

QUARTERLY REPORT

For Quarter ending 30 June 2010



COMPANY HIGHLIGHTS

- 120ft+ discovery on Dugas & Leblanc # 1 well
- Testing of the Dugas & leblanc #1 to commence
- 2nd well expected to commence drilling late August 2010
- 3rd well expected to commence drilling September 2010
- Significant prospect inventory upgrade completed

COMPANY OVERVIEW

ASX Code:	GGE
Share Price:	1.9c
Shares	941m
Options	100m (Av 3.4c)
Mkt cap	\$18m

Mr Charles Morgan	Chairman
Mr Jim Trimble	Managing Director
Mr Stephen Keenihan	Director
Mr Allan Boss	Director
Mr Mark Freeman	Co Sec

Drill Program	Date	P50 Oil	P50 Gas
D&G #1	Testing Aug 2010	1.2 MMBO	3 BCF
Well 2	Aug 2010	600,000 BBL	2.4 BCF
Well 3	Sept 2010	100,000 BBL	5 BCF

Napoleonville Salt Dome

- Potential for 520 BCF and 4.5 MMBO
- Over 60 prospects identified to date
- 50 Square Miles of 3D Seismic
- Historical Production of 188 BCF and 20.2 MMBO.
- 5,700 leased acres

Energy Prices

WTI	\$ 76.99 (BBL)
Henry Hub	\$4.76 (MMBTU)

Major Shareholders

Craig Burton	12.7%
Jim Trimble	11.7%
Charlie Morgan	8.5%



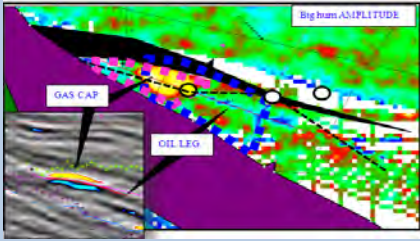
NAPOLEONVILLE WELL DISCOVERY

Napoleonville-- Dugas & Leblanc #1 Well, Assumption Parish, Louisiana, Operator 39.5% WI

During the Quarter the Company drilled and logged over 120ft of pay (both oil and gas) over three zones in the Dugas & Leblanc #1 well. The well is presently being deepened to test the presence of a further two zones of interest and following logging of these zones will commence testing the three upper Big Hum sands.

The Company has received right of way access for a pipeline and is in the process of completing a gas sales agreement with Gulf South to commercialise this discovery.

The Big Hum and Operc Sands are an amplitude anomaly targeting 1.2 MMBO and 3 BCF gas. If the well is successful initial flow rates are expected to be around the 200+ barrels of oil per day and 2,000 MCF per day.



Well 1: targeting 1.2 MBO and 3 BCF

DRILLING PROGRAM

Preparations are well advanced with the drilling of the remaining two wells in this first three well program.

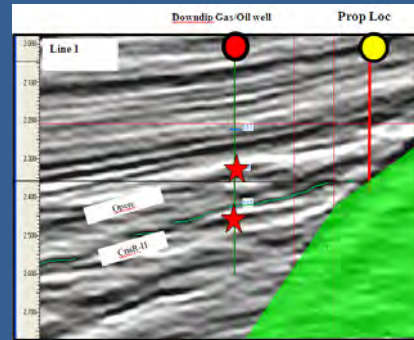
The next two wells are targeting a total of 7.4 BCF of gas and 700,000 barrels of oil at shallow depths from 5,000 feet to 10,000 feet with the majority of the targeted potential classified as low risk proven undeveloped reserves (PUD's).

Well # 2, Operator 39.4%WI

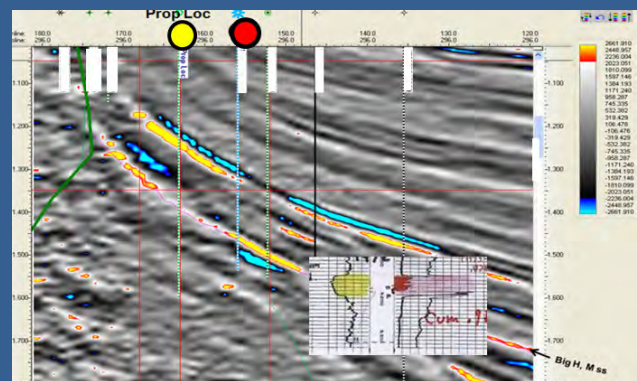
The JV has made advancements in commencing site works on location and due to limited rig availability expects to spud late August. The second well is testing the Operc and Cris R III Sands as primary objectives with 300,000 barrels and 1.2 BCF of gas classified as a PUD with further upside in secondary exploration objectives in the Marg A and Cris R I of 300,000 barrels of oil and 1.2 BCF of gas. If the well is successful initial flow rates are expected to be around the 200+ barrels of oil per day and 500 MCF per day. The Company's share of drill hole and completion costs are estimated at US\$620,000 and US\$212,000 respectively.

Well #3, Operator 46.83%WI

The third well is testing a primary objective in the Big Hum sand with 5 BCF classified as a PUD and targeting further exploration upside objectives in the Tex W of 100,000 barrels oil. If the well is successful initial flow rates are expected to be around the 5,000 MCF per day and 100+ barrels of oil per day. Total dry hole costs are estimated at US\$900,000.



Well 2: targeting 600,000 BBL and 2.4 BCF



Well 3: targeting 100,000 BBL and 5 BCF

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 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	132
1.2 Payments for (a) exploration and evaluation	(1,371)	(2,330)
(b) development	-	-
(c) production	-	-
(d) administration	(194)	(427)
1.3 Dividends received	65	-
1.4 Interest and other items of a similar nature received	7	7
1.5 Interest and other costs of finance paid	(31)	(96)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,589)	(2,714)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(44)	(44)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	327	1,252
(b)equity investments	-	-
(c)other fixed assets	(8)	(8)
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	275	1,200
1.13 Total operating and investing cash flows (carried forward)	(1,314)	(1,514)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,314)	(1,514)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1	1,962
1.15	Proceeds received in advance of placement being settled	-	978
	Repayment of over subscriptions	(355)	-
1.16	Proceeds from borrowings	-	361
1.17	Repayment of borrowings	(124)	(1,086)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(103)	(159)
	Net financing cash flows	(581)	2,056
	Net increase (decrease) in cash held	(1,895)	542
1.20	Cash at beginning of quarter/year to date	2,723	258
1.21	Exchange rate adjustments to item 1.20	127	155
1.22	Cash at end of quarter	955	955

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	232
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

+ See chapter 19 for defined terms.

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	3,889	2,222
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,600
4.2 Development	300
4.3 Production	-
4.4 Administration	200
Total	2,100

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	955	2,723
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	955	2,723

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			
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	940,714,198	940,714,198		
7.4 Changes during quarter				
(a) Increases through issues	200,000,000	200,000,000	0.005	0.005
(b) Decreases through returns of capital, buy-backs	1,625,000	1,625,000	0.01	0.01
7.5 +Convertible debt securities <i>(description)</i>	N/A	N/A		
7.6 Changes during quarter	N/A	N/A		
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted options	1,000,000	-	\$0.08	31 Dec 2010
	1,000,000	-	\$0.10	31 Dec 2010
	800,000	-	\$0.08	31 Dec 2010
	600,000	-	\$0.10	31 Dec 2010
	600,000	-	\$0.12	31 Dec 2010
	45,000,000	-	\$0.04	18 Sep 2012
	13,775,000	-	\$0.04	2 Dec 2012
	6,000,000	-	\$0.005	5 June 2013
	1,000,000	-	\$0.005	24 Nov 2013
	40,000,000	-	\$0.009	15 Mar 2014
	75,000,000	-	\$0.009	6 May 2014
7.8 Listed Options				
Issued during quarter	15,000,000	-	\$0.009	15 Mar 2014
	75,000,000	-	\$0.009	6 May 2014
7.9 Exercised during quarter				
7.10 Expired during quarter	4,875,000	-	\$0.075	26 June 2010
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: 31/7/2010
(Company secretary)

Print name:MARK FREEMAN.....

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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