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ASX/Media Release

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LEDUC REEF PROSPECT ACQUISITION

Highlights

- **Acquisition of 10.5% of Leduc Reef Prospect.**
- **Leduc Reef prospect is targeting 1.2 million barrels of oil, upto 12 MMBLS oil.**
- **Well anticipated to spud in late Dec / early Jan and take 21 days to drill.**

Leduc Reef Prospect, Non Operator 10.5% WI

The Board is pleased to advise that it has signed a Letter of Intent to acquire a 10.5% working interest in the Leduc Reef Prospect, operated by Weiser-Brown Operating in Lafayette County, Arkansas.

The prospect will be drilled to a total depth of 8,500ft. The most likely resource potential is 1.2 MMBL oil with upside potential of 12 MMBL oil. The well is expected to take 21 days to drill. Production rates are estimated to be 100-300 bbls of oil per day. The well is planned to spud during the current quarter or early next year.

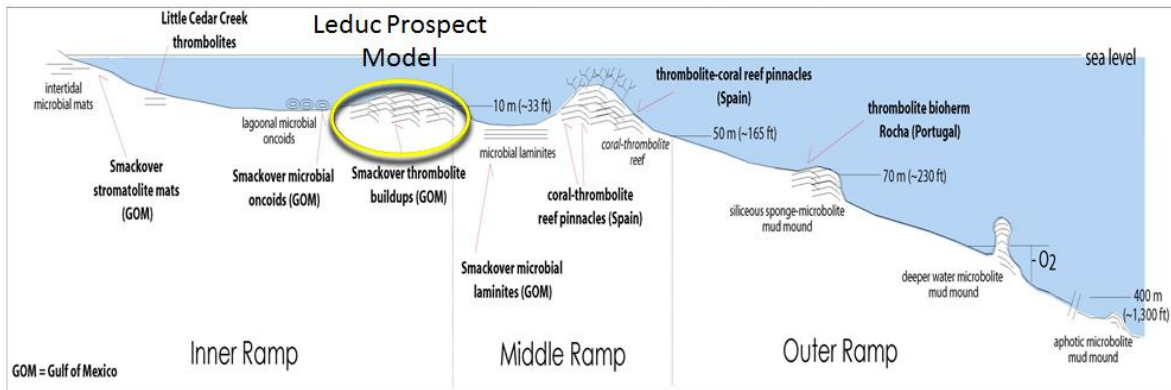
Porosity development within the Smackover has been proven in the nearby Midway Field with over 60 MMBO cumulative production.

The prospect is a mounded feature defined by proprietary, 3D seismic and is interpreted to be a probable bio-carbonate mound. The prospect is situated on a basement hinge ridge, which is an ideal location for the formation of carbonate buildups. The age of the prospect is upper Middle Jurassic to lower Upper Jurassic. During this time the Gulf of Mexico was just beginning to open, creating lacustrine to shallow marine environments within the continent. Hydrocarbon sourcing is from the associated lacustrine facies lateral to the mounds and associated. Quiet marine environments allowed for the bio-carbonate mounding followed by a restricted seaway and thick salt accumulations to provide an excellent top seal. Secondary objectives are the Lower Smackover 'Brown Dense' micritic limestone. This limestone facies is well known to be the primary source rock for the entire basin. Porosity development within the Smackover has been proven in the nearby Midway Field with over 60 mmbo cumulative production.

This is a new field wildcat and play type for the area. Success will open up further opportunities available to Grand Gulf and under the LOI Grand Gulf have a right to participate pro-rata in any new prospects generated in a 3D AMI pertaining to this reef trend. Analogues for this prospect are the Appleton and Little Cedar Creek fields in Alabama. These fields produce out of Upper Jurassic thrombolite reefs located along the northern margin of the Gulf of Mexico.

The Company's share of the initial well costs is estimated at ~US\$180,000 (includes entry costs). In a success case the Company's share of completion and facilities costs are a further US\$50,000.

Distribution of Thrombolite Buildups

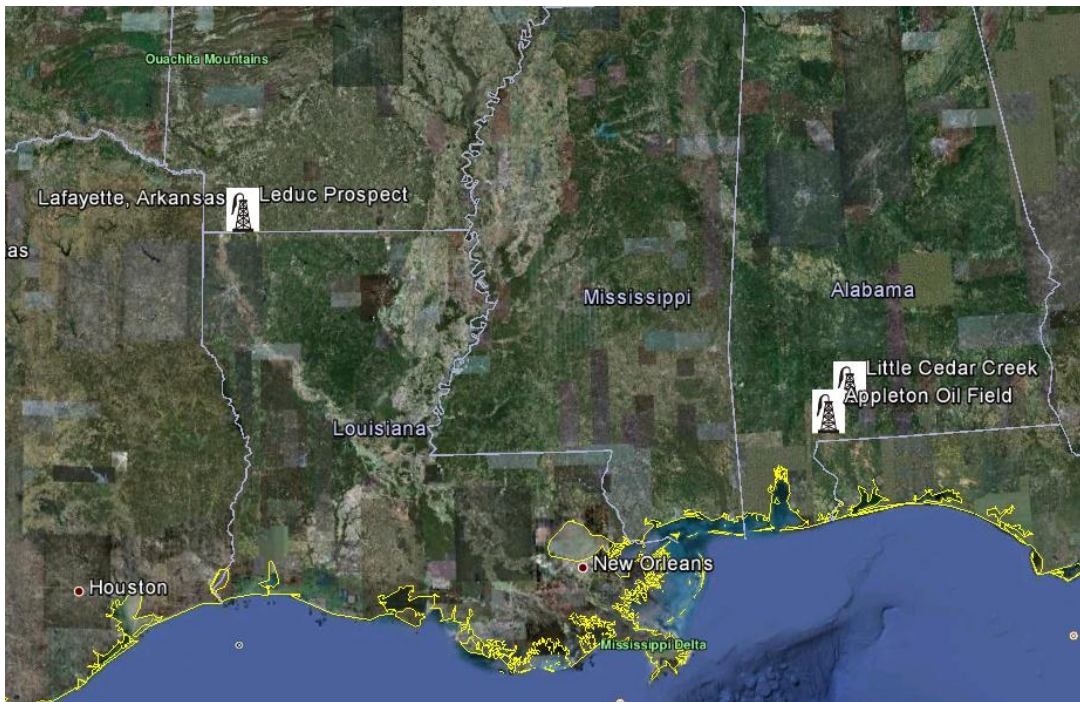


GOM = Gulf of Mexico

No horizontal scale

AAPG, Mancini et al., 2008

The Company is paying 14% to earn a 10.5% working interest on the first well. The net revenue interest being delivered is 75%.



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For more information visit www.grandgulfenergy.com and sign up for email news.

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 Arkansas.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), with over 36 years respective relevant experience within oil and gas sector.

This report contains forward looking statements that are subject to risk factors associated with oil and gas 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.