Lisbon Valley helium plant;
- Strategic Alliance (**"Alliance"**), to expand on the Offtake terms and exploit the corporate synergies with Paradox; and
- Matured three new drill locations on the Jesse structure and three prospects independent to Jesse, including the drill-ready Earp prospect, with plans to drill a second helium well in Q4 2022.

RED HELIUM PROJECT UPDATES

Helium Market – Brief Update

Recent sharp rise in helium prices on the back of US supply disruptions, Russian sanctions and increased demand. Ongoing supply-side issues including the outage at the US government's BLM Cliffside facility (up to 10% global supply) and the Amur facility incident (10 - 20% global supply) have put extreme pressure on the global market, and in particular the US spot market, with the company advised of US spot prices in excess of US$2,000/mcf for research grade helium (160mcf tube trailer). The BLM facility was re-started in June 2022, however significant supply shortages are forecast into 2023. Spot prices have increased more than 300% and many suppliers in the US are still in Force Majeure, meaning they cannot meet their supply contracts.

Jesse Discovery

The maiden helium exploration well Jesse#1A spudded on 24th of April 2022 and the Jesse discovery was announced on 29 June 2022. The well returned helium gas at a grade of over 0.8% to surface and a well pressured and productive reservoir of 2465psi in line with virgin pressure modelling at the neighbouring Doe Canyon analogue. The helium concentrations compare favourably to Doe Canyon which has an average grade of 0.4%.

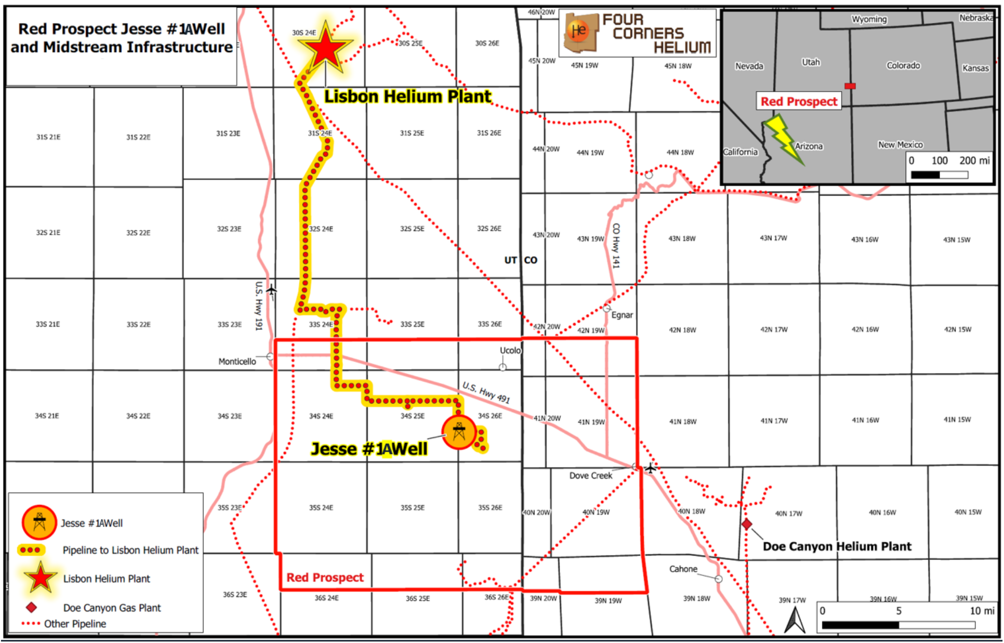
Petrophysical interpretations indicate a gross gas column of over 200ft (ASX announcement 21 September 2022) supporting a structural closure estimated at 4 to 5 times the neighbouring Doe Canyon analogue, which has an estimated helium recovery of 3 – 5 bcf/yr (Air Products market cap US$52b). The annual world-wide helium market, a multi-billion dollar market, is around 6 bcf/yr.

Flow test operations on Jesse#1A were suspended due to mechanical borehole issues and an inability to isolate water influx, however demonstrated a working helium system returning helium gas to surface (ASX announcement 21 Sep 2022). The Jesse#1A well is immediately adjacent to unutilised pipeline connected to Helium Offtake Agreement partner, Paradox.

Aztec 980 Drill Rig on Jesse#1A well site in SE Utah

Helium Offtake Agreement (Offtake):

Offtake executed (ASX announcement 16 March 2022) with helium refiner and seller Paradox Resources LLC (Paradox) with industry standard 80/20 revenue sharing / allowing near immediate monetisation of a success case Jesse#1A to monetized with minimal time and Capex. The Red Helium project is 20 miles south of and connected by pipeline to the operational Lisbon Helium Plant.



Jesse#1A location in the Red Helium project AMI with local pipelines / gas transport route to the Lisbon Helium Plant.

Sproule Contingent Resource Evaluation

Sproule Energy Consulting ("Sproule") is an independent resources and reserves certification specialist and is considered the world's leading helium evaluator. Valence Resources LLC ("Valence") is operator of the Red Helium Project and Grand Gulf has a 70% working interest in Valence (refer note 20 – Events occurring after reporting date), with a right to earn 85%.

With the positive results at Jesse#1A, Sproule opines that Valence has established "discovered" status of the reservoir which will allow the Prospective Resources to be classified as Contingent Resources at the

Jesse-1A location (ASX announcement 21 Sep 2022). A Contingent Resource booking will require a future evaluation by Sproule and will incorporate the results of Jesse#1A and potentially future wells:

The highlighted Jesse#1A results, generally exceeding pre-drill expectations:

- Over 200 feet of gross gas column;
- 101 feet of net pay;
- Helium gas flow to surface with laboratory tested concentrations of 0.8%; and
- Gas Sales and Processing Agreement with Paradox Resources LLC

Under the Society of Petroleum Engineers Petroleum Resource Management System (SPE PRMS) Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, by the application of development project(s) not currently considered to be commercial owing to one or more contingencies.

Maiden Prospective Helium Resource (pre-Jesse#1A)

On 8 December 2021 the Company announced that Sproule had completed the maiden Prospective Resource Report for the Red Helium Project located in the Paradox Basin, Utah USA.

Sproule has confirmed a P50 10.9 billion cubic feet (BCF) Prospective Resource over gross leased acreage and P50 of 7.4 BCF on a net acre basis to Valence. The Sproule Prospective Resource calculation is based on the current acres held by incorporated joint venture company Valence Resources LLC (Valence) at 8 December 2021.

The Company plans a resource update based on the data gained from Jesse#1A and future wells.

Valence Pre-Drill Prospective Resources[1]

Recoverable Helium	1U (P90) (BCF)	2U (P50) (BCF)	3U (P10) (BCF)
Gross to Valence - (28,046 gross acres)	7.6	**10.9**	12.9
Net to Valence - (18,959 net acres)	5.2	**7.4**	8.5
Net to GGE - (earning 85% of net Valence)	4.4	**6.3**	7.2
Red Project Total	7.9	**20.8**	57.6

- The estimated quantities of helium that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal is required to determine the existence of a significant quantity of potentially moveable helium.

  GGE now has a 70% interest in Valence (refer note 20 - Events occurring after reporting date) with a right to secure a further 15% interest (total of 85%) on the following terms:

Earning 85% of Valence Resources	Max Commitment Spend	Cumulative Interest
Current Working Interest (refer note 20 - Events occurring after reporting date)		70%
Drilling second well prior to 30/09/2023	US$1.5M (cost overruns to be split 77.5/22.5)	77.5%
Drilling third well prior to 30/09/2023	US$1.5M (cost overruns to be split 85/15)	85%

Strategic Alliance

Grand Gulf entered into a Strategic Alliance (“Alliance”) with helium refiner and seller Paradox Resources LLC designed to fast-track and optimise the significant commercial opportunities that exist in the current buoyant helium market (ASX announcement 11th April 2022). The Alliance is structured to explore mutually commercially advantageous revenue sharing arrangement on such key items as:

- Optimize and prioritize near-term exposure to the burgeoning helium market;
- Red Helium Project to be a potential priority supplier to re-start the Paradox liquefier capable of producing high purity 99.9995% helium - which attracts premium pricing, currently over US$2,000/mcf;
- Collaborative downstream marketing targeting end users of high-purity helium such as semi-conductor manufacturers and the space industry;

[1] *Sproule as announced on ASX on 8 December 2021.* The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

- Expansion of the terms of the recently executed Offtake agreement to include discoveries after Jesse#1A;
- Progress identified CO_2 disposal options with revenue generating potential:
  - i) Expansion of existing carbon sequestration activities at Paradox's Lisbon Plant to include CO_2 from the Red Helium Project - potentially revenue-generating under Section 45Q of the US Tax Code; and
  - ii) Joint investigation into utilization of Red Helium Project CO_2 for enhanced oil recovery (flooding) from Paradox's Lisbon Oil Field.
- Potential synergistic commercial benefits in assessing corporate opportunities that involve both Paradox assets and the Red Helium Project.

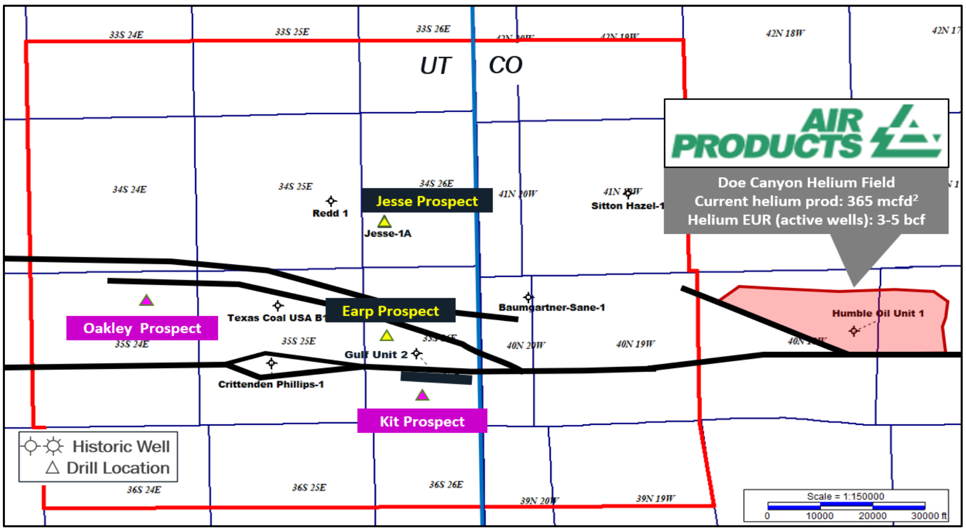
Paradox Resources Lisbon Valley Gas Processing Plant.

Second Red Helium project well planned for Q4 2022

Planning is on schedule for two future Red Helium project wells (ASX announcement 21 Sept 2022). Three mature drill locations independent to the Jesse prospect were identified, significantly de-risking the Red Helium Project (ASX announcement 4 April).

Permits for two Jesse appraisal and development wells were submitted to the regulator in August, with a third nearing submission. The Utah Division of Oil Gas and Mining has indicated permits are generally approved within a 60 to 90 day timeframe.

The drill-ready Earp prospect, one of three prospects independent of Jesse, will test a structurally high horst block 6 miles southeast of Jesse 1A.



Jesse#1A location and additional independent prospect drill locations in the Red Helium project AMI with Doe Canyon Analog helium field (Air Products market cap US$52B)

The engineering for future Red Helium locations will incorporate the vast learnings on the heterogeneous Paradox Basin carbonate rocks from the drilling of the Jesse 1A wildcat to optimise gas production by:

- Using gas/water contact to prevent drilling into the water leg in future Jesse wells and reducing the risk of water production.
- Optimising drilling parameters to prevent excessive overbalance, damage from formation invasion, and exceeding the regional fracture gradient causing vertical connection.

- Calibration of seismic data with well results which will enable targeting of structural high locations in Jesse and nearby prospects to maximise gas pay zones.

Red Helium Project Acquisition

During the year Grand Gulf acquired 100% of the issued share capital of Kessel Resources Pty Ltd (Kessel), a privately held Australian company which held a 25% interest in Valence Resources LLC (Valence). Valence has tenure over the Red Helium Project located in Utah. Consideration to acquire Kessel consisted of:

- 450 million GGE shares;
- 100 million performance shares that convert to GGE shares on a one for one basis if 4 million ft3 of helium is produced and sold from the Red Helium Project by 15 October 2025; and
- 30 million options exercisable at 2.5 cents per share on or before 15 October 2024.

The Company acquired an additional 30% interest in Valence in December 2021 taking the Group's interest in Valence to 55%, and is currently 70% after drilling Jesse#1A (refer note 20 - Events occurring after reporting date) with the right to earn an interest of up to 85% of Valence by drilling three wells with a commitment of US$1.5M each.

Consideration for the additional 30% interest consisted of 91,161,187 GGE shares and $400,000 in cash.

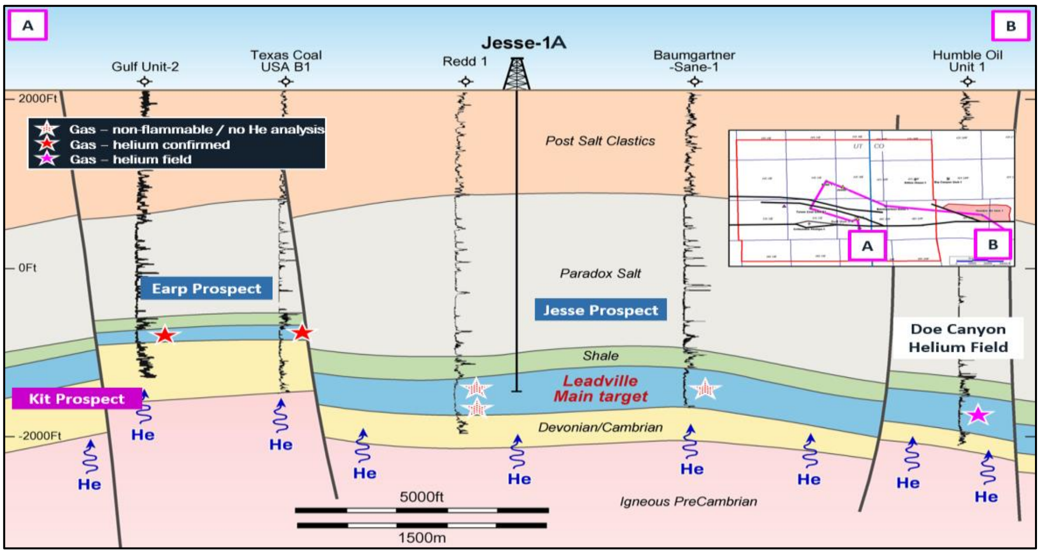
The loss for the year includes an impairment charge of $9,450,000 relating to the Group's interest in Valence, the joint venture owning and operating the Red Helium Project. The impairment is the result of applying the requirements of accounting standards and does not reflect any operational changes to the Red Helium Project in the year.

The consideration for the Group's initial interest in Valence primarily consisted of shares in the Company. Under accounting standards, if the value of a transaction is measured by the value of the consideration paid, the value of the shares must be determined by the share price on the date they were issued rather than when the issue was announced. GGE's share price when the initial acquisition of its interest in Valence was announced was $0.012, though increased to $0.033 when the shares were issued on 15 October 2021. While the value of the consideration paid was measured using a share price of $0.033, the value of the Group's initial interest in Valence was subsequently reassessed based on a GGE share price of $0.012 resulting in the impairment.

About the Red Helium Project

The Red Helium Project provides exposure to the burgeoning helium industry in a prolific proven helium-producing region, the Four Corners Area, that comprises:

- 250,713 acre area of mutual interest (AMI) with over 29,000 acres (private leases/Utah state leases) leased in drill-friendly Utah in the heart of the most prolific helium-producing region in the world;
- Geologically analogous to Doe Canyon Field (refer ASX announcement 8 December 2021, page 4), Doe Canyon is situated 15 miles due east of the Red Helium project, and is currently producing approximately 10,700,000 cubic feet of helium per month, the bulk of which comes from only 7 wells. Air Products is processing the helium, and it is anticipated that Doe Canyon will ultimately produce 3-5 billion cubic feet of helium. With additional drilling, this resource figure could increase; and
- 315 kms of well-placed 2D seismic has been acquired and reprocessed – identifying multiple drill targets – and confirming a structural trap 4-5 times larger than the Doe Canyon Field.



Stylised cross section with Jesse#1A location, Earp and Kit prospects, Doe Canyon helium field / historic gas samples

The Directors of Grand Gulf Energy Limited submit herewith the annual financial report of the Group consisting of Grand Gulf Energy Limited and the entities it controlled at the end of, or during the year ended 30 June 2022 (referred to hereafter as the group).

DIRECTORS

The names and details of the directors of the Company in office during the financial year and until the date of this report, unless otherwise stated, are:

Mr Craig Burton Non- Executive Chairman Appointed 5 March 2019	**Experience and Expertise** Mr Burton is an experienced investor in emerging companies, projects and businesses. He has a track record of providing financial backing and strategic advice to successful technical teams and business managers. He is an active investor in the oil and gas sector with an in-house technical and project generation team. **Responsibilities** Mr Burton is Chairman of the Board of Directors. Mr Burton is responsible for guiding Company strategy and for reviewing and providing guidance on finance, corporate, acquisition, exploration and production activities. **Former and current directorships in last 3 years** Mr Burton is currently Chairman of Cradle Resources Limited and a Non-executive Director of the Mader Group, Director of MPS Engineering and FeCon Limited. In the past three years Mr Burton has been a Non-Executive Director of Capital Drilling Limited (resigned 31 August 2018).
Mr Keith Martens B.Sc. (University of British Columbia) Non- Executive Technical Director Appointed 11 October 2021	**Experience and Expertise** Mr Martens is a Geophysicist/Geologist with 45 years petroleum experience. Keith has worked in various senior roles, mainly in Australia and North America. Recent client and staff positions in Australia have included Victoria Petroleum/Senex, Buru Energy and Tap Oil on local and international projects. Keith has also worked in Canada and the USA for various companies large and small, for half of his career. A strength of his background is experience in all facets of petroleum exploration and development especially is mature basins where novel and cutting-edge thinking is needed to revitalize areas which are thought to be fully explored. **Former and current directorships in last 3 years** Nil.
Mr Dane Lance B.Sc. (Physics), B.E. Mechanical Engineering. Managing Director Appointed 23 February 2022	**Experience and Expertise** Mr Lance is a senior oil and gas professional and Reservoir Engineer with over 18 years' industry experience across the asset lifecycle, with a focus on resource maturation and monetisation. Mr Lance has been involved in exploration, appraisal, development, and MA&D on four continents, providing economic and technical evaluations for investment decisions, commercial negotiations, gas sales agreement terms, and corporate and asset acquisition & divestment. Mr Lance has worked for Woodside, Ophir Oil Search. This included working on several major development projects as well as ongoing reservoir management and production optimisation, and non-operated joint ventures. Responsibilities. Mr Lance is responsible for strategy, finance, corporate, acquisition, exploration and production activities and the day to day management of Grand Gulf Energy. **Former and current directorships in last 3 years** Nil.
Mr Mark Freeman B.com, CA, F.Fin Executive Director – Appointed 27 October 2010	**Experience and Expertise** Mr Freeman is a Chartered Accountant and has more than 21 years' experience in corporate finance and the resources industry. He has experience in project acquisitions and management, strategic planning, business development, M&A, asset commercialisation, and project development. Prior

and Company Secretary - Appointed 22 April 2010. **Resigned 15 April 2022**	experience with Mirabela Nickel Ltd, Exco Resources NL, Panoramic Resources Ltd and Matra Petroleum Plc. **Responsibilities** Mr Freeman is responsible for strategy, finance, corporate, acquisition, exploration and production activities and the day-to-day management of Grand Gulf Energy. **Former and current directorships in last 3 years** Mr Freeman is currently a Director of Pursuit Minerals Limited and Calima Energy Ltd and a former director of Frontier Diamonds Limited (resigned 11 June 2020).
Mr Chris Bath CA, MAICD Non- Executive Director Appointed 5 March 2019 **Resigned 11 October 2021**	**Experience and Expertise** Mr Bath is a Chartered Accountant with significant experience in the energy and resource sectors in both Australia and Asia. Previous positions include CFO and General Manager for Tap Oil Limited, CFO for Oilex Limited and prior to that CFO for Buru Energy Limited. **Former and current directorships in last 3 years** Mr Bath is currently a director of Cradle Resources Limited.

Company Secretary

Mr Flint BAcc, MBA, CAANZ, FGIA. Appointed 13 April 2022. Mr Flint is an experienced professional gained over 25 years including periods as CFO and group Company Secretary for a number of listed ASX companies. Mr Flint provides financial and company secretarial services to a number of ASX listed companies.

CORPORATE INFORMATION

Corporate Structure

Grand Gulf Energy Limited is a company limited by shares that is incorporated and domiciled in Australia. Grand Gulf Energy Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year.

Nature of Operations and Principal Activities

Grand Gulf's principal activity is the development of the Red Helium Project in Utah USA. Formerly the principal activity of the Group was the production, exploration and evaluation of oil and gas leases. As at 30 June 2022 the consolidated cash position was $6,793,323 (2021: $1,058,399).

EVENTS SINCE THE END OF FINANCIAL YEAR

In accordance with acquisition agreement, interests in the Red Helium Project has increased to 70% (refer Note 20 – Events after reporting date) by virtue of completion of Jesse 1A.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Company acquired the Red Helium Project during the year (refer to the Review of Operations). There were no other significant changes to the state of affairs.

DIVIDENDS

The Directors recommend that no amount be paid by way of dividend. No dividend has been paid or declared since the start of the financial year (2021: nil).

ENVIRONMENTAL REGULATION

The group holds various exploration licences to regulate its exploration activities in the USA. These include conditions and regulations with respect to the rehabilitation of areas disturbed during the course of its exploration activities. So far as Directors are aware, all exploration activities have been undertaken in compliance with all relevant environmental regulations in all jurisdictions in which the group operates.

NGER ACT

The Directors consider the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current nor subsequent financial year. The Directors will reassess this position as and when the need arises.

SHARE OPTIONS

As at the date of this report, there were 103,333,333 listed options (2021: nil listed options) and 70,000,000 unlisted options (2021: Nil unlisted options).

Option holders do not have any right, by virtue of an option, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme. During the financial year, the Company did not issue any employee options. There were no shares issued on the exercise of options during the year.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

Securities

As at the date of this report the interests of the Directors in the shares and options of Grand Gulf Energy Limited were as follows:

Ordinary Shares

Holder	Balance at Beginning of Year/Date of Appointment	Additions during the year	Other changes during the year/ resignation	Balance at the date of report
Mr C I Burton	97,006,869	-	-	97,006,869
Mr K Martens[1]	-	13,775,516	-	13,775,516
Mr D Lance	-	-	-	-
Mr M Freeman[2]	5,000,000	10,000,000	(15,000,000)	-
Mr C Bath	-	-	-	-
Total	**102,006,869**	**23,775,516**	**(15,000,000)**	**110,782,385**

1. Mr Martens was appointed 11 October 2021 with existing shareholding pursuant to Red Helium transaction.
2. Mr Freeman acquired 10,000,000 shares pursuant to shareholder approval and resigned 15 April 2022.

Options

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	-	-	-	-
Mr K Martens	-		-	-	-
Mr D Lance[1]	-	10,000,000	-	10,000,000	10,000,000
Mr M Freeman	-	-	-	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**10,000,000**	**-**	**10,000,000**	**10,000,000**

1. Incentive options issued pursuant to executive service agreement and approved in general meeting.

Performance shares

Holder	Balance at beginning of year/Date of Appointment	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	-	-
Mr K Martens[1]	3,061,226	3,061,226	3,061,226
Mr D Lance	-	-	-
Mr M Freeman	-	-	-
Mr C Bath	-	-	-
Total	**3,061,226**	**3,061,226**	**3,061,226**

1. Mr Martens was appointed 11 October 2021 with an existing holding pursuant to Red Helium transaction.

Performance rights – Class A

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton[1]	-	2,500,000	-	2,500,000	2,500,000
Mr K Martens[1]	-	15,000,000	-	15,000,000	15,000,000
Mr D Lance	-	-	-	-	-
Mr M Freeman[1]	-	10,000,000	(10,000,000)	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**27,500,000**	**(10,000,000)**	**17,500,000**	**17,500,000**

1. Incentive securities issued pursuant to shareholder approval in general meeting.

Performance rights - Class B

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton[1]	-	2,500,000	-	2,500,000	-
Mr K Martens[1]	-	15,000,000	-	15,000,000	-
Mr D Lance[2]	-	10,000,000	-	10,000,000	-
Mr M Freeman[1]	-	10,000,000	(10,000,000)	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**37,500,000**	**(10,000,000)**	**27,500,000**	**-**

1. Incentive securities issued pursuant to shareholder approval in general meeting.
2. Incentive options issued pursuant to executive service agreement and approved in general meeting.

Performance rights - Class C

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	-	-	-	-
Mr K Martens	-	-	-	-	-
Mr D Lance[1]	-	20,000,000	-	20,000,000	-
Mr M Freeman	-	-	-	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**20,000,000**	**-**	**20,000,000**	**-**

1. Incentive options issued pursuant to executive service agreement and approved in general meeting.

REMUNERATION REPORT (Audited)

Details of key management personnel

Mr C I Burton – Chairman
Mr K Martens – Technical Director – appointed 11 October 2021
Mr D Lance – Managing Director – appointed 23 February 2022
Mr M Freeman – Executive Director – resigned 15 April 2022
Mr C Bath – Non-Executive Director - resigned 11 October 2021

This report outlines the remuneration arrangements in place for Directors and Executives of Grand Gulf Energy Limited. The report has been set out under the following main headings:

A. Principles Used to Determine the Nature and Amount of Remuneration
B. Service Agreements
C. Details of Remuneration
D. KMP Interest in Securities

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

A. Principles Used to Determine the Nature and Amount of Remuneration

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors and Executive Officers. The Board has determined due to the size and nature of the Company the functions of the remuneration committee will be performed by the Board. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Such officers are paid their base remuneration in cash only.

To assist in achieving these objectives, the Board will link the nature and amount of executive Directors' and officers' emoluments to the Company's financial and operational performance.

Executive Officers are those directly accountable for the operational management and strategic direction of the Company and the Group. The following table shows key performance indicators for the group over the last five years:

	2022	2021	2020	2019	2018
Profit / (loss) for the year	(18,703,757)	115,218	324,514	(188,496)	(543,093)
Restated basic earnings/(loss) per share (cents per share)	(1.209)	0.041	0.042	(0.013)	(0.0355)
Dividend payments	-	-	-	-	-
Dividend payment ratio (%)	-	-	-	-	-
30 June share price	$0.023	$0.010	$0.004	$0.006	$0.003

The Corporate Governance Statement provides further information on the role of the Board.

Non-executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive Directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

Fixed remuneration

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds.

Fixed remuneration levels for Directors and executive officers are reviewed annually by the Board through a process that considers the employee's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data. Key performance indicators (KPIs) are individually tailored by the Board for each director and executive officer each year and reflect an assessment of how that employee can fulfil their particular responsibilities in a way that best contributes to Company performance and shareholder wealth in that year.

Performance-linked remuneration

All employees may receive bonuses and/or share options as part of a package to retain their services and/or based on achievement of specific goals related to performance against individual KPIs and to the performance of the Company as a whole as determined by the Directors, based on a range of factors. These factors include traditional financial considerations such as operating performance, cash consumption and deals concluded and also industry-specific factors relating to the advancement of the Company's exploration and development activities and relationships with third parties and internal employees.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

The Board determines the total amount of performance-linked remuneration payable as a percentage of the total annualised salaries for all employees employed as at the end of the financial year (with pro rata reductions to the annualised salary made for any employee not employed for the entire financial year). Once the Board has determined the total performance-linked remuneration payable across the Company, Board Members assess the performance of each individual staff member within their department, relative to that staff member's KPIs and decide how much performance-linked remuneration should be paid to that person.

The Company did not engage with remuneration consultants during the year.

Voting and comments made at the Company's 2021 Annual General Meeting

GGE received more than 99.99% of "yes" votes (excluding director's votes) on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

B. Service Agreements

Remuneration and other terms of employment for the Executive Director is formalised in a service agreement. The agreement provides for the provision of performance-related cash bonuses, determined and paid on the basis of the Company's performance reflected through increase in the market capitalisation of the Company and upon successful capital raisings, other benefits including health insurance, car allowances, and participation when eligible, in the Grand Gulf Energy Limited Employee Option Plan.

Other major provisions of the agreements relating to remuneration are set out below. The contract may be terminated early by the Company with reason or by the executive, with three months' notice, or by the Company without reason, giving 3 months' notice, subject to termination payments as detailed below:

Name	Term of agreement	Base salary including superannuation	Termination benefit	
Mr C I Burton	Commencing 5 March 2019	$30,000	Nil	
Mr K Martens	Commencing 11 October 2021	$10,000/month	3 months base salary	Appointed 11/10/21
Mr D Lance[1]	Commencing 22 February 2022	$22,916/month	3 months base salary	Appointed 23/2/22
Mr M Freeman	Commencing 30 June 2019	$120,000	3 months base salary	Resigned 15/4/22
Mr C Bath	Commencing 5 March 2019	$30,000	Nil	Resigned 11/10/22

1. Mr Lance was to be paid $20,625 per month for first 6 months increasing to $22,916 thereafter.

C. Details of Remuneration

Details of the remuneration of the Directors and the key management personnel of Grand Gulf Energy Limited consolidated group are set out in the following tables. The key management personnel of Grand Gulf Energy Limited consolidated group during the year ended 30 June 2022 includes the following Directors and executives:

- Mr C I Burton (Executive Chairman)
- Mr K Martens (Technical Director)
- Mr D Lance (Managing Director)
- Mr M Freeman (Executive Director)
- Mr C Bath (Non-Executive Director)

Remuneration packages contain the following key elements:

a) Primary benefits – salary / fees and bonuses;
b) Post-employment benefits – including superannuation;
c) Equity – share options granted under the Employee Share Option Plan; and
d) Other benefits.

The following tables disclose the detailed remuneration of the Directors of Grand Gulf Energy Limited and controlled entities within the Group:

2022

	Short term benefits		Post-employment	Equity		Total	
	Salary and fees	Bonus	Superannuation	Rights	Options		% Performance related
	$	$	$	$	$	$	
Directors							
Mr CI Burton[1]	30,000	-	-	86,000	-	116,000	74%
Mr K Martens[2]	86,666	-	-	516,000	-	602,666	86%
Mr D Lance[3]	87,656	-	-	-	109,292	196,948	55%
Mr C Bath[4]	16,000	-	-	-	-	16,000	-%
Mr M Freeman[5]	115,779	-	-	344,000	-	459,779	75%
Total	**336,101**	**-**	**-**	**946,000**	**109,292**	**1,391,393**	**76%**

1. Mr Burton was paid $120,000 during the period of which $70,000 related to prior periods, $10,000 for fees to October 2021, $40,000 for additional fees to October 2021. $20,000 of fees have been accrued to 30 June 2022.
2. Appointed 11 October 2021.
3. Appointed 23 February 2022.
4. Resigned 11 October 2021.
5. Resigned 15 April 2022 and ceased to be an eligible participant for purposes of the employee incentive scheme.

2021

	Short term benefits		Post-employment	Equity		Total
	Salary and fees	Bonus	Superannuation	Options	Shares	
	$	$	$	$	$	$
Directors						
Mr CI Burton	30,000	-	-	-	-	30,000
Mr C Bath	30,000	-	-	-	-	30,000
Mr M Freeman	120,000	-	-	-	-	120,000
Total	**180,000**	**-**	**-**	**-**	**-**	**180,000**

D. KMP Interest in Securities

The number of options over ordinary shares in the Company held during the financial year by each Director of Grand Gulf Energy Limited and other key management personnel of the group, including their personally related parties, are set out below.

Options

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	-	-	-	-
Mr K Martens	-	-	-	-	-
Mr D Lance[1]	-	10,000,000	-	10,000,000	-
Mr M Freeman	-	-	-	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**10,000,000**	**-**	**10,000,000**	-

1. Incentive options issued pursuant to executive service agreement and approved in general meeting.

Shareholdings

The number of ordinary shares in Grand Gulf Energy Limited held by Key Management Personnel during the financial year is as follows:

Holder	Balance at Beginning of Year/Date of Appointment	Additions during the year	Other changes during the year	Balance at the date of report
Mr C I Burton	97,006,869	-	-	97,006,869
Mr K Martens[1]	-	13,775,516	-	13,775,516
Mr D Lance	-	-	-	-
Mr M Freeman[2]	5,000,000	10,000,000	(15,000,000)	-
Mr C Bath	-	-	-	-
Total	**102,006,869**	**23,775,516**	**(15,000,000)**	**110,782,385**

1. Mr Martens was appointed 11 October 2021 with existing shareholding pursuant to Red Helium transaction.
2. Mr Freeman acquired 10,000,000 shares pursuant to shareholder approval and resigned 15 April 2022.

Performance Shares

The number of performance shares in Grand Gulf Energy Limited held by Key Management Personnel during the financial year is as follows:

Holder	Balance at beginning of year/Date of Appointment	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	-	-
Mr K Martens[1]	3,061,226	3,061,226	3,061,226
Mr D Lance	-	-	-
Mr M Freeman	-	-	-
Mr C Bath	-	-	-
Total	**3,061,226**	**3,061,226**	**3,061,226**

1. Mr Martens was appointed 11 October 2021 with an existing holding pursuant to Red Helium transaction.

Performance Rights – Class A

The number of class A performance rights in Grand Gulf Energy Limited held by Key Management Personnel during the financial year is as follows:

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	2,500,000	-	2,500,000	2,500,000
Mr K Martens	-	15,000,000	-	15,000,000	15,000,000
Mr D Lance	-	-	-	-	-
Mr M Freeman[2]	-	10,000,000	(10,000,000)	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**27,500,000**	**(10,000,000)**	**17,500,000**	**17,500,000**

1. Incentive securities issued pursuant to shareholder approval in general meeting.
2. Resigned 15 April 2022 and ceased to be an eligible participant for purposes of the employee incentive scheme.

Performance Rights – Class B

The number of class B performance rights in Grand Gulf Energy Limited held by Key Management Personnel during the financial year is as follows:

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton[1]	-	2,500,000	-	2,500,000	-
Mr K Martens[1]	-	15,000,000	-	15,000,000	-
Mr D Lance[2]	-	10,000,000	-	10,000,000	-
Mr M Freeman[3]	-	10,000,000	(10,000,000)	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**37,500,000**	**(10,000,000)**	**27,500,000**	**-**

1. Incentive securities issued pursuant to shareholder approval in general meeting.
2. Incentive options issued pursuant to executive service agreement and approved in general meeting.
3. Resigned 15 April 2022 and ceased to be an eligible participant for purposes of the employee incentive scheme.

Performance Rights – Class C

The number of class C performance rights in Grand Gulf Energy Limited held by Key Management Personnel during the financial year is as follows:

Holder	Balance at beginning of year/Date of Appointment	Issued during the year	Lapsed during the year	Balance as at date of report	Vested and exercisable
Mr C I Burton	-	-	-	-	-
Mr K Martens	-	-	-	-	-
Mr D Lance[1]	-	20,000,000	-	20,000,000	-
Mr M Freeman	-	-	-	-	-
Mr C Bath	-	-	-	-	-
Total	**-**	**20,000,000**	**-**	**20,000,000**	**-**

1. Incentive options issued pursuant to executive service agreement and approved in general meeting.

Share-based compensation

Issue of Performance Rights
Details of Performance Right issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Performance Rights	Class A(i)	Class B(ii)
Number issued to Directors	27,500,000	27,500,000
Number issued as part of acquisition of Kessel Resources Pty Ltd (refer Note 19)	-	100,000,000
Grant date	11 October 2021	11 October 2021
Expiry date	11 October 2026	11 October 2026
Expected life	5 years	5 years
Share price at grant date	$0.0345	$0.0345
Risk free rate	1.005%	1.005%
Volatility	90%	90%
Fair value at grant date	$0.0344	$0.0345

(i) The conditions of the Class A performance rights being a VWAP of GGE shares trading on the ASX of at least 3 cents over 20 consecutive trading days within 5 years of issue date were met and hence the rights vested accordingly.

(ii) The Class B performance rights will vest upon the sale of the first 4 million cubic feet gross helium produced from the Utah Leases within 5 years of issue date (part of the Red Helium Project).

Performance Rights	Class B(ii)	Class C(iv)
Number issued to Directors	10,000,000	20,000,000
Grant date	16 June 2022	16 June 2022
Expiry date	11 October 2026	16 June 2027
Expected life	4.25 years	5 years
Share price at grant date	$0.026	$0.027
Risk free rate	3.62%	3.72%
Volatility	90%	105%
Fair value at grant date	$0.026	$0.010

(iii) The same as for (ii) above. There was a different issue date for the same security.

(iv) The Class C performance rights vest on the sale of the first 100 MMCF gross helium produced from the Leases and subject to continued service of the holder as a Director, consultant or employee of the Company for a period of at least 12 months from the date of grant.

There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such performance rights.

Name	Number of Class A Rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date	Total value at grant date
Mr C I Burton	2,500,000	11 October 2021	15 April 2022	11 October 2026	$0.0344	$86,000
Mr K Martens	15,000,000	11 October 2021	15 April 2022	11 October 2026	$0.0344	$516,000
Mr D Lance	-	-	-	-	-	-
Mr M Freeman[1]	10,000,000	11 October 2021	15 April 2022	11 October 2026	$0.0344	$344,000
Mr C Bath	-	-	-	-	-	-

[1] These rights have been forfeited under terms of the Employee Incentive Securities Plan. The expense has been recognised.

Name	Number of Class B Rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per option at grant date	Total value at grant date
Mr C I Burton	2,500,000	11 October 2021	11 October 2026	11 October 2026	$0.0345	$86,250
Mr K Martens	15,000,000	11 October 2021	11 October 2026	11 October 2026	$0.0345	$517,500
Mr D Lance	10,000,000	16 June 2022	16 June 2026	11 October 2026	$0.0260	$260,000
Mr M Freeman[1]	10,000,000	11 October 2021	11 October 2026	11 October 2026	$0.0345	$345,000
Mr C Bath	-	-	-	-	-	-

[1] These rights have been forfeited under terms of the Employee Incentive Securities Plan. No expense was recognised for Class B performance rights.

Name	Number of Class C Rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per option at grant date	Total value at grant date
Mr C I Burton	-	-	-	-	-	-
Mr K Martens	-	-	-	-	-	-
Mr D Lance	20,000,000	16 June 2022	16 June 2026	16 June 2027	$0.0260	$520,000
Mr M Freeman	-	-	-	-	-	-
Mr C Bath	-	-	-	-	-	-

Issue of Options
The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Options	Incentive Options
Number issued	10,000,000
Grant date	16 June 2022
Expiry date	16 June 2026
Expected life	4 years
Exercise price	$0.070
Share price at grant date	$0.027
Risk free rate	3.53%
Volatility	105%
Dividend yield	0%
Fair value at grant date per option	$0.016
Fair value issued	$155,763

All options were granted over unissued fully paid ordinary shares in the company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described in policies above. The Options will vest upon the volume weighted average price for Shares trading on the ASX being at least $0.07 over 20 consecutive trading days and the holder remaining with the Company for a period of at least 6 months. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Name	Number of Options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise Price	Fair value per option at grant date	Total Value of options granted
Mr C I Burton	-	-	-	-	-	-	-
Mr K Martens	-	-	-	-	-	-	-
Mr D Lance	10,000,000	16 June 2022	23 August 2022	16 June 2027	$0.07	$0.016	$155,763
Mr M Freeman	-	-	-	-	-	-	-
Mr C Bath	-	-	-	-	-	-	-

Loans to key management personnel

No loans were provided to the key management personnel or to any of their associates.

Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year.

This the end of the audited remuneration report.

Shares issued on the exercise of options

There were no ordinary shares of Grand Gulf Energy Limited issued during the year ended 30 June 2022 on the exercise of options granted under the Grand Gulf Energy Limited Employee Option Plan. No amounts are unpaid on any of the shares.

Indemnification and Insurance of Directors and officers

During the financial year, the Company maintained an insurance policy which indemnifies the Directors and Officers of Grand Gulf Energy Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company. The Directors made a personal contribution toward the premium to satisfy Section 199B of the Corporations Act 2001. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director (while they were a director or committee member).

	Board of Directors	
	Held	**Attended**
Mr C I Burton	2	2
Mr K Martens	2	2
Mr D Lance	1	1
Mr M Freeman	2	1
Mr C Bath	1	1

The Company did not have committee meetings in the year. Seven circular resolutions were approved during the year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.
No non-audit services were provided during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on the following page.

CORPORATE GOVERNANCE STATEMENT

Under ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be located at the URL on the Company's website: https://grandgulfenergy.com/corporate-governance

Dated at Perth 30 September 2022, and signed in accordance with a resolution of the Directors.

Mr Dane Lance
Managing Director

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF GRAND GULF ENERGY LIMITED

As lead auditor of Grand Gulf Energy Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Grand Gulf Energy Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 June 2022

	Notes	2022 $	2021 $
Revenue from continuing operations	2	1,372,269	1,140,900
Other income		-	150,950
Government Grant		-	10,000
Cost of sales	3	(993,201)	(563,420)
Amortisation of oil and gas properties	8	(98,038)	(106,425)
Oil and gas property impairment	8	(634,725)	-
Share of joint venture loss	7	(873)	-
Corporate office expenses	3	(448,959)	(57,950)
Employee benefits expense		(303,803)	(261,408)
Share-based payments	14	(1,568,292)	-
Exploration and evaluation expenditure		-	(81,821)
Professional and statutory fees		(368,608)	(112,205)
Impairment – investment in associate	7	(9,450,000)	-
Fair value adjustment – loans to associate	1(a)	(6,205,274)	-
Other expenses		-	(2,070)
(Loss)/Profit before income tax		(18,699,504)	116,550
Income tax (expense)/ benefit	4(a)	(4,253)	(1,332)
Net (loss)/profit after income tax		(18,703,757)	115,218
Items that may be reclassified to profit or loss			
Foreign currency translation		597,236	(242,483)
Total comprehensive (loss)/profit for the year		(18,106,521)	(127,265)
Earnings per share for the year Attributable to the members of Grand Gulf Energy Ltd			
Basic (loss)/earnings per share (cents per share)	21	(1.771)	0.030
Diluted (loss)/earnings per share (cents per share)	21	(1.771)	0.030

The above consolidated statement of profit or loss and other comprehensive Income should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 June 2022

	Notes	As at 30 June 2022 $	As at 30 June 2021 $
ASSETS			
Current Assets			
Cash and cash equivalents	15(a)	6,793,323	1,058,399
Trade and other receivables	6	461,913	242,331
Prepayment		5,000	-
Other assets		2,340	2,147
Total Current Assets		7,262,576	1,302,877
Non-Current Assets			
Investment in associate - Valence	7	9,577,578	-
Oil & gas properties	8	1,149,186	1,793,341
Total Non-Current Assets		10,726,764	1,793,341
Total Assets		17,989,340	3,096,218
LIABILITIES			
Current Liabilities			
Trade and other payables	9	279,948	135,571
Total Current Liabilities		279,948	135,571
Non-Current Liabilities			
Restoration provision	10	294,848	272,625
Total Non-Current Liabilities		294,848	272,625
Total Liabilities		574,796	408,196
Net Assets		17,414,544	2,688,022
EQUITY			
Contributed equity	11	70,707,321	40,377,570
Reserves	12	8,282,856	5,182,328
Accumulated losses	13	(61,575,633)	(42,871,876)
Total Equity		17,414,544	2,688,022

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2022

	Contributed Equity	Foreign currency translation reserve	Share Option Reserve	Option premium reserve	Accumulated losses	Total
	$	$	$	$	$	$
Balance at 1 July 2021	40,377,570	2,489,191	2,016,337	676,800	(42,871,876)	2,688,022
Profit attributable to members of the parent entity	-	-	-	-	(18,703,757)	(18,703,757)
Foreign currency translation adjustment	-	597,236	-	-	-	597,236
Total comprehensive income for the year	-	597,236	-	-	(18,703,757)	(18,106,521)
Shares issued, net of issue costs	30,329,751	-	-	-	-	30,329,751
Share based payment	-	-	2,503,292	-	-	2,503,292
Balance at 30 June 2022	**70,707,321**	**3,086,427**	**4,519,629**	**676,800**	**(61,575,633)**	**17,414,544**
Balance at 1 July 2020	40,377,570	2,731,674	2,016,337	676,800	(42,987,094)	2,815,287
Profit attributable to members of the parent entity	-	-	-	-	115,218	115,218
Foreign currency translation adjustment	-	(242,483)	-	-	-	(242,483)
Total comprehensive income for the year	-	(242,483)	-	-	115,218	(127,265)
Shares issued, net of issue costs	-	-	-	-	-	-
Share based payment	-	-	-	-	-	-
Balance at 30 June 2021	**40,377,570**	**2,489,191**	**2,016,337**	**676,800**	**(42,871,876)**	**2,688,022**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		1,152,687	1,262,159
Payments to suppliers and employees		(799,335)	(395,302)
Government grant		-	10,000
Other Payments Received		-	150,950
Production costs		(993,201)	(903,925)
Tax	4(a)	(4,253)	(1,332)
Payments for exploration and evaluation		-	(12,261)
Net cash (outflow)/inflow from operating activities	15(b)	(644,102)	110,289
Cash flows from investing activities			
Cash acquired	19	25,572	-
Acquisition of share in joint venture		(1,364,264)	-
Advances to associate		(6,205,274)	
Payments for development of oil & gas properties		-	(1,332)
Net cash (outflows) from investing activities		(7,543,966)	(1,332)
Cash Flows from financing activities			
Proceeds from issue of shares net of costs		13,922,228	-
Net cash inflow from financing activities		13,922,228	-
Net increase in cash and cash equivalents		5,734,160	108,957
Cash and cash equivalents at the beginning of the financial year		1,058,399	1,035,406
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies		764	(85,964)
Cash and cash equivalents at the end of the financial year	15 (a)	6,793,323	1,058,399

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Notes to the Consolidated Financial Statements

REPORTING ENTITY

Grand Gulf Energy Ltd (the 'Parent Entity') is a company listed on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia. The consolidated financial statements of the Group for the financial year ended 30 June 2022 comprises the Parent Entity and its subsidiaries (together referred to as the 'Group').

The financial statements were authorised for issue by the Board of Directors on 30 September 2022.

BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial statements of the Group also complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Grand Gulf Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

New accounting standards and interpretations

A number of new or amended standards became applicable for the current reporting period. For the year ended 30 June 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021. None of new or amended standards have had a material impact on the consolidated entity's financial statements

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Going Concern

The historical financial information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2022, the Group made a loss of $18,703,757 which includes an impairment expense of $9,450,000, a fair value adjustment of $6,205,274 and share based payments of $1,568,292 and had cash outflows from operating activities of $644,102.
As at 30 June 2022 the Group has cash and cash equivalents of $6,793,323, these funds will be used for ongoing helium exploration and operational activity over the next 12 months. The company has the ability to defer expenditure or divest assets if required.

Significant accounting estimates and judgements

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Rehabilitation obligations

The Group estimates its share of the future removal and remediation costs of oil and gas production facilities, wells and pipelines at the time of acquisition or installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of remediation activities required, the engineering methodology for estimating cost, future removal technologies in determining the removal cost, and asset specific discount rates to determine the present value of these cash flows. For more detail regarding the policy in respect of provision for rehabilitation refer to note 1(h). As at 30 June 2022 rehabilitation obligations have a carrying value of $294,848 (2021: $272,625).

Impairment of oil and gas properties

In the absence of readily available market prices, the recoverable amounts of assets are determined using estimates of the present value of future cash flows using asset-specific discount rates. For oil & gas properties, these estimates are based on assumptions concerning reserves, future production profiles and costs. As at 30 June 2022, the carrying value of oil & gas properties is $1,149,186 (2021: $1,793,341). Refer to Note 8 for further details.

Reserves estimates

Estimation of reported recoverable quantities of Proven and Probable reserves include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. These factors used to estimate reserves may change from period to period.

Reserve estimates are used to calculate depletion of producing assets and therefore a change in reserve estimates impacts the carrying value of assets and the recognition of deferred tax assets due to the changes in expected future cash flows.

Depletion and depreciation

In relation to the depletion, depreciation and amortisation of capitalised expenditure related to producing oil and gas properties, the Group uses a unit of production reserve depletion model to calculate depletion, depreciation and amortisation. This method of depletion, depreciation and amortisation necessitates the estimation of the oil and gas reserves over which the carrying value of the relevant assets will be expensed to the profit or loss. The calculation of oil and gas reserve is complex and requires management to make judgements about commodity prices, future production costs and geological structures. The nature of reserves estimation is such that reserves are not intended to be 100% accurate but rather provide a statistically probable outcome in relation to the economically recoverable reserve. As the actual reserve can only be accurately determined once production has ceased, depletion, depreciation and amortisation expensed during the production may not on a year-to-year basis accurately reflect the actual percentage of reserve depleted. However, over the entire life of the producing assets all capitalised costs will be expensed to the profit or loss.

Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. A holding of 20% or more of the voting power will indicate significant influence. They are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the group’s share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the group.

Asset Acquisition

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Assets acquired during the period were exploration expenditure.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either a Black-Scholes model or Monte Carlo Pricing Model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.
Where performance rights are subject to vesting conditions, Management has formed judgments around the likelihood of vesting conditions being met.

Fair value of Financial Assets through Profit or Loss

The loans to Associates do not meet the AASB 9 criteria for classification at amortised cost as they fail the contractual cashflow characteristics of sole payments of principal and interest (“SPPI”). As a result, the loan is classified at fair value through profit or loss ("FVTPL") under AASB 9. The loan funds are utilised by the associate for exploration activities. Due to the inherent uncertainties relating to exploration and associated risks, the Board have decided the credit risk is high enough to impair the entirety of the loans to associates at 30 June 2022

Consideration for asset acquisition

As disclosed in Note 7 and Note 19, during the year the Group acquired an interest in the Red Helium project via the acquisition of Kessel Resources Pty Ltd and its associate Valence Resources LLC. Consideration for the acquisition was via a share-based payment. Due to the early stage exploration nature of the project, the Group were unable to reliably estimate the fair value of the assets acquired and valued consideration based on the value of equity instruments issued. Due to a material increase in the share price between the announcement of the acquisition and settlement, the value of consideration increased. As the acquisition involved an investment whose only significant asset was a greenfield exploration project, the Group were unable to identify any additional assets to allocate the increased fair value to and the difference was recognised in profit or loss.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including capitalised lease assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The major categories of assets are depreciated as follows:

- Oil and gas properties are amortised over the useful lives of the asset on a unit of production basis once a reserve has been established.
- Motor Vehicles are depreciated based on diminishing value at 22.5%.
- Plant and equipment and drilling parts are depreciated based on diminishing value at 25% to 40%.
- Office equipment is depreciated based on diminishing value at 25% to 40%.
- Currently there are no buildings owned by the Group.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

(d) Non-operator interests in oil & gas properties

Exploration and evaluation expenses

The Group expenses all exploration and evaluation expenditure as incurred in respect of each identifiable area of interest until a time where an asset is in development.

Prepaid drilling and completion expenses

Where the Company has a non-operator interest in an oil and gas property, or has outsourced certain development processes of an operated interest in an oil and gas property, it may periodically be required to make a cash contribution for its share of the operator's/contractors estimated drilling and/or completion costs, in advance of these operations taking place.

Where these contributions relate to a prepayment for exploratory or early stage drilling activity, prior to a decision on the commerciality of a well having been made, the costs are capitalised as prepaid drilling costs.

Where these contributions relate to a prepayment for well completion, these costs are capitalised as prepaid completion costs within current assets.

As the operator/contractor notifies the Company as to how funds have been expended, the costs are reclassified from prepaid costs to the appropriate expenditure or capitalised category.

Producing projects

Producing projects are stated at cost less accumulated amortisation and impairment charges. Producing projects include construction, installation or completion of production and infrastructure facilities such as pipelines, development wells and the provisions for restoration.

Amortisation and depreciation of producing projects

The Group uses the "units of production" ("UOP") approach when amortising and depreciating field-specific assets. Using this method of amortisation and depreciation requires the Consolidated Entity to compare the actual volume of production to the reserves end then to apply this determined rate of depletion to the carrying value of depreciable asset.

Capitalised producing projects costs relating to commercially producing wells are depreciated/amortised using the UOP basis once commercial quantities are being produced within an area of interest. The reserves used in these calculations are the Proved plus Probable reserves and are reviewed at least annually.

(e) Financial Instruments

Classification and measurement

Except for certain trade receivables the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.
Under AASB 9 financial assets are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less Expected Credit Loss. Trade receivables are generally due for settlement between thirty (30) and ninety (90) days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The movement in the provision is recognised in profit or loss.

Expected credit losses of financial asset at amortised cost

Loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

In this regard, the loans to associate does not meet the AASB 9 criteria for classification at amortised cost as it fails the contractual cash flow characteristics of sole payments of principal and interest ("SPPI"). As a result, the loan receivable from the Associate is classified as a financial asset at fair value through profit and loss, with a fair value loss being recognised.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

The group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

(f) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(g) Foreign Currency Transactions and Balances

Transaction and balances

Foreign currency (USD) transactions are translated into presentational currency (AUD) using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the in consolidated statement of profit or loss and other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

(h) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, the future sacrifice of economic benefits is probable and the amount of the obligation can be reliably estimated.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

Provision for restoration and rehabilitation

Provision is made in the statement of financial position for restoration of operating locations. The estimated restoration and rehabilitation costs are initially recognised as part of the capitalised cost of the relevant project which gave rise to the future obligation. During the production phase of the project the capitalised restoration costs is amortised using the units of production method. Any actual costs incurred by the Group are allocated against the provision.

The provision for restoration and rehabilitation are based on the latest estimated future costs, determined on a discounted basis, which are re-assessed regularly and exclude any allowance for potential changes in technology or material changes in legislative requirements.

(i) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(j) Revenue Recognition

(i) Oil & Gas Sale

Revenue from the sale of oil/condensate, gas and natural gas liquids produced is recognised when the Consolidated Entity has transferred to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- Dry Gas – upon transfer to third party, typically upon entry to a third party sale pipeline;
- Natural Gas Liquids (NGL's) – upon transfer to a third party, typically upon entry to a third party sales pipeline; or
- Oil/Condensate – upon transfer of product to purchasers' transportation mode, either truck or pipeline.

Revenue is stated net of royalties.

(ii) Other revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.
All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(l) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(m) Dividends

Provision is made for the amount of any dividend declared, determined, or publicly recommended by the Directors on or before the end of the financial year, but not distributed at reporting date.

(n) Options

The fair value of options in the shares of the Company issued to Directors and other parties is recognised as an expense in the financial statements in relation to the granting of these options.

(o) Employee Benefits

(i) Wages, salaries and annual leave
Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefits payable later than one year
Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(iii) Superannuation
Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(iv) Employee benefit on costs
Employee benefit on costs, including payroll tax, are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(v) Options
The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

(vi) Performance rights
The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date.

The fair value at grant date for options and performance rights is independently determined using the Black-Scholes option pricing model and/or Monte Carlo simulation methodology that takes into account the exercise price, the term of the option and right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying shares.

(p) Earnings Per Share

(i) Basic earnings per share
Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(r) Segment reporting

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Board of Directors.

AASB 8 requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision makers.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, statement of financial position and statement of cash flows. As a result no reconciliation is required, because the information as presented is used by the Board to make strategic decisions.

(s) Parent entity financial information

The financial information for the parent entity, Grand Gulf Energy Ltd, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investment in subsidiaries, associates and joint venture entities
Investments in subsidiaries and joint venture entities are accounted for at cost in the financial statements of Grand Gulf Energy Ltd. Dividends received from associated are recognised in the parent entity’s profit or loss, rather than being deducted from the carrying amount of these investments.

(t) Investment in Associate

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

After application of the equity method, the company determines whether it is necessary to recognise any additional impairment loss with respect to the company's net investment in the associate.

The company's share of the associate post-acquisition profits or losses is recognised in the statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(u) Tax consolidation legislation

Grand Gulf Energy Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Grand Gulf Energy Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Grand Gulf Energy Ltd also recognised the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidation group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Grand Gulf Energy Ltd for any current tax payable assumed and are compensated by Grand Gulf Energy Ltd for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Grand Gulf Energy Ltd under the tax consolidation legislation. The funding amounts are determined by reference to the amount recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidation entities are recognised as current amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(v) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

(w) Share based payments

Equity-settled transactions are awards of shares, performance rights or options over shares, that are provided to employees and service providers in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Monte Carlo simulation, Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees and service providers to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Monte Carlo simulation, Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

2. Revenue

	2022 $	2021 $
Sale of oil and gas	1,372,269	1,140,900
Total revenues from ordinary activities	1,372,269	1,140,900

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. All revenue is generated in the USA.

3. Expenses

Loss before income tax includes the following specific expenses:

	2022 $	2021 $
Cost of sales		
Operating Costs	993,201	563,420
Total cost of sales	993,201	563,420
Corporate Office Expenses		
Insurance	44,987	28,047
Legal Services	44,771	10,958
Telephones	1,054	1,150
IT Expenses	4,589	8,107
Website	3,809	307
Subscriptions	1,171	223
Business development	313,653	-
Other	34,925	9,158
Total corporate office expenses	448,959	57,950

4. Income tax

(a) Income tax expense

	2022 $	2021 $
Current tax expense	-	1,332
Deferred tax expense	-	-
Under/(over) provision	4,253	-
	4,253	1,332

(b) Reconciliation of income tax benefit to prima facie tax payable

	2022 $	2021 $
(Loss)/Profit from ordinary activities before income tax expense	(18,699,504)	115,219
Prima facie tax benefit on gain from ordinary activities at 30% (2021: 26%)	(5,609,851)	29,957
Non-temporary differences	5,135,810	-
Tax losses & timing differences not recognised	426,432	(3,709)
Foreign tax rate differential	47,609	(25,546)
Under/(over) provision	4,253	-
Income tax expense	4,253	1,332

The income tax expense in FY 2022 and FY 2021 relates to tax payable in the USA.

(c) Unrecognised temporary differences

	2022 $	2021 $
Unused tax losses for which no deferred tax asset has been recognised – Overseas	8,011,222	7,318,566
Unused tax losses for which no deferred tax asset has been recognised - Australia	4,726,947	4,540,905

The ability of the group to use tax losses in the future is subject to the group entities satisfying the relevant taxation laws applicable at the time of submitting the return.

5. Dividends paid or provided for on ordinary shares

No dividend has been declared or paid during the current financial year or the prior financial year. The Group does not have any franking credits available for current or future years as the Group is not in a tax paying position.

6. Trade and other receivables

	2022 $	2021 $
Current		
Trade and other receivables[(i)]	461,913	242,331
	461,913	242,331

(i) Other receivables include, sales revenue amounts outstanding for goods & services tax (GST). GST amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities.

Refer to note 24 for the Group's financial risk management policies. The Group has estimated the expected credit loss to be nil. Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

7. INVESTMENT IN ASSOCIATE

The Group has a 55% interest in Valence Resources LLC (Valence) which has tenure over the Red Helium Project in the USA. It is a private entity that is not listed on any public exchange. Valence is operated under a management agreement providing joint control to Valence shareholders over the operations of Valence. The Group's initial interest in Valence of 25% arose from the acquisition of Kessel Resources Pty Ltd (refer Note 19). The Group acquired an additional 30% interest in Valence on 22 December 2021 taking the Group's current interest in Valence to 55%, with a right to earn an interest of up to 85% of Valence by drilling three wells costing US$1.5M each.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase acquisition and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included will be included in the capitalised cost of the asset. Valence is accounted for in the consolidated financial statements using the equity method. The carrying amount of the interest is made up of the amounts set out below:

Consideration	**$**
Equity instruments – 450,000,000 GGE shares	14,850,000
Equity instruments - 91,161,187 GGE shares	2,005,546
30,000,000 options exercisable @ $0.025 expiring 15 Oct 24	624,000
Cash consideration	400,000
Funds loaned to Kessel pre-acquisition to acquire interest in Valence	938,692
Total consideration	18,818,238
Impairment	(9,450,000)
Carrying amount	9,368,238

Impairment

The Red Helium project is at an early stage of development. The drill program on the first exploration well was undertaken in the second half of the June 2022 financial year. Flow testing was incomplete as at 30 June 2022. The helium market is small with few industry participants and helium prices are volatile. As a consequence, an early-stage exploration project such as the Red Helium Project is inherently difficult to value. GGE's share price when the acquisition of Kessel and the associated 25% share in Valence was announced was $0.012. The shares issued as consideration for the acquisition were issued on 15 October 2021 when the share price had risen to $0.033. The consideration shares for the subsequent acquisition of a further 30% share of Valence were issued on 21 December 2021 when the GGE share price was $0.022. No other material activities of Grand Gulf had occurred over this period.

Under accounting standards, if the value of a transaction is measured by the value of the consideration paid, the value of the shares must be determined by the share price on the date they were issued rather than when the issue was announced. GGE's share price when the initial acquisition of its interest in Valence was announced was $0.012, though increased to $0.033 when the shares were issued on 15 October 2021. While the value of the consideration paid was measured using a share price of $0.033, the value of the Group's initial interest in Valence was subsequently reassessed based on a GGE share price of $0.012 resulting in an impairment recognised in the period of $9,450,000.

Summarised financial information for investment in associate – Valence

The table below summarises the financial information for the investment in associate that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of Valence and not the Group's share of those amounts. Values have been amended to reflect adjustments, if any, made by Grand Gulf when using the equity method, including fair value adjustments.

	30 June 2022 **$**
Summary statement of financial position:	
Current assets	2,515,487
Non-current assets	6,748,103
Total assets	9,263,590
Current liabilities	832,620
Non-current liabilities	8,432,557
Total liabilities	9,265,177
Net assets	(1,587)

Summarised statement of profit or loss and other comprehensive income	
Other income	-
Expenses	(1,587)
(Loss) before income tax	(1,587)
Income tax expense	-
(Loss) after income tax	(1,587)
Other comprehensive income	-
Total comprehensive (loss)	(1,587)
Reconciliation of the consolidated entity's carrying amount	
GGE's (55%) share of loss after income tax	(873)
GGE group share in %: 55%	
GGE groups share of net assets	(873)
Fair value uplift on acquisition	9,578,451
Carrying amount	9,577,578
Reconciliation to carrying amounts:	
Opening net assets 15 October 2021 (per above and note 19)	9,368,238
Foreign Exchange movement during the period	210,213
Loss for the period (55% share)	(873)
Closing net assets at 30 June 2022	9,577,578

The Company may increase its interest in Valence from 55% to 85% by contributing US$4.5m to fund drilling of three exploration wells at the Red Helium Project costing US$1.5M each. Having completed the first exploration well, the Company has increased its interest in Valence to 70% (refer note 20). Advances by the Group to the associate (Valence) of $6,205,275 to undertake the drilling of the exploration wells have been "fair valued" to nil under the equity accounting method.

Commitments of associate

There were no material commitments.

Contingent liabilities of associate

As at 30 June 2022, Valence is a party to a royalty agreement with the founders of the Red Helium project. Under the terms of this deed the Company must pay varying percentages out of all, oil, gas and other hydrocarbons and minerals produced, saved and sold from or attributable to the Leasehold Interests subject to the royalty agreement. The royalty is calculated after Leasehold Interest is paid. The Over Riding Royalty Interest (ORRI) paid to founders is the difference between the 10% (in the first instance) and 20% (in the second instance) on sales, after Leasehold interest/s is are paid. If the Leasehold interest is greater than 20% (in the third instance), the ORRI paid to founders is limited to 1%. The royalty is uncapped and is for the life of the project.

8. Oil and Gas Properties

	2022 $	2021 $
Producing oil & gas assets	8,046,371	7,956,432
Acquisition	-	1,332
Provision for impairment and amortisation	(6,897,185)	(6,164,423)
	1,149,186	1,793,341
Capitalised oil and gas properties		
Carrying amount at beginning of year	1,793,341	2,072,286
Expenditure during the year	-	1,332
Foreign exchange differences	88,608	(173,852)
Impairment	(634,725)	-
Amortisation	(98,038)	(106,425)
Carrying amount at end of year	1,149,186	1,793,341

The Company recorded an impairment of oil and gas properties for the year ended 30 June 2022 of $545,303 (30 June 2021: impairment of Nil). The Company elected to go non-consent on the redrill of the Dugas#3 well by the operator. As a result, interests in the well lapsed and all future ownership in the well was forgone. Accordingly, an impairment was recorded.

The recoverable amount of Oil and Gas Properties is estimated on the basis of the discounted value of future cash flows (i.e. value in use model). The estimates of future cash flows are based on significant assumptions including:

- Estimates of the quantities of oil and gas reserves for which there is a high degree of confidence of economic extraction and the timing of access to these reserves;
- Future oil and gas prices based on consensus forecasts by economic forecasters; and
- The asset specific discount rate applicable to the cash generating unit.

Future changes in assumptions upon which these estimates are based may give rise to a material adjustment by impairing Oil and Gas Properties.

9. Trade and other payables

	2022 $	2021 $
Current		
Trade creditors	279,948	135,571
	279,948	135,571

Risk exposure: Information about the Group's exposure to foreign exchange risk is provided in note 24. Due to the short-term nature of the current payable, their carrying amount is assumed to be the same as their fair value.

10. Provisions

	2022 $	2021 $
Non-Current		
Asset retirement obligation	294,848	272,625
	294,848	272,625

(a) Reconciliations

Asset retirement obligation		
Carrying amount at beginning of year	272,625	295,332
Additional provisions recognised/recalculated	-	(2,070)
Foreign exchange differences	22,223	(20,637)
Carrying amount at end of year	294,848	272,625

11. Contributed equity

(a) Issued and paid up share capital

	2022 Number of Shares	2022 $	2021 Number of Shares	2021 $
Balance at the beginning of the year	383,749,478	40,377,570	383,749,478	40,377,570
Placement 13 September 2021	95,000,000	950,000	-	-
Placement 15 October 2021	235,000,000	2,350,000	-	-
Consideration for acquisition 15 October 2021(i)	450,000,000	14,850,000	-	-
Share-based payment for capital raising 15 October 2021 (ii)	19,800,000	198,000	-	-
Share-based payment to supplier 22 October 2021 (iii)	8,400,000	250,000	-	-
Consideration for acquisition 21 December 2021(iv)	91,161,187	2,005,546	-	-
Placement 28 April 2022	250,000,000	11,000,000	-	-
Share-based payment to supplier 28 April 2022(v)	13,500,000	513,000	-	-
Share issue costs(vi)	-	(1,786,795)	-	-
Balance carried forward at the end of the year	**1,546,610,665**	**70,707,321**	**383,749,478**	**40,377,570**

The Company made the following non-cash payments during the period:
(i) 450,000,000 shares issued as part-consideration to acquire Kessel Resources Ltd (refer Note 19);
(ii) 19,800,000 shares as payment of share issue costs;
(iii) 8,400,000 shares issued to a service provider;
(iv) 91,161,187 shares issued as part-consideration to increase the Group's holding in Valence Resources LLC (refer Note 7).
(v) 13,500,000 shares issued to a service provider
(vi) Includes share-based payments of $198,000 (which were issued to an advisor to the placements) referred to in (ii),$624,000 in respect of options (refer Note 14), which were issued to an advisor to the placements and certain vendors of Kessel Resources Ltd and $200,000 forming part of the arrangement fees for the raising in April 2022.

(b) Terms and conditions of contributed equity

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Refer note 24 for details of the Group's capital management policy.

(c) Share options

As at 30 June 2022 the Company has 173,333,333 options on issue nil (30 June 2021: nil) of which 103,333,333 are quoted and 70,000,000 unquoted.

12. Reserves

	2022 $	2021 $
Foreign currency translation (a)	3,086,427	2,489,191
Share option reserve (b)	4,519,629	2,016,337
Option premium reserve (c)	676,800	676,800
	8,282,856	5,182,328

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

	2022 $	2021 $
Balance at beginning of year	2,489,191	2,731,674
Gain on translation of foreign controlled entities	597,236	(242,483)
Balance at end of year	3,086,427	2,489,191

(b) Share option reserve

The share option reserve is used to recognise the value of options issued to employees, Directors, consultants, and external finance companies.

	2022 $	2021 $
Balance at beginning of year	2,016,337	2,016,337
Share-based payments to Directors (refer to note 14)	946,000	-
Share-based payments - share issue costs (refer to note 14)	624,000	-
Share-based payments – consideration for acquisition (refer to notes 14 and 19)	624,000	-
Employee incentives - Directors	109,292	-
Broker options – part of capital arrangement fees	200,000	-
Balance at end of year	4,519,629	2,016,337

(c) Option premium reserve

The option premium reserve is used to recognise the options issued.

	2022 $	2021 $
Balance at beginning of year	676,800	676,800
Balance at end of year	676,800	676,800

13. Accumulated losses

	2022 $	2021 $
Balance at beginning of year	(42,871,876)	(42,987,094)
Net profit/(loss) attributable to members of the Company	(18,703,757)	115,218
Balance at end of year	(61,575,633)	(42,871,876)

14. SHARE-BASED PAYMENTS

The fair value of the equity-settled share options granted is estimated as at the date of grant using a Black-Scholes option valuation model taking into account the terms and conditions upon which the unlisted options were granted.

The fair value of Class A performance rights granted is estimated as at the date of grant using Monte Carlo simulation methodology to simulate the future Grand Gulf share price over the life of the performance rights. All Class A performance rights are assumed to be exercised immediately on vesting.

The fair value of Class B performance rights granted is estimated as at the date of grant using Black-Scholes option valuation model taking into account the terms and conditions upon which the performance rights were granted. The valuation was prepared by Stantons Corporate Finance Pty Ltd. The amount recognised is based on the number of performance rights that are expected to vest.

The table below lists the inputs to the valuation model used for share options and performance rights granted by the Group in the current period:

Options	Red Helium Options	Broker Options	Incentive Options
Number issued	60,000,000	20,000,000	10,000,000
Grant date	15 October 2021	17 June 2022	16 June 2022
Expiry date	15 October 2024	17 June 2025	16 June 2026
Expected life	3 years	3 years	4 years
Exercise price	$0.025	$0.080	$0.070
Share price at grant date	$0.033	$0.025	$0.027
Risk free rate	1.005%	3.53%	3.53%
Volatility	90%	100%	105%
Dividend yield	0%	0%	0%
Fair value at grant date per option	$0.0208	$0.0100	$0.016
Fair value issued	$1,248,000	$200,000	$155,763
Included in share issue costs (30,000,000 options) (refer Note 11)	$624,000	(Included in share issue costs)	(Included in profit and loss)
Included in acquisition consideration (30,000,000 options) (refer note 19)	$624,000		

The Red Helium options and Broker options vested immediately on grant date. The Incentive options vested in accordance with service conditions (refer table below for portion expensed).

Performance Rights	Class A(i)	Class B(ii)
Number issued to Directors	27,500,000	27,500,000
Number issued as part of acquisition of Kessel Resources Pty Ltd (refer Note 19)	-	100,000,000
Grant date	11 October 2021	11 October 2021
Expiry date	11 October 2026	11 October 2026
Expected life	5 years	5 years
Share price at grant date	$0.0345	$0.0345
Risk free rate	1.005%	1.005%
Volatility	90%	90%
Fair value at grant date	$0.0344	$0.0345

(i) The Class A performance rights will vest if the VWAP of GGE shares trading on the ASX is at least 3 cents over 20 consecutive trading days within 5 years of issue date.

(ii) The Class B performance rights will vest upon the sale of the first 4 million cubic feet gross helium produced from the Utah Leases within 5 years of issue date (part of the Red Helium Project).

Performance Rights	Class B(ii)	Class C(iv)
Number issued to Directors	10,000,000	20,000,000
Grant date	16 June 2022	16 June 2022
Expiry date	11 October 2026	16 June 2027
Expected life	4.25 years	5 years
Share price at grant date	$0.026	$0.027
Risk free rate	3.62%	3.72%
Volatility	90%	105%
Fair value at grant date	$0.026	$0.010

(iii) The same as for (ii) above. There was a different issue date for the same security.

(iv) The Class C performance rights vest on the sale of the first 100 MMCF gross helium produced from the Leases and subject to continued service of the holder as a Director, consultant or employee of the Company for a period of at least 12 months from the date of grant.

A share-based payment of $946,000 was recognised during the period in respect of Class A performance rights issued to Directors and $nil in respect of Class B and C performance rights issued to Directors.

Given the early stage of the Red Helium Project, with no drilling yet completed, it is not possible to predict if the production hurdle required for the Class B and C performance rights will be met, hence a vesting factor of nil has been applied in determining the value of these rights. The vesting factor will be reviewed at each subsequent period end and the value of the Class B and C performance Rights and corresponding expense adjusted if appropriate.

Grant of securities expensed to income statement during the year	$
Red Helium Options	-
Broker Options	-
Incentive Options	109,292
Class A Rights	946,000
Class B Rights	-
Class C Rights	-
Share-based payment to supplier 28 April 2022	513,000
Share based payment expense during the year	1,568,292

15. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2022 $	2021 $
Cash on hand	6,793,323	1,058,399

The Group's exposure to interest rate risk is discussed in note 24. The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

(b) Reconciliation of profit after related income tax to net cash outflows from operating activities

	2022 $	2021 $
(Loss)/Profit for the year	(18,703,757)	115,218
Depletion	187,460	106,425
Impairment - oil and gas properties	545,303	-
Amortisation of prepayments	250,000	-
Unrealised FX	(67,342)	-
Share of JV loss	873	-
Share based payments	1,568,292	-
Impairment	9,450,000	-
Fair value adjustment - advances to associate	6,205,274	-
Tax	-	1,332
Exchange rate differences on assets/liabilities held in foreign currencies	-	(6,704)
Changes in net assets and liabilities		
(Increase) in assets:		
Trade and other receivables	(219,583)	(107,403)
Increase in liabilities:		
Trade and other creditors	139,378	1,421
Net cash (outflows)/inflows from operating activities	(644,102)	110,289

16. Non-cash investing and financing activities

There were no non-cash investing or financing activities during the year.

17. Expenditure commitments

There were no commitments as at 30 June 2022 (2021: nil).

18. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2022 (2021: nil).

19. Asset acquisition

Kessel Resources Pty Ltd (***Kessel***)
The Company announced a binding agreement to acquire 100% of the issued share capital of Kessel Resources Pty Ltd on 2 September 2021.
The principal assets of Kessel at the date of acquisition was a 25% share in Valence Resources LLC and a right to acquire up to 70% of Valence, whose principal asset is exploration information in and tenure over the Red Helium Project in USA. Kessel has no operating assets hence the acquisition has been accounted for as an acquisition of an asset rather than as a business combination as defined in AASB 3 *Business Combinations*.

Consideration for the transaction consisted of:

- 450 million GGE shares;
- 100 million performance shares that convert to GGE shares on a one for one basis if 4 million ft3 of helium is produced and sold from the Red Helium Project by 15 October 2025; and
- 30 million options exercisable at 2.5 cents per share on or before 15 October 2024.

GGE subsequently announced on 15 October 2021 the acquisition of Kessel had been completed following shareholder approval of the transaction on 11 October 2021 and issued the shares and performance shares to Kessel shareholders on 15 October 2021.

The Company may increase its interest in Valence from 55% to 85% by contributing US$4.5m to fund drilling of three exploration wells at the Red Helium Project costing US$1.5M each.

A royalty is payable to landowners regarding any production from the Red Helium Project. The royalty has not been recognised as the fair value is deemed to be nil as a result of the early stage of the project.

Details of the acquisition are as follows:

Consideration	$
Equity instruments:	
450,000,000 GGE shares	14,850,000
Equity instruments - 91,161,187 GGE shares[ii]	2,005,546
30,000,000 Options exercisable at $0.025 expiring 15 October 2024 (refer Note 14)	624,000
Performance shares[i]	-
Loan provided in cash	938,692
Cash consideration[ii]	400,000
Total consideration	18,818,238
Impairment	(9,450,000)
Total consideration	9,368,238

(i) Performance shares issued were assigned a 0% probability as the achievement of the milestones was assessed as not probable at acquisition date, hence no value has been attributed to the performance rights.

(ii) The Group acquired an additional 30% interest in Valence on 2 December 2021 for additional consideration of $2,405,546 paid in cash and shares (refer to Note 7).

20. Events occurring after reporting date

In accordance with acquisition agreement, the Group's interests in the Red Helium Project has increased to 70% by virtue of completion of Jesse 1A exploration well.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

21. Earnings/(loss) Profit per share

The Company has no options or other convertible securities, accordingly the based and diluted earnings per share are the same. The following reflects the gain and share data used in the calculation of basic and diluted gain per share:

Basic/diluted earnings/(loss) per share

	2022 $	2021 $
(Loss)/Profit used in calculating basic loss per share	(18,703,757)	115,218
Weighted average number of ordinary shares used in calculating basic earnings per share	1,056,127,356	383,749,478
Basic/Diluted (loss)/earnings per share (cents per share)	(1.771)	0.030

22. Auditor's remuneration

	2022 $	2021 $
Audit and review of financial reports	55,242	51,764
	55,242	51,764

The auditor of Grand Gulf Energy Limited is BDO Audit (WA) Pty Ltd. No non-assurance services were provided by BDO during the year.

23. Segment information

Operating segments

The consolidated entity is organised into one operating segment, being oil & gas production and exploration operations (including exploration for Helium). This operating segment is based on internal reports that are reviewed and used by the Board of Directors, who are identified as the Chief Operating Decision Makers ('CODM'), in assessing performance and in determining the allocation of resources. The principle products and services of this operating segment are the production and exploration operations in the United States.

As noted above, the board only considers one segment to be a reportable segment for its reporting purposes. As such, the reportable information the CODM reviews is detailed throughout the financial statements.

24. Financial instruments

FINANCIAL RISK MANAGEMENT

The Group's policies with regard to financial risk management are clearly defined and consistently applied. They are a fundamental part of the Group's long term strategy covering areas such as foreign exchange risk, interest rate risk, commodity price risk, credit risk and liquidity risk and capital management. The natural hedges provided by the relationship between commodity prices and the US currency reduces the necessity for using derivatives or other forms of hedging. The Group does not issue derivative financial instruments, nor does it believe that it has exposure to such trading or speculative holdings through its investments in wholly owned subsidiaries. Risk management is carried out by the Board as a whole, which provides written principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk.

Market Risk

(i) Foreign exchange risk

There is no material foreign currency exposure on a group or company level. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk.

The only occasion in which there is an exposure on a group or company level to foreign exchange risk is when the Company is raising capital on ASX. As its domicile is Australia it must raise equity capital in Australian $. As its primary currency is the US$ due to its assets, operations and commodities being priced in US$ the Company has taken the view that while it is raising US$ to finance US$ operations that it might from time to time hedge its currency for the time period over which it has received funds via an equity raising but has not issued the equity securities which have been subscribed for.

(ii) Commodity price risk

Due to the nature of the Group's principal operations being oil & gas exploration and production the Group is exposed to the fluctuations in the price of oil & gas. Although the Group is economically exposed to commodity price risk of the abovementioned inputs, this is not a recognised market risk under the accounting standards as the risk is embedded within normal purchase and sales and are therefore not financial instruments.

(iii) Interest rate risk

Interest rate risk relates to the statement of financial position values of the consolidated cash at bank at 30 June 2022 and 30 June 2021.

(iv) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is not significantly exposed to credit risk from its operating activities, however the Board constantly monitors customer receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. The Group does not hold collateral as security. No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits. Credit rating of cash is A+; all funds are held by Frost Bank and NAB which have government guarantees on deposits.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised below, none of which are impaired or past due.

	CARRYING AMOUNT	
	2022 $	2021 $
Cash and cash equivalents	6,793,323	1,058,399
Receivables	461,913	242,331
Insurance claim	2,339	2,147

(v) Capital Risk and Liquidity Risk Management

The Group's overriding objectives when managing capital are to safeguard the business as a going concern; to maximise returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate credit facility. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

Financing Arrangements

The Group did not have access to the borrowing facilities during the year.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities and relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

At 30 June 2022	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Financial Liabilities							
Trade creditors	279,948	-	-	-	-	279,948	279,948
Total	279,948	-	-	-	-	279,948	279,948

At 30 June 2021	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
Financial Liabilities							
Trade creditors	135,571	-	-	-	-	135,571	135,571
Total	135,571	-	-	-	-	135,571	135,571

25. Parent Entity Financial Information

(i) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022 $	2021 $
Statement of Financial Position		
Current assets	6,469,351	150,967
Non-current assets	10,452,896	52,375
Total assets	16,922,247	203,342
Total liabilities	104,971	125,999
Net assets	16,817,276	77,343
Shareholders' equity		
Issued capital	70,707,321	40,377,570
Reserves	5,196,431	2,693,138
Accumulated losses	(59,086,476)	(42,993,365)
	16,817,276	77,343
Loss for the year	**(16,093,111)**	**(395,701)**

(ii) Contingent Liabilities and Commitments

The Parent Company has no contingent liabilities or commitments other than as those disclosed in the notes.

26. Related Party Transactions

(i) Parent entity

The ultimate parent entity within the group is Grand Gulf Energy Limited (the legal parent).

(ii) Subsidiaries

Interests in subsidiaries are set out below.

(iii) Investments in controlled entities

The consolidated entity financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Investments in controlled entities held by Grand Gulf Energy Limited

	Country of incorporation	2022	2021
		%	%
Alto Energy Limited	Australia	100	100
Kessel Resources Pty Ltd[1]	Australia	100	-
GG Oil & Gas 1, INC	USA	100	100
GG Oil & Gas 2, INC	USA	100	100
GG Oil & Gas, INC	USA	100	100
Birdwood Louisiana LLC	USA	100	100

[1] Refer to notes 7 and 19 for information on investments in associates and entities not controlled as at 30 June 2022.

Investments in controlled entities held by Alto Energy Limited

	Country of incorporation	2022	2021
		%	%
Grand Gulf Energy Inc	USA	100	100

(iv) Key management personnel compensation

	2022	2021
	$	$
Short-term employee benefits	336,101	180,000
Share-based payments	1,055,292	-
	1,391,393	180,000

Detailed remuneration disclosures are provided in the Remuneration Report on pages 11-18.

(v) Other transactions with key management personnel

The following securities were issued to Directors during the period:

Performance rights[i]	**D Lance**	**K Martens**	**M Freeman**[ii]	**C Burton**	**Total**
Class A	-	15,000,000	10,000,000	2,500,000	27,500,000
Class B	10,000,000	15,000,000	10,000,000	2,500,000	37,500,000
Class C	20,000,000	-	-	-	20,000,000
Options[i]					
4 year $0.07c	10,000,000	-	-	-	10,000,000

i Refer to Note 14 for details of performance rights and options.
ii These securities were forfeited and have lapsed.

There were no other transactions with key management personnel during the year.

DIRECTORS' DECLARATION

Directors' Declaration

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the consolidated financial position as at 30 June 2022 and of its performance for the year ended on that date.

2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. The Directors have been given the declarations by the chief executive officer and chief financial officer required by s295A.

4. Note 1(a) confirms that the financial standards also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Mr Dane Lance
Director

Perth, 30 September 2022

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Perth, WA 6000
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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Grand Gulf Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Grand Gulf Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Equity Accounted Investment

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
As disclosed in Note 7 of the financial report, the Group acquired 100% of the issued share capital of Kessel Resources Pty Ltd (‘Kessel’). Kessel is a private Australian company; its principal asset at date of acquisition was a 25% interest in Valence Resources LLC (‘Valence’). During the period, the Group acquired an additional 30% stake in Valence, increasing the Group’s interest to 55%.
The accounting for the equity accounted investment is a key audit matter due to the significance of the investment and the judgements made by the Group, including:

Assessing whether control, joint control, significant influence or no influence exists;
Estimating the fair value of net assets and liabilities acquired;
Estimating the fair value of the purchase consideration which included deferred consideration; and
Determining whether there are any indicators to suggest that the investment in associate could be impaired.

</td><td>
Our procedures included, but were not limited to the following:

Reviewing the acquisition agreement to understand the key terms and conditions, and confirming our understanding of the transaction with management;
Considering the appropriateness of management’s assessment of significant influence over Valence and accounting for the interest as an investment in associate;
Reviewing management’s calculation of the fair value of consideration paid and agreeing the consideration to supporting documentation;
Reviewing the financial information of the investment in associate including assessing whether the accounting policies were consistent with Grand Gulf Energy Limited;
Recalculating the Group’s share of equity accounted losses during the period;
Reviewing ASX announcements, Board of Directors meetings minutes to assess for potential indicators of impairment; and
Assessing the adequacy of the related disclosures in Note 7 and 1(a) of the financial report.

</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2022.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Grand Gulf Energy Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth

30 September 2022

1. Statement of issued capital

a) Distribution of fully paid ordinary shares as at 18 September 2022

Size of Holding			Number of Shareholders	Shares Held
1	-	1,000	95	12,182
1,001	-	5,000	25	85,674
5,001	-	10,000	43	379,989
10,001	-	100,000	1,348	65,138,563
100,001	and	Over	1,039	1,480,994,257
			2,550	1,546,610,665

b) There are 307 shareholders holding unmarketable parcels represented by 2,337,247 shares.

c) There are no restrictions on voting rights attached to the ordinary shares. On a show of hands every member present in person shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

2. Substantial shareholders

The names of substantial shareholders who had notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Timothy Paul Neesham	8.78%
Brown Bricks Pty Ltd <HM A/c>	6.7%
Craig Burton	8.2%
Mr James Peter Allchurch	15.95%

3. Quotation

Listed securities in Grand Gulf Energy Limited are quoted on the Australian Stock Exchange.

Top Twenty Shareholders as at 18 September 2022

The twenty largest shareholders hold 48.55% of the total issued ordinary shares in the Company as at 18 **September 2022**

NAME	SHARES	%
MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C>	180,500,000	11.67
BROWN BRICKS PTY LTD <HM A/C>	80,061,165	5.18
DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	60,890,000	3.94
ALBA CAPITAL PTY LTD	54,830,335	3.55
FOUR CORNERS HELIUM	47,333,693	3.06
RED DRAGON EXPLORATION	42,827,494	2.77
ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	37,014,164	2.39
SKYE EQUITY PTY LTD	33,958,557	2.2
SACHA INVESTMENTS PTY LTD	27,363,528	1.77
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	27,000,000	1.75
CITICORP NOMINEES PTY LIMITED	26,937,815	1.74
SISU INTERNATIONAL PTY LTD	20,000,000	1.29
SWANCAVE PTY LTD <BMC FAMILY A/C>	19,700,000	1.27
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	625,000	0.04
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,256,232	0.99
GREYSKULL NOMINEES PTY LTD	15,000,000	0.97
MARTENS PETROLEUM CONSULTING PTY LTD	13,589,362	0.88
GLOBAL CONSORTIUM HOLDINGS PTY LTD <FTW HOLDINGS A/C>	12,620,000	0.82
FREYABEAR FHMN PTY LTD	11,800,000	0.76
HONEYBEE ANHM PTY LTD	11,800,000	0.76
HUNTERLAND HJDN PTY LTD	11,800,000	0.76
Totals: Top 20 holders of GGE ORDINARY FULLY PAID	**750,907,345**	**48.55**
Total Holders Balance	**1,546,610,665**	**100.00**

Top twenty quoted Option holders as at 18 September 2022

The Options expire on 16 June 2025 and are exerciseable at $0.08 per share. The Options have no voting rights attached and no dividend entitlement.

NAME	OPTIONS	%
EVOLUTION CAPITAL PTY LTD	14,000,000	11.67
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	5,000,000	5.18
SUPER HAMISH PTY LTD <K&V SUPER FUND A/C>	4,349,068	3.94
NATIONAL NOMINEES LIMITED <DB A/C>	3,787,879	3.55
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	3,787,879	3.06
SWANCAVE PTY LTD <BMC FAMILY A/C>	3,333,333	2.77
PETRA COTES PTY LTD <MACONDO A/C>	2,791,181	2.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,772,727	2.2
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	2,227,272	1.77
MR GREGORY JOHN HOWLETT + MRS MARGARET WILHELMINA HOWLETT <GH SUPERANNUATION FUND A/C>	2,000,000	1.75
ZERO NOMINEES PTY LTD	2,000,000	1.74
DR SALIM CASSIM	2,000,000	1.29
CPS CAPITAL NO 5 PTY LTD	1,950,000	1.27
ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	1,937,273	0.04
DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	1,758,333	0.99
KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	1,666,667	0.97
MR SYED KHALIL BIN SYED IBRAHIM	1,666,667	0.88
CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	1,666,667	0.82
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	1,666,666	0.76
MR BIN LIU	1,515,153	0.76
Totals: Top 20 holders	**61,876,765**	**59.88**
Total Holders Balance	**103,333,333**	**100.00**

Unquoted equity securities

1. Performance Rights – Classes A, B, and C

There are 3 holders of 65,000,000 unlisted Performance Rights with various terms. All the Rights are held by the directors as detailed in the notes to the financial statements above and the Remuneration Report.

2. Options

There are 24 holders of 60,000,000 unlisted Options with an exercise price of $0.025c expiring on 15 October 2024

Holder Name	Holding	% IC
MR JAMES PETER ALLCHURCH	16,200,000	27%

There 1 holder of 10,000,000 unlisted Options with an exercise price of $0.07c expiring on 16 June 2026

Holder Name	Holding	% IC
MR DANE LANCE	10,000,000	27%

Restricted Securities
There are no restricted securities.

Market buyback
There is no current market buyback.