



Grand Gulf Energy Limited

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ASX GGE

ASX/Media Release

21 January 2010

Quarterly Activity Report for the Quarter Ended 31 December 2009

Grand Gulf Energy Limited (ASX: GGE) (Grand Gulf) is pleased to provide its Quarterly Activity Report for the Quarter ending 31 December 2009. Highlights for the quarter and subsequently:

Operations:

- In January Grand Gulf announced that it had negotiated with Waterloo to earn half of its interest in the Napoleonville project via a carry of well costs and will become the operator subject to financing being completed as per Corporate below.
- In January Grand Gulf sold its interest in the 12 wells in Custer Co, Oklahoma effective November 1, 2009 to further reduce its debt.

Corporate:

- At the Annual Meeting shareholders resolved that Directors would take shares in lieu of cash for their fees and salaries for the 12 months of 2009 at a share price of \$0.01 per share
- The company has negotiated an additional debt facility of \$1.5 million with Macquarie for 2010 Napoleonville drilling.
- The company has announced an intention to raise equity by way of a one for one non-renounceable entitlements issue and placements totalling 245 million shares all at the price of \$0.005 to raise approximately \$2.9 million in the first quarter of 2010.

FINANCES

The Company has completed a number of asset disposals to reduce debt and has announced a number of transactions which will, if complete, provide a positive outcome for the Company and its shareholders including:

1. Disposal of its Arkoma Oklahoma assets – July of 2009
2. Sale of the remaining interest in Oklahoma (Custer Co) effective November 2009.
3. Arranged an additional debt facility of US\$1.5 million with Macquarie to fund the drilling of three wells at Napoleonville subject to 4 below.
4. Announced a number of equity raisings as in Corporate above.
5. Agreed Farmin terms to earn additional interest in Napoleonville Salt Dome and also become operator.



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OPERATIONS

Louisiana

Napoleonville Salt Dome

As previously advised Grand Gulf has carried out its own complete review of the **Napoleonville Salt Dome 3D Project** including a regional review, an analysis of historic well information and the delineation of prospective play types and prospects using geological, production and 3D data. The review has only increased Grand Gulf's belief in the potential of the project and the resulting inventory of well locations provides the basis for future drilling activities.

Due to the encouraging results of the Grand Gulf's technical review and in order to accelerate activities at Napoleonville Dome, Grand Gulf has reached an agreement with several of its partners to acquire additional interest which will bring its working interest to approximately 50%. Importantly, Grand Gulf will become the operator of the project in February of 2010 and as part of the farm in terms has ensured that Grand Gulf's well proposals will be approved due to Grand Gulf having voting majority. This way Grand Gulf can ensure wells of its choice can proceed to drilling unimpeded. The company has proposed two wells to the group for drilling in late March or early April of 2010. Both wells are shallow, low risk, high reserve potential with ready access to the market.

The ConocoPhillips Well #4, Terrebonne Parish, Louisiana (WI 7.5%) which ceased producing in October due to high water production, will be plugged and abandoned in early 2010.

Texas

Grand Gulf has 2 wells producing in the Francitas Field in Jackson County. The wells came on line in August of last year and are producing at a gross combined rate of 60 BOPD and 100 MMCFPD of associated gas.

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")

31 December 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	44	119
1.2 Payments for (a) exploration and evaluation	(292)	(683)
(b) development	-	-
(c) production	-	-
(d) administration	(88)	(192)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(20)	(43)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(356)	(799)
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	-	925
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	925
1.13 Total operating and investing cash flows (carried forward)	(356)	126

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(356)	126
	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	57	237
1.17	Repayment of borrowings	-	(925)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Net financing cash flows	57	(688)
	Net increase (decrease) in cash held	(299)	(562)
1.20	Cash at beginning of quarter/year to date	137	258
1.21	Exchange rate adjustments to item 1.20	209	351
1.22	Cash at end of quarter	47	47

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	-
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

44,187,971 shares issued to Directors in Lieu of 12 months Director's Fees
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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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available	Amount used
3.1 Loan facilities	USD 2,033,258	USD 2,033,258
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	615
Development	200
Total	815

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	47	137
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	47	137

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	Ashby Wells	All interests disposed	Various	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	347,044,598	347,044,598		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	44,187,971	44,187,971		
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	1,000,000 1,000,000 1,625,000 4,875,000 1,200,000 900,000 900,000 45,000,000 13,775,000 6,000,000 1,000,000	- - - - - - - - - - -	<i>Exercise price</i> \$0.08 \$0.10 \$0.075 \$0.075 \$0.08 \$0.10 \$0.12 \$0.04 \$0.04 \$0.005 \$0.005	<i>Expiry date</i> 31 Dec 2010 31 Dec 2010 03 Jan 2010 26 Jun 2010 31 Dec 2010 31 Dec 2010 31 Dec 2010 18 Sep 2012 2 Dec 2012 5 June 2013 24 Nov 2013
7.8 Listed Options Issued during quarter	1,000,000	-	\$0.005	24 Nov 2013
7.9 Exercised during quarter				
7.10 Expired during quarter	500,000	-	\$0.08	27 Dec 2009
7.11 Debentures <i>(totals only)</i>	N/A	N/A		
7.12 Unsecured notes <i>(totals only)</i>	N/A	N/A		

+ See chapter 19 for defined terms.

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: 21.01.2010
(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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