

QUARTERLY REPORT

For Quarter ending 31 December 2013



HIGHLIGHTS

- Quarterly production has increased by 25% in oil production and 54% in gas production. Quarterly revenue has increased to \$1.8m from \$1.1m.
- Desiree on Production (35.6% WI)** – Hensarling #1 produced a total of 35,175 bbls of oil during the December quarter at an average rate of 390 bbls per day. During the period, net revenue (after operating costs) averaged ~\$275,000 per month. The operator anticipates the well will sustain a rate between 350 to 400 bbls per day through a 25/64 inch choke.
- Dugas & Leblanc #3 (40% WI)** – This well was recently placed on Jet Pump and is presently producing at gross production rates of 200 bopd, 150 Mcf and 525 bswpd, through a 22/64" choke. Continued production at these rates are likely to net ~US\$150,000 to the Company per month.
- Louise Prospect (15.5% WI)** – The Operator is presently finalising drilling permits and the well is due to be spud in the current quarter. The Louise prospect is targeting 600,000-800,000 bbls oil in an updip segment of a proven, oil-bearing compartment.
- West Klondike (10.5% WI)** – Production facilities are due to commence this quarter, the well tested flow rates above 2 MMcfpd with associated condensate. Construction of facilities due to commence forthwith.
- Abita (20% WI)**, The SL 19706 #1 well is presently producing 1,400 Mcfpd and 14 bcdpd through a 7/64" choke. Well production from the 18 sands appears stable and is netting around US\$25,000 per month to the Company.
- Unmarketable Parcel Sales** – The Company announced it would proceed with an unmarketable parcel sale to assist small shareholders.

ASX Codes:	GGE
Share Price:	1.0c
Shares	748m
Mkt cap	\$7.5m

Mr Charles Morgan	Executive Chairman
Mr Mark Freeman	Managing Director
Mr Stephen Keenihan	Director
Mr Allan Boss	Executive Director

DRILLING & EXPLORATION PROGRAM

Program	Date	P50 Oil (net Mbo)	P50 Gas (net Bcf)
Louise	2014	130-176	-

PRODUCTION AND DEVELOPMENT PROGRAM

Well #	Status	PUD Oil (net Mbo)	PUD Gas (Net Bcf)
D&L#3	Prod.	30	.1
Abita	Prod.	10	.56
Desiree	Prod.	339	0.18
W. Klondike*	Completing	12-60	0.05-0.15
Total		390-440	1.2-1.3

* W Klondike is yet to be classified as a PUD reserve.

Activity

- Dugas & Leblanc #3 placed on Jet Pump increasing production to 200 bopd.
- Desiree production has continued strong at over 385 bbls oil per day.
- Louise well to be spudded in the current quarter.
- West Klondike AFE for production facilities is approved.
- Quarterly production at 17,690 bbls oil (up 25%) and 35,366 Mcfg (up 54%).

Energy Prices

Brent	US\$106.40 (BBL)
Nymex	US\$4.95 (MMBTU)

Major Shareholders

Charles Morgan	21.5%
Craig Burton	19.8%



PRODUCTION AND DEVELOPMENT ASSETS

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

	Mar Qtr	June Qtr	Sep Qtr	Dec Qtr
Oil (bbls)	6,254	6,335	13,295	17,689
Gas (mcf)	34,836	23,990	16,078	35,366
% Oil Equ.	82%	89%	96%	93%

Desiree Field

Desiree, Assumption Parish, Louisiana, Non Operator 35.6%

The Hensarling #1 well (Desiree Field) was placed on production on 3 July 2013 and initial production rates unassisted were at ~240 bbls oil per day. The well was subsequently placed on Jet Pump in late September 2013 and is presently producing at around 385 bbls oil per day. The operator anticipates the well will sustain production rates between 350 to 400 bbls per day through a 25/64 inch choke until depleted or water production occurs.

Post drill, gross reserves are estimated to be 952,000 bbls oil in the Cris R II & III. The well is producing from the thicker Cris R III following which the overlying Cris R II will be completed for production.

At these production rates the Desiree Field contributes cash flow to the Company of US\$250,000-\$285,000 per month (US\$3-\$3.4 million per year). The Company, with its partners, is assessing the potential for further development well.

Dugas & Leblanc #3 "M" Sand

Napoleonville- Dugas & Leblanc #3 Well, Assumption Parish, Louisiana, Non Operator 40% WI

The D&L#3 was recently placed on jet pump and is producing at flow rates of 225 bopd, 519 Mcf/d and 520 bswpd from a 22/64 inch choke. Monthly revenue net to the Company at these rates will increase to ~US\$240,000 after royalties and operating costs.

The proven behind pipe reserves (PDP) at 30 June 2013 was estimated at 89,000 bbls of oil and 234,000 mcf of gas.



Abita Development Update

Abita, Plaquemines Parish, Louisiana, Non Operator 20%WI (15% after payout) 350-700 BBLS / 6 BCFG

The field is being operated by Clayton Williams Energy Inc in Plaquemines Parish, Louisiana. The well commenced producing on 18 March 2012. The well revenue net to the Company is ~US\$25,000 after royalties and operating costs.

Reserve update: At 30 June 2013 the proved developed producing reserves (PDP) were 246 MMcf and 2 Mbc. The proved developed behind pipe reserves continues to produce in the 18 sands and is presently producing 1.4 MMcf/d, 14 bcpd with 1-2 bswpd. Monthly (PDB) are 2,397 MMcf and 48 Mbc for the "Lower 18", "18", "17", and "15" Sands.

West Klondike Discovery

Wilbert Sons LLC #1 well, West Klondike, Iberville Parish, Louisiana, Non Operator 10.5% WI

The well was successfully flow tested at over 2 MMcf/d from the lower Nod Blan. The well has been suspended pending installation of facilities which are anticipated to commence shortly. Delays in commencement of the facility construction have been driven by final JV participation in the facilities. This has now been resolved.

Electric logs of Wilbert Sons #1 indicate hydrocarbons in three reservoir horizons. A summary of the characteristics of each reservoir is provided below:

Depths	Sand	Net Pay	Hydrocarbons	Description
10,330-10,350	Lario	4ft	Oil	18-20% porosity appears tight
10,518-10,524	U Nod Blan	6ft	Condensate/gas	Good porosity
10,616-10,661	L Nod Blan	35ft	Oil/gas	Good porosity

EXPLORATION ASSETS

Napoleonville Salt Dome

Louise, Assumption Parish, Louisiana, Non Operator 15.5%

This prospect was developed using proprietary 3D seismic data by the Company's in-house Geological and Geophysical team. The prospect follows the same style as Desiree and is located to the immediate south. A unit owner not presently within the joint operating agreement is required to final their participation position this coming week which will clear the way for well preparations to commence.

A well to test the Louise prospect is expected to penetrate an accumulation of oil in a 3D-defined, normally pressured, block updip from a productive well where an equivalent target interval has produced 2.2 Mbbl oil and 10.5 Bcf gas. The Louise well is expected to be drilled in the March 2014 quarter and is targeting an estimated resource of between 600,000 to 800,000 bbls of oil. This well is considered low risk both from drilling operations and geological and geophysical perspectives.

Napoleonville Salt Dome

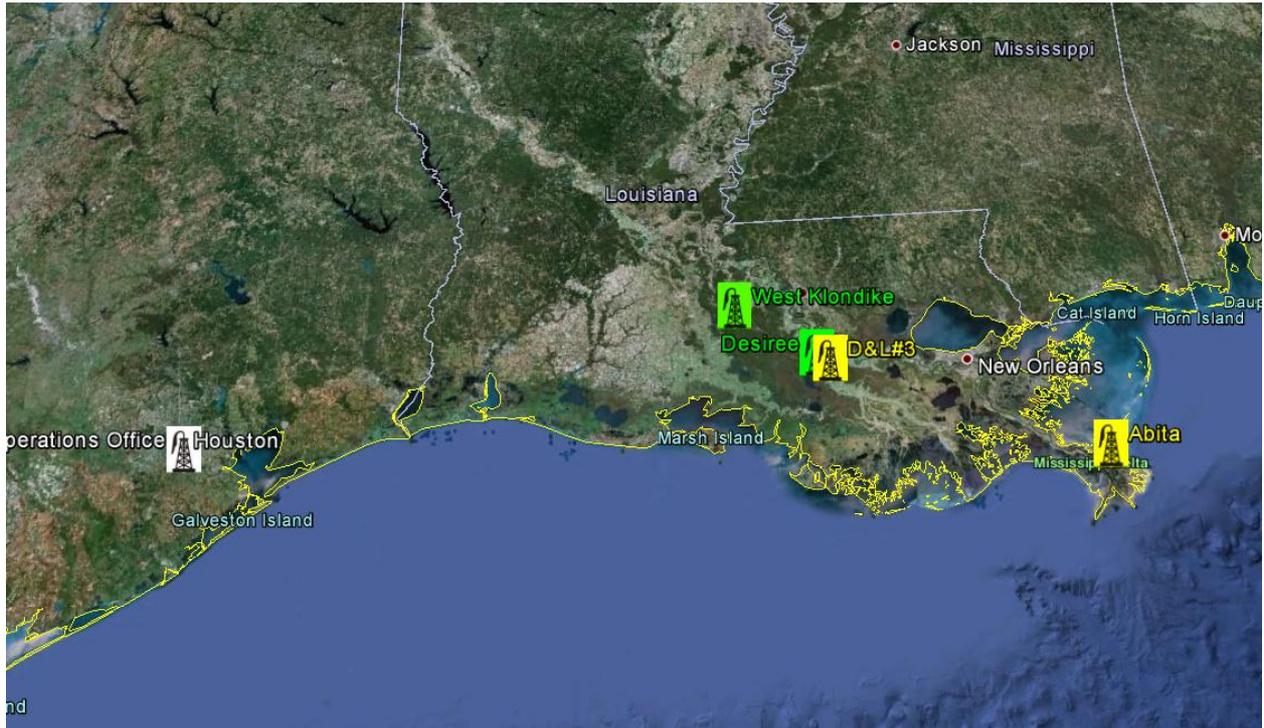
The current joint venture with Petrodome expires 31 March 2014. The Company is working with its JV partners to complete a diligent hand over of all work completed on the Dome. The Company is excited to recommence working directly with the seismic and other data in generating drilling locations and furthering the impressive work completed to date. Grand Gulf views Napoleonville as a significant and tangible asset that has a substantial number of untapped oil and gas prospects not unlike the Desiree and Dugas and Leblanc Discoveries.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held by the Company for the quarter 31 December 2013 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%	20%
Abita	Plaquemines Parish	16991	20%	20%
Abita	Plaquemines Parish	16992	20%	20%
Abita	Plaquemines Parish	16993	20%	20%
14-149	Assumption Parish, Louisiana	CL-0102	40.5%	40.5%
14-149	Assumption Parish, Louisiana	CL-0110	40.5%	40.5%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0119	22%	22%
Desiree/Louise	Assumption Parish, Louisiana	CL-0130	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-031A (CL-0131)	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E52-031B (CL-0131)	35.6%	35.6%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0121	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0122	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0123	22%	22%
Louise	Assumption Parish, Louisiana	CL-0124	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0134	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0137	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0138A	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0138B	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0135	22%	22%
Napoleonville 3-D	Assumption Parish, Louisiana	CL-0136	22%	22%
Dugas & Leblanc	Assumption Parish, Louisiana	CL-0139	40.5%	40.5%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-001	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-003	35.6/22.0	35.6/22.0

Desiree	Assumption Parish, Louisiana	12S14E52-004	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-005	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-006	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-007	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E52-008	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-009	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-010	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-011	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-013	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-014	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-015	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-016	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-017A	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-019	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-020	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022A	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-022B	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-012	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-002	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-018	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021A	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-021B	35.6/22.0	35.6/22.0
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-024	35.6/22.0	35.6/22.0
Desiree	Assumption Parish, Louisiana	12S14E52-023	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E51-001A	35.6%	35.6%
Desiree	Assumption Parish, Louisiana	12S14E51-001B	35.6%	35.6%
Louise	Assumption Parish, Louisiana	12S14E52-025	35.6%	35.6%
Desiree/Louise	Assumption Parish, Louisiana	12S14E52-026	35.6/22.0	35.6/22.0
Louise	Assumption Parish, Louisiana	12S14E52-027	22.0%	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%
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%
Louise	Assumption Parish, Louisiana	12S14E53-008	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-009	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-010	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-011	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-012	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-013	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-014	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-015	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-016	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-017	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-018	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-019	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-020	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-021	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-022	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-023	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-024	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-025	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E53-026	22.0%	22.0%
Desiree	Assumption Parish, Louisiana	12S14E52-032 (CL-0068 & 0106)	35.6%	35.6%
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	10.5%	10.5%
West Klondike	Iberville Parish, Louisiana	WK#1B	10.5%	10.5%
West Klondike	Iberville Parish, Louisiana	WK#1C	10.5%	10.5%
West Klondike	Iberville Parish, Louisiana	WK#2	10.5%	10.5%
West Klondike	Iberville Parish, Louisiana	WK#3A	10.5%	10.5%
West Klondike	Iberville Parish, Louisiana	WK#3B	10.5%	10.5%



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 37 and 31 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	1,808	2,916
1.2 Payments for (a) exploration & evaluation	(645)	(779)
(b) development	(392)	(577)
(c) production	(541)	(911)
(d) administration	(258)	(405)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Insurance pre-payment (refundable)	-	-
1.7 Other (escrow of revenue)	78	(78)
Net Operating Cash Flows	50	244
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	50	244

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	50	244
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Costs of Capital	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	50	244
1.20	Cash at beginning of quarter/year to date	1,180	1,006
1.21	Exchange rate adjustments to item 1.20	28	8
1.22	Cash at end of quarter	1,258	1,258

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	144
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting and directors fees, and provision of a Legal Secretary.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	250
4.3 Production*	600
4.4 Administration	175
Total	1,425

* Production costs are primarily a % of revenue and reflect royalties and state taxes. The balance are production costs.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,258	1,180
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,258	1,180

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased			
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	747,998,870	747,998,870		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Unlisted Options	8,000,000 15,000,000		Exercise price \$0.045 \$0.045	Expiry date 15 Mar 2014 6 May 2014
<i>Listed Options</i>				

+ See chapter 19 for defined terms.

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				
7.13	Partly paid shares				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 31/1/2014
(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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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