

June 2020 ASX Quarterly Report

31 July 2020

HIGHLIGHTS

Grand Gulf Energy Limited (ASX: GGE) (Grand Gulf or the Company) is pleased to provide shareholders with the following summary of its activities during the June 2020 quarter. Despite the market turmoil, Grand Gulf is well positioned to continue production and with reduced overheads continue generating positive cashflow.

- **Dugas & Leblanc #3 Field (55.5% WI)** – The well produced a total of 7,375 bbls of oil during the quarter. The well is presently averaging 82 bopd
- **Desiree Field (39.6% WI)** – The well produced a total of 2,673 bbls of oil during the quarter for a total of 42 days. The well was shutin for repairs and recommenced production on 24 July 2020. The well is averaged 63 bopd.

QUARTERLY CASH FLOW SUMMARY

Cash Flow Analysis	June Quarter	Year to Date
	\$AUD '000	\$AUD '000
Production Sales	314	2,059
Production Costs	(90)	(728)
Operating & Overhead Costs	(58)	(360)
Exploration & Development Costs	(4)	(93)
Net Operating Proceeds	162	878

CAPITAL STRUCTURE AND FINANCIAL SNAPSHOT

ASX Code	GGE	Shares	384 m
Share Price	0.5 cent	Market Capitalisation	\$1.92 million
Cash Reserves @ 30/06	\$1,035,420	Producing Fields	2
Quarterly Net BO	4,119 bbls	Daily Net BO	59 bbls/d

PRODUCTION SUMMARY

Total Net Quarterly Oil Production

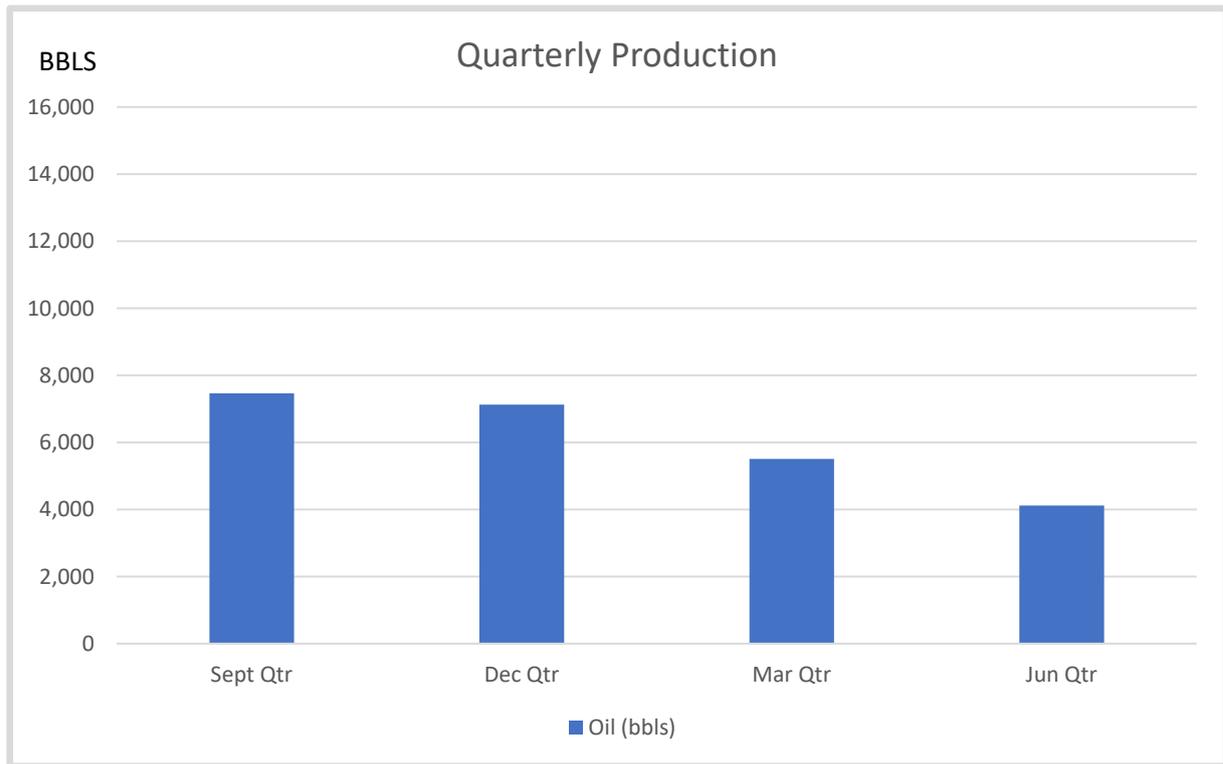
	Sept Qtr	Dec Qtr	Mar Qtr	June Qtr
Oil (bbls)	7,464	6,631	5,510	4,119

	Working interest	Parish	Quarterly Bo		Daily Bo	
			Gross	Net	Gross	Net
Desiree Field	39.65%	Assumption	2,673	1,058	63	25
Dugas & Leblanc	55.5%	Assumption	7,375	3,061	82	34
Total			9,889	4,119	145	59



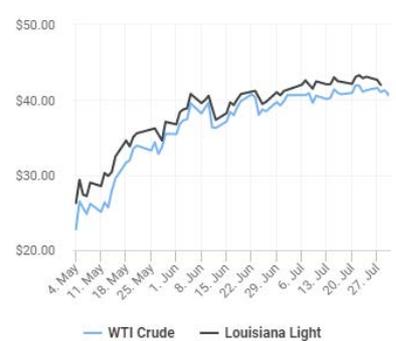
Board of Directors
Chairman – Craig Burton
MD - Mark Freeman
Director - Chris Bath

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US Oil Price & Production Commentary

The Company receives LLS (Louisiana Light) pricing per barrel which is currently at US\$42/bbl (\$A58.87/bbl). The graph below shows the relative trading of WTI vs LLS with LLS typically trading at a slight premium to WTI. Grand Gulf trading contracts are based on monthly average prices. We have seen a strong recovery since last quarter’s negative pricing. WTI’s floor of \$40/bbl has proved resilient amid improving demand.



From last November to May 2020, US oil production fell by 1.5 MMbo/d to 11.4 MMbo/d as operators reduced Drilling and Completion operations amid oil price uncertainty and a price shock, according to the EIA. The agency forecasts that US output will continue to decline to 10.6 MMbo/d by March 2021, before increasing for the remainder of 2021. Operators have announced significant curtailments in May and June as producers grapple with US\$40/bbl pricing, driven by coronavirus-related demand destruction.

US operators are spending significantly less in 2020. Compared to 2019, capex by core North American operators is expected be down by US\$43.2 billion in 2020, or 42%, at US\$58.6 billion. The most dramatic cuts have come from multi-basin operators. The recent price drop has greatly reduced completion activity, which is leading to a Drilled Uncompleted (DUC) build-ups. As of May 2020, the number of frac crews operating was below 50, and their activity was being outpaced by the less than 400 drilling rigs operating in the US. Completion efficiencies are about 3.3 wells monthly per crew, while rigs are drilling 1.25 wells apiece per month. Therefore, the US needs about 150 crews at these rig levels to keep DUCs flat. US DUCs accumulated since YE19 could reach 3,500 by late 2020. Additionally from March 2020 through May 2020, the rig count fell by 670, or 66%.





Reserves

2020 Reserves and Resources Summary											
Reserves and Resources as of 30 June 2020											
Net to Grand Gulf Energy Ltd											
FILED (LICENCE)	NET REV INTEREST	PROVED(1P)			PROVED + PROBABLE (2P)			PROVED, PROBABLE, POSSIBLE (3P)			
		LIQUIDS MBBL	GAS MMCF	OIL EQUIV ⁽¹⁾ MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV ⁽¹⁾ MBOE	LIQUIDS MBBL	GAS MMCF	OIL EQUIV ⁽¹⁾ MBOE	
Reserves											
USA											
Dugas & Leblanc #3	43.20%	22	238	62	27	238	66	38	238	77	
Desiree	30.96%	50	-	50	116	-	116	132	-	132	
Total Reserves		73	238	112	143	238	182	170	238	209	
CONTINGENT RESOURCES											
Reserves											
USA											
Dugas & Leblanc #3	43.20%	-	216	36	-	324	54	-	648	108	
Desiree	30.96%	-	-	-	-	-	-	-	-	-	
Total Contingent Resources		-	216	36	-	324	54	-	648	108	
Total Reserves and Resources		73	454	148	143	562	236	170	886	317	

⁽¹⁾ Oil equivalent conversion factor: 6MSCF per BBL.

Desiree Field

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

The Hensarling #1 well (Desiree Field) produced a total for the quarter of 2,673 barrels of oil. The well averaged 63 bo/d. The well has produced 612,706 barrels of oil to 30 June 2020.

On 20 May 2020 the well was shut in with a suspected hole in the tubing. Repairs were completed in July and the well was placed back on production on 24 July 2020.

The well continues to produce from the Cris R3 sands. Following depletion of the Cris R3 the well will be perforated in the Cris R2. The well presently has 3P reserves net to the Company effective 30 June 2020 of 132,000 barrels of oil.

Desiree remains a substantial asset to the Company with long term reserves and cash flow.

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 7,375 barrels of oil. The well is presently producing at 82 bo/d and has produced over 343,304 barrels of oil.

The D&L #3 well continues to outperform previous reserve estimates. The well presently has 3P reserves net to the Company effective 30 June 2020 of 77,000 barrels of oil equivalent.

EXPLORATION AND DEVELOPMENT

DJ Basin, Colorado, USA (66% WI)

The Company has ~66% working interests in 355 net acres in Weld County.

During the Quarter the Company was notified by Bayswater Exploration and Production of their intention to permit two wells to drill within the Company's leases. The Company is working with the operator to determine its working interests in the proposed wells.

On 20 July 2020 Chevron Corporation announced it would acquire Noble Energy for US\$5 billion. Grand Gulf has a variety of working interests in leases shared with Noble Energy. Additional, Noble Energy's Wells Ranch





Comprehensive Drilling Plan was approved by the Colorado Oil and Gas Conservation Commission (COGCC). The Company has yet to be notified of Nobles' future drilling programs along with its respective interests.

East Texas Prospect (40-50% WI) – 1,238 acres in the Eagle Ford

The Company owns a 40-50% interest in 1,238 net acres of 1,319 gross acres in Burleson County, Texas. The Company continues to pursue farm-down/sale opportunities.

RELATED PARTY PAYMENTS

During the quarter ended 30 June 2020, the Company made payments of \$10,000 to related parties and their associates. These payments relate to existing remuneration agreements with Directors.

LEASE SCHEDULE

The Company provides the following Schedule of lease interest held for the quarter as at 28 July 2020 as required by ASX Listing Rule 5.3.

Project	Location	Lease	Interest at Beginning of the Quarter	Interest at the end of the Quarter
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 (CL-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 & 0100)	39.6%	39.6%
Louise	Assumption Parish, Louisiana	12S14E52-029	22.0%	22.0%
Louise	Assumption Parish, Louisiana	12S14E52-030	22.0%	22.0%
Burns Tract	Burleson County, Texas	Tract 1	50%	40%
Burns Tract	Burleson County, Texas	Tract 7 & 8	50%	40%
Burns Tract	Burleson County, Texas	Tract 9A	50%	40%
Burns Tract	Burleson County, Texas	Tract 9B	50%	40%
Burns Tract	Burleson County, Texas	Tract 9C	50%	40%
Burns Tract	Burleson County, Texas	Tract 10	50%	40%
Burns Tract	Burleson County, Texas	Tract 11	50%	40%
Burns Tract	Burleson County, Texas	Tract 14	50%	40%
Burns Tract	Burleson County, Texas	Tract 26	50%	40%
Hooker Creek Tract	Burleson County, Texas	Tract E2-8	50%	50%
Hooker Creek Tract	Burleson County, Texas	Tract NW-12	50%	50%
Hooker Creek Tract	Burleson County, Texas	Tract E2-11	50%	50%
Hooker Creek Tract	Burleson County, Texas	Tract E2-11b	50%	50%
Hooker Creek Tract	Burleson County, Texas	Tract E2-11e	50%	50%
Hooker Creek Tract	Burleson County, Texas	Tract E2-11c&d	50%	50%
Hooker Creek Tract	Burleson County, Texas	Tract NW-3	50%	50%
DJ Basin	Weld County, Colorado	Lease A	21.9%	52.2%
DJ Basin	Weld County, Colorado	Lease B	21.9%	52.2%
DJ Basin	Weld County, Colorado	Lease C	21.9%	52.2%

Forward Looking Statements

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.

Competent Persons Statement

The information contained in these statements has been compiled by Kevin James Kenning, Registered P.E. State of Texas #77656, 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.

Oil and Gas Glossary

B or b	Prefix – Billions	BBL, BO, bbl or bo	Barrel of oil
MM or mm	Prefix – Millions	BOE or boe	Barrel of oil equivalent (1 bbl = 6 mscf)
M or m	Prefix – Thousands	CF or cf	Standard cubic feet
/ D	Suffix – per day	BCF or bcf	Billion cubic feet
G	Gas	O or o	Oil
Pj	Petajoule	E or e	Equivalent
EUR	Estimated Ultimate recovery	C	Contingent Resources – 1C/2C/3C – low/most likely/high





WI	Working Interest	NRI	Net Revenue Interest (after royalty)
PDP	Proved Producing Developed	1P	Proved reserves
PUD	Proved Producing Undeveloped	2P	Proved plus Probable reserves
IP24	The peak oil rate over 24 hrs	3P	Proved plus Probable plus Possible reserves



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GRAND GULF ENERGY LTD

ABN

22 073 653 175

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	315	2,059
1.2	Payments for		
	(a) exploration & evaluation	(3)	(46)
	(b) development	-	(12)
	(c) production	(90)	(764)
	(d) staff costs	(26)	(148)
	(e) administration and corporate costs	(43)	(223)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	(1)	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	10	10
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	162	876

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
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 equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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)	1	-
3.10	Net cash from / (used in) financing activities	1	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	971	162
4.2	Net cash from / (used in) operating activities (item 1.9 above)	162	876
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)	1	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(99)	(4)
4.6	Cash and cash equivalents at end of period	1,035	1,035

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	1,035	971
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)	1,035	971

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	10
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	162
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	162
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,035
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,035
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date:31/7/2020.....

Authorised by:By the board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.