



11 March 2016

## MARKET UPDATE

### Disposal of Oil Derivatives

- In February 2016, the Company sold its remaining oil put options. Total proceeds has bolstered the Company's cash by \$860,000.

### Financial Position

- The Company current February 2016 financial position is set out below:

ASX Codes	GGE	Receivable	\$0.45m
Cash	\$3.45m	Payables	\$0.6m
Net Cash	\$3.3m	Mkt Cap	\$3.7m
Net Cash backing	0.4c	Share Price	0.5 c
Oil Value of P1 \$25/b	\$5.9m	P1 Reserves Oil *	238,000
Gas Value of P1 @ \$2 mcf	\$1.3m	P1 Reserves Gas *	657 mmcf
Total value	\$10.5m		

\* as at 31 Dec 2015

- As can be seen above, the value of the Company's assets in the current market is \$10.5m whilst the market capitalisation is \$3.7m which is slightly above the net cash backing.
- The Company has taken significant steps to reduce its operating costs over this difficult period and continues to be cash flow positive.

### Status of Operations

- West Klondike** - Re-completion of the Lario is going to be undertaken shortly at West Klondike. The Lario Sand has produced over 4 Million barrels of oil from the adjacent field ("Klondike") and represents the greatest value of this well with a high estimate of oil at 500,000 barrels (gross). The Company has an 11.7% working interest in the well.

### Board & Management

**Mr Mark Freeman**

Managing Director

**Mr Charles Morgan**

Executive Chairman

**Mr Allan Boss**

Executive Director

**Mr Stephen Keenihan**

Non-Executive Director

### Corporate Office

Level 7, 1008 Hay Street,  
Perth WA 6000

T +61 (0) 8 9389 2000

F +61 (0) 8 9389 2099

E [info@grandgulf.net](mailto:info@grandgulf.net)

[www.grandgulfenergy.com](http://www.grandgulfenergy.com)

### ASX Codes

GGE 748m



- **Abita** - The **SL 19706 #1** well is producing an average of 1mmcf and 7 bbls of oil per day from the 17 Sand through a 5/64 inch choke. The change over of Operator to DW Wapiti Investments I, LLC has been very smooth. Wapiti are actively reducing operating costs of the offshore facility. In addition Wapiti and GGE are reviewing the exploration geology and geophysical information of the field with a view to expanding the field to the adjacent untested, fault-separated, northern structure which has significant potential for oil and gas.
- **Desiree Field - Hensarling #1** water production since November has levelled and the well appears to have stabilised producing 240 barrels of oil and 29 barrels of water per day. The well has produced over 353,000 barrels of oil. The downdip well, Simoneaux #2 produced significant water during its productive life. The remaining proved reserves are estimated at 206,000 barrels net to the Company with proved and probable reserves being 391,000 barrels of oil at 31 December 2015. The Company owns 39.6% WI in the Desiree Field.

## Demerger

- The demerger process whilst having received shareholder support is subject to the Australian Taxation Office ("ATO") providing a positive ruling.
- The Company is presently complying with detailed requests from the ATO. At this present time the ATO have not advised the Company how long this process will take. Updates to the market will be provided promptly.

## Litigation Update

- The ongoing litigation over a disputed 5.3% working interest in Desiree was undertaken in January 2016 and the ruling will be provided end of April 2016.

For more information visit [www.grandgulfenergy.com](http://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 Texas.

**COMPETENT PERSONS STATEMENT:** The information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer) with over 33 years relevant experience 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.