



24 November 2016

RESERVES AND RESOURCES 30 June 2016

A summary of the independent reserves and resources estimate for the Company's projects as at 30 June 2016 was released to the ASX on 28 September 2016 and is summarised below.

As at 30 June 2016, GGE reported net undeveloped proved and probable (2P) reserves of 231,000 barrels of oil and 459 mmcf of gas.

FILED (LICENCE)	NET REV INTEREST	Proved(1P)			PROVED & PROBABLE(2P)		
		LIQUIDS MBBL	GAS MMCF	OIL EQU MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV ⁽¹⁾ MBOE
Dugas & Leblanc #3	43.20%	14	235	53	19	235	53
Desiree	30.96%	154	-	154	202	-	202
West Klondike	8.53%	-	-	-	8	5	9
Abita	15%	1	66	12	2	219	39
Total Reserves		168	301	219	231	459	303
Contingent Resources		High Estimate 1C		Mid to Low Estimate 2C			
Dugas & Leblanc #3	43.20%	-	648	108	-	216	36
Desiree	30.96%	-	-	-	-	-	-
West Klondike ⁽²⁾	8.53%	40	993	206	13	331	69
Abita	15%	-	-	-	-	-	-
Total Contingent Resources		40	1,641	314	13	547	105
Total Reserves and Resources		271	2,100	617	244	1,006	408

⁽¹⁾ **Conversion to boe** – MBBL – thousand barrels, MMCF – million cubic feet, MBOE – thousand barrels of oil equivalent ("BOE") with a BOE determined using a ratio of 6,000 cubic feet of natural gas to one barrel of oil – 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency.

⁽²⁾ The 30 June 2016 annual report reflected an error in the net contingent resources for West Klondike overstating the high case by 221 mmcfcg and the mid to low case by 74 mmcf.

Reserves – The aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation.

Contingent Resources – The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Board & Management

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ASX Codes

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Pricing Assumptions – These reserves are based upon the previous 12 month average prices less the average differential for pricing received. The benchmark pricing used is the posting for Light Louisiana Sweet Spot (LSS \$/BO) & Henry Hub (\$/MMBTU) as of 30/6/2016.

Movement in Reserves Summary

	Oil ('000's bbls)				Gas (MMCFG)			
Reserves (net to GGE)	FY15 Oil	Production	Revisions	FY16 Oil	FY15 Gas	Production	Revisions	FY16 Gas
1P Proven Reserves	246	(45)	(32)	168	563	(52)	(210)	301
2P Probable Reserves	311	(45)	(35)	231	563	(52)	(52)	459
Contingent mid/low 2C	13	-	-	13	547	-	-	547
3P Contingent mid/low	325	(45)	(35)	244	1,110	(52)	(52)	1,006
Contingent High 1C	40	-	-	40	1,641	-	-	1,641
3P Contingent High	352	(45)	(35)	271	2,204	(52)	(52)	2,100

1P Reserve Movements

		Oil ('000's bbls)				Gas (MMCFG)			
Well	Note	FY15 Oil	Production	Revisions	FY16 Oil	FY15 Gas	Production	Revisions	FY16 Gas
Dugas & Leblanc #3	1	14	(11)	11	14	272	-	(36)	235
Desiree	2	226	(34)	(38)	154	-	-	-	-
West Klondike	3	0	(0)	(0)	-	5	(2)	(3)	-
Abita	4	6	0	(5)	1	287	(50)	(171)	66
Total		246	(45)	(32)	168	563	(52)	(210)	301

2P Reserve Movements

		Oil ('000's bbls)				Gas (MMCFG)			
Well	Note	FY15 Oil	Production	Revisions	FY16 Oil	FY15 Gas	Production	Revisions	FY16 Gas
Dugas & Leblanc #3	1	14	(11)	16	19	272	-	(36)	235
Desiree	2	284	(34)	(47)	202	-	-	-	-
West Klondike	3	8	0	(0)	8	5	(2)	2	5
Abita	4	6	0	(4)	2	287	(50)	(18)	219
Total		311	(45)	(35)	231	563	(52)	(52)	459

Contingent Resources Movements

		Oil ('000's bbls)				Gas (MMCFG)			
Well	Note	FY15 Oil	Production	Revisions	FY16 Oil	FY15 Gas	Production	Revisions	FY16 Gas
Dugas & Leblanc #3	1	-	-	-	-	648	-	-	648
Desiree	2	-	-	-	-	-	-	-	-
West Klondike	3	40	-	-	40	993	-	-	993
Abita	4	-	-	-	-	-	-	-	-
Total		40	-	-	40	1,641	-	-	1,641

		Oil ('000's bbls)				Gas (MMCFG)			
Well	Note	FY15 Oil	Production	Revisions	FY16 Oil	FY15 Gas	Production	Revisions	FY16 Gas
Dugas & Leblanc #3	1	-	-	-	-	216	-	-	216
Desiree	2	-	-	-	-	-	-	-	-
West Klondike	3	13	-	-	13	331	-	-	331
Abita	4	-	-	-	-	-	-	-	-
Total		13	-	-	13	547	-	-	547

Notes

1. Dugas & Leblanc #3 - The increases in oil reserve between 30 June 2015 and 30 June 2016 is due to the positive oil revision following the improved oil cut vs oil cum performance. The reduction in gas reserves between 30 June 2015 and 30 June 2016 is due to the zero gas sales as marginal gas volumes are currently vented.
2. Desiree - The reduction in oil reserve between 30 June 2015 and 30 June 2016 is due to the well commencing water production in the fourth quarter 2015.
3. West Klondike - The reduction in gas reserves between 30 June 2015 and 30 June 2016 is due to poor well performance of the Nod Blan 2 and Nod Blan 4 sands
4. Abita - The reduction in oil and gas reserves between 30 June 2015 and 30 June 2016 is due to well performance to date and subsequent lower recovery efficiencies on remaining gas reserves.

Reserves and Resources Governance

GGE's reserves estimates are compiled half yearly. GGE engages Kevin Kenning, a qualified external petroleum engineer consultant, to conduct an independent assessment of the Company's reserves. Kevin Kenning is an independent petroleum engineer consultant and is a member of the Society of Petroleum Engineers and a Registered Professional Engineer in the State of Texas that has been providing petroleum consulting services in the USA for more than 36 years. Mr Kenning does not own any securities in the Company. The fees paid to Kevin Kenning are not contingent on the reserves outcome of the reserves report.

Competent Person Statement

The information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer) with over 36 years relevant experience within the oil and gas sector. This report contains forward looking statements that are subject to risk factors associated with the resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

Reserves Cautionary Statement

Oil and Gas reserves and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and productions plans, which may, in turn, adversely affect the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.

Reserves and Resources Reporting Notes

- i. The reserves and contingent resources information in this document as effective as at 30 June 2016 (Listing Rule (LR) 5.25.1)
- ii. The reserves and contingent resources information in this document has been estimated and classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2)
- iii. The reserves and contingent resources information in this document is reported according to the Company's economic interest in each of the reserves and contingent resources net of royalties (LR 5.25.5)
- iv. The reserves and contingent resources information in this document has been estimated and prepared using the deterministic method (LR 5.25.6)
- v. The reserves and contingent resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil, 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7)
- vi. The reserves and contingent resources information in this document has been estimated on the basis that products are sold on the spot market and delivery at the sales point on the production facilities (LR 5.26.5)
- vii. The methodology for calculating Reserves is a deterministic approach & utilizes the latest 3D seismic technology with subsurface data to accurately quantify reserve volumes.
- viii. All of GGE's reserves and contingent resources are located on onshore Louisiana except for Abita which lies in shallow water offshore Louisiana (LR 5.39.1)

For more information visit www.grandgulfenergy.com and sign up for email news.

About Grand Gulf Energy: Grand Gulf is an ASX listed US based oil and gas exploration and production company with management in Houston and assets in Louisiana and Alabama.