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ASX GGE

11 August 2010

Dear Shareholder

#### ENTITLEMENT ISSUE OF SHARES

As you may be aware, Grand Gulf Energy Limited ("**Company**") is currently undertaking an Entitlement Issue ("**Offer**") pursuant to a prospectus dated 10 August 2010 ("**Prospectus**"). The Company expects that the Offer will close on 6 September 2010.

The Offer will be on the basis of 1 New Share for every 2 Shares held and is open to existing shareholders in Australia and New Zealand. The Offer will result in the issue of up to 470,357,099 new shares (**Shares**) in the Company and will raise an estimated \$7,055,356 if all entitlements are taken up (based on the Company's undiluted share capital as at the date of this letter, and before costs).

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the Listing Rules of ASX Limited, that it would be unreasonable to make the Offer to shareholders outside of Australia and New Zealand ("**Overseas Eligible Shareholders**"). Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the Offer to you.

We advise that the Company has appointed Argonaut Securities as its nominee to deal with your entitlements in accordance with the Prospectus.

For further information please contact me on +61 8 9324 1177.

Yours faithfully

Mark Freeman  
Company Secretary  
**Grand Gulf Energy Limited**