



**GRAND GULF ENERGY LIMITED**

**ABN 22 073 653 175**

**INTERIM REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2022**

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**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**

**DIRECTORS' REPORT**

Your Directors submit the financial report of the consolidated entity (**Company, Group or GGE**) for the half-year ended 31 December 2022.

**DIRECTORS**

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

Mr Craig Burton	<i>Non-Executive Chairman</i>
Mr Dane Lance	<i>Managing Director</i>
Mr Keith Martens	<i>Technical Director</i>

**Company Secretary**

Mr Lloyd Flint

**OPERATING RESULT**

The Group incurred an operating loss after income tax for the half-year ended 31 December 2022 of \$1,024,462 (half-year ended 31 December 2021: operating loss after income tax of \$9,771,361).

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 half 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 and the right to earn up to 85%. Throughout the half year period, the Company continued to mature the project.

- **Red Helium Project Working Interest Increased to 70%**
- **Independent Expert Helium Auditor (Sproule) Confirms Jesse Helium Discovery**
  - Highlights of the maiden helium exploration well Jesse-1A generally exceeding pre-drill expectation:
    - over 200 feet of gross gas column; and
    - 101 feet of net pay.
    - Helium gas returned to surface at commercial concentrations.
- **Jesse#1A Downhole Sample Returns Helium Grade of up to 1% Exceeding Pre-drill Expectation**
- **Top Drilling Manager Appointed**
- **Jesse-2 Drill on Schedule for Q1 2023 Spud**
  - Jesse-2 Optimal Location Chosen
  - Improved Well Engineering and Design for Future Red Helium Project Wells
  - Jesse-2 Drill Permit Received
  - Helium Offtake Agreement Secured for Jesse-2
  - Site Construction Begun at Jesse-2 Well Pad
  - Rig Contract Secured for Jesse-2
- **Extreme price pressure in the helium market with increased demand and supply side shortages estimated to continue through 2023.**
  - Wholesale crude helium markets around \$500/mcf and reports of US spot markets for high purity helium (>99.995%) exceeding US\$2000/mcf during the period.

**PROJECTS REVIEW**

**RED HELIUM PROJECT UPDATES**

**Red Helium Project Working Interest Increased to 70%**

Under the terms of the operating agreement the Company has satisfied the earn-in requirements for the first well by contributing the first US\$1.5 million in the program and has increased its working interest from 55% to 70% in its majority-owned incorporated JV company Valence which operates the Red Helium project<sup>1</sup>. The Company has the right to increase its working interest in Valence to 85% by contributing the first US\$1.5 million to each of two further Red Helium project wells.

**Jesse Discovery – Downhole Sample Returns Exceptional 1% Exceeding Pre-Drill Expectation**

Jesse-1A downhole samples returned helium gas at an exceptional grade up to 1% to surface<sup>2</sup> exceeding pre-drill expectation, with productive and well pressured reservoir of 2465psi in line with virgin pressure at the neighbouring Doe Canyon analogue.

The helium concentrations compare favourably to Doe Canyon which has an average grade of 0.4%. At 1% helium an analogous Doe Canyon well at a raw gas rate of 20 million cubic feet per day would produce 200 thousand cubic feet of helium per day or 73 million cubic feet of helium per year.

The helium grade comes on the back of the Jesse discovery, which included the following highlighted Jesse-1A results, generally exceeding pre-drill expectations:

- Over 200 feet of gross gas column;
- 101 feet of net pay (Independently Audited - Sproule).

Flow test operations on Jesse-1A during the period returned helium gas returned to surface demonstrating a working helium system, with all zones tested including reservoir gas inflow, consistent with the petrophysical logs<sup>3</sup>. Operations were suspended with gas flow rate affected by mechanical borehole issues and water influx likely due to fractures causing communication between an identified lower water zone. This risk will be reduced in future wells by changes in well design.

Petrophysical interpretations indicated a gross gas column 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 (Air Products, market cap: US\$70B)<sup>4</sup>. The annual world-wide helium market, a multi-billion dollar market, is around 6 bcf/yr.

The Jesse-1A well is immediately adjacent to unutilised pipeline connected to the Lisbon Helium Plant, owned and operated by helium offtake partner Paradox Resources LLC (Paradox).

**Top Drilling Manager Appointed**

Todd Gentles was appointed to the position of Drilling Superintendent for the forthcoming helium drilling programme at the Red Helium Project<sup>5</sup>. Todd has over 40 years' experience in drilling and completion, including over 15 years working with Kinder Morgan on the neighbouring Doe Canyon helium/CO<sub>2</sub> field.

Mr Gentles has the requisite in-depth knowledge and relevant experience in drilling and completing helium wells in the precise area of the Paradox Basin where the Red Helium Project is located.

Incorporated joint venture company Valence Resources LLC ("Valence") (Grand Gulf current interest - 70% with a right to earn up to 85%) is fortunate to secure the services of Mr Gentles. During his 15-year tenure with Kinder Morgan<sup>6</sup> (market cap: US\$70B<sup>7</sup>), he oversaw more than 35 drilling / workover rigs annually which culminated in McElmo Dome Field becoming one of the largest CO<sub>2</sub> producing fields in the world (~1 BCF/day); and Doe Canyon Field, the second largest producing North American helium discovery in over 60 years.

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<sup>1</sup> ASX announcement 20 July 2022 – Red Helium Project Working Interest Increased to 70%

<sup>2</sup> ASX Announcement 19 October 2022 – Jesse-1A Downhole Sample Increase Helium Grade

<sup>3</sup> ASX Announcement 21 September 2022 – Jesse-1A Flow Test Result

<sup>4</sup> ASX Announcement 7 November 2022 – Drilling of Jesse-2 Planned for Q4 2022

<sup>5</sup> ASX Announcement 20 January 2022 – Top Drilling Manager Appointed

<sup>6</sup> Kinder Morgan owns the Doe Canyon Field whilst Air Products operates the helium component of production

<sup>7</sup> <https://finance.yahoo.com/quote/KMI/>

**PROJECTS REVIEW**

Previous Red Helium Project Drill Superintendent Doug Frederick will be continuing in a consulting and advisory capacity. Drilling Director at Kinder Morgan, Mr Frederick was responsible for drilling and workover operations of source wells and injection/production wells, overseeing 9 drilling and 30 workover rigs annually. He was responsible for annual capital budgets up to US\$300M and OPEX budgets up to US\$200M and focused on continuous improvement to increase efficiency and lower cost in delivering a quality wellbore.

**JESSE-2 HELIUM WELL DRILLING ON SCHEDULE FOR SPUD IN CURRENT QUARTER**

**Jesse-2 Location**

Jesse-2 is located 1.5 miles east-south-east of the Jesse-1A discovery well and was selected as the best of three mature prioritised locations on the Jesse structure<sup>8</sup>. The locations were derived from an extensive review of data from six historic wells and Jesse-1A including calibrated 2D seismic to target a structural high location on the Jesse feature to maximise the thickness of the gas pay zone.

Based on analogue performance, the Jesse discovery has the potential to support in excess of 20 wells within the areal extent of the closure, given the >200-foot column intersected at Jesse-1A.

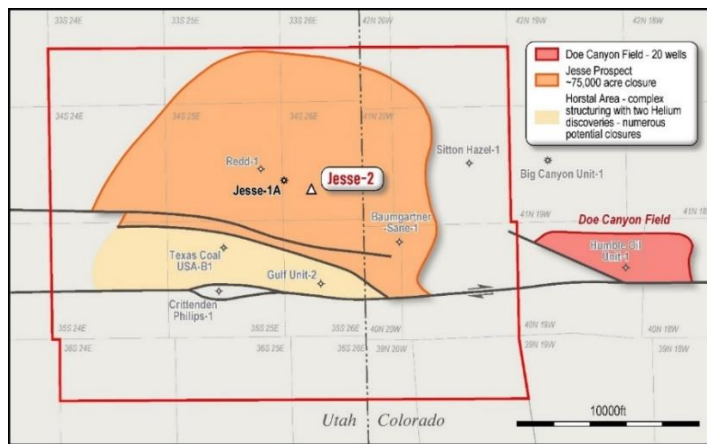


Figure 1: Jesse-2 location showing Jesse structural closure (orange) and major faulting (black).

**Jesse-2 Drilling Program**

Jesse-2 will exclusively target the gas pay zone(s) to minimize the risk of water production, with the planned total well depth terminating at least 50 feet above the identified gas/water contact at Jesse-1A.

The drilling program incorporates managed pressure drilling through the primary Leadville formation minimising formation damage. The program allows enhanced mud-gas returns and real-time monitoring of reservoir gas flow and gas compositions using mass spectrometry, and preliminary flow testing whilst drilling.

On identification of significant helium inflow, a bottoms-up flow test will be conducted to characterise the reservoir.

<sup>8</sup> ASX Announcement 7 Nov 2022 – Drilling of Jesse-2 Planned for Q4 2022

**PROJECTS REVIEW**

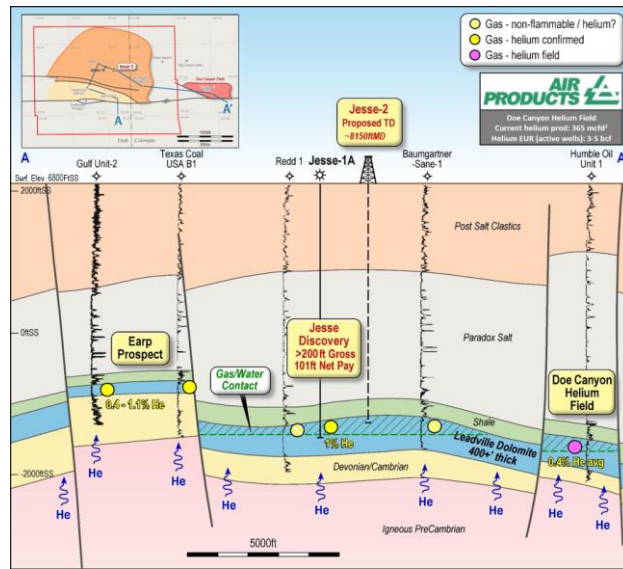


Figure 2: Stylised schematic showing Jesse-2 location exclusively targeting the gas pay zone

**Jesse-2 Drill Permit Received**

In January, the Company received approval of the Permit to Drill from the Utah Division of Oil, Gas and Mining (UDOGM) for the potentially company-making second pure-play helium well, Jesse-2, at the Red Helium project<sup>9</sup>, positioning the Company for a Q1 2023 spud.

**Jesse-2 Offtake Secured**

Following receiving the Jesse-2 drill permit, the Company announced expansion of the existing Gas Sales & Processing Agreement (GSPA) with Paradox Resources LLC (Paradox) to include the Jesse-2 well. Paradox is owner of the advanced Lisbon helium processing plant located 20 miles north of the Red Helium Project.

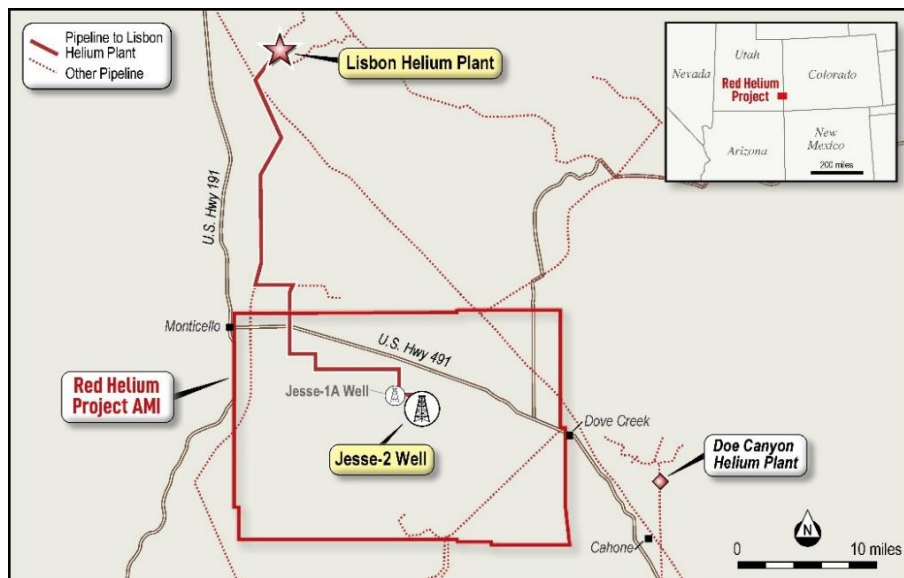


Figure 3: Jesse-2 location in the Red Helium project AMI with local pipelines / gas transport route to the Lisbon Helium Plant.

<sup>9</sup> ASX Announcement 20 January 2022 – Drill Permit Received for Jesse-2 Helium Well

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**PROJECTS REVIEW**

In the event of a successful well, the GSPA provides a path to monetization of the Company's second pure-play helium well, Jesse-2 which is scheduled for spud Q1 2023. The GSPA expansion continues a relationship with a proven helium refiner and seller with deep helium processing and marketing experience. The key terms include an 80/20 industry standard revenue split in favour of the producer (GGE) as well as standard tariffs for gathering, compression and processing.

The GSPA expansion represents recognition from Paradox of the significant potential of the Red Helium Project and the technical merits of the potentially company-making Jesse-2 well. Both Grand Gulf and Paradox are participating in ongoing discussions to identify further strategic business opportunities framed by a Strategic Alliance<sup>10</sup>, which includes GSPA expansion and further corporate synergies.

Paradox owns over 100,000 net acres and operates over 150 wells in the Paradox Basin in the Four Corners Region of Utah, Colorado, New Mexico and Arizona. Paradox is operator of 570 miles of operated gas gathering lines (220 miles of which is wholly owned) with four compression stations that feed directly to the Lisbon Valley Gas Plant.

The advanced Lisbon Valley Gas Plant is comprised of a 60 million cubic feet per day (mmcf/d) treating plant with a 45 mmcf/d cryogenic plant capable of liquefaction of 0.5 mmcf/d of high purity 99.9995% (5 ½ Nines) helium, that attracts premium pricing for advanced applications such as semiconductor, medical, research, space and defence industries. The plant has capacity for another 0.6 mmcf/d of purified ~99.989% gaseous helium currently sold to multiple suppliers and direct to downstream retail consumers via Paradox's logistics arm comprising precisely engineered specialist tube trailers.

The Lisbon Plant is also currently sequestering carbon dioxide and is well advanced in the permitting process to qualify for carbon capture tax credits under Section 45Q (Revenue) of the US tax code. The recent Inflation Reduction Act increased the value of carbon dioxide sequestered to \$85 per metric tonne, making it a potential material revenue stream for the Red Helium Project.



Figure 4: Paradox Resources "5.5 Nines" Lisbon Valley Gas Processing Plant.

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<sup>10</sup> ASX Announcement 11 April 2022 – Strategic Alliance with Helium Offtake Partner



**PROJECTS REVIEW**

**Jesse-2 Well Pad Construction**

Following receipt of the Jesse-2 drill permit, well pad construction commenced at the Jesse-2 well site in Utah.<sup>11</sup>



Figure 5: Jesse-2 well pad construction begins in Utah

**Jesse-2 Rig Secured**

Aztec Well Servicing, Co. (Aztec) has been contracted to drill the Jesse-2 well at the Red Helium project<sup>12</sup>, to support spud date on schedule for Q1 2023. Aztec is based approximately 125 miles southeast of the Red Helium project area, in Aztec, New Mexico.

Aztec is the preferred contractor of GGE's Drilling Superintendent, Todd Gentles. Mr Gentles has previously worked with Aztec, including this exact rig and crew with underbalance drilling and testing procedures, whilst drilling wells at the neighbouring Doe Canyon field. Aztec drilled the Jesse-1A well within schedule and budget, with the completion and testing operations completed by a separate contractor and workover rig.

**Helium Market – Brief Update**

Sustained helium price pressure experienced in 2022 is expected to continue through 2023. The Bureau of Land Management (BLM) Cliffside facility in Texas is back online after a 6 month shutdown in 2022, however with limited reserves and quickly depleting (~10% global supply). The Russian Amur gas plant is still yet to produce helium after a devastating fire during commissioning at the start of 2022, potentially producing first helium in 2023 but with full ramp up delayed and further exacerbated by geopolitical tensions and the Ukraine/Russian war (potentially ~20-30% global supply). Other major supply sources such as Qatar have been historically unreliable, and Algeria has been diverting gas from LNG and helium production to Europe.

With an ongoing structural supply deficit further compounded by the above factors, the market is still seeing increased high purity helium demand growth from multiple sectors including semiconductors and space, leading to extreme pressure on the global market, and in particular the US spot market. In 2022 the Company was advised of US spot prices in excess of US\$2,000/mcf for research grade helium (160mcf tube trailer) and Paradox advised of purified gaseous helium sales exceeding \$500/mcf. Spot prices increases represent a more than 300% rise over the corresponding period last year and many suppliers in the US are still in Force Majeure, meaning they are rationing helium and cannot meet their supply contracts.

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<sup>11</sup> ASX Announcement 17 January 2023 – Well pad Construction Begins at Jesse-2

<sup>12</sup> ASX Announcement 24 January 2023 – Jesse-2 Drill Contract Signed



**PROJECTS REVIEW**

**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. 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 (market cap US\$70b) 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;
- 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;
- Six historic wells exclusively targeting hydrocarbons were drilled within the project AMI, proving trap, seal, reservoir presence and gas charge and a working helium system, to differing degrees within each prospect. Several wells tested non-flammable gas, the only two analysed for helium confirmed helium presence; and
- 20 miles south of and connected by pipeline to the operational Lisbon Helium Plant (99.9995% purity).

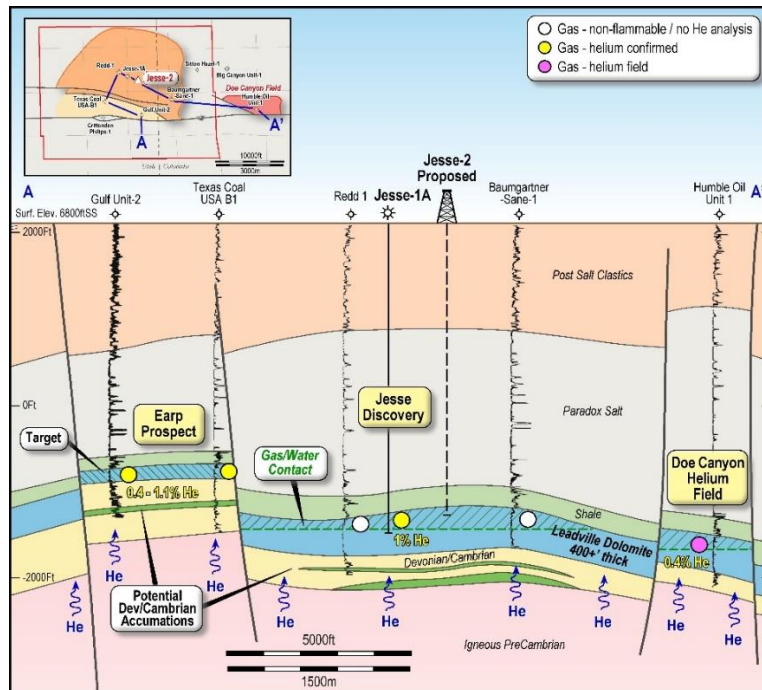


Figure 6: Stylised cross section with Jesse Discovery, Earp prospect, Doe Canyon helium field, and historic wells

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**PROJECTS REVIEW**

**Maiden Prospective Helium Resource**

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 at 8 December 2021.

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

**Valence Prospective Resources<sup>13</sup>**

<b>Recoverable Helium</b>	<b>1U (P90) (BCF)</b>	<b>2U (P50) (BCF)</b>	<b>3U (P10) (BCF)</b>
Gross to Valence - (28,046 gross acres)	7.6	<b>10.9</b>	12.9
Net to Valence - (18,959 net acres)	5.2	<b>7.4</b>	8.5
Net to GGE - (earning 85% of net Valence)	4.4	<b>6.3</b>	7.2
Red Project Total	7.9	<b>20.8</b>	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 with a right to secure a further 15% interest (total of 85%) on the following terms:

<b>Earning 85% of Valence Resources</b>	<b>Max Commitment Spend</b>	<b>Cumulative Interest</b>
Current Working Interest		70%
Drilling second well	US\$1.5M	77.5%
Drilling third well	US\$1.5M	85%

<sup>13</sup> 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.

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**PROJECTS REVIEW**

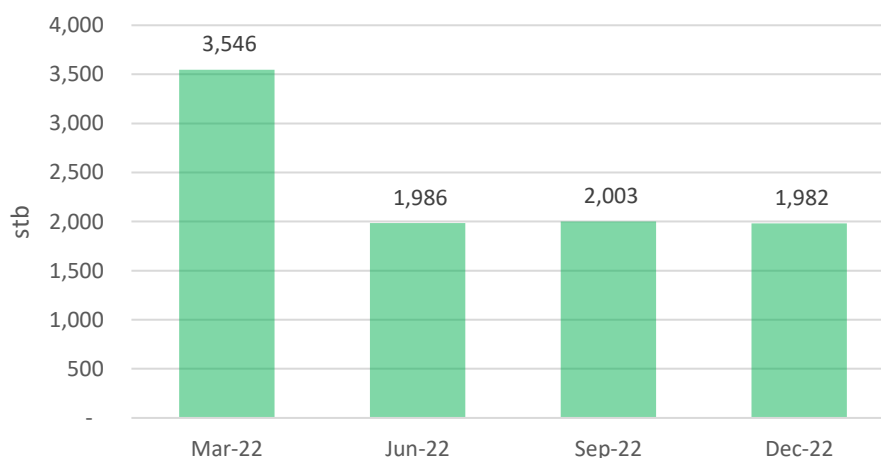
**PRODUCTION SUMMARY**

**Total Grand Gulf Working Interest Quarterly Oil Production<sup>14</sup>**

	Mar '22	Jun '22	Sep '22	Dec '22
Oil (bbls)	3,546	1,986	2,003	1,982

	Working Interest (WI)	Parish	Quarterly Bo		Daily Bo	
			Gross	GGE WI	Gross	GGE WI
Desiree Field	39.65%	Assumption	4941	1982	54	22

**Quarterly GGE WI Oil Production**



**Desiree Field**

**Desiree, Assumption Parish, Louisiana, Non-Operator 39.65% Working Interest**

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 4941 barrels of oil. The well produced at an average of 55 bo/d in the current quarter. The well returned to similar levels of production following a minor work-over on the salt-water disposal well in September. As at 31 June 2022, the 3P reserves attributed to the Cris RII and RIII sands ~123,000 bbls net to GGE<sup>15</sup>.

**2022 Reserves and Resources Summary**

Reserves and Resources as of 30 June 2022  
Net to Grand Gulf Energy Ltd

FILED (LICENCE)	NET REV INTEREST	PROVED(1P)			PROVED + PROBABLE (2P)			PROVED, PROBABLE, POSSIBLE (3P)		
		LIQUIDS MBBL	GAS MMCF	OIL EQUIV <sup>(1)</sup> MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV <sup>(1)</sup> MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV <sup>(1)</sup> MBOE
<b>Reserves</b>										
<b>USA</b>										
Desiree	30.96%	42	-	42	107	-	107	123	-	123
<b>Total Reserves</b>		<b>42</b>	<b>-</b>	<b>42</b>	<b>107</b>	<b>-</b>	<b>107</b>	<b>123</b>	<b>-</b>	<b>123</b>
<b>CONTINGENT RESOURCES</b>										
<b>1C</b>										
<b>2C</b>										
<b>3C</b>										
<b>Reserves</b>										
<b>USA</b>										
Desiree	30.96%	-	-	-	-	-	-	-	-	-
<b>Total Contingent Resources</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Reserves and Resources</b>		<b>42</b>	<b>-</b>	<b>42</b>	<b>107</b>	<b>-</b>	<b>107</b>	<b>123</b>	<b>-</b>	<b>123</b>

<sup>(1)</sup> Oil equivalent conversion factor: 6MSCF per BBL.

**Competent Persons Statement**

The information contained in these statements has been compiled by Kevin James Kenning, Registered P.E. State of Texas #77656, who is a consultant of the Company, is qualified in accordance with ASX listing rule 5.11 and has consented to the publication of this report.

<sup>14</sup> Grand Gulf is entitled to its Working Interest (WI) share after royalty payment to the oil and gas mineral rights owners. Historical production corrected for updated WI calculation.

<sup>15</sup> Reserves calculated on a Net Revenue Interest (NRI) Basis

**GRAND GULF ENERGY LIMITED**  
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**PROJECTS REVIEW**

**DJ Basin, Colorado, USA (66% WI)**

The Company has ~66% working interests in 355 net acres in Weld County. Whilst progress in the quarter was limited, the asset is currently under review and the Company continues to look at ways to unlock the sale of its interest in the DJ Basin, buoyed by the current high oil price environment.

**BUSINESS DEVELOPMENT**

The Company is actively reviewing and assessing potential strategic helium acquisitions with synergies to the Red Helium project.

**CORPORATE**

There were no changes to Board and Management during the period.

**Capital Structure and Financial Snapshot**

Ordinary Shares	1,546 million	Performance Shares	155 million
Unlisted Options (2.5c exp 15/10/24)	60 million	Unlisted Options (7.0c exp 16/6/26)	10 million
Share Price at 31/12/22	2.3 cents	Listed Options	103 million
Cash Reserves @ 31/12/22	\$6.8 million	Market Capitalisation	\$40 million

**EVENTS OCCURRING AFTER THE REPORTING PERIOD**


Other than the matters highlighted in the Review of Operations, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**AUDITOR'S DECLARATION**

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 13 of the financial statements for the half year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors.

Dated 10 March 2023



Dane Lance  
Managing Director

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

As lead auditor for the review of Grand Gulf Energy Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

10 March 2023

**GRAND GULF ENERGY LIMITED**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Note	31 December 2022 \$	31 December 2021 \$
Revenue from continuing operations	3	508,060	783,994
Cost of sales		(276,753)	(329,875)
Amortisation of oil and gas properties		(8,346)	(56,248)
Gross profit		<u>222,961</u>	<u>397,871</u>
Net profit from investment in associate		-	66,884
Employee benefits expense		(175,289)	(172,795)
Share-based payments	9	(46,471)	(425,700)
Professional and statutory fees		(298,214)	(83,883)
Corporate office expenses		(140,189)	(65,810)
Exploration expenses		-	(37,928)
Impairment of investment in associate	13	(587,260)	(9,450,000)
Loss before income tax		(1,024,462)	(9,771,361)
Income tax benefit/(expense)		<u>-</u>	<u>-</u>
Loss for the half year		(1,024,462)	(9,771,361)
<b>Other Comprehensive Income/(loss)</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign entities		69,979	342,875
Total comprehensive loss for the half year		<u>(954,483)</u>	<u>(9,428,486)</u>
<b>Loss for the half-year attributable to:</b>			
Owners of the parent		(1,010,664)	(9,771,361)
Non-controlling interest		(13,798)	-
		<u>(1,024,462)</u>	<u>(9,771,361)</u>
<b>Total comprehensive loss for the half year:</b>			
Owners of the parent		(940,685)	(9,428,486)
Non-controlling interest		(13,798)	-
		<u>(954,483)</u>	<u>(9,428,486)</u>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share attributable to the owners of Grand Gulf Energy Limited</b>			
Basic loss per share		(0.07)	(1.32)
Diluted loss per share		(0.07)	(1.32)

*The Consolidated Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the Consolidated Statements*

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	31 December 2022 \$	30 June 2022 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,993,255	6,793,323
Trade and other receivables		463,142	461,913
Other assets	4	338,120	7,340
<b>Total Current Assets</b>		<u>5,794,517</u>	<u>7,262,576</u>
<b>Non-Current Assets</b>			
Investment in associate - Valence	5	-	9,577,578
Exploration, evaluation and development assets	6	14,141,276	-
Oil and gas properties	7	1,154,498	1,149,186
<b>Total Non-Current Assets</b>		<u>15,295,774</u>	<u>10,726,764</u>
<b>Total Assets</b>		<u>21,090,291</u>	<u>17,989,340</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		430,957	279,948
<b>Total Current Liabilities</b>		<u>430,957</u>	<u>279,948</u>
<b>Non-Current Liabilities</b>			
Provisions		299,809	294,848
<b>Total Non-Current Liabilities</b>		<u>299,809</u>	<u>294,848</u>
<b>Total Liabilities</b>		<u>730,766</u>	<u>574,796</u>
<b>Net Assets</b>		<u>20,359,525</u>	<u>17,414,544</u>
<b>Equity</b>			
Contributed equity	8	70,707,321	70,707,321
Reserves	9	8,399,306	8,282,856
Accumulated losses		(62,586,297)	(61,575,633)
<b>Total equity attributable to members of the Company</b>		<u>16,520,330</u>	<u>17,414,544</u>
Non-controlling interests		3,839,195	-
<b>Total Equity</b>		<u>20,359,525</u>	<u>17,414,544</u>

*The Consolidated Statement of Financial Position is to be read in conjunction  
with the notes to the Consolidated Financial Statements*



**GRAND GULF ENERGY LIMITED**  
ABN 22 073 653 175

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	Contrib- uted Equity \$	Options Reserve \$	Foreign Currency Trans- lation Reserve \$	Accumu- lated Losses \$	Owners of the Parent \$	Non- controlling Interest \$	Total \$
<b>Balance at 01.07.2022</b>	70,707,321	5,196,429	3,086,427	(61,575,633)	17,414,544	-	17,414,544
Loss for the half year	-	-	-	(1,010,664)	(1,010,664)	(13,798)	(1,024,462)
Other comprehensive income	-	-	69,979	-	69,979	-	69,979
<b>Total comprehensive loss for the half year</b>	-	-	<b>69,979</b>	<b>(1,010,664)</b>	<b>(940,685)</b>	<b>(13,798)</b>	<b>(954,483)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Additional interests in Valence (Note 13)	-	-	-	-	-	3,852,993	3,852,993
Share-based payments	-	46,471	-	-	46,471	-	46,471
<b>Balance at 31.12.22</b>	<b>70,707,321</b>	<b>5,242,900</b>	<b>3,156,406</b>	<b>(62,586,297)</b>	<b>16,520,330</b>	<b>3,839,195</b>	<b>20,359,525</b>
<b>Balance at 01.07.2021</b>	40,377,570	2,693,137	2,489,191	(42,871,877)	2,688,021	-	2,688,021
Loss for the half year	-	-	-	(9,771,361)	(9,771,361)	-	(9,771,361)
Other comprehensive income	-	-	342,875	-	342,875	-	342,875
<b>Total comprehensive loss for the half year</b>	-	-	342,875	(9,771,361)	(9,428,486)	-	(9,428,486)
<b>Transactions with owners in their capacity as owners:</b>							
Issue of shares	20,603,546	-	-	-	20,603,546	-	20,603,546
Share-issue costs	(877,980)	624,000	-	-	(253,980)	-	(253,980)
Options issued to acquire asset	-	624,000	-	-	624,000	-	624,000
Share-based payments	-	425,700	-	-	425,700	-	425,700
<b>Balance at 31.12.21</b>	<b>60,103,136</b>	<b>4,366,837</b>	<b>2,832,066</b>	<b>(52,643,238)</b>	<b>14,658,801</b>	-	<b>14,658,801</b>

*The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements*

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>		
Proceeds from sales	506,831	999,539
Payments to suppliers and employees	(693,464)	(596,497)
Production costs	(276,753)	(329,875)
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(463,386)</u>	<u>73,167</u>
<b>Cash flows from investing activities</b>		
Cash acquired on acquisition of Kessel Resources Pty Ltd	-	25,572
Acquisition of interest in associate	-	(1,364,264)
Cash acquired on acquisition of Valence Resources LLC	13 1,137,438	-
Payments for exploration activities	(2,530,441)	-
<b>Net cash outflow from investing activities</b>	<u>(1,393,003)</u>	<u>(1,338,692)</u>
<b>Cash Flows from financing activities</b>		
Proceeds from issue of shares net of costs	-	3,244,020
<b>Net cash inflow from financing activities</b>	<u>-</u>	<u>3,244,020</u>
<b>Net (decrease)/increase in cash held</b>	<u>(1,856,389)</u>	<u>1,978,495</u>
Cash and cash equivalents held at beginning of the half-year	6,793,323	1,058,399
Effect of exchange rate changes on cash and cash equivalents	56,321	13,530
<b>Cash and cash equivalents at end of the half year</b>	<u>4,993,255</u>	<u>3,050,424</u>

*The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements*

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT**

**(a) Reporting entity**

Grand Gulf Energy Limited (the "Company") is a Company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2022 comprise the Company and its controlled entities (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended 30 June 2022 are available upon request at [www.grandgulfenergy.com](http://www.grandgulfenergy.com).

**(b) Statement of Compliance**

These consolidated interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2022.

These consolidated interim financial statements were approved by the Board of Directors on 10 March 2023.

**(c) Basis of Preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's 2022 annual financial report for the financial year ended 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**(d) Going Concern**

For the six-month period ended 31 December 2022, the Group made a loss of \$1,024,462 (six-month period ended 2021: \$9,771,361 which includes an impairment expense of \$9,450,000) and had cash outflows from operating activities of \$463,386 (2021: cash inflows of \$73,167). As at 31 December 2022 the Group has cash and cash equivalents of \$4,993,255 (30 June 2022: \$6,793,323) and positive working capital of \$5,363,560 (30 June 2022: \$6,982,628), these funds will be used for ongoing exploration and operational activity over the next 12 months.

The Group's ability to continue as a going concern is principally dependent upon its ability to source working capital funding for ongoing operations. The Group has a recent proven history of successfully raising capital. The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities. The Directors are aware that additional funds may need to be sourced from one or more of the following alternatives for the Group to carry on its business moving forward, to meet its working capital requirements and its planned exploration activities:

- Capital raising via:
  - Private placement;
  - Rights issue; and/or
  - Share purchase plan.

Should the activities identified above be unsuccessful in increasing cash flows to the entity, there is a material uncertainty that exists that may cast significant doubt as to whether the Group will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (continued)**

**(d) Going Concern (continued)**

Notwithstanding the above, the Directors are of the opinion that the Group can carry on operations for the foreseeable future, and that it will be able to realise its assets and discharge its liabilities in the normal course of business. If necessary, the Group has the capacity to delay or cancel expenditures that are considered discretionary in nature, including administrative costs and exploration expenditure that is not contractually binding. The timing of raising additional capital will depend on the investment markets, as well as current and future planned exploration activities.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

**(e) Adoption of new and revised Accounting Standards**

For the half-year ended 31 December 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 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

**(f) Investments in controlled entities**

Controlled entities are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests, being that portion of the profit or loss and net assets of controlled entities attributable to equity interests held by persons outside the consolidated entity, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (continued)**

**(g) Critical accounting estimates and judgements**

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those that applied to the annual consolidated financial statements as at and for the year ended 30 June 2022.

*(i) Control over Valence Resources LLC (Valence)*

In determining whether the Group has control over Valence Resources LLC (Valence) that is not wholly owned, judgement is applied to assess the ability of the Group to control the day-to-day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the Group has with other owners of partly owned subsidiary are taken into consideration. Whilst the Group is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the Group where it is determined that the Group controls the day-to-day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiary could result in a loss of control and subsequently de-consolidation.

*(ii) 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 *Income Taxes* 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. See Note 13 for more details.

*(iii) Fair value of previously held interest in Valence and non-controlling interest*

Management has formed judgments around the fair value of previously held interest in Valence and the fair value of non-controlling interest at acquisition date. See Note 13 for more details.

*(iv) Fair value of exploration, evaluation and development assets*

The fair value of exploration, evaluation and development assets acquired has been determined with reference to the total purchase consideration paid and funding provided by the Group. The fair value is further discussed in Note 13.

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2. SEGMENT REPORTING**

Management has determined, based on reports reviewed by the Board of Directors that are used to make strategic decisions, that the Group has one reportable segment being oil and gas production and exploration.

The Board of Directors review internal management reports on a regular basis which reflect the information provided in the half year financial statements.

**3. REVENUE FROM SALES**

	31 December 2022 \$	31 December 2021 \$
Oil & gas sales	508,060	1,008,706
Less: Royalties	-	(224,712)
<b>Total Sales</b>	<b>508,060</b>	<b>783,994</b>

**4. OTHER ASSETS**

	31 December 2022 \$	30 June 2022 \$
Prepayment of vendors	295,731	-
Prepaid insurance	40,010	5,000
Insurance claim receivable	2,379	2,340
<b>Total Other Assets</b>	<b>338,120</b>	<b>7,340</b>

**5. INVESTMENT IN ASSOCIATE**

The Group has a 70% interest in Valence Resources LLC ("Valence") (30 June 2022: 55% interest) 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. 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. On 1 July 2022, the Company's interest in Valence has increased from 55% to 70% after satisfying the earn-in requirements.

Control over Valence was obtained on 1 July 2022 (acquisition date) and Valence's financial statements are consolidated into the Group financial statements from 1 July 2022. The Group discontinues the use of the equity method on the date that its investment in Valence ceases to be an associate. Refer Note 13 for more details on the acquisition of Valence.

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**6. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS**

	31 December 2022 \$	30 June 2022 \$
Red Helium project costs	14,141,276	-
Provision for impairment	-	-
	<u>14,141,276</u>	<u>-</u>
Carrying amount at beginning of period	-	-
Acquisition of Valence (Note 13)	11,801,296	-
Expenditure during the period	2,141,404	-
Foreign exchange difference	198,576	-
Carrying amount at end of period	<u>14,141,276</u>	<u>-</u>

**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. 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. There is no indication of impairment in the half year ended 31 December 2022.

**7. OIL AND GAS PROPERTIES**

	31 December 2022 \$	30 June 2022 \$
Producing oil & gas assets	8,060,029	8,046,371
Provision for impairment and amortisation	(6,905,531)	(6,897,185)
	<u>1,154,498</u>	<u>1,149,186</u>
Carrying amount at beginning of period	1,149,186	1,793,341
Expenditure during the period	-	-
Foreign exchange difference	13,658	88,608
Impairment	-	(634,725)
Amortisation	(8,346)	(98,038)
Carrying amount at end of period	<u>1,154,498</u>	<u>1,149,186</u>

The Company recorded an impairment of oil and gas properties for the year ended 30 June 2022 of \$634,725. 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 for the year 30 June 2022.



**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**8. CONTRIBUTED EQUITY**

	31 December 2022 No.	30 June 2022 No.	31 December 2022 \$	30 June 2022 \$
Balance brought forward at the beginning of the period	1,546,610,665	383,749,478	70,707,321	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	-	450,000,000	-	14,850,000
Share-based payment for capital raising 15 October 2021	-	19,800,000	-	198,000
Share-based payment as prepayment to supplier 22 October 2021	-	8,400,000	-	250,000
Consideration for acquisition 21 December 2021	-	91,161,187	-	2,005,546
Placement 28 April 2022	-	250,000,000	-	11,000,000
Share-based payment to supplier 28 April 2022	-	13,500,000	-	513,000
Share issue costs	-	-	-	(1,786,795)
<b>Balance carried forward at the end of the period</b>	<b>1,546,610,665</b>	<b>1,546,610,665</b>	<b>70,707,321</b>	<b>70,707,321</b>

There were no shares issued during the half year ended 31 December 2022.

**9. RESERVES**

	31 December 2022 \$	30 June 2022 \$
<b>Share-based payment reserve</b>		
Balance at the beginning of the period	4,519,629	2,016,337
Share-based payments to Directors	-	946,000
Share-based payments - share issue costs	-	624,000
Share-based payments – consideration for acquisition	-	624,000
Employee incentives to Directors	46,471	109,292
Employee incentives to Directors	-	200,000
Balance at the end of the period	<u>4,566,100</u>	<u>4,519,629</u>
<b>Option premium reserve</b>		
Balance at the beginning and end of the period	<u>676,800</u>	<u>676,800</u>
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the period	3,086,427	2,489,191
Gain on translation of foreign controlled entities	69,979	597,236
Balance at the end of the period	<u>3,156,406</u>	<u>3,086,427</u>
<b>Total reserves</b>	<u>8,399,306</u>	<u>8,282,856</u>

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**10. CONTINGENCIES**

There have been no changes to contingent assets or liabilities since 30 June 2022.

**11. RELATED PARTIES**

During the half year ended 31 December 2022, the Company expensed share-based payments of \$46,471 in relation to incentive options granted to Dane Lance on 23 February 2022. There were no other changes to transactions with key management personnel during the period.

**12. COMMITMENTS**

There have been no changes to the commitments, from those disclosed in the 30 June 2022 financial statements.

**13. ASSET ACQUISITION**

**Valence Resources LLC (Valence)**

On 1 July 2022, the Company's interest in its majority-owned incorporated JV company Valence Resources LLC (Valence) which operates the Red Helium project has increased from 55% to 70% after satisfying the earn-in requirements.

The transaction does not meet a business combination as defined in AASB 3 *Business Combinations* and has been accounted for the transaction as an 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 acquisition and no deferred tax will arise in relation to the acquired assets and assumed liabilities. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

The previously held interest in Valence of 55% was revalued at 1 July 2022, with a fair value loss of \$587,260 recognised in the Consolidated Statement of Profit or Loss for the period ended 31 December 2022.

	\$
Fair value of 55% previously held interest at acquisition date*	8,990,318
Less: Carrying amount of 55% previously held interest at acquisition date	<u>(9,577,578)</u>
<b>Fair value adjustment in profit or loss</b>	<b><u>(587,260)</u></b>

\*The fair value of previously held interest in Valence was determined by reference to the below:

	\$
Consideration paid for 25% of Valence in prior year – shares and options	6,024,000
Consideration paid for additional 30% of Valence in prior year – cash and shares	2,405,546
Consideration paid for additional 15% of Valence on 1 July 2022	-
Funds loaned by GGE to Kessel	938,692
Funding by Kessel to Valence	<u>2,073,985</u>
<b>Total consideration and funding to acquire 70% in Valence</b>	<b><u>11,442,223</u></b>
<b>Fair value of 55% previously held interest at acquisition date (55% / 70% x \$11,442,223)</b>	<b><u>8,990,318</u></b>

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**13. ASSET ACQUISITION (continued)**

**Fair value of net assets of Valence at acquisition date:**

	\$
Fair value of previously held interest (55%)	8,990,318
Consideration paid for the additional 15%	Nil
Fair value of non-controlling interest (30%)*	<u>3,852,993</u>
<b>Fair value of net assets of Valence at acquisition date</b>	<b><u>12,843,311</u></b>

\*The fair value of non-controlling interest ("NCI") was determined by reference to the percentage of interest held (30%/70% x \$8,990,318 = \$3,852,993).

**The fair value of net assets of Valence at acquisition date is represented by:**

	Total \$	GGE's share \$	NCI's share \$
Cash and cash equivalents	1,137,438	796,207	341,231
Prepayments	737,197	516,038	221,159
Exploration, evaluation and development of gas project	11,801,296	8,260,907	3,540,389
Trade and other payables	(832,620)	(582,834)	(249,786)
<b>Net assets of Valence at acquisition date</b>	<b><u>12,843,311</u></b>	<b><u>8,990,318</u></b>	<b><u>3,852,993</u></b>

**Net cash flow attributable to the acquisition:**

	\$
Cash and cash equivalent balance acquired	1,137,438
Less: cash consideration paid	<u>-</u>
Net cash inflow	<b><u>1,137,438</u></b>

**14. DIVIDENDS**

No dividends have been paid or proposed during the financial period.

**15. EVENTS SUBSEQUENT TO REPORTING DATE**

Other than the disclosure in the Review of Operations, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**GRAND GULF ENERGY LIMITED**  
**ABN 22 073 653 175**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**DIRECTORS' DECLARATION**

The Directors of the Group declare that:

1. The financial statements and notes, as set out on pages 14 to 25 are in accordance with the *Corporations Act 2001*:
  - a. give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
  - b. comply with Accounting Standard AASB 134 *Interim Financial Reporting*, *Corporations Regulations 2001* and other mandatory professional reporting requirements
2. Subject to the matters in Note 1(d), 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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Dane Lance  
Managing Director

Perth, 10 March 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Grand Gulf Energy Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Grand Gulf Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



### **Responsibility of the directors for the financial report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink, appearing to read 'Dean Just', written over the printed name.

**Dean Just**

**Director**

Perth

10 March 2023