



Grand Gulf Energy Limited

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ASX GGE

ASX/Media Release

31 July 2008

Quarterly Activity Report for the Quarter Ended 30 June 2008

Grand Gulf Energy Limited (ASX: GGE) (Grand Gulf) is pleased to provide its Quarterly Activities Report for the quarter ended 30 June 2008.

Highlights for the quarter and subsequently:

Operations Highlights:

- Net production was 35.1 mmcf for the June Quarter.
- Drilled Ashby #14-29 and Ashby #16-29 with the anticipation of drilling Ashby #12-29 in August in Custer County, Oklahoma.
- The Patman A-1 & B-1 wells in Jackson County, Texas, were completed and will be turned into production in first week of August after waiting on Hurricane Dolly.
- The Foothills Joint Venture, began permitting 6 wells in the June quarter in the Arkoma Basin, LeFlore County, Oklahoma, and began drilling the Caldwell #1-12 in July. The JV will drill five further wells by December.
- At the Napoleonville Salt Dome the JV has identified as many as 90 leads ranging in depth from 5,500 ft to 15,000 ft. Estimated gross reserves per lead range from 1 BCF to 50 BCF. The permitting process is ongoing to drill 3 wells by the end of the December 2008.

Corporate Highlights:

- The sale of the Fee Minerals Interest in the Arkoma Basin, Oklahoma was completed for a net amount of US\$2.3 million.
- During the month of April, Grand Gulf Energy agreed to buy out one of the smaller interest holders in Napoleonville, increasing its interest to 26.3%.
- Signed a \$50 million credit Facility Term Sheet with Macquarie Bank in April.

OPERATIONS

Oklahoma

Foothills

The Joint Venture with Foothills Minerals in which Grand Gulf Energy has various interests in 15 producing wells, has begun drilling the Donald Caldwell #1-12 (1.83%) within its 3D seismic area in LeFlore County, Oklahoma. The rig will move from this location to the Jeanne Reed #1-15 (15%). Please refer to Monthly Operations Reports and Drilling Updates lodged for more information. Grand Gulf's plans are to participate



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in the drilling of up to six wells in this area in 2008 with at least one being a horizontal well in the Red Oak Sand.

Custer County

Grand Gulf has a 3.825% working interest in 11 wells that are producing from the Skinner Formation operated by Noble Energy. Two new wells were drilled in the June quarter of 2008, one additional well is permitted. The initial producing rate for each well exceeded 1 mmcf/d and over 50 BOPD

Louisiana

Napoleonville Salt Dome

Grand Gulf has a 26.3% interest in the Napoleonville Salt Dome project. The processing on the 50.4 square mile 3D shoot, which encompasses some 28,000 gross lease optioned acres and 6,000 gross permitted acres, was completed in November 2007. To date the JV has identified over 90 specific "leads" with rough scoping maps and preliminary volume estimates. Grand Gulf is very encouraged by what it is seeing in the data at this early stage. The company plans to participate in the drilling of 3 wells in this area in 2008, the first of which is being permitted now to drill to the Big Hum and Operc Sands at 8,500 ft with estimated 23 BCF of gross reserves. Grand Gulf Energy bought out one of the smaller interest owners in May increasing its working interest to 26.3%.

Texas

Grand Gulf has drilled the second well at Francitas Field and completed the production infrastructure and water injection well prior to bringing the wells on line. These wells are expected to be turned into sales the first week of August with an expected gross rate of 100 BOPD with a modest amount of associated gas. A third well, nearby, the Wadsworth #1 is presently being completed as a gas well.

I am visiting Australia on a regular basis and would be pleased if you contact me to discuss the Company's activities. In the meantime, I encourage you to join our email update list at www.grandgulfenergy.com to ensure that you are kept abreast of our progress.

James M. Trimble
Managing Director & Chief Executive Officer

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For more information visit www.grandgulfenergy.com and sign up for email news.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

GRAND GULF ENERGY LIMITED

ABN

22 073 653 175

Quarter ended ("current quarter")

30 June 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	387	761
1.2 Payments for (a) exploration and evaluation	(1,062)	(3,779)
(b) development	-	-
(c) production	-	-
(d) administration	(333)	(1,913)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	71
1.5 Interest and other costs of finance paid	(17)	(51)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,019)	(4,911)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	(2,238)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	2,577	2,692
(b)equity investments	-	-
(c)other fixed assets	-	1
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	2,577	455
1.13 Total operating and investing cash flows (carried forward)	1,558	(4,456)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	1,558	(4,456)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	1,044
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	670
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	(71)
	Net financing cash flows	-	1,643
	Net increase (decrease) in cash held	1,558	(2,813)
1.20	Cash at beginning of quarter/year to date	1,119	5,707
1.21	Exchange rate adjustments to item 1.20	(265)	(482)
1.22	Cash at end of quarter	2,412	2,412

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	118
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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

N/A

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

N/A

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	670	670
3.2 Credit standby arrangements		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,135
4.2 Development	324
Total	1,459

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	2,412	1,119
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,412	1,119

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	Arkoma Basin Oklahoma	Fee Minerals 4,000 Net Acres	100%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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>	N/A	N/A		
7.2 Changes during quarter	N/A	N/A		
7.3 +Ordinary securities	302,856,627	287,989,873		
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>	N/A	N/A		
7.6 Changes during quarter	N/A	N/A		
7.7 Options Unlisted options	6,500,000 1,875,000 500,000 1,000,000 1,706,250 1,771,875 1,771,875 750,000 750,000 1,000,000 1,000,000 500,000 1,625,000 4,875,000 1,200,000 900,000 900,000 74,464,156	- - - - - - - - - - - - - - - - - - -	<i>Exercise price</i> \$0.08 \$0.20 \$0.32 \$0.40 \$0.20 \$0.24 \$0.28 \$0.25 \$0.30 \$0.08 \$0.10 \$0.08 \$0.075 \$0.075 \$0.08 \$0.10 \$0.12 \$0.06	<i>Expiry date</i> 31 Dec 2008 31 Dec 2008 31 Dec 2008 31 Dec 2008 31 Oct 2008 30 Nov 2008 31 Dec 2008 31 Dec 2008 31 Dec 2008 31 Dec 2010 31 Dec 2010 27 Dec 2009 03 Jan 2010 26 Jun 2010 31 Dec 2010 31 Dec 2010 31 Dec 2010 28 Feb 2009
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>	N/A	N/A		

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)	N/A	N/A
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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.



31.07.08

Sign here: Date:
(Director/Company secretary)

Print name:MARK PITTS.....

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.
- 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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