

ASX/Media Release

2 August 2010

## NAPOLEONVILLE WELL DISCOVERY UPDATE

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

Following the announcement dated 22 July 2010 the Board advises that the Dugas & Leblanc #1 well has been deepened to 8,080 ft and has logged an additional 6ft of sand below the shoe and an additional interval of a further 28ft of pay in the Operc Sand.

This increases the total logged pay to over 160ft of pay over 4 pay sands.

During the initial deepening and circulating, the well produced significant oil to surface into the mud tank.

The rig will commence testing the three Big Hum sands up the hole commencing Monday Houston time.

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.

Partners in the Dugas & Leblanc #1 Well are:

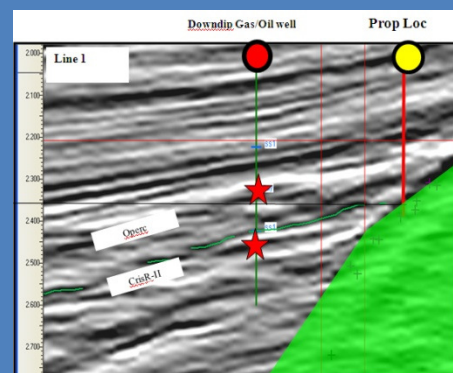
Grand Gulf Energy Ltd (ASX: GGE)	39.50% WI
Golden Gate Petroleum Ltd (ASX: GGP)	15.00% WI
Other partners	45.50% WI

### Well # 2, Operator 39.5%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.



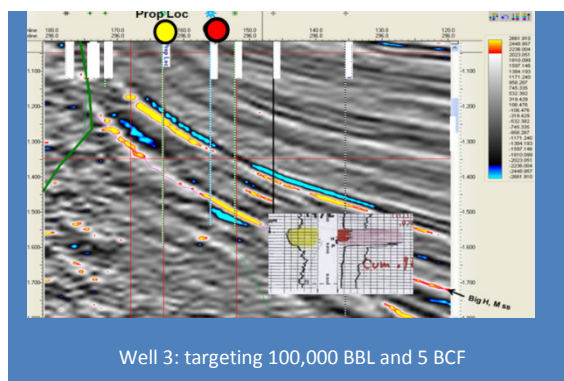
Oil in Mud Tank



Well 2: targeting 600,000 BBL and 2.4 BCF

### Well #3, Operator 39.5%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. The Company's share of drill hole costs are estimated at US\$500,000.



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### Background to the Napoleonville Salt Dome

- The Napoleonville Salt Dome has the potential to contain 520 billion cubic feet (BCF) of gas and 4.5 million barrels of oil (MMBO) from over 60 prospects and leads which have been identified so far from Grand Gulf's proprietary 50 square mile 3D seismic survey. The agreement with Grand Gulf includes access to the entire Napoleonville potential.
- The Napoleonville Salt Dome has historically produced 188 billion cubic feet of gas and 20.2 million barrels of oil. Multiple high quality targets have been identified from the recent 50 sq mile 3D seismic survey and as the technical work continues, it is likely to generate significantly more prospect and PUD opportunities. The primary targeted sands are Tex W, Big Hum, Operc, Cris R II – VII, Marg Vag, Camerina and Miogyp with sands commencing at 4,000ft to 14,000ft.
- As of February 2010, approximately 5,700 acres of leases had been exercised from Grand Gulf and partners 35,300 optioned acres pertaining to the seismic shoot. Relationships with the various landowners previously under option have been maintained in preparation to lease newly developed prospects as they advance.

**About Grand Gulf Energy:** Grand Gulf is an ASX listed US based oil and gas exploration and production company with management in Houston and assets in Louisiana and Texas.

**COMPETENT PERSONS STATEMENT:** The information in this report has been reviewed and signed off by Mr James Trimble (Registered Professional Engineer, Texas USA), with over 38 years respective relevant experience within oil and gas sector.

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.