



Grand Gulf Energy Limited

Suite 8, 7 The Esplanade
Mt Pleasant 6153
Western Australia

T +61 (0) 8 9316 9100

F +61 (0) 8 9315 5475

E info@grandgulf.net

www.grandgulfenergy.com

ABN 22 073 653 175

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ASX/Media Release

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Oklahoma asset sale, Monthly Operations Report & Finances Update

Grand Gulf Energy Limited ("Grand Gulf") announces that it has received, and has accepted, an offer for its LeFlore County, Oklahoma interests effective 1 May 2009. As previously announced Grand Gulf has been seeking buyers for its Oklahoma interests for some time but due to the low US gas prices and the economic climate this has been a drawn out process.

The sale is expected to close on 7 July 2009 subject to various releases of security needed pursuant to Grand Gulf's Facility Agreement with Macquarie Bank.

Pursuant to a waiver of certain Events of Default from Macquarie Bank, Grand Gulf has continued to seek offers for its assets. Macquarie Bank has advised Grand Gulf to accept the offer for the LeFlore County, Oklahoma interests. The proceeds of the sale will go towards reducing Grand Gulf's funding Facility with Macquarie Bank. This currently stands at US\$2.65 million.

The sale of the LeFlore County interests reduces Grand Gulf's May production by approximately 6,000 Mcf (or 200 Mcf/d). Grand Gulf's May production (excluding LeFlore County) was 8,762 Mcf (or 290 Mcf/day). Most of Grand Gulf's remaining production (about 180 Mcf/day) is from the Ashby wells in Custer County, Oklahoma.

Grand Gulf's Proved Reserves will reduce by approximately 5 Bcf as a result of the LeFlore County asset sale.

Grand Gulf still retains production in the Ashby wells in Oklahoma, the Patman wells in Texas and the ConocoPhillips #4 well in Louisiana.

Grand Gulf is continuing to market its other properties for sale and in particular has been presenting its new interpretation of the Napoleonville Salt Dome project to a number of parties.

Napoleonville Salt Dome Project, Assumption Parish, Louisiana

As previously advised Grand Gulf has carried out its own complete review of the **Napoleonville Salt Dome 3D Project** (26.4%) including a regional review, historic well inventory, play types and prospects and incorporated these into a plan for the project.

Despite the time delays in the project and the failure of Dugas & LeBlanc #1 the review has only increased Grand Gulf's belief in the potential of the project. Grand Gulf's geological and geophysical team has identified unrisks potential of over 500 Bcf gross reserves. It has identified a priority list of five prospects with an average potential of over 50Bcf each. Each of



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these prospects combines shallower smaller low risk potential with deeper bigger higher risk potential.

Grand Gulf is currently presenting the Napoleonville opportunity to a number of companies with objective of either selling an interest or attracting a merger party in order to ensure the continued viability of the company.

Finances

As previously advised Macquarie Bank will provide a further US\$300,000 (of which Grand Gulf has drawn down US\$150,000 so far) on the basis that Grand Gulf delivers a report on the Napoleonville Salt Dome Project to Macquarie Bank's satisfaction by 30 June 2009 and Grand Gulf has received a binding offer or offers for its interests in Oklahoma and/or Napoleonville by 31 July 2009 for such amounts as would repay Macquarie Bank its funds advanced (i.e. US\$2,500,000 plus such other amounts owing up to the extra US\$300,000) or at Macquarie Bank's discretion such amounts as it would be prepared to remain outstanding on the basis that Grand Gulf was able to remedy any outstanding Events of Default.

At this point Grand Gulf currently has enough cash to continue into July but will need further financing within that time, by a combination of any or all of a sale of its Oklahoma assets, a partial sale of its Napoleonville interests, a sale or merger of the Company or finance from Macquarie Bank and/or another, to continue as a going concern.

Grand Gulf is continuing to pursue all avenues to progress the company and its assets including mergers, farmouts, sale of part of Napoleonville and capital raisings and will report as and when any opportunities mature.

For further information contact:

Mr James Trimble

Tel. +1 (713) 829-7930

Email: jtrimble@grandgulf.net or

Mr Charles Morgan

Tel: +61 412 152534

Email: cmorgan@seaspin.com.au

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