



22 September 2021

Utah Helium Acquisition Update

Grand Gulf Energy Ltd (ASX:GGE) ("Grand Gulf" or the "Company") advises that it has completed due diligence on Kessel Resources Pty Ltd ("Kessel") and its assets and is satisfied that no material issues exist which would affect completion.

Under the terms of the Valence Operating Agreement certain payments are due by the end of September, which total US\$650,000 (US\$250,000 due on 22 September 2021 and US\$400,000 due on 30 September 2021), in order for Kessel to continue to earn its interest in Valence Resources LLC (the incorporated JV company). Such payments were detailed in the ASX announcement dated 2 September 2021.

It was originally envisaged that completion of the transaction would have occurred by the time these payments were due however, as a function of delays in the implementation of the transaction, completion will now not occur before these payments are required. Completion is expected to occur on 12 October 2021 immediately following shareholder approval.

The Company confirms that none of the shareholders of Kessel will receive any portion of the payments that are proposed to be made with the loans. The payments are part of the commercial terms agreed by Kessel in order to earn its initial 25% interest in Valence, the holder of the Red Helium project.

The material terms of the proposed loan are as follows:

1. Loan Amount: US\$650,000;
2. Drawdowns: GGE will pay the money directly to Valence Resources LLC;
3. Maturity: repayable in 3 months if completion of the Kessel acquisition does not occur;
4. Interest: 10% pa if completion does not occur.

If completion occurs then the loan will simply become a loan between parent and wholly owned subsidiary.

This release has been approved by the Board.

For further information visit www.grandgulfenergy.com