GRANDGULF
ENERGY LIMITED

ABN 22 073 653 175

INTERIM REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2023

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

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GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity (**Company, Group or GGE**) for the half-year ended 31 December 2023.

DIRECTORS

The names of directors who held office during or since the end of the half-year are:

Mr Craig Burton	*Non-Executive Chairman*
Mr Dane Lance	*Managing Director*
Mr Keith Martens	*Technical Director*

Company Secretary
Mr Lloyd Flint

OPERATING RESULT

The Group incurred an operating loss after income tax for the half-year ended 31 December 2023 of $1,346,027 (half-year ended 31 December 2022: operating loss after income tax of $1,024,462).

The Directors believe the Group is in a sound financial position to continue its exploration and development endeavours.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

Gulf Energy Limited (ASX: GGE) (Grand Gulf or the Company) is pleased to provide shareholders with the following summary of its activities during the December 2023 half.

PROJECTS REVIEW

Jesse-1A Flows 1 Million Cubic Feet Gas Per Day[1]

- Upper Leadville reservoir flowed high concentration helium gas to surface at a material raw gas rate of 1 million cubic feet per day (mmcfd), during comprehensive flow-testing of the Jesse-1A well.
- Significant Jesse-1A results demonstrate reservoir quality with measured helium concentrations trending up from 0.78%[2] - consistent with the previously measured 1% helium from a downhole sample.
- Based on the positive flow-test results, project manager Walsh Engineering and Production (Walsh), citing the current Jesse-1A wellbore configuration (well was suspended for approx. 20 months in an open-hole configuration post acid stimulation), recommended Jesse-1A be side-tracked to optimize production flow rates.
- Jesse-1A is planned to be sidetracked for casing, completion and focused stimulation ahead of production in early 2024.

Figure 1: Jesse-1A flare-stack venting reservoir gas and helium to surface during flow-testing

[1] ASX Announcement 21 December 2023 – Jesse-1A Flows 1 Million Cubic Feet Gas Per Day

[2] ASX Announcement 11 December 2023 – Jesse-1A Flows Helium to Surface

PROJECTS REVIEW

Jesse-1A Side-track Drilling Planned for Early 2024[3]

- Walsh Engineering and Production (Walsh Engineering) has completed the Jesse-1A side-track design planned for early 2024.
- Case and perforation design provides full zonal isolation, allowing focused stimulation to optimize Leadville formation gas production.
- Well design provides for multiple chances of success by testing several deeper known helium producing formations, including the highly prospective Devonian McCracken Sandstone.

Jesse Leadville Ideal for Stimulation – Gas Flow-rate Upside[4]

- Jesse-1A Leadville formation ideal candidate for acid stimulation providing significant gas production-rate upside.
- Halliburton acid solubility testing results completed with predominantly 73 – 80% of Jesse-1A Leadville rock samples dissolved after one hour.
- Effective stimulation provides further rate upside, both connecting the wellbore to near wellbore dolomitic permeability and removing drilling induced formation damage, with Halliburton experience in the region.

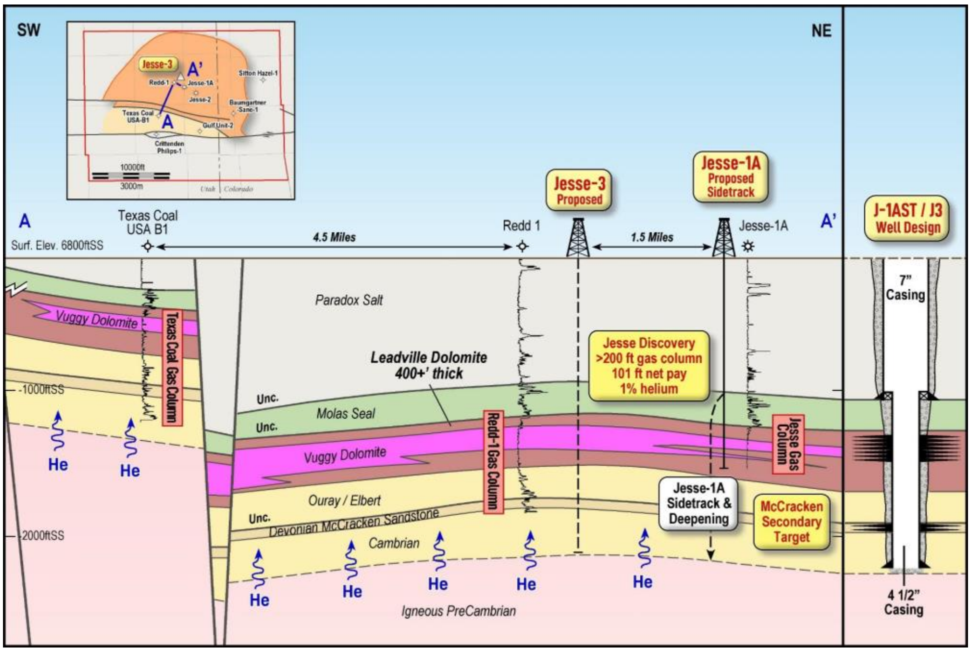


Figure 2: Stylised cross-section showing primary Leadville primary target and the independent secondary McCracken target, one of multiple prospective deeper formations to be interrogated that produce in the region, with the planned reservoir completion design for the Jesse-1A side-track & deepening, and the Jesse-3 new drill.

Optimised Jesse-3 Location Targets Structural High and Potential Quality Reservoir as determined from Local Well Control[5]

- Surface Land Use Agreement executed with private landowner.
- Agreement grants the rights for easement and construction of the Jesse-3 well-pad and future minimal well-head production facilities to tie into the adjacent pipeline connected to the Lisbon helium processing plant.
- Jesse-3 location targets a structural seismic high proximal (1300 feet) to the Redd-1 well.
- Potential to be 70 feet high to Jesse-1A maximising reservoir in the gas column and stand-off to the gas/water contact mitigating potential water ingress.

[3] ASX Announcement 7 February 2024 - Jesse-1A Side-track Drilling Planned for Early 2024

[4] ASX Announcement 26 February 2024 – Jesse Leadville Ideal Stimulation Candidate – Gas Flowrate Upside

[5] ASX Announcement 8 June 2023 - Optimised Jesse-3 Location Targets Structural High and Potential Quality Reservoir as determined from Local Well Control

PROJECTS REVIEW

- Redd-1 tested non-flammable gas in the primary Leadville target with 140 gross feet of porous dolomitic reservoir and zones with evidence of strong hydrothermal dolomitization and secondary vugular porosity.
- Redd-1 petrophysical logs indicate porous gas filled pay in both primary Leadville target and the secondary McCracken target.
- Proximal well control de-risks reservoir development and structure at the Jesse-3 location.

Leading North American Drill Engineering Group Appointed[6]

- Leading North American upstream oil and gas consultancy Walsh Engineering LLC (Walsh) to provide drilling, completion, stimulation, engineering and wellsite management support for its forthcoming Jesse development programme.
- Walsh are located out of Farmington, New Mexico and with over 50 years operating oil, gas and helium assets in the Four Corners area.
- Walsh Red Helium Project Manager Kyle Mason brings over 16 years of upstream E&P industry experience in production, completions design, field supervision, and field development, including eight years with Halliburton in the Rocky Mountain region.
- Walsh have the requisite in-depth knowledge and relevant experience in drilling, completing and testing helium wells in the precise area of the Paradox Basin where the Red Helium Project is located, and have access to an extensive network of contractors both local and over greater North America.
- Walsh have managed multiple successful helium projects in the Four corners area including the prolific Tocito Dome helium field.

Halliburton Optimizing Jesse Completion Design[7]

- Halliburton, a leading international provider of upstream exploration and production services, has been engaged to design and optimize completion and stimulation activities at the Jesse helium prospect.
- Halliburton is an industry leader in carbonate completion and acidization stimulation with previous experience in the Paradox basin.
- Walsh and Halliburton have previously collaborated to complete four wells in the Paradox basin in 2022. The wells have outperformed expectations and exceeded typical production profiles of wells using traditional completion methodologies used in the past.
- Halliburton has also been involved in numerous completion activities in multiple helium fields in the region including the prolific Tocito Dome helium field.
- Rock cuttings from Grand Gulf's Jesse-1A helium discovery were transported to Halliburton for dynamic solubility testing in conjunction with x-ray diffraction (XRD) analysis, to formulate and optimize the acid stimulation programme for the forthcoming Jesse-1A sidetrack and the Jesse 3 well.
- Effective stimulation provides further rate upside, both connecting the wellbore to near wellbore dolomitic permeability and removing drilling induced formation damage, with Halliburton experience in the region.
- Results show the Jesse-1A Leadville formation is an ideal candidate for acid stimulation providing significant gas production-rate upside, with Halliburton acid solubility testing results completed with predominantly 73 – 80% of Jesse-1A Leadville rock samples dissolved after one hour.

Placement to Raise $3.2 Million for Jesse Development[8]

- $3.2 million placement in August 2023 ensures Grand Gulf is well-capitalized to progress development of the Jesse helium discovery.
- Strong support by new and existing professional and sophisticated investors.

Oil Production Returns to pre-Workover Levels

- The Hensarling #1 well (Desiree Field) produced a total for the December quarter of 4,393 barrels of oil and 1,762 barrels of working interest oil to GGE with production returning to oil production levels pre-workover in the June 2023 quarter.

[6] ASX Announcement 10 October 2023 – Leading North American Drill Engineering Group Appointed

[7] ASX Announcement 30 October 2023 – Halliburton optimizing Jesse Completion Design

[8] ASX Announcement 25 August 2023 – Placement to Raise $3.2 Million for Jesse Development

PROJECTS REVIEW

About the Red Helium Project:

The Red Helium Project provides exposure to the burgeoning helium industry in a prolific proven helium-producing region, the Four Corners Area, that comprises:

- 250,713 acre area of mutual interest (AMI) with over 20,000 acres (private leases/Utah state leases) leased in drill-friendly Utah in the heart of the most prolific helium-producing region in the world;
- Geologically analogous to Doe Canyon Field. Doe Canyon is situated 15 miles due east of the Red Helium project, and is currently producing approximately 10,700,000 cubic feet of helium per month, the bulk of which comes from only 7 wells. Air Products (market cap US$70b) is processing the helium, and it is anticipated that Doe Canyon will ultimately produce 3-5 billion cubic feet of helium. With additional drilling, this resource figure could increase;
- 315 kms of well-placed 2D seismic has been acquired and reprocessed identifying multiple drill targets – and confirming a structural trap 4-5 times larger than the Doe Canyon Field;
- Six historic wells exclusively targeting hydrocarbons were drilled within the project AMI, proving trap, seal, reservoir presence and gas charge and a working helium system, to differing degrees within each prospect. Several wells tested non-flammable gas, the only two analysed for helium confirmed helium presence; and
- 20 miles south of and connected by pipeline to the operational Lisbon Helium Plant (99.9995% purity).

The Company continues to mature the project, including the following milestones:

- Prospective gross project unrisked P50 helium resource evaluation of 12.7 billion cubic feet of helium;
- Jesse discovery (Jesse-1A), generally exceeding pre-drill expectation and highlights including:
  - Helium grade of up to 1%. An analogous Doe Canyon well at 1% helium and a raw gas rate of 20 million cubic feet per day would produce 200 thousand cubic feet of helium per day;
  - Productive and well pressured reservoir at 2465 psi on trend with virgin pressure at the neighbouring Doe Canyon.
  - Independent Auditor (Sproule) confirms Jesse helium discovery:
    - over 200 feet of gross gas column; and
    - 101 feet of net pay;
- Helium Offtake Agreement with Paradox Resources LLC, a helium refiner and seller owner with extensive helium market experience and connections, and operator of the advanced Lisbon Valley helium plant;
- Strategic Alliance to expand on the Offtake terms and exploit the corporate synergies with Paradox;
- Drilled Jesse-2 flowing up to 0.9% helium to surface confirming a helium discovery in the Jesse Field and extended the proven helium play fairway following a significant 1.5 mile step-out from the Jesse-1A well.
- Matured three new drill locations on the Jesse structure and multiple prospects independent to Jesse, including the drill-ready Earp prospect, with plans to drill a third helium well; and
- Increased Working Interest in the Red Helium Project to 77.5% with a right to earn 85%;
- The Company continues to optimise lease position based on maximizing prospectivity using information gained from the wells to date.

PROJECTS REVIEW

Helium Offtake Agreement ("Offtake"):

Binding offtake executed with Lisbon Valley helium plant (**"Lisbon"**) with industry standard 80/20 revenue sharing allowing near immediate monetisation of a success case well to monetized with minimal time and Capex[9]. The Red Helium project is 20 miles south of and connected by pipeline to the operational Lisbon Helium Plant.

The GPSA represents recognition of the significant potential of the Red Helium Project and forms a relationship with a proven helium refiner and seller with deep helium processing and marketing experience. The key terms include an 80/20 industry standard revenue split in favour of the producer (GGE) as well as standard tariffs for gathering, compression and processing.

The advanced Lisbon Valley Gas Plant is comprised of a 60 million cubic feet per day (mmcfd) treating plant with a 45 mmcfd cryogenic plant capable of liquefaction of 0.5 mmcfd of high purity 99.9995% (5 ½ Nines) helium, that attracts premium pricing for advanced applications such as semiconductor, medical, research, space and defense industries. The plant has capacity for another 0.6 mmcfd of purified ~99.989% gaseous helium currently sold to multiple suppliers and direct to downstream retail consumers via a logistics arm comprising precisely engineered specialist tube trailers.

The Lisbon Plant is also currently sequestering carbon dioxide and is well advanced in the permitting process to qualify for carbon capture tax credits under Section 45Q (Revenue) of the US tax code. The recent Inflation Reduction Act increased the value of carbon dioxide sequestered to $85 per metric tonne, making it a potential material revenue stream for the Red Helium Project.

Figure 2: "5.5 Nines" Lisbon Valley Gas Processing Plant.

Prospective Helium Resource

Table 1 - Valence Combined Leadville / McCracken Prospective Resources

Recoverable Helium	1U (P90) (BCF)	2U (P50) (BCF)	3U (P10) (BCF)
Gross to Valence - (28,046 gross acres)	8.1	12.7	17.6
Net to Valence - (18,959 net acres)	5.6	8.7	11.7
Net to GGE - (earning 85% of net Valence)	4.7	7.4	9.9
Red Project Total (Jesse McCracken)	9.3	25.7	71.1

Table 2 - Valence Mississippian Leadville Prospective Resources[10]

Recoverable Helium	1U (P90) (BCF)	2U (P50) (BCF)	3U (P10) (BCF)
Gross to Valence - (28,046 gross acres)	7.6	**10.9**	12.9
Net to Valence - (18,959 net acres)	5.2	**7.4**	8.5
Net to GGE - (earning 85% of net Valence)	4.4	**6.3**	7.2
Red Project Total	7.9	**20.8**	57.6

[9] ASX Announcement 16 March 2022 – Helium Offtake Agreement Secured

[10] *Sproule as announced on ASX on 8 December 2021*. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

PROJECTS REVIEW

Table 3 - Valence Devonian McCracken Prospective Resources

Recoverable Helium	1U (P90) (BCF)	2U (P50) (BCF)	Mean (BCF)	3U (P10) (BCF)
Gross to Valence - (19,508 gross acres)	0.5	**1.8**	**2.3**	4.7
Net to Valence - (13,336 net acres)	0.4	**1.3**	**1.6**	3.2
Net to GGE – (earning 85% of net Valence)	0.3	**1.1**	**1.3**	2.7
Red Project Total (Jesse McCracken)	1.4	**4.9**	**6.3**	13.5

The estimated quantities of helium that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal is required to determine the existence of a significant quantity of potentially moveable helium.

GGE now has a 77.5% interest in Valence with a right to secure a further 7.5% interest (total of 85%) on the following terms:

Earning 85% of Valence Resources	Max Commitment Spend	Cumulative Interest
Current Working Interest		77.5%
Drilling third well	US$1.5M	85%

Notes on Table 1

Note 1: The Prospective Resource evaluations of the Leadville (from Sproule) and the McCracken (from GGE) are both done under the SPE-PRMS Guidance and the GGE McCracken methodology has been reviewed by Sproule. The resource numbers that are disclosed are from two separate reports and have been combined to generate Table 1 in this press release.

Note 2: Table 1 is generated by arithmetic summing of Table 2 and Table 3

Notes on Table 3

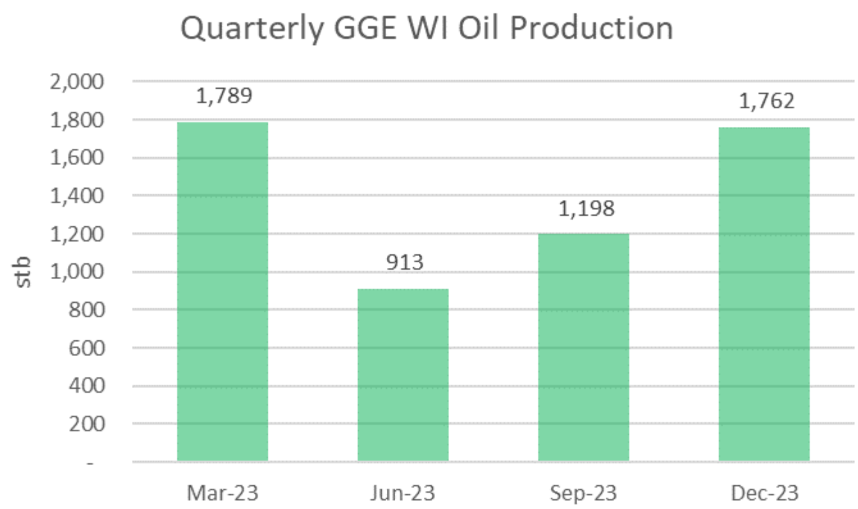
Note 1: The resource estimates have been prepared using the probabilistic method and are presented on an unrisked basis. In a probabilistic resource distribution, 1U (P90), 2U (P50), 3U (P10) estimates represent the 90% probability, 50% probability and 10% probability respectively that the quantity recovered will equal or exceed the estimate assuming a success case in the prospect. The mean is the average of the generated probability distribution.
Note 2: The resource estimates provided have an effective date of 10th June 2023.
Note 3: GGE has the right to earn 85% of the incorporated joint venture company Valence Resources LLC (Valence) by drilling a third well at the Red Helium Project
Note 4: The Red Project comprises private and Utah State leases as described in Schedule A.
Note 5: Resources have been calculated as those helium volumes that the entity is allowed to lift and sell on behalf of the royalty owner
Note 6: The totals shown are the for the Jesse McCracken closure as described in the Methodology section of Schedule A.
Note 7: Red Project Total incorporates the entire Red Helium Jesse closure for the McCracken

PRODUCTION SUMMARY

Total Grand Gulf Working Interest Quarterly Oil Production[11]

	Mar-23	Jun-23	Sep-23	Dec-23
Oil (bbls)	**1,789**	**913**	**1,198**	**1,762**

			Quarterly Bo		Daily Bo	
	Working Interest (WI)	Parish	Gross	GGE WI	Gross	GGE WI
Desiree Field	39.65%	Assumption	**4,393**	**1,762**	**48**	**19**



Desiree Field

Desiree, Assumption Parish, Louisiana, Non-Operator 39.65% Working Interest

The Hensarling #1 well (Desiree Field) produced a total for the period of 4,393 barrels of oil and 1,762 barrels of working interest oil to GGE with production returning to oil production levels pre-workover in the June 2023 quarter.

As at 30 June 2023, the 3P reserves attributed to the Cris RII and RIII sands ~111,000 bbls net to GGE[12].

2023 Reserves and Resources Summary

Reserves and Resources as of 30 June 2023
Net to Grand Gulf Energy Ltd

		PROVED(1P)			PROVED + PROBABLE (2P)			PROVED, PROBABLE, POSSIBLE (3P)		
FILED (LICENCE)	NET REV INTEREST	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										
Desiree	30.96%	37	-	37	96	-	96	111	-	111
Total Reserves		**37**	**-**	**37**	**96**	**-**	**96**	**111**	**-**	**111**
CONTINGENT RESOURCES			1C			2C			3C	
Reserves										
USA										
Desiree	30.96%	-	-	-	-	-	-	-	-	-
Total Contingent Resources		-	-	-	-	-	-	-	-	-
Total Reserves and Resources		**37**	**-**	**37**	**96**	**-**	**96**	**111**	**-**	**111**

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

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.

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[11] Grand Gulf is entitled to its Working Interest (WI) share after royalty payment to the oil and gas mineral rights owners. Historical production corrected for updated WI calculation.
[12] Reserves calculated on a Net Revenue Interest (NRI) Basis

BUSINESS DEVELOPMENT

The Company is actively reviewing and assessing potential strategic helium acquisitions with synergies to the Red Helium project.

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 oil & gas information in this report has been reviewed and signed off by Kevin Kenning (Registered Reservoir Engineer, Registered P.E. State of Texas #77656) with over 38 years relevant experience within oil and gas sector, 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 helium information in this report is based on information compiled or reviewed by Sproule Energy Consulting ("Sproule") and Mr Keith Martens. Sproule is an independent resources and reserves certification specialist and is considered the world's leading helium evaluator. Mr Martens is a qualified oil and gas geologist/geophysicist with over 45 years of Australian, North American, and other international executive oil and gas experience in both onshore and offshore environments. He has extensive experience of oil and gas exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.

Oil and Gas Glossary

Abbreviation	Abbreviation meaning	Abbreviation	Abbreviation meaning
1P	proved reserves	**A$ or AUD**	Australian dollars
2P	proved plus Probable reserves	**US$ or USD**	United states dollars
3P	proved plus Probable plus Possible reserves	**Q1**	first quarter ended September 30th
bbl or bbls	barrel of oil	**Q2**	second quarter ended December 31st
boe	barrel of oil equivalent (1 bbl = 6 Mcf)	**Q3**	third quarter ended March 31st
d	suffix – per day	**Q4**	fourth quarter ended June 30th
GJ	gigajoules	**YTD**	year-to-date
mbbl	thousands of barrels	**YE**	year-end
mboe	thousands of barrels of oil equivalent	**H1**	six months ended June 30th
Mcf	thousand cubic feet	**H2**	six months ended December 31st
MMcf	million cubic feet	**B**	Prefix – Billions
PDP	proved developed producing reserves	**MM**	Prefix - Millions
PUD	Proved Undeveloped Producing	**M**	Prefix - Thousands
C	Contingent Resources – 1C/2C/3C – low/most likely/high	**/d**	Suffix – per day
Net	Working Interest after Deduction of Royalty Interests	**bbl**	Barrel of Oil
NPV (10)	Net Present Value (discount rate), before income tax	**boe**	Barrel of Oil Equivalent (1bbl = 6 mscf)
EUR	Estimated Ultimate Recovery per well	**scf**	Standard Cubic Foot of Gas
WTI	West Texas Intermediate Oil Benchmark Price	**Bcf**	Billion Standard Cubic Foot of Gas
LLS	Louisiana Light Oil Benchmark Price	**CY**	Calendar Year
1P or TP	Total Proved	**OCF**	Operating Cash Flow, ex Capex
2P or TPP	Total Proved plus Probable Reserves	**E**	Estimate
3P	Total Proved plus Probable plus Possible Reserves	**Net Acres**	Working Interest
EBITDA	Earnings before interest, tax, depreciation, depletion and amortisation		

CORPORATE

There were no changes to Board and Management during the period.

During the period the Company completed a A$3.2m Placement to professional and sophisticated investors via 2 tranches. A total of 400,000,000 new shares were placed at an issue price of $0.008 per Share along with attaching Options to Placement investors on a 1 for every 4 basis. Tranche 2 was subject to Shareholder approval which was obtained at an extraordinary general meeting on the 9th of October 2023.

Capital Structure and Financial Snapshot

Ordinary Shares	2,095 million	Performance Shares	100 million
Performance Rights	70 million	Unlisted Options	155 million
Share Price at 31/12/23	1.05 cents	Listed Options	328 million
Cash Reserves @ 31/12/23	$1.5 million	Market Capitalisation	$17 million

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than the matters highlighted in the Review of Operations, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITOR'S DECLARATION

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 12 of the financial statements for the half year ended 31 December 2023.

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

Dated 1 March 2024

Director

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DECLARATION OF INDEPENDENCE BY DEAN JUST 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 2023, 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.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

1 March 2024

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 2023

	Note	31 December 2023 $	31 December 2022 $
Revenue from continuing operations	3	263,362	508,060
Cost of sales		(289,362)	(276,753)
Amortisation of oil and gas properties		(20,233)	(8,346)
Oil and gas property impairment	6	(426,457)	-
Gross profit		(472,690)	222,961
Employee benefits expense		(159,527)	(175,289)
Share-based payments	9	(160,000)	(46,471)
Professional and statutory fees		(458,833)	(298,214)
Corporate office expenses		(74,907)	(140,189)
Impairment of investment in associate		-	(587,260)
Loss before income tax		(1,325,957)	(1,024,462)
Income tax expense		(20,070)	-
Loss for the half year		(1,346,027)	(1,024,462)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign entities		(313,465)	69,979
Total comprehensive loss for the half year		(1,659,492)	(954,483)
Loss for the half-year attributable to:			
Owners of the parent		(1,317,819)	(1,010,664)
Non-controlling interest		(28,208)	(13,798)
		(1,346,027)	(1,024,462)
Total comprehensive loss for the half year:			
Owners of the parent		(1,631,284)	(940,685)
Non-controlling interest		(28,208)	(13,798)
		(1,659,492)	(954,483)
		Cents	**Cents**
Loss per share attributable to the owners of Grand Gulf Energy Limited			
Basic loss per share		(0.07)	(0.07)
Diluted loss per share		(0.07)	(0.07)

The Consolidated Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the Consolidated Statements

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023 $	30June 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents		1,527,422	1,223,552
Trade and other receivables		421,551	443,678
Other assets	4	117,990	405,337
Total Current Assets		2,066,963	2,072,567
Non-Current Assets			
Exploration, evaluation and development assets	5	22,119,326	20,949,139
Oil and gas properties	6	-	394,679
Total Non-Current Assets		22,119,326	21,343,818
Total Assets		24,186,289	23,416,385
LIABILITIES			
Current Liabilities			
Trade and other payables		615,240	1,313,126
Total Current Liabilities		615,240	1,313,126
Non-Current Liabilities			
Restoration provisions		296,961	306,367
Total Non-Current Liabilities		296,961	306,367
Total Liabilities		912,201	1,619,493
Net Assets		23,274,088	21,796,892
Equity			
Contributed equity	7	75,583,921	72,737,233
Reserves	8	9,365,116	9,388,581
Accumulated losses		(65,133,331)	(63,815,512)
Total equity attributable to members of the Company		19,815,706	18,310,302
Non-controlling interests		3,458,382	3,486,590
Total Equity		23,274,088	21,796,892

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Contributed Equity $	Options Reserve $	Foreign Currency Translation Reserve $	Other Equity $	Accumulated Losses $	Owners of the Parent $	Non-controlling Interest $	Total $
Balance at 01.07.2023	72,737,233	5,553,127	3,511,475	323,979	(63,815,512)	18,310,302	3,486,590	21,796,892
Loss for the half year	-	-	-	-	(1,317,819)	(1,317,819)	(28,208)	(1,346,027)
Other comprehensive income	-	-	(313,465)	-	-	(313,465)	-	(313,465)
Total comprehensive loss for the half year	**-**	**-**	**(313,465)**	**-**	**(1,317,819)**	**(1,631,284)**	**(28,208)**	**(1,659,492)**
Transactions with owners in their capacity as owners:								
Share placement	3,200,000	-	-	-	-	3,200,000	-	3,200,000
Capital raising costs	(503,312)	280,000	-	-	-	(223,312)	-	(223,312)
Share based payments	150,000	10,000	-	-	-	160,000	-	160,000
Balance at 31.12.2023	**75,583,921**	**5,843,127**	**3,198,010**	**323,979**	**(65,133,331)**	**19,815,706**	**3,458,382**	**23,274,088**
Balance at 01.07.2022	70,707,321	5,196,429	3,086,427	-	(61,575,633)	17,414,544	-	17,414,544
Loss for the half year	-	-	-	-	(1,010,664)	(1,010,664)	(13,798)	(1,024,462)
Other comprehensive income	-	-	69,979	-	-	69,979	-	69,979
Total comprehensive loss for the half year	**-**	**-**	**69,979**	**-**	**(1,010,664)**	**(940,685)**	**(13,798)**	**(954,483)**
Transactions with owners in their capacity as owners:								
Additional interest in valence (Note13)	-	-	-	-	-	-	3,852,993	3,852,993
Share-based payments	-	46,471	-	-	-	46,471	-	46,471
Balance at 31.12.2022	**70,707,321**	**5,242,900**	**3,156,406**	**-**	**(62,586,297)**	**16,520,330**	**3,839,195**	**20,359,525**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 $	31 December 2022 $
Cash flows from operating activities			
Proceeds from sales		263,362	506,831
Payments to suppliers and employees		(554,852)	(693,464)
Production costs		(215,410)	(276,753)
Tax expenses		(20,070)	-
Net cash outflow from operating activities		(526,970)	(463,386)
Cash flows from investing activities			
Cash acquired on acquisition of Valence Resources LLC		-	1,137,438
Payments for exploration activities		(2,143,000)	(2,530,441)
Net cash outflow from investing activities		(2,143,000)	(1,393,003)
Cash Flows from financing activities			
Share placement (net of capital raising costs)		2,976,688	-
Net cash inflow from financing activities		2,976,688	-
Net increase/(decrease) in cash held		306,718	(1,856,389)
Cash and cash equivalents held at beginning of the half-year		1,223,552	6,793,323
Effect of exchange rate changes on cash and cash equivalents		(2,848)	56,321
Cash and cash equivalents at end of the half year		1,527,422	4,993,255

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the Consolidated Financial Statements

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 2023 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 2023 are available upon request 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 2023.

These consolidated interim financial statements were approved by the Board of Directors on 1 March 2024.

(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 2023 annual financial report for the financial year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Going Concern

For the six-month period ended 31 December 2023, the Group made a net loss of $1,346,027 (six-month period ended 2022: $1,024,462) and had cash outflows from operating activities of $526,970 (2022: cash outflows of $463,386). As at 31 December 2023 the Group has cash and cash equivalents of $1,527,422 (30 June 2023: $1,223,552) and positive working capital of $1,451,723 (30 June 2023: $759,441), these funds will be used for ongoing exploration and operational activity over the next 12 months.

The Group's ability to continue as a going concern is principally dependent upon its ability to source working capital funding for ongoing operations. The Group has a recent proven history of successfully raising capital. The Directors believe that there is sufficient cash available for the Group to continue operating until it can raise sufficient further capital to fund its ongoing activities. The Directors are aware that additional funds may need to be sourced from one or more of the following alternatives for the Group to carry on its business moving forward, to meet its working capital requirements and its planned exploration activities:

Capital raising via:
- Private placement;
- Rights issue; and/or
- Share purchase plan.

Should the activities identified above be unsuccessful in increasing cash flows to the entity, there is a material uncertainty that exists that may cast significant doubt as to whether the Group will be able to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT (continued)

(d) Going Concern (continued)

Notwithstanding the above, the Directors are of the opinion that the Group can carry on operations for the foreseeable future, and that it will be able to realise its assets and discharge its liabilities in the normal course of business. If necessary, the Group has the capacity to delay or cancel expenditures that are considered discretionary in naturing, including administrative costs and exploration expenditure that is not contractually binding. The timing of raising additional capital will depend on the investment markets, as well as current and future planned exploration activities.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(e) Adoption of new and revised Accounting Standards

For the half-year ended 31 December 2023, the Group has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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. REVENUE FROM SALES

	31 December 2023 $	31 December 2022 $
Oil & gas sales	263,362	508,060
Total revenue from sales	263,362	508,060

4. OTHER ASSETS

	31 December 2023 $	30 June 2023 $
Prepayment of vendors	115,633	367,896
Prepaid insurance	-	35,010
Insurance claim receivable	2,357	2,431
Total other assets	117,990	405,337

5. EXPLORATION, EVALUATION AND DEVELOPMENT ASSETS

	31 December 2023 $	30 June 2023 $
Red Helium project costs	22,119,326	20,949,139
Provision for impairment	-	-
	22,119,326	20,949,139
Carrying amount at beginning of period	20,949,139	-
Acquisition of Valence (i)	-	11,801,296
Expenditure during the period	1,813,362	8,686,827
Foreign exchange difference	(643,175)	461,016
Carrying amount at end of period	22,119,326	20,949,139

(i) Full details of the acquisition of Valence are disclosed in the Annual Report of the Group as at and for the year ended 30 June 2023.

Impairment

The Red Helium project is at an early stage of development. The helium market is small with few industry participants and helium prices are volatile. As a consequence, an early-stage exploration project such as the Red Helium Project is inherently difficult to value. There is no indication of impairment in the half year ended 31 December 2023.

6. OIL AND GAS PROPERTIES

	31 December 2023 $	30 June 2023 $
Producing oil & gas assets	8,117,727	8,065,716
Provision for impairment and amortisation	(8,117,727)	(7,671,037)
	-	394,679
Carrying amount at beginning of period	394,679	1,149,186
Expenditure during the period	-	-
Foreign exchange difference	52,011	19,345
Impairment	(426,457)	(646,504)
Amortisation	(20,233)	(127,348)
Carrying amount at end of period	-	394,679

The estimate of the recoverable amount for oil and gas properties is based on an asset's fair value in use using a discounted cash flow (value in use) method. Where the economic or fair value of a well forming part of oil and gas properties is less than the carrying value, the well is impaired to its economic/fair value. Accordingly, the Group has fully impaired its Desiree (Hensarling #1) well for the half year ended 31 December 2023 (30 June 2023: $646,504).

The recoverable amount of Oil and Gas Properties is estimated on the basis of the discounted value of future cash flows (i.e. value in use model). The estimates of future cash flows are based on significant assumptions including:

- Estimates of the quantities of oil and gas reserves for which there is a high degree of confidence of economic extraction and the timing of access to these reserves;
- Future oil and gas prices based on consensus forecasts by economic forecasters; and
- The asset specific discount rate applicable to the cash generating unit.

7. CONTRIBUTED EQUITY

	31 December 2023 No.	30 June 2023 No.	31 December 2023 $	30 June 2023 $
Balance brought forward at the beginning of the period	1,675,247,028	1,546,610,665	72,737,233	70,707,321
Placement 31 March 2023 (i)	-	113,636,363	-	2,500,000
Conversion of Performance Rights (ii)	-	15,000,000	-	-
Placement August 23 (iii)	400,000,000	-	3,200,000	-
Shares issued to a vendor (iv)	20,000,000	-	150,000	-
Share issue costs	-	-	(503,312)	(470,088)
Balance carried forward at the end of the period	2,095,247,028	1,675,247,028	75,583,921	72,737,233

(i) On 31 March 2023, the Company completed the issue of 113,636,363 shares to sophisticated and professional investors at $0.022 cents per share along with a free attaching option for every 2 shares with an exercise price of $0.05 and a three-year term from date of issue.
(ii) Conversion of Class A Performance Rights to 15,000,000 fully paid ordinary shares on 20 June 2023.
(iii) In August 2023, the Company conducted a placement to professional and sophisticated investors via 2 tranches. A total of 400,000,000 new shares were placed at an issue price of $0.008 per share along with free-attaching options on a 1 for every 4 basis.
(iv) In October 2023, 20,000,000 shares at an issue price of $0.008 and 5,000,000 options were issued to a vendor, S3 Consortium Pty Ltd pursuant to a digital marketing mandate signed on 5 September 2023. Refer Note 9 for further details.

8. RESERVES

	31 December 2023 $	30 June 2023 $
Share-based payment reserve		
Balance at the beginning of the period	4,876,327	4,519,629
Share-based payments - share issue costs (i)	280,000	310,227
Share-based payments to a vendor (i)	10,000	-
Employee incentives to Directors	-	46,471
Balance at the end of the period	5,166,327	4,876,327
Option premium reserve		
Balance at the beginning and end of the period	676,800	676,800
Foreign currency translation reserve		
Balance at the beginning of the period	3,511,475	3,086,427
Gain on translation of foreign controlled entities	(313,465)	425,048
Balance at the end of the period	3,198,010	3,511,475
Other equity		
Balance at the beginning and end of the period	323,979	323,979
Total reserves	9,365,116	9,388,581

(i) Refer Note 9 for further details of share-based payments during the half year ended 31 December 2023.

9. SHARE-BASED PAYMENTS

On 20 October 2023, 20,000,000 shares at an issue price of $0.008 and 5,000,000 options were issued to a vendor, S3 Consortium Pty Ltd pursuant to a digital marketing mandate signed on 5 September 2023.

The fair value of the S3 Consortium Options granted is estimated as at the date of grant using a Black-Scholes option valuation model taking into account the terms and conditions upon which the unlisted options were granted.

Options	S3 Consortium Options
Number issued	5,000,000
Issue date	20 October 2023
Expiry date	13 October 2026
Expected life	3 years
Exercise price	$0.025
Share price at grant date	$0.007
Risk free rate	4.21%
Volatility	100%
Dividend yield	0%
Fair value at grant date per option	$0.002
Fair value issued	$10,000

The options vested immediately on grant date. The 20,000,000 shares and 5,000,000 options were valued at $160,000 based on the invoice received for digital marketing services with the share-based payment expense included in the Consolidated Statement of Profit or Loss.

In October 2023, the Company completed a Share Placement to issue 400,000,000 shares to sophisticated and professional investors at $0.008 cents per share. The Company also issued 120,000,000 to the lead manager of the Placement, CPS Capital Group Pty Ltd (Lead Manager Options).

The fair value of the Lead Manager Options issued is estimated as at the date of grant using a Black-Scholes option valuation model taking into account the terms and conditions upon which the unlisted options were granted.

The table below lists the inputs to the valuation model used for the options granted in the current period:

Options	Lead Manager Options
Number issued	120,000,000
Grant date	20 October 2023
Expiry date	13 October 2026
Expected life	3 years
Exercise price	$0.025
Share price at grant date	$0.007
Risk free rate	4.21%
Volatility	100%
Dividend yield	0%
Fair value at grant date per option	$0.0024
Fair value issued	$280,000

The Lead Manager options vested immediately on grant date. The options were valued at $280,000 with the share-based payment expense included in share issue costs.

10. CONTINGENCIES

There have been no changes to contingent assets or liabilities since 30 June 2023.

11. RELATED PARTIES

There were no other changes to transactions with key management personnel during the period.

12. COMMITMENTS

There have been no changes to the commitments, from those disclosed in the 30 June 2023 financial statements.

13. DIVIDENDS

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

14. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the disclosure in the Review of Operations, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

The Directors of the Group declare that:

1. The financial statements and notes, as set out on pages 13 to 23 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 2023 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. Subject to the matters in Note 1(d), 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

Director

Perth, 1 March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Grand Gulf Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Grand Gulf Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, 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, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1(d) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2023 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.

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.

BDO Audit (WA) Pty Ltd

BDO

Dean Just
Director

Perth, 1 March 2024