GRAND GULF ENERGY LIMITED

ABN 22 073 653 175

INTERIM REPORT

FOR THE HALF YEAR ENDED

31 December 2017

CONTENTS

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2017.

DIRECTORS

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

Mr Charles Morgan – Executive Chairman
Mr Mark Freeman - Managing Director & Company Secretary
Mr Allan Boss – Non-Executive Director
Mr Stephen Keenihan – Non-Executive Director

EXPLORATION AND DEVELOPMENT

During the financial period the consolidated entity continued its exploration and development activities as set out below.

Bayou La Rompe Prospect (20% WI) - 500,000 Barrel Oil Prospect

Bayou La Rompe is a conventional, low risk oil and gas exploration prospect in the Company's focus area of onshore South Louisiana. The Prospect is located 22km South of West Klondike and 43km North-West of Napoleonville. Success at Bayou La Rompe would significantly add to the Company's existing reserve and production base.

The project is located on the Lake Mongoilois Dome Field and sits on the previously poorly explored south western side of the Dome. The opportunity to drill and test this feature came about through the use of RTM technology (Reverse Time Migration: a high-fidelity processing algorithm for imaging near salt domes) which has identified untested potential in an area where 3D seismic data was previously uninterpretable.

Bayou La Rompe is an attic oil trap, updip from the Transamerican #1 Wilbert's well that produced 55,000 bbls of oil before it watered out confirming a strong water drive in the area. It is prognosed that the well will penetrate the target section at approximately 8,950ft tvd, and high to the Transamerican #1 Wilbert's well. The Bayou La Rompe Prospect has the potential to deliver reserves of 5.7 BCF and 1,425,000 BO (P10) or 1.6 BCF and 540,000 BO (P50).

The primary objective of the well is the Cib Haz sand which is a substantial producer in the Lake Mongoilois Dome Field having yielded over 10 mmbo. In addition, a shallower secondary objective (10,850 sand) is also productive in the field. Likely flow rates, should the well be successful, are:

10,850' sand	-	5mmcfd/50bod
Cib Haz	-	380bod/250mcfd

The well will be drilled in a geo-pressured environment from a barge location. The Company's likely share of costs will be $440,000 to drill and an additional $400,000 to complete the well with facilities if successful. The operator has advised that they have secured the drill pad and it is anticipated to spud the well in the first half of 2018.

Following a successful well result, the project vendor will retain an initial over-riding royalty of 2.5% which will increase to 5% after project payback (APPO). The Company's net revenue interest will commence at 15% and lower to 14% APPO.

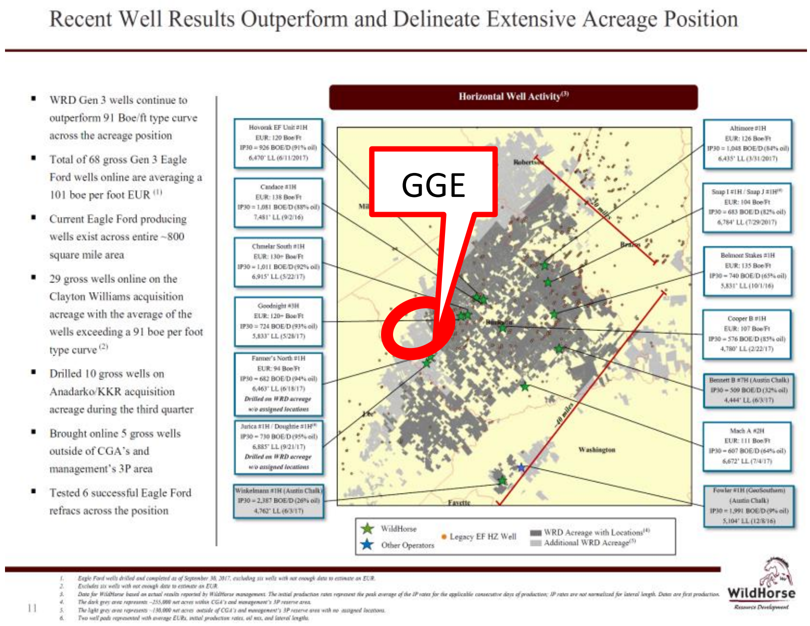
East Texas Prospect (50% WI) – Acquisition of 1,075 acres in the Eagle Ford

The Company has secured 881 net acres of 1,075 gross acres (440 acres net to GGE) in Burleson County, Texas as part of a 50/50 joint venture with a private Texas oil and gas company.

There is significant drilling in Burleson County by companies such as WildHorse Resource Development (WildHorse) and Lone Star Resources. Recent results continue to outperform previous Eagle Ford type production curves with >80% of current wells yielding EUR estimates of over 91 boe/ft of horizontal well section 1, resulting in higher than average estimated ultimate reserves (EUR) per well.

In the second half of 2017, WildHorse brought online over 50 Eagle Ford horizontal wells. The Jurica/Doughtie wells, flowed at IP30's of 674 boe/d (96% oil) and 785 boe/d and these are within 10 miles of the JV acreage.

The acreage secured by GGE is in existing production units. The JV has also focussed on areas with carbonate rich rocks combined with high gravity oil and high pore pressures all of which enhance likely well recoveries. Modern completions have generated very attractive results and there are four potential productive zones; Austin Chalk, Buda, Georgetown and Eagle Ford. The acreage acquired to date provides 3 drilling locations each with capacity for laterals of 5,000-7,000ft. With initial wells being three in Eagle Ford and one in the Austin Chalk. Offset Operators are continuing development strategies in the Buda and Georgetown around our leases however to date the Austin Chalk and Eagle Ford have standout potential.



The JV's strategy is to finalise the rental of a small number of leases and secure a drilling operator to drill and frac an Eagle Ford well. Total drilling costs (drilled and completed) are anticipated to be US$4,500,000 per well. GGE will farm-down its interest to a manageable economic level as part of any work program.

The Company has spent ~US$600,000 in leasing costs.

PRODUCTION

Desiree Field
Desiree, Assumption Parish, Louisiana, Non Operator 39.65%WI

The Hensarling #1 well (Desiree Field) produced a total for the period of 38,162 barrels of oil. The well averaged 210 bopd. The well has produced 490,533 barrels of oil to 31 December 2017.

The Hensarling #1 well produces from the Cris R3 sands. Production will move to the Cris R2 sand above the Cris R3, once the Cris R3 has depleted. Once the well is recompleted in the Cris R2 productions rate may rise to approximately 400 barrels per day due to the fact there will be no initial water production. The Hensarling #1 well produced at over 400 bopd for the first 2 years of production from the Cris R3 interval. In addition, the Hensarling Field has the potential to deliver additional oil of up to 200,000 barrels from updip locations in the same fault block. These reserves have the potential to be accessed from a sidetrack to the Hensarling #1. Desiree remains a substantial asset to the Company with significant longterm reserves and cash flow.

Dugas & Leblanc Field
Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 55.5% WI*

The D&L#3 well (Dugas & Leblanc Field) produced a total for the period of 11,458 barrels of oil. The well is presently producing at 70 bopd and has produced over 277,171 barrels of oil and 0.6 BCF gas. The D&L

#3 well continues to outperform previous reserve estimates. In addition to the continuing production from D&L#3, the structure of the D&L Field has the potential to yield an additional 1.5 BCF of gas from an updip attic well.

Abita Field
Plaquemines Parish, Louisiana, Non Operator 20%WI

During this period, the field's operator changed to Krewe Energy, LLC. The SL 19706 #1 well produced a total for the period of 903 bbls of oil and 160,463 mcfg. The well averaged 5 bopd and 900 mcfgd. The well was drilled to 10,700ft TVD and completed in June 2011 and logged 171ft of net pay in 9 intervals.

Abita is presently producing from its final known productive interval, the 15 sand. The Company believes there is significant potential to drill a lookalike well to target a potential accumulation in a fault bounded compartment immediately to the north of the main field. The Company further believes that the discovery well did not penetrate an important producing horizon (32 sand) because it was faulted out. This suggests there is significant untested potential across the fault in another trap to the north. The 32 sand in the discovery fault block was accordingly not tested in the first well and any future development wells will be designed to penetrate this sand. The 32 sand had a pre-drill estimate of 400,000 bbls of oil and is a significant producer in an adjacent field.

During the period, the previous operator, Wapiti Energy LLC sold its interest to Krewe Energy LLC and Grand Gulf is working with the new operator of the field to determine its interest and the interest of the other partners in drilling a development well. Over US$7,000,000 has been spent in developing the field, securing the seismic and drilling and completing facilities.

The Abita project provides the opportunity for significant additional oil and gas in the northerly, untested segment of the field. GGE estimate the feature could hold in excess of 700,000-1,100,000 bbls oil and 8 BCF gas.

West Klondike Field
Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 11.925% WI

The Wilbert Sons LLC #1 well produced a total for the period of 560 barrels of oil. The well is presently producing at 5 bopd. The well is producing from the Lorio interval which is the last economic interval in the well bore.

Pleasant Home Field
Smak Dixon, Covington County, Alabama, Non-Operator (Earn-in 50% WI)

The Company initially commenced its investment in Pleasant Home in October 2016. Operations commenced in November 2016 on the Smak Dixon # 31-11. The Smak Dixon 31-11 produced a total for the period of 2,127 barrels of oil. The well averaged 22 bopd from three intervals. The Company receives a 60% WI in all net revenue from this well until its investment is recovered at which point the WI will reduce to 50%.

The Company has participated as a 50% WI partner in the recompletion of the Smak Dixon 31-6, Pleasant Home Field, Covington Co. Alabama. The 31-6 well was the best producer in the field with over 424,000 bbls of oil produced to date. This recompletion was however unsuccessful. The recompletion was testing 3 previously unproduced intervals in the Hosston and two intervals in the Rodessa. The results of which have indicated that the opportunity to develop the Rodessa likely to be un-economic, limiting further development to underdevelopment of the Hosston intervals.

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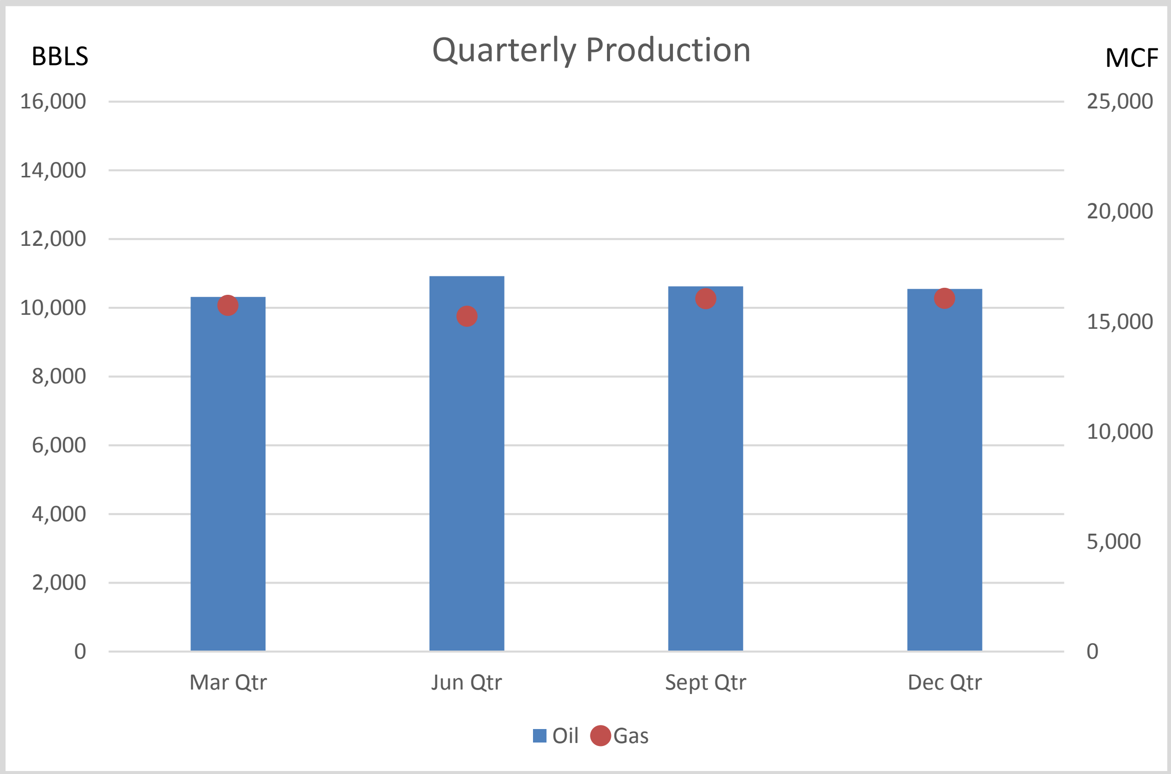
RESULTS AND REVIEW OF OPERATIONS
Production

Total Net Quarterly Production

	Mar 17 Qtr	Jun 17 Qtr	Sept 17 Qtr	Dec 17 Qtr
Oil (bbls)	10,343	10,133	10,624	10,549
Gas (mcf)	15,743	15,243	16,038	16,054
% Oil Equ.	94%	94%	94%	94%



Half Yearly Profit and Loss Summary

Cash Flow Analysis	Year to Date 2017	Year to Date 2016
	$AUD '000	$AUD '000
Revenue from sales	1,647	1,437
Production Costs	(415)	(416)
Operating Costs	(330)	(284)
Net Operating Proceeds	902	737
Loss after income tax	718	1,847

Capital Structure and Financial Snapshot

ASX Codes	GGE	Shares	767m
Share Price	0.4 cents	Mkt Cap	$3.1m
Prod. Wells	5	Cash @ 31/12	$1.78m

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No 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 lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 of the financial statements for the half year ended 31 December 2017.

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

Dated 14th March 2018

Mark Freeman
Managing Director

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE 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 2017, 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.

Jarrad Prue

Director

BDO (Audit) WA Pty Ltd

Perth, 14 March 2018

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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 2017

	Note	31 December 2017 $	31 December 2016 $
Revenue		1,646,816	1,437,377
Cost of sales		(744,014)	(699,970)
Amortisation of oil and gas properties	8	(282,165)	(315,340)
Gross profit		620,637	422,067
Other Income	4	14,687	305
Interest income		388	37,469
Employee benefits expense		(221,410)	(227,301)
Share Base Payment		-	(268,128)
Professional and statutory fees		(46,997)	(87,153)
Corporate office expenses		(52,493)	(56,550)
Hedging Cost		-	(94,028)
Impairment of oil and gas properties	8	-	(282,140)
Exploration Expenses		(996,656)	(1,251,936)
Foreign exchange gain/(loss)		(3)	(75)
Other expenses from ordinary activities		(34,150)	(36,939)
Depreciation		(1,720)	(2,754)
Profit/(Loss) before income tax		(717,717)	(1,847,164)
Income tax benefit/(expense)		-	-
Profit/(Loss) for the half year		(717,717)	(1,847,164)
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign entities		(43,861)	96,692
Total comprehensive profit for the half year		(761,577)	(1,750,472)
		Cents	**Cents**
Earnings/(Loss) per share			
Basic earnings/(loss) per share		(0.099)	(0.247)
Diluted earnings/(loss) per share		(0.099)	(0.247)

The Consolidated Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the Consolidated Statements set out on pages 13 to 16.

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	31 December 2017 $	30 June 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,617,572	1,859,399
Trade and other receivables	7	486,549	484,267
Insurance claim receivables	7	29,472	5,838
Total Current Assets		2,133,593	2,349,504
Non-Current Assets			
Investment		2	2
Computer equipment		3,379	5,167
Oil and gas properties	8	2,415,883	2,736,479
Total Non-Current Assets		2,419,264	2,741,648
Total Assets		4,552,857	5,091,152
LIABILITIES			
Current Liabilities			
Trade and other payables		429,204	200,370
Total Current Liabilities		429,204	200,370
Non-Current Liabilities			
Provisions		355,790	361,342
Total Non-Current Liabilities		355,790	361,342
Total Liabilities		784,994	561,712
Net Assets		3,767,863	4,529,440
Equity			
Contributed equity	5	42,104,442	42,104,442
Reserves	6	4,961,157	5,005,017
Accumulated losses		(43,297,736)	(42,580,019)
Total Equity		3,767,863	4,529,440

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 13 to 16.

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Contributed Equity $	Share Option Reserve $	Option Premium Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 01.07.2017	42,104,442	2,016,337	676,800	2,311,880	(42,580,019)	4,529,440
Loss for the half year	-	-	-	-	(717,717)	(717,717)
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	-	-	(43,861)	-	(43,861)
Total comprehensive income for the half year	-	-	-	(43,861)	(717,717)	(761,577)
Transactions with owners in their capacity as owners:						
Shares Issued	-	-	-	-	-	-
Share Options	-	-	-	-	-	-
Balance at 31.12.17	**42,104,442**	**2,016,337**	**676,800**	**2,268,019**	**(43,297,736)**	**3,767,863**
Balance at 01.07.2016	42,045,942	1,748,209	676,800	2,411,279	(40,356,386)	6,525,844
Loss for the half year	-	-	-	-	(1,847,164)	(1,847,164)
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	-	-	96,692	-	96,692
Total comprehensive income for the half year	-	-	-	96,692	(1,847,164)	(1,750,472)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Shares Issued	-	-	-	-	-	-
Share Options	-	268,128	-	-	-	268,128
Balance at 31.12.16	**42,045,942**	**2,016,337**	**676,800**	**2,507,971**	**(42,203,550)**	**5,043,500**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements set out in pages 13 to 16.

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	31 December 2017 $	31 December 2016 $
Cash Flows From Operating Activities		
Proceeds from sales	1,559,345	1,437,377
Payments to suppliers and employees	(476,427)	(711,891)
Production costs	(680,096)	(699,970)
Insurance payment received	-	28,224
Interest received	388	37,469
Payments for exploration and evaluation	(665,356)	(1,251,936)
Net cash inflow/(outflow) from operating activities	(262,146)	(1,160,727)
Cash Flows From Investing Activities		
Payments for development of oil & gas properties	-	(128,551)
Net cash outflow from investing activities	-	(128,551)
Cash Flows from financing activities		
Proceeds from loans	-	180,385
Net cash inflow/(outflow) from financing activities	-	180,385
Net increase/decrease in cash held	(262,146)	1,108,893
Cash and cash equivalents held at beginning of financial period	1,859,399	3,108,828
Effect of exchange rate changes on cash and cash equivalents	20,319	7,384
Cash and cash equivalents at end of the half year	1,617,572	2,007,319

The Consolidated Statement of CashFlows is to be read in conjunction with the notes to the Consolidated Financial Statements set out in pages 13 to 16.

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 2017 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 2017 are available upon request from the Company's registered office at Level 7, 1008 Hay St, Perth WA, 6000 or at 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 2017.

These consolidated interim financial statements were approved by the Board of Directors 14 March 2018.

(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 2017 annual financial report for the financial year ended 30 June 2017. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) New accounting standards and interpretations

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards - and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

There were no new standards issued since 30 June 2017 that have been applied by the Group. The 30 June 2017 annual report disclosed that the Group anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2017.

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. FAIR VALUES OF FINANCIAL INSTRUMENTS

Recurring fair value measurements
The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements.

Fair values of financial instruments not measured at fair value
The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value.

4. OTHER INCOME

	31 December 2017 $	31 December 2016 $
Recovery of costs	14,687	305
Total other income	14,687	305

5. CONTRIBUTED EQUITY

	31 December 2017 No.	30 June 2017 No.	31 December 2017 $	30 June 2017 $
Balance brought forward at the beginning of the period	767,498,870	767,498,870	42,104,442	42,104,442
Balance carried forward at the end of the period	**767,498,870**	**767,498,870**	**42,104,442**	**42,104,442**

6. RESERVES

	31 December 2017 $	30 June 2017 $
Foreign currency translation (a)	2,268,019	2,311,880
Share option reserve (b)	2,016,337	2,016,337
Option premium reserve (c)	676,800	676,800
	4,961,157	5,005,017

(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.

	31 December 2017 $	30 June 2017 $
Balance at beginning of period	2,311,880	2,411,279
Gain / (loss) on translation of foreign controlled entities	(43,861)	(99,399)
Balance at end of period	2,268,019	2,311,880

(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.

	31 December 2017 $	30 June 2017 $
Balance at beginning of period	2,016,337	1,748,209
Share based payment expense	-	268,128
Balance at end of period	2,016,337	2,016,337

(c) Option premium reserve

The option premium reserve is used to recognise the options issued under a rights issue at 1 cent per option.

	31 December 2017 $	30 June 2017 $
Balance at beginning of period	676,800	676,800
Balance at end of period	676,800	676,800

7. TRADE AND OTHER RECEIVABLES AND OTHER CURRENT ASSETS

	31 December 2017 $	30 June 2017 $
Current		
Trade and other receivables (i)	486,549	484,267
Insurance claim receivables	29,472	5,838
	516,021	**490,105**

(i) Other receivables include trade debtors, 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.

8. OIL AND GAS PROPERTIES

	31 December 2017 $	30 June 2017 $
Producing oil & gas assets	7,817,846	7,856,278
Provision for impairment and amortisation	(5,401,963)	(5,119,799)
	2,415,883	2,736,479
Capitalised oil and gas properties		
Carrying amount at beginning of period	2,736,479	3,558,649
Expenditure during the period	3,040	151,895
Foreign exchange difference	(41,472)	(94,716)
Amortisation	(282,164)	(573,202)
Impairment of capitalised expenditure	-	(306,147)
Carrying amount at end of period	2,415,883	2,736,479

9. CONTINGENT LIABILITIES

NAPOLEONVILLE WELL CONTROL AND CONTINGENCIES

Grand Gulf advised on 11 August 2010 that the Operator, Mantle Oil & Gas LLC of the Dugas & Leblanc # 1 well reported that the well was flowing uncontrollably to the atmosphere. The well was brought under control on 24 August 2010. All Legal lawsuits have been completed and paid for.

The JV partners continue to remain obligated to complete the remaining remediation of the land affected by the blowout. As most of the location has been remediated and handed back to the farmer the Company believes that the remaining remediation will be no more than US$250,000 in respect of the existing 40.5% WI the Company held prior to the acquisition of the additional 15.3% from Mustang Resources Limited. The Company confirms that the blowout insurances from Mustang are substantial and adequate to cover the cost of additional 15.3% WI of likely remaining remediation costs.

During the 6 months ended 31 December 2017, the Company incurred US$43,912 in respect of an annual department fee of which US$23,009 is recoverable from our insurers, leaving the Company liable for US$25,319. The Company does not anticipate any significant costs in the second half of 2018.

10. EVENTS SUBSEQUENT TO REPORTING DATE

No 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.

11. DIVIDENDS

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

12. RELATED PARTIES

There were no changes to transactions with key management personnel during the period.

13. COMMITMENTS

There have been no changes to the commitments, from those disclosed in the 30 June 2017 financial statements.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 9 to 16 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 2017 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. 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

Mark Freeman
Managing Director

Perth, 14 March 2018

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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 2017, 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 half-year then ended, and notes comprising a statement of 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 half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 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.*

Directors' responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 14 March 2018