

**GRAND GULF ENERGY LIMITED
ACN 082 901 362**

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT NOTICE

This Supplementary Prospectus is dated 5 March 2010 and is supplementary to the Prospectus dated 16 February 2010 issued by Grand Gulf Energy Limited (ACN 073 653 175) (**Company**) (**Prospectus**). This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 5 March 2010. The ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms defined in the Prospectus have the same meaning in this Supplementary Prospectus. This Supplementary Prospectus will be issued with the Prospectus.

2. NAPOLEONVILLE UPDATE

As announced to ASX on 5 March 2010, the Company has executed a letter of intent with Golden Gate Petroleum Ltd (**Golden Gate**) pursuant to which the Company has agreed to enter into an agreement with Golden Gate to farm out a 15% working interest in Napoleonville.

A summary of the material terms of the letter of intent is outlined in Section 3 below.

3. AMENDMENTS TO THE PROSPECTUS

The Prospectus is amended by this Supplementary Prospectus by amending the following sections of the Prospectus:

Important Notes

Deleting all information from the fourth paragraph on page 2 onwards and replacing it with the following:

"Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The Offers to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Securities is not New Zealand dollars. The value of the Securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3.11, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares and/or Options through that market, you will have to make arrangements for a participant in that market to sell the Securities on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.”

7.1 Continuous Disclosure Obligations

Inserting the following into the table in Section 7.1 of the Prospectus on page 25:

Date	Description of Announcement
05/03/2010	Golden Gate Petroleum Farms in to Napoleonville Project
05/03/2010	GGP: Acquisition of 15% Interest in Napoleonville Salt Dome
26/02/2010	Prospectus and Entitlement Forms despatched to Shareholders
18/02/2010	Entitlement Issue Notice Letters to Share and Option Holders
18/02/2010	Results of General Meeting
16/02/2010	Non Renounceable Entitlement Issue and Placement Prospectus

7.2 Material Contracts

Inserting a new Section 7.2.6 as follows:

7.2.6 Golden Gate Letter of Intent

As announced to ASX on 5 March 2010, the Company has entered into a Letter of Intent with Golden Gate to farm out a 15% working interest in Napoleonville to Golden Gate (**Interest**). In return for this Interest, Golden Gate will pay the Company the sum of US\$3,000,000 (**Purchase Price**).

Both parties intend to enter into a binding formal sale and purchase agreement by 31 March 2010, on the basis of the non-binding terms and conditions currently agreed (**Agreement**).

The Letter of Intent contains the following non-binding terms:

In order to meet the Purchase Price, Golden Gate must pay to the Company the following:

- (a) US\$300,000 by way of an entry fee for Golden Gate's participation in the first three prospects and the obligation to participate in the drilling of the first three wells at Napoleonville (**Prospect Fee**);
- (b) US\$300,000 for each future three prospect grouping that is proposed and in which Golden Gate intends to participate (**Additional Prospect Fee**);
- (c) 15% of the cost associated with the drilling, seismic, exploration and lease costs associated with each prospect in which Golden Gate elects to participate (**Working Interest Cost**);

- (d) 8% of the drilling, seismic, exploration and lease costs associated with each prospect in which Golden Gate elects to participate (**Promote Fee**),

up to a total of US\$3,000,000, being the Purchase Price.

If Golden Gate does not meet the necessary Purchase Price by 31 December 2011, Golden Gate will be required to pay to the Company the shortfall amount within 15 days in order to retain its interest in Napoleonville Salt Dome prospects unearned at that time.

Golden Gate will earn the Interest in leases included in a prospect area with respect to each prospect in which it has elected to participate, and will be entitled, upon request, from time to time, to receive from the Company an assignment of such interest earned by it in any such prospects.

Following the acquisition of the Interest, Golden Gate must continue to pay the working interest cost for its interest in any well proposed in which it elects to participate.

The letter of intent is not intended to create binding obligations on the parties, however the parties have agreed to be bound to use good faith to negotiate, execute and deliver a formal binding sale agreement within the time outlined in the letter of intent for the sale of the 15% working interest to Golden Gate."

4. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Stephen Keenihan
Director
For and on behalf of
Grand Gulf Energy Limited

Note: All other details in relation to the Prospectus remain unchanged. The directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor.