GRAND GULF ENERGY LIMITED

ABN 22 073 653 175

INTERIM REPORT

FOR THE HALF YEAR ENDED

31 December 2015

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONTENTS

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half-year ended 31 December 2015.

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 – Executive Director
Mr Stephen Keenihan – Non-Executive Director

Principal activity

The principal activity of the consolidated entity during the period was the exploration for and production of oil and gas.

There has been no significant change in the nature of these activities during the half year.

Results and review of operations

The Company's net share of production for the year to 31 December 2015 was 32,855 bbls of oil and 38,560 Mcf of gas with gross revenue of $2,477,062 (2014: $3,752,723), including the other income arising from the revaluation of the put option of $756,229 revenue increases to $3.23m.

After royalties and production costs the Company delivered a gross profit before amortisation of $1,364,610 (2014: $2,249,947).

The Company is very pleased to present a half year profit of $844,887 (2014: (261,321))

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

PRODUCTION

Total net share of oil and gas production for the half year was:

	2015	2016
Oil (bbls)	33,045	32,855
Gas (mcf)	45,238	38,560
% Oil Equ.	95%	95%

COMPANY UPDATE

The Company, on 11 January 2016, received shareholder approval to give effect to the restructure of the Company in the form of a demerger. The Company will, on receipt of the positive ruling from the ATO, effect the transfer of all its operating assets (except for the interests in the Abita Project) into Louisiana Oil Ltd. ("Louisiana Oil")

The shares in Louisiana Oil will then be distributed to all Company shareholders pro-rata to their shareholding. Immediately following the Company obtaining the ATO Rulings and on completion, the Company and Alto Energy Inc. ("Alto") will nominate that the Louisiana Oil shares are issued directly to the Shareholders of the Company, as part of an in-specie distribution of one hundred percent (100%) of the Louisiana Oil Shares held by the Company on the basis of one (1) Louisiana Oil share for every ten(10) shares held.

FINANCIAL REVENUE UPDATE

On 3 February 2016 the Company sold its put options for total consideration of $A860,000. These options were providing protection for 3,600 bbls per month at $51.90 up until 31 December 2016. The sale of the options has brought forward a significant windfall gain.

As a result of the reduction of the price of oil and reduction in production at Desiree the Company advises that its current net revenue after production royalties and operating costs is estimated at US$110,000 per month (US$1.3 Million per annum) based on current oil prices and no oil price protection.

In addition, as set out in the demerger documentation the Company will be taking further steps following the demerger to cut operation costs further in Louisiana Oil in order to ensure maximised profitability.

PRODUCTION AND DEVELOPMENT

Desiree Field, Non Operator 39.6% WI
Napoleonville Salt Dome, Assumption Parish, Louisiana

The Hensarling #1 well (Desiree Field) was placed on production on 3 July 2013 and has produced over 353,000 barrels of oil. The well is presently producing at rates of around 265 bbls oil per day and 30 BSW per day. The dynamics of the well production have changed and production will continue to vary until the well stabilisers. As a result of the water production and reduced oil production, the Company has revised its reserve figures (refer following page).

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, The operator is working on a proposal to dispose of the water into the templet #1, presently the water disposal via trucks are still more economical.

Desiree Litigation

The Company advised in July 2014 that a previous JV partner in the Desiree Project was suing the Company for a 5.3% WI (4.63% WI net to the Company) in the Desiree Project and leases. The matter was removed from court and arbitration occurred in January 2016. The results of the arbitration will be announced in April 2016.

Dugas & Leblanc #3 Non Operator 56.8% WI
Napoleonville Salt Dome, Assumption Parish, Louisiana

The D&L#3 "M" sand was successfully perforated and placed on production on 18 October 2011. The well is presently producing 74 bod from a 21/64 inch choke.

Dugas & Leblanc #1 Litigation Resolved

A commercial settlement was reached between the personal injuries plaintiffs affected by the D&L #1 blowout and the JV partners with settlement made via insurance in October 2015. The Company has now resolved all litigation.

The JV partners continue to remain obligated to complete the remaining remediation of the land affected by the blowout. The Company recently received an insurance payment of US$710,414. Moving forward the Company will be liable for the remaining remediation on location in respect of 40.5% WI but will continue to have insurance covering its additional 15% interest acquired in November 2014.

Most of the location has been remediated and handed back to farmers, however, the Company believes that it will be liable for remaining remediation of up to US$250,000 in respect of the existing 40.5% WI the Company held prior to the acquisition of the additional 15% from Mustang Resources Limited.

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

The field is being operated by DW Wapiti Investments I, LLC in Plaquemines Parish, Louisiana. The well commenced producing on 18 March 2012.

The well produced from the 17 sand at an average of 1 mmcfd and 7 bopd through a 7/64 inch choke.

West Klondike Development
Wilbert Sons LLC #1 Non Operator 11.7% WI
Iberville Parish, Louisiana,

The well commenced producing from the lower Nod Blan on 4 September 2014 and is presently awaiting recompletion in the Lario Oil sand, which has the potential to produce over 500,000 bbls of oil. Total production from the Nod Blan sands has been 318,263 mcf of gas.

2015 Reserves and Resources Summary

Reserves and Resources as at 31 Dec 2015

Net to Grand Gulf Energy Ltd

		Proved(1P)			PROVED & PROBABLE(2P)		
FILED (LICENCE)	INTEREST	LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT[1] MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIVALENT[1] MBOE
Reserves							
USA							
Dugas & Leblanc #3	55.50%	24	302	75	24	302	75
Desiree	39.65%	206	-	206	391	-	391
West Klondike	11.70%	-	-	0	11	-	11
Abita	20%	8	355	67	8	355	67
Total Reserves		**238**	**657**	**348**	**434**	**657**	**544**
Contingent Resources		High Estimate 1C			Mid to Low Estimate 2C		
Reserves							
USA							
Dugas & Leblanc #3	55.50%		833			278	46
Desiree	39.65%						
West Klondike	11.70%	55	1,400	288	18	467	96
Abita	20%						
Total Contingent Resources		**55**	**2,233**	**288**	**18**	**744**	**142**
Total Reserves and Resources		**293**	**2,890**	**636**	**453**	**1,402**	**686**

(1) 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.

The reserve estimates in this report are solely based on Kevin Kenning's professional opinion and are consistent with accepted industry standards for proved reserves. The proved reserve definition is based upon the criteria contained within the "SPE PRMS" (Society of Petroleum Engineers Petroleum Resources Management System).

AGM RESULTS

The Company confirms that all resolutions put to shareholders at the Annual General Meeting held on 30 November 2015, were carried unanimously on a show of hands.

Events occurring after the reporting period

On 2 February 2016 the Company sold its remaining put option contracts (ie 39,600 bbl) for a total price of $860,000. These contracts provided for monthly sales of 3,600 bbls at a protection price of $51.90 up to 31 December 2016.

The Company, on 11 January 2016, received shareholder approval to give effect to the restructure of the Company in the form of a demerger. The Company will, on receipt of the positive ruling from the ATO, affect the transfer of all its operating assets (except for the interests in the Abita Project) into Louisiana Oil.

The shares in Louisiana Oil will then be distributed to all Company shareholders pro-rata to their shareholding. Immediately following the Company obtaining the ATO Rulings and on completion, the Company and Alto will nominate that the Louisiana Oil Shares are issued directly to the Shareholders of the Company, as part of an in-specie distribution of 100% of the Louisiana Oil Shares held by the Company on the basis of 1 Louisiana Oil share for every 10 Company shares held.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 of the financial statements for the half year ended 31 December 2015.

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

Dated this

Mark Freeman
Executive Director

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Australia

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 2015, 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.

JPrue

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2016

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 $	31 December 2014 $
Revenue		2,477,062	3,752,723
Cost of sales		(1,112,452)	(1,502,776)
Amortisation of oil and gas properties	8b	(460,225)	(568,833)
Gross profit		904,385	1,681,114
Other Income	4	869,748	4,583
Interest income		40	71
Employee benefits expense		(244,087)	(292,520)
Professional and statutory fees		(108,420)	(98,996)
Corporate office expenses		(37,932)	(54,918)
Hedging Cost		(119,949)	-
Impairment of capitalised oil and gas expenditure	8a	(375,832)	(1,476,013)
Foreign exchange gain		7,496	6,620
Other expenses from ordinary activities		(49,275)	(30,777)
Depreciation		(1,287)	(485)
Profit/(Loss) before income tax		844,887	(261,321)
Income tax benefit/(expense)		-	-
Profit/(Loss) for the half year		844,887	(261,321)
Other Comprehensive Income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign entities		994,078	2,587,581
Total comprehensive profit for the half year		1,838,965	2,326,260
		Cents	**Cents**
Earnings/(Loss) per share			
Basic earnings/(loss) per share		0.113	(0.035)
Diluted earnings/(loss) per share		0.113	(0.035)

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 12 to 17.

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	31 December 2015	30 June 2015
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		2,473,278	969,526
Trade and other receivables	7	1,529,477	1,156,439
Insurance claim receivables	7	140,812	1,017,781
Prepayments	7	11,701	47,906
Total Current Assets		4,155,268	3,191,652
Non-Current Assets			
Computer equipment		11,150	9,466
Exploration expenditure	8a	14,918,973	13,551,464
Oil and gas properties	8b	4,794,175	4,937,950
Total Non-Current Assets		19,724,298	18,498,880
Total Assets		23,879,566	21,690,532
LIABILITIES			
Current Liabilities			
Trade and other payables		693,222	381,338
Total Current Liabilities		693,222	381,338
Non-Current Liabilities			
Provisions		388,512	366,788
Total Non-Current Liabilities		388,512	366,788
Total Liabilities		1,081,734	748,126
Net Assets		22,797,832	20,942,406
Equity			
Contributed equity	5	42,045,942	42,045,942
Reserves	6	7,682,997	6,672,458
Accumulated losses		(26,931,107)	(27,775,994)
Total Equity		22,797,832	20,942,406

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 17.

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Contributed Equity	Share Option Reserve	Option Premium Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$	$
Balance at 01.07.2015	42,045,942	1,723,707	676,800	4,271,951	(27,775,994)	20,942,406
Profit for the half year	-	-	-	-	844,887	844,887
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	-	-	994,078	-	994,078
Total comprehensive income for the half year	-	-	-	994,078	844,887	1,838,965
Transactions with owners in their capacity as owners:						
Shares Issued	-	-	-	-	-	-
Share Options	-	16,461	-	-	-	16,461
Balance at 31.12.15	**42,045,942**	**1,740,168**	**676,800**	**5,266,029**	**(26,931,107)**	**22,797,832**
Balance at 01.07.2014	42,045,942	1,688,747	676,800	303,429	(27,229,688)	17,485,230
Loss for the half year	-	-	-	-	(261,321)	(261,321)
Other Comprehensive Income						
Exchange differences on translation of foreign operations	-	-	-	2,587,581	-	2,587,581
Total comprehensive income for the half year	-	-	-	2,587,581	(261,321)	2,326,260
Transactions with owners in their capacity as owners:						
Shares Issued	-	-	-	-	-	-
Share Options	-	-	-	-	-	-
Balance at 31.12.14	**42,045,942**	**1,688,747**	**676,800**	**2,891,010**	**(27,491,009)**	**19,811,490**

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 12 to 17.

GRAND GULF ENERGY LIMITED
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CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	31 December 2015 $	31 December 2014 $
Cash Flows From Operating Activities		
Proceeds from sales	2,893,052	3,876,803
Payments to suppliers and employees	(309,669)	(390,949)
Production costs	(1,050,415)	(1,551,325)
Insurance payment received	967,222	-
Interest received	-	61
Net cash inflow from operating activities	2,500,190	1,934,590
Cash Flows From Investing Activities		
Payments for exploration and development	(718,758)	(1,495,430)
Payments for development	(293,441)	(393,006)
Net cash outflow from investing activities	(1,012,199)	(1,888,436)
Cash Flows from financing activities		
Share issue costs	-	(1,034)
Net cash inflow/(outflow) from financing activities	-	(1,034)
Net increase in cash held	1,487,991	45,120
Cash and cash equivalents held at beginning of financial period	969,526	1,809,943
Effect of exchange rate changes on cash and cash equivalents	15,761	332,807
Cash and cash equivalents at end of the half year	2,473,278	2,187,870

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 17.

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 2015 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 2015 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 2015.

These consolidated interim financial statements were approved by the Board of Directors 14 March 2016.

(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 2015 annual financial report for the financial year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretations

In the half-year ended 31 December 2015, 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 2015.

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 2015. 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 2015 that have been applied by the Group. The 30 June 2015 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 2015.

(d) Impairment of exploration and evaluation assets

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts. The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

(e) Impairment of oil and gas properties

In the absence of readily available market prices, the recoverable amounts of assets are determined using estimates of the present value of future cash flows using asset-specific discount rates. For oil & gas properties, these estimates are based on assumptions concerning reserves, future production profiles and costs.

The present value of the West Klondike Field is calculated using the contingent resources, specifically the mid to low estimate 2C, as the majority of the oil in place is located in the Lario oil reservoir which is yet to be tested.

(f) Estimates

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgment made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2015.

(g) Non–operator interest in Oil & Gas Properties

i) Producing projects
Producing projects are stated at cost less accumulated amortisation and impairment charges. Producing projects include construction, installation or completion of production and infrastructure facilities such as pipelines, transferred exploration and evaluation assets, development wells and the provision for restoration.

ii) Amortisation and depreciation of producing projects
The Consolidated Entity uses the "units of production" ("UOP") approach when amortising field-specific assets. Using this method of amortisation requires the Consolidated Entity to compare the actual volume of production to the reserves and then apply the rate of depletion to the carrying value of the asset.

The West Klondike field is depleted on a "units of production" ("UOP") approach which requires the Consolidated Entity to compare the actual volume of production to the 2C contingent resources and then apply the rate of depletion to the carrying value of the asset.

Capitalised producing project costs relating to commercially producing wells are amortised using the UOP basis once commercial quantities are being produced within an area of interest. The reserves used in these calculations are the Proved plus Probable reserves and are reviewed at least annually.

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

All assets and liabilities for which fair value is measured or disclosed are categorised according to the fair value hierarchy as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

At 31 December 2015	Level 1 AU$	Level 2 AU$	Level 3 AU$	Total AU$
Put options – oil	923,815	-	-	923,815

At 30 June 2015	Level 1 AU$	Level 2 AU$	Level 3 AU$	Total AU$
Put options – oil	282,074	-	-	282,074

There were no transfers between levels of the fair value hierarchy during the period.

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 2015 $	31 December 2014 $
Put Options	756,299	-
Other income	113,449	4,583
Total other income	869,748	4,583

5. CONTRIBUTED EQUITY

	31 December 2015 No.	30 June 2015 No.	31 December 2015 $	30 June 2015 $
Balance brought forward at the beginning of the period	747,998,870	747,998,870	42,045,942	42,045,942
Balance carried forward at the end of the period	**747,998,870**	**747,998,870**	**42,045,942**	**42,045,942**

6. RESERVES

	31 December 2015 $	30 June 2015 $
Foreign currency translation (a)	5,266,029	4,271,951
Share option reserve (b)	1,740,168	1,723,707
Option premium reserve (c)	676,800	676,800
	7,682,997	6,672,458

(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 2015 $	30 June 2015 $
Balance at beginning of period	4,271,951	303,429
Gain / (loss) on translation of foreign controlled entities	994,078	3,968,522
Balance at end of period	5,266,029	4,271,951

(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 2015 $	30 June 2015 $
Balance at beginning of period	1,723,707	1,688,747
Share based payment expense	16,461	34,960
Balance at end of period	1,740,168	1,723,707

(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 2015 $	30 June 2015 $
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 2015 $	30 June 2015 $
Current		
Trade and other receivables (i)	1,529,477	1,156,439
Insurance claim receivables	140,812	1,017,781
Prepayments (ii)	11,701	47,906
	1,681,990	2,222,126

(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.

(ii) Prepayments include cash calls remaining prepaid at balance date of $11,701 made to the Abita project.

8a. OIL AND GAS EXPLORATION EXPENDITURES

	31 December 2015 $	30 June 2015 $
Capitalised oil and gas expenditure	32,079,352	30,336,011
Provision for impairment	(17,160,379)	(16,784,547)
Capitalised oil and gas expenditure	14,918,973	13,551,464
Capitalised oil and gas expenditure		
Carrying amount at beginning of period	13,551,464	10,141,894
Expenditure during the period	1,088,653	3,109,577
Foreign exchange difference	654,688	2,436,720
Acquisitions	-	78,354
Transfer to Oil and Gas Properties	-	(1,657,223)
Impairment of capitalised expenditure	(375,832)	(557,858)
Carrying amount at end of period	14,918,973	13,551,464

8b. OIL AND GAS PROPERTIES

	31 December 2015 $	30 June 2015 $
Development oil and gas assets	8,956,137	8,639,687
Accumulated amortisation	(4,161,962)	(3,701,737)
Capitalised oil and gas properties expenditure	4,794,175	4,937,950
Capitalised oil and gas properties		
Carrying amount at beginning of period	4,937,950	4,264,994
Expenditure during the period	69,266	385,530
Acquisitions	-	748,832
Transfer of Exploration Costs	-	1,657,223
Foreign exchange difference	247,184	907,790
Amortisation	(460,225)	(925,694)
Impairment of capitalised expenditure	-	(2,100,725)
Carrying amount at end of period	4,794,175	4,937,950

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.

Since 12 August 2010, the Company has made a series of important announcements on the ASX in relation to efforts to control the blowout of the Dugas & Leblanc #1 Well ("#1 Well") at its Napoleonville Project in Louisiana, United States (U.S.), and the subsequent effects on the Company.

The Company in December announced that it had resolved all remaining litigations during the quarter with a commercial settlement having been reached between the personal injuries plaintiffs affected by the D&L #1 blowout and the JV partners which is expected to be 100% covered by insurance.

The JV partners continue to remain obligated to complete the remaining remediation of the land affected by the blowout. Moving forward the Company will be liable for the remaining remediation on location. 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.

DESIREE LITIGATION

The Company advised in July 2014 that a previous JV partner in the Desiree Project was suing the Company for a 5.3% WI (4.63% WI net to GGE) in the Desiree Project and leases. The partner formally withdrew from the project in December 2011 and, subsequent to the well having commenced drilling, demanded their interest be reinstated. GGE's right to its working interest is being vehemently defended.

The matter was removed from court and arbitration occurred in January 2016. The results of the arbitration are due in April 2016. A liability in relation to the matter has not been recognised at period end 31 December 2015, as the nature and extent of remedial action cannot be reliably measured.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 2 February 2016 the Company sold its remaining put option contracts (ie 39,600 bbl) for a total price of $860,000. These contracts provided for monthly sales of 3,600 bbls at a protection price of $51.90 up to 31 December 2016.

The Company, on 11 January 2016, received shareholder approval to give effect to the restructure of Grand Gulf Energy Ltd in the form of a demerger. Grand Gulf will, on receipt of the positive ruling from the ATO, affect the transfer of all its operating assets (except for the interests in the Abita Project) into Louisiana Oil Ltd.

The shares in Louisiana Oil will then be distributed to all Grand Gulf shareholders pro-rata to their shareholding. Immediately following Grand Gulf obtaining the ATO Rulings and on completion, Grand Gulf and Alto will nominate that the Louisiana Oil Shares are issued directly to the Shareholders of Grand Gulf, as part of an in-specie distribution of 100% of the Louisiana Oil Shares held by Grand Gulf on the basis of 1 Louisiana Oil Share for every 10 Shares held.

11. DIVIDENDS

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

12. RELATED PARTY

There have been no changes to related parties or to related party transactions from those disclosed in the 30 June 2015 financial statements.

13. COMMITMENTS

There have been no changes to the commitments, except as noted below, from those disclosed in the 30 June 2015 financial statements:

- The Company has terminated its operating lease of premises in Houston with a final payout cost of US$13,619. The Company no longer has any operating leases.

DIRECTORS' DECLARATION

The directors of the consolidated entity declare that:

1. The financial statements and notes, as set out on pages 8 to 17 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 2015 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
Executive Director

Perth, 14 March 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Grand Gulf Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Grand Gulf Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 consolidated entity's financial position as at 31 December 2015 and its 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 Grand Gulf Energy Limited, 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.

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 Grand Gulf Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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 Grand Gulf Energy Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 14 March 2016