

GRAND GULF ENERGY LIMITED
ABN 22 073 653 175

SUPPLEMENTARY PROSPECTUS

This Supplementary Prospectus is dated 1 September 2010 and is supplementary to the prospectus dated 10 August 2010 (**Prospectus**) issued by Grand Gulf Energy Limited (ABN 22 073 653 175) (**Company**) in respect of a partially underwritten pro rata non-renounceable entitlement issue of one (1) Share for every two (2) Shares held by Shareholders for the issue of up to 470,357,099 Shares at an issue price of 1.5 cents per Share to raise up to \$7,055,356 (**Offer**).

This Supplementary Prospectus was lodged with the Australian Securities & Investments Commission (**ASIC**) on 1 September 2010. Neither the ASIC nor the Australian Securities Exchange (**ASX**) 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 and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an Electronic Prospectus and may be accessed on the Internet at www.grandgulfenergy.com. The Offer pursuant to an Electronic Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act 2001 (Cth) (**Act**) prohibits any person from passing to another person the Application Form unless it is attached to, or is accompanied by, the complete and unaltered version of this Supplementary Prospectus. During the Offer period, any person may obtain, free of charge, a hard copy of the Prospectus and Supplementary Prospectus by contacting the Company.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

1. EXTENSION OF THE OFFER

As announced to the ASX on 12 August 2010, and in subsequent announcements, an event has occurred in relation to the Dugas Leblanc #1 Well at the Company's Napoleonville Project in Louisiana, United States. Further disclosure with respect to this event will be provided to Shareholders shortly. Shareholders can obtain these announcements from the Company's ASX platform at www.asx.com.au.

The Directors have determined that it is necessary to extend the Offer period for the Entitlement Issue under the Prospectus. The timetable set out in Section 1 of the Prospectus will now be replaced with the following new timetable:

Lodgement of Prospectus with ASIC	10 August 2010
Notice sent to Shareholders	12 August 2010
Ex Date	13 August 2010
Record Date for determining Shareholder entitlements	19 August 2010
Prospectus despatched to Eligible Shareholders	20 August 2010
Closing Date of Offer	20 September 2010
Notify ASX of under-subscriptions	22 September 2010
Despatch date/Shares entered into Shareholders' security holdings	23 September 2010

2. DIRECTORS' AUTHORISATION

Each Director of the Company has given and has not, at the date of this Supplementary Prospectus, withdrawn his consent to the lodgement with ASIC of this Supplementary Prospectus.

The lodgement of this Supplementary Prospectus was authorised by the resolution of the Directors of the Company and is signed by a Director on behalf of all Directors.



Stephen Keenihan
Director
Signed for and on behalf of
GRAND GULF ENERGY LIMITED

Note: All other details in relation to the terms of the Offer and other matters under the Prospectus remain unchanged.