



2 December 2014

## ACQUISITION OF PRODUCING ASSETS

- The Company is pleased to advise that it has executed a heads of agreement to acquire OGI Group Ltd's interests in Napoleonville for US\$575,000.
- The acquisition includes 3.99% WI in Desiree and 15.3% WI in Dugas & Leblanc #3.
- This acquisition increases the Company's interest in Desiree to 39.6% and D&L (#3) to 55.3%.
- Additionally, the Company is acquiring OGI's 18% interest in Fausse Point including OGI's operatorship and P&A obligations which is estimated at ~\$100,000.
- The acquisition is subject to OGI's shareholder approval expected in January 2015.

### Board & Management

**Mr Mark Freeman**

*Managing Director*

**Mr Charles Morgan**

*Executive Chairman*

**Mr Allan Boss**

*Executive Director*

**Mr Stephen Keenihan**

*Non-Executive Director*

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### ASX Codes

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## Desiree Field

### Desiree, Assumption Parish, LA, Non Operator 39.45% WI



The Company's Desiree Project came on production in July 2013 and has produced over 176,000 barrels of oil. The remaining Proven Reserves are estimated at 840,000 barrels of oil. The well is producing at an average rate of 420 barrels per day with no water production. GGE's share of monthly production will increase to 3,600 barrels per month.

Production is sourced from the thicker Cris R III (49ft pay) formation and at the presently depressed oil price of \$75/bbl will generate revenues of US\$260,000 per month (after royalties and operative costs), or US\$3.2 million.

Production will continue through a 25/64 inch choke until depletion takes place, or water production becomes excessive, and will then switch to the thinner Cris R II (31ft pay) formation.

The JV has secured the Templet #1 as a disposal well for Hensarling #1 when it commences to produce water. The Templet #1 was drilled from the Hensarling #1 pad.

## Dugas & Leblanc Field

### Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, LA, Non Operator 55.8% WI

The D&L#3 "M" sand was successfully perforated and placed on production on 18 October 2011. The well was placed on a jet pump in December of 2013 and produces 90 bod, 70 mcf and 410 barrels of water per day from a 21/64 inch choke. GGE's share of monthly production will increase to 1,150 barrels of oil per month.

Production is sourced from the Big Hum "M" sand and at the presently depressed oil price of \$75/bbl will generate revenues of US\$65,000 – per month (after royalties and operative costs), or US\$800,00 pa.

The JV recently converted the D&L #2 well into a salt water disposal well. The JV is presently awaiting approval for the SWD to become operational.

Following further seismic and analogue interpretational work the Company

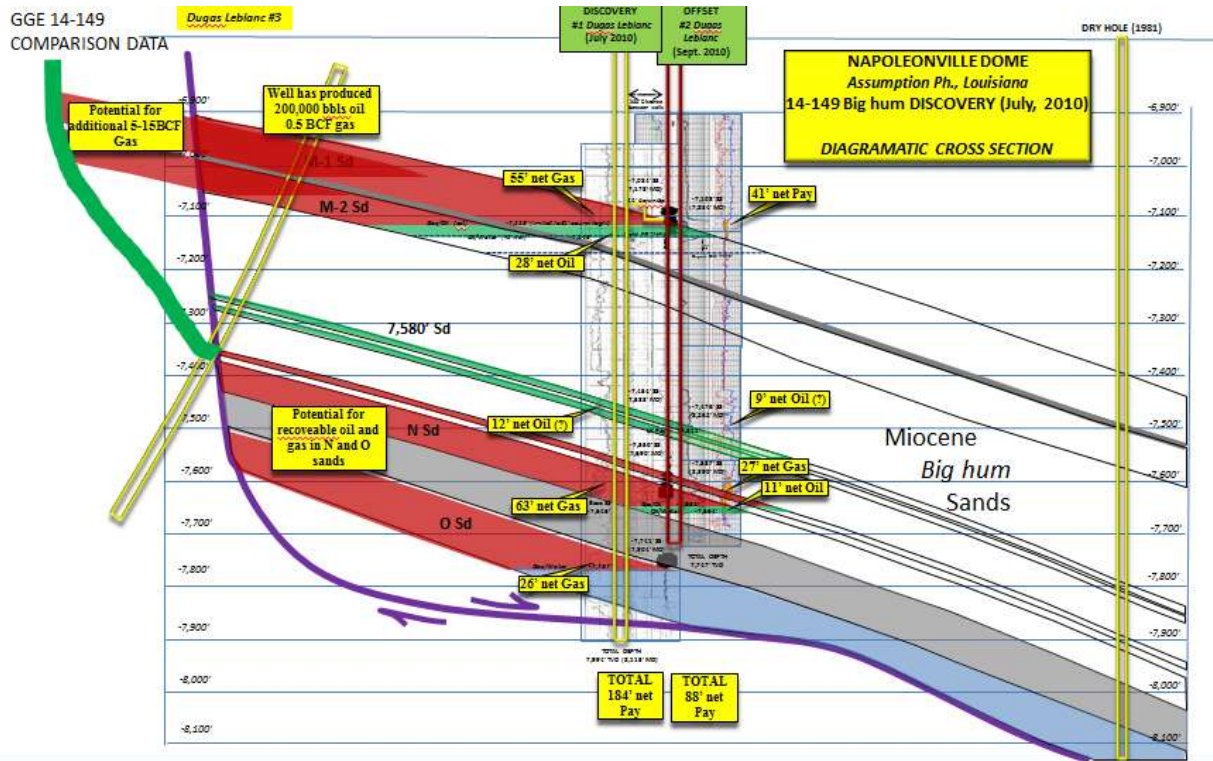
believes that the M sand may have further updip potential of an additional 5-15 BCF of gas, which if confirmed will need to be recovered from either a development well or side track to the D&L#3.

Additionally there continues to be recoverable oil from the "N" and "O" sands. D&L#3 was intended to produce from the N and O sands but it cross the purple fault below and intersected these sands on the upthrown wet side of the fault.

The agreement requires that OGI's insurance continues to cover any and all financial exposure from the D&L#1 blowout. There continues to be ongoing personal injuries cases that are pending. In addition under the settlement with the landowners, the joint venture partners remain obligated to complete the remaining remediation of the land affected by the blowout. GGE does not expect any material costs to eventuate given the level of the OGI's insurance. Any eventuating costs and insurance reimbursements are unable to be quantified as this time.



## Dugas & Leblanc Field (Lease 14-149)



**COMPETENT PERSONS STATEMENT:** The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 36 and 30 years relevant experience respectively within oil and gas sector.

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.

## 2014 Reserves and Resources Summary

Reserves and Resources as at 31 October 2014

Net to Grand Gulf Energy Ltd

FILED (LICENCE)	Proved(1P)				PROVED & PROBABLE(2P)			
	INTEREST	LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT <sup>(1)</sup> MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT <sup>(1)</sup> MBOE	
<b>Reserves</b>								
<b>USA</b>								
Dugas & Leblanc #3	55.80%	30	329		84	30	329	84
Desiree	39.45%	333			333	333	-	333
West Klondike	11.70%	0	21		4	12	21	32
Abita	20%	9	479		89	9	479	89
<b>Total Reserves</b>		<b>371</b>	<b>829</b>		<b>510</b>	<b>382</b>	<b>829</b>	<b>538</b>
<b>Contingent Resources</b>								
		High Estimate 1C			Mid to Low Estimate 2C			
<b>Reserves</b>								
<b>USA</b>								
Dugas & Leblanc #3	55.80%		837			279		47
Desiree	39.45%							
West Klondike	11.70%	55	1,276		268	18	425	89
Abita	20%							
<b>Total Contingent Resources</b>		<b>55</b>	<b>2,113</b>		<b>268</b>	<b>18</b>	<b>704</b>	<b>136</b>
<b>Total Reserves and Resources</b>		<b>426</b>	<b>2,942</b>		<b>778</b>	<b>401</b>	<b>1,533</b>	<b>674</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 Kenning, Senior Petroleum Engineer, 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.