Market Announcements Platform
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

GRANDGULF
ENERGY LIMITED

ASX Quarterly Report
31 October 2018

HIGHLIGHTS

- **Acquisition of DJ Basin Acreage –** The Company secured a land position in the DJ Basin, Colorado, USA with the potential to deliver 7% - 25%WI in up to 8 Drilling Units with up to 64 wells.

- **Eagle Ford Acreage (50% WI) –** GGE commenced marketing drilling opportunities on its 1,075 gross acres in the highly productive, liquids rich, Eagle Ford acreage.

- **Desiree Field (39.6% WI)** – The well produced a total of 10,914 bbls of oil during the September quarter with production reduced due to 20 days of down time associated with a well repairs. The well is presently averaging 155 bopd.

- **Dugas & Leblanc #3 Field (55.5% WI)** – The well produced a total of 5,517 bbls of oil during the September quarter. The well averaged rate was 61 bopd.

- **Net Cash Reserves increased by $600,000 for the Quarter to $2.3 million.**

QUARTERLY CASH FLOW SUMMARY

Cash Flow Analysis	Sept Quarter	Year to Date
	$AUD '000	$AUD '000
Production Sales	1,134	1,134
Production Costs *	(385)	(385)
Operating Costs	(163)	(163)
Net Operating Proceeds	586	586

*Production costs are primarily royalties and severance taxes which are a fixed % of revenue.

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Codes	GGE	Shares	767 m
Share Price	0.4 cent	Market Capitalisation	$3 million
Cash Reserves @ 30/9	$2.3 million	Enterprise Value	$0.7 million
Quarterly Revenue	$1.134 million	Producing Fields	3
Quarterly Net BOE	6,662 bbls	Daily Net BOE	99 bbls/d

Grand Gulf Energy Ltd (ASX: GGE) ("Grand Gulf" or "Company") today announces its quarterly activities report for the period to 30th September 2018. Commenting on the September Quarter, Grand Gulf's Managing Director, Mark Freeman said:

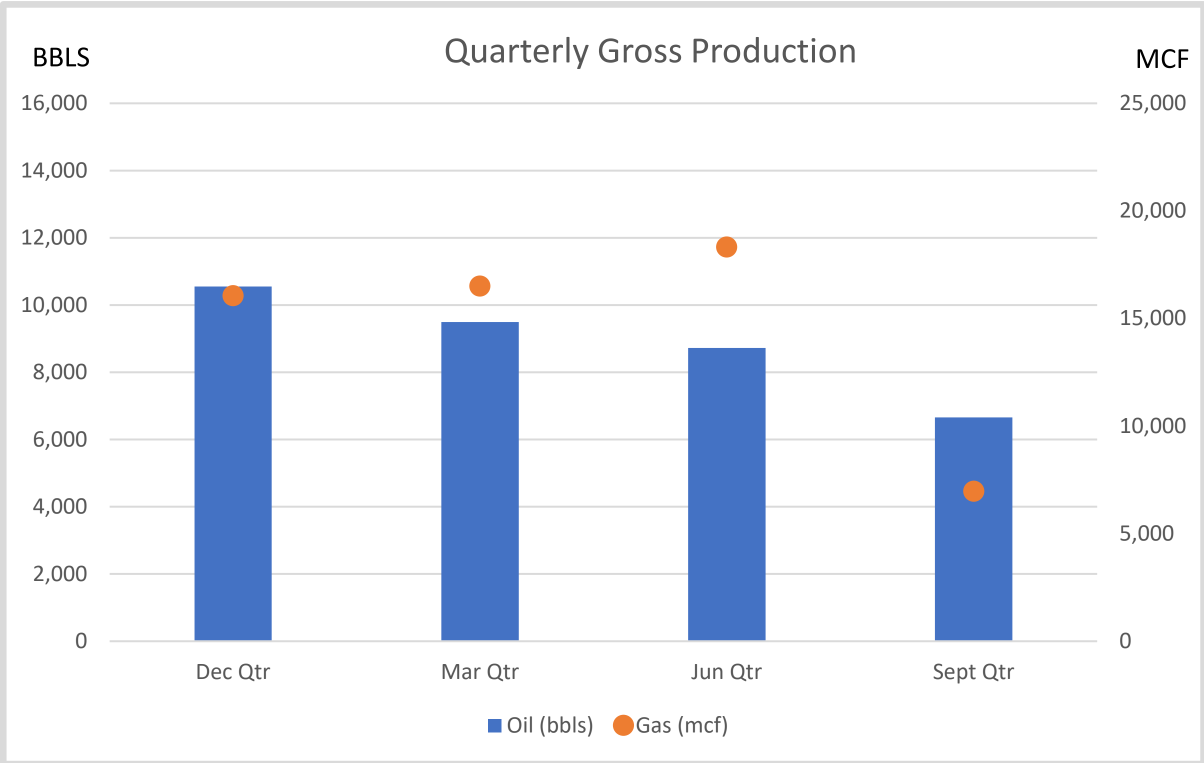
"The Grand Gulf team has continued its strategy to diversify into unconventional, de-risked, US Basins, providing substantial upside to our shareholders through a roll out of low risk, low cost, development drilling opportunities. The DJ Basin is an excellent example for such an acquisition. The ability to force pool partners in the DJ enables companies such as GGE to secure high-quality land positions with operatorship and add value quickly through development drilling programs."

The Company continues to increase its financial strength and boosted its cash reserves by almost $600,000 from net revenue during the quarter. The Company's production revenue for the quarter has remained strong at over $1,134,000. Grand Gulf continues to benefit significantly from having low cost producing wells and higher revenue due to improving and superior Louisiana Light oil pricing. Grand Gulf's board and management are continuing to review new oil and gas opportunities, focused on North America Unconventional Oil and Gas Basins, to add value for our shareholders."

PRODUCTION SUMMARY

Total Net Quarterly Production

	Dec Qtr	Mar Qtr	June Qtr	Sept Qtr
Oil (bbls)	10,549	9,498	8,719	6,662
Gas (mcf)	16,054	16,500	18,306	6,954
% Oil Equ.	94%	93%	92%	96%



			Quarterly Boe		Daily Boe	
	Working interest	Parish	Gross	Net	Gross	Net
Desiree Field*	39.65%	Assumption	10,914	4,321	156	62
Dugas & Leblanc	55.5%	Assumption	5,517	2,298	61	26
Abita**	20%*	Plaquemines	1,729	346	57	11
Total			18,159	6,964	275	99

* Desiree well (Hensarling) was under repairs for 20 days of the month which reduced the wells productivity leading up to and during the repairs.
** Abita was sold effective 1 August 2018, hence the reduction in gas rates for the Sept Qtr. Oil makes up over 92% of revenue so the sale of Abita will have a marginal impact on revenue.

Abita Field

Plaquemines Parish, Louisiana, Non-Operator 20%WI

The Company disposed of its interests in the Abita field post year end for US$100,000 net cash.

Desiree Field

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

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 10,914 barrels of oil. The well is presently averaging 155 bopd. During the quarter the well was offline for repairs for 20 days. The jet pump was serviced and at the same time the screen was replaced, in addition a program to pull the production tubbing and replace any joint with holes in them was completed. The well was successfully placed back on production and well pressures were returned to pre-repair levels.

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 quarter of 5,517 barrels of oil. The well averaged 61 bopd.

West Klondike Field

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

The Company disposed of its interests in the West Klondike field post year end for a final payment of US$10,000. This clears all outstanding's and any obligations to plug and abandon the well.

EXPLORATION AND DEVELOPMENT

The Company's strategy is to acquire development assets in the most attractive shale oil plays in the USA. As illustrated in the table below the oil prone Eagle Ford and DJ Basin are also the lowest unit cost producing areas and are where GGE is concentrating its efforts.

PLAY	AREA (km^2)	GROSS THICKNESS	COST TO ACQUIRE ACREAGE (US$/acre)	BREAKEVEN COSTS US$/BOE
EAGLE FORD (US)	**52,000**	**15-85m**	**$15,000**	**$54**
DJ BASIN (US)	**21,924**	**70-160m**	**$12,500**	**$50**
BAKKEN (US/CAN)	520,000	Up to 40m	$12,500	$57
MONTNEY (CAN)	130,000	Up to 300m	$5,000	$58
BARNETT (US)	13,000	25-180m	$6,000	$64
HAYNESVILLE (US)	24,000	40-110m	$6,500	$66
MARCELLUS (US)	247,000	25-90m	$10,000	$89

DJ Basin, Colorado, USA

The Company recently secured a land position in the highly productive Wattenberg Field in the DJ Basin. The Company has executed a binding heads of agreement with PetroStone Inc

("PetroStone") to acquire a 36.5% working interest in an initial 355 gross acres across 16 sections. The JV will file applications for eight, 640 acre, drilling spacing units (DSUs). GGE will likely pick up additional acreage through this process.

The Wattenberg field is a very active oil and gas development area in the USA with 27 rigs currently drilling. As of March 2018, the Wattenberg field was producing 1.92 BCF of gas and 331,000 barrels of oil and condensate per day, from more than 23,000 wells. The recent application of 3rd and 4th generation drilling and fraccing techniques have increased average well recoveries significantly from 336,000 to over 1.3 million boe per well (with 8,000-10,000 ft laterals). The acquired lands, located in the oily portion of the basin, have the potential for 64 drilling locations spread across 8 Drilling Spacing Units (DSUs). The Company's strategy, with its partner, is to utilise Colorado's development pooling system as a catalyst to create DSUs and maximise its interest in each. Through this process, GGE expects its working interest to be in the range of 7% - 25% in each DSU.

As part of this transaction, Grand Gulf's partner, PetroStone, will secure and operate the DSUs. PetroStone is run by three experienced oil and gas professionals; Brain Nelson, Randy Wheat and David Nelson who have collectively over 85 years operations experience in the DJ Basin and onshore USA. The consideration paid under the purchase is ~US$760,000 which includes GGE's share of land and estimated G&G costs to secure the 8 DSU's.

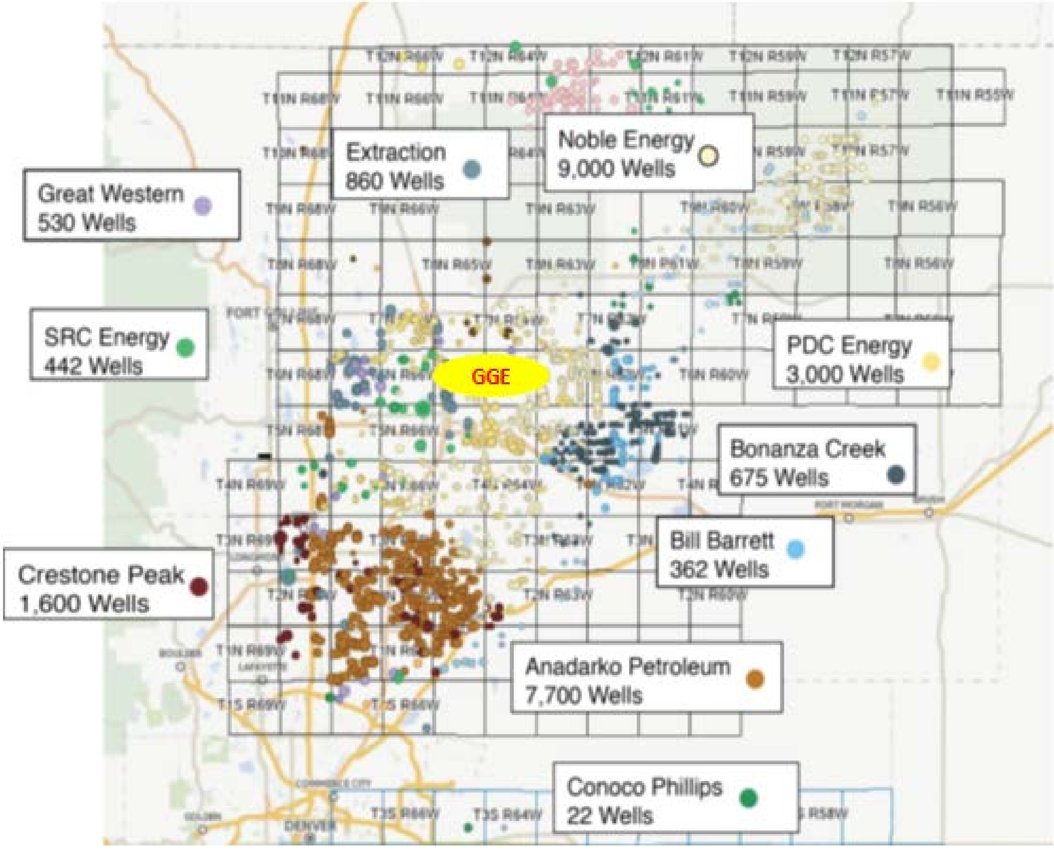
The operator has made great strides and secured land surface agreements (SUA's) for 3 of the proposed DSU's. The SUA's are critical step in securing a DSU. In addition, the operator has completed surveys, facilities design, directional well plans, storm water management plans, offset well evaluations and various other notices required by the County and State to approve a DSU.

Grand Gulf estimates new wells with 8,000-10,000ft laterals to cost gross US$5m each. GGE is required to fund its share of 2 wells, estimated to cost GGE a total of ~US$685,000 to $US2.75m. The final cost is dependent on the level of participation by other parties in each DSU.

Project Summary

The Wattenberg Field is a large producing oil and gas field in the Denver-Julesberg (DJ) Basin of north-eastern Colorado, USA. Discovered in 1970 with production starting in 1975, it is the sixth largest oil field in the lower 48 states of USA. The field now covers more than 2,000 square miles between the cities of Denver and Greeley and includes more than 23,000 active wells. As of 2017, the five largest producers of oil and gas in the field were: Kerr-McGee, Noble Energy, PDC Energy, Extraction Oil and Gas, and SRC Energy.

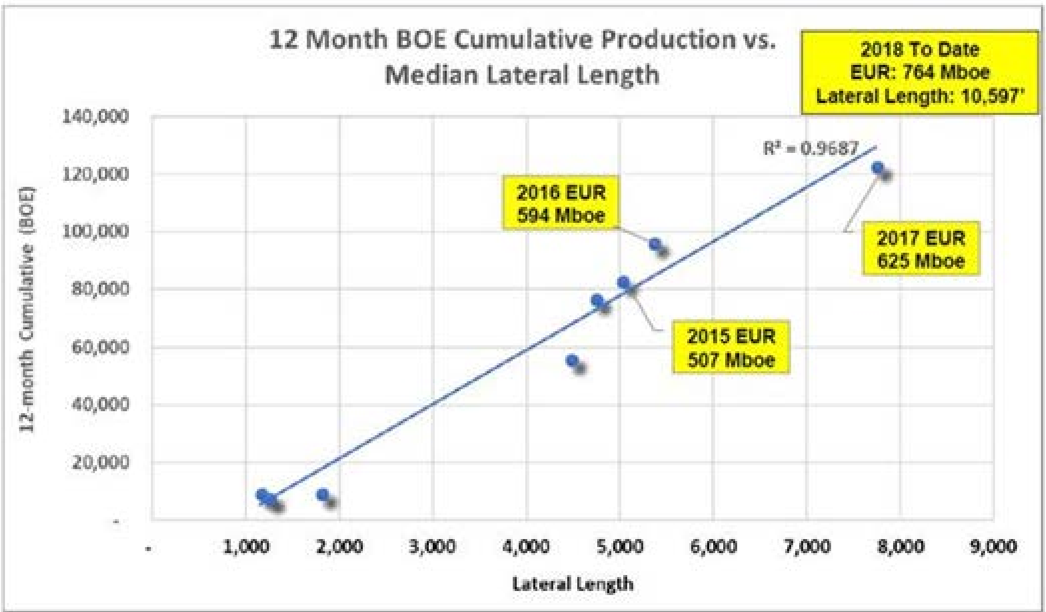
The producing formations are tight sands and shales that collectively produce both oil and gas, and of recent times are typically stimulated with hydraulic fracturing and have a success rate of 98%. Production comes primarily from the Codell and Niobrara B intervals. Since 2010, oil recoveries have improved substantially, as measured by 12-month cumulative production, in line with increased lateral well lengths. Based on an analysis by Petrostone of the 51 well data set around the Company's lands, the wells completed in 2018 are expected to deliver over 1,072,000 boe each. The Company's project area is within 5-7 miles of 10 active DSU drilling sites.



Drilling and Completion Advance

Over the last 8 years unconventional basins in the USA have seen significant improvements in recoveries and the DJ Basin is one of the best performers.

The Graph below shows the recovery improvements as measured by 12-month cumulative production as lateral lengths have increased from 2010 to 2018.



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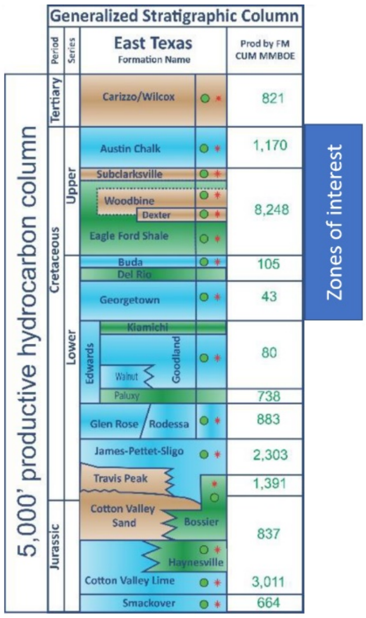
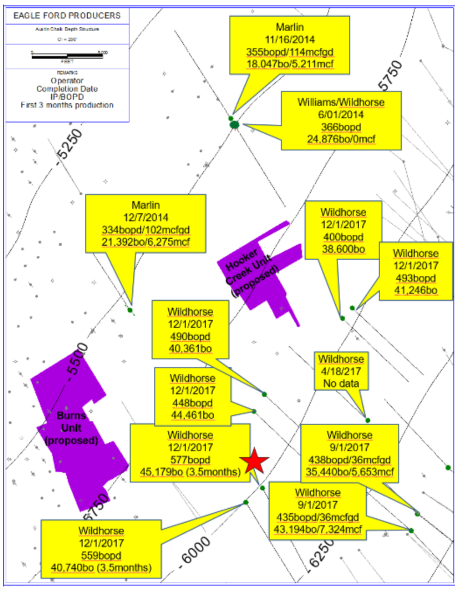
East Texas Prospect (50% WI) – 1,075 acres in the Eagle Ford

The Eagle Ford is the one of the most prolific oil and gas plays in North America and has the one of the lowest breakeven production costs at $54 per barrel (see table above). The Company acquired a 50% interest in 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. Critical to Grand Gulf's strategy in the highly sought-after East Texas acreage is that the JV focussed on areas with carbonate rich rocks combined with high gravity oil and high pore pressures all of which enhance likely well recoveries and are located in the high oil cut precinct. The acreage secured is also in existing production units. 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.



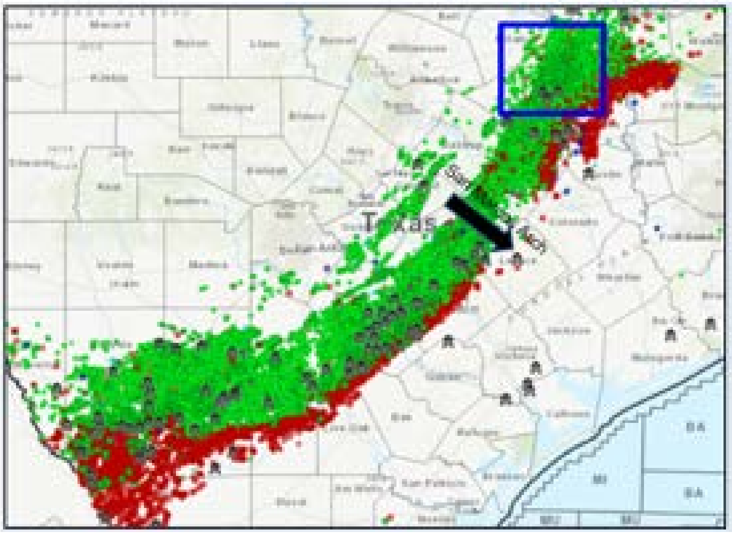
Source RS Energy Group, Feb 2018



Burleson County is one of the most active counties being developed within the Eagle Ford. The Company's acreage is adjacent to WildHorse Resource Development (WildHorse) and Lone Star Resources. Wildhorse and Lone Star 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, resulting in higher than average ultimate reserves estimate (EUR) per well.

The JV has finalised the majority of its leasing strategy and is presently marketing to secure a drilling operator for 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$700,000 in total leasing costs (~$1,250 per acre).

Austin Chalk and Eagle Ford Oil and Gas Fields



LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 30 September 18 as required by ASX Listing Rule 5.3.

Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
Abita	Plaquemines Parish	16990	20%	0%
Abita	Plaquemines Parish	16991	20%	0%
Abita	Plaquemines Parish	16992	20%	0%
Abita	Plaquemines Parish	16993	20%	0%
Dugas & Leblanc	Assumption Parish, Louisiana	CL-0110	55.8%	55.8%
Desiree/Louise	Assumption Parish, Louisiana	CL-0130	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-031A (CI-0131)	39.6%	39.6%
Desiree	Assumption Parish, Louisiana	12S14E52-031B (CL-0131)	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-001	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-003	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-005	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-006	39.6/22.0%	39.6/22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-008	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-009	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-011	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-013	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-014	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-015	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-016	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-019	39.6/22.0%	39.6/22.0%

Desiree	Assumption Parish, Louisiana	12S14E52-020	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022A	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022B	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-012	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-018	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021A	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021B	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-024	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-025	39.6%	39.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-026	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E52-028	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-001	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-002A	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-002B	22.0%	22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002C	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002D	39.6/22.0%	39.6/22.0%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002E	39.6/22.0%	39.6/22.0%
Louise	Assumption Parish, Louisiana	12S14E53-003	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-004	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-005	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-006	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-007	22.0%	22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-032 (CL-0068 & 0106)	39.6%	39.6%
Louise	Assumption Parish, Louisiana	12S14E52-029	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E52-030	22.0%	22.0%
West Klondike	Iberville Parish, Louisiana	WK#1A	11.7%	0%
West Klondike	Iberville Parish, Louisiana	WK#1B	11.7%	0%
West Klondike	Iberville Parish, Louisiana	WK#1C	11.7%	0%
West Klondike	Iberville Parish, Louisiana	WK#2	11.7%	0%
West Klondike	Iberville Parish, Louisiana	WK#3A	11.7%	0%
West Klondike	Iberville Parish, Louisiana	WK#3B	11.7%	0%

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr Stephen Keenihan (Registered Geologist and a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists) and by Mr Kevin Kenning (Registered Reservoir Engineer and a member of the Society of Petroleum Engineers), with over 35 years and 37 years respective relevant experience within oil and gas sector. Both Messrs Keenihan and Kenning consent to this statement. Mr Keenihan is a director and related party of Grand Gulf Energy Ltd and Mr Kenning is a consultant and is self-employed.

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

GRAND GULF ENERGY LIMITED

ABN	**Quarter ended ("current quarter")**
22 073 653 175	30 September 2018

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,134	1,134
1.2	Payments for		
	(a) exploration & evaluation	(50)	(50)
	(b) development	35	35
	(c) production	(385)	(385)
	(d) staff costs	(83)	(83)
	(e) administration and corporate costs	(65)	(65)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (Insurance payment - refundable)	-	-
1.9	**Net cash from / (used in) operating activities**	**587**	**587**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Refunds/(Payments) of security deposits		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**		

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,686	1,686
4.2	Net cash from / (used in) operating activities (item 1.9 above)	587	587
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	43	43
4.6	**Cash and cash equivalents at end of period**	**2,316**	**2,316**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,316	1,687
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,316**	**1,687**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	92
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors Fees

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	0
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	900
9.2	Development	-
9.3	Production	400
9.4	Staff costs	-
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**1,400**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Abita (16990-93) West Klondike (WK1a-c,2,3a-b)	Subsidiary Subsidiary	20% 11.95%	0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 31 October 2018
(Director/Company secretary)

Print name: Mark Freeman

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.