



23 May 2013

DESIREE TO COMMENCE PRODUCTION TESTING

- The Operator has confirmed that the workover rig is scheduled to move to location today (Thursday), Houston time.
- The Hensarling #1 well reached a TVD of 12,455ft in mid December 2012. Electric logging operations confirmed net pay of 31ft in the Cris R II and 49ft in the Cris R III sands.
- Testing will commence with the Cris R III, assuming successful testing the well facilities are expected to take 3-4 months to complete.
- Post drill reserves estimate 952,000 bbls oil and 0.4 BCFG in the Cris R II & III
- The Company has a 35.6% WI in the Desiree prospect.
- The Company is presently litigating against other parties in respect of suspected mis-appropriation of seismic at the Napoleonville Salt Dome.

Managing Director, Mark Freeman, commented, "The post drill estimate reserves of 340,000 bbls oil net to GGE is a substantial asset and a testament to the hard work the Company's G&G group on the Napoleonville Salt Dome. A successful flow test will be a fantastic result for both the Company and shareholders."

DRILLING & EXPLORATION PROGRAM

Program	Date	P50 Oil (net)	P50 Gas (net)
Louise	3 rd Qtr 13	130-176 MBO	-

PRODUCTION AND DEVELOPMENT PROGRAM

D&L#3	Prod.	92 MBO	0.37 BCF
Abita	Suspended	30-60 MBO	0.9 BCF
Desiree	Testing	339 MBO	0.18 BCF
W. Klondike	Awaiting facilities	11-60 MBO	0.05-0.15 BCF
Total		472-551 MBO	1.5-1.6 BCF

Board & Management

Mr Mark Freeman

Managing Director

Mr Charles Morgan

Executive Chairman

Mr Allan Boss

Executive Director

Mr Stephen Keenihan

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ASX Codes

GGE (3,739m)

GGEO (1,469m)



Desiree Prospect

Desiree, Hensarling #1 well, Assumption Parish, LA, 35.6% WI

Grand Gulf Energy Limited (ASX:GGE) ("Grand Gulf") is pleased to confirm that the workover rig is scheduled to arrive today (23rd May) at the Hensarling #1 well site to run the completion operation and commence production testing.

The Hensarling #1 well reached a TVD of 12,455ft in mid December 2012. Electric logging confirmed net pay of 31ft in the Cris R II and 49ft in the Cris R III sands. Post drill reserves estimate of 952,000 bbls oil and 0.4 BCFG in the Cris R II & III represent a substantial and significant discovery for the Company.

The operations plan is to focus on the completion and flow testing of the Cris R III formation. Once the completion has been run and a production tree installed at surface the rig will be released and a production test run for approximately 48 hours to evaluate the well and acquire oil samples.

The well is anticipated to be placed on production within 3-6 months from completion.

The Desiree Field covers an area of 140 acres in Assumption Parish, Louisiana and is being operated by a private US oil and gas company. The operator is the same partner that is managing the Napoleonville Salt Dome project.

Partners in the Hensarling #1 well:

Grand Gulf Energy Ltd (ASX: GGE)	35.6% WI
Golden Gate Petroleum Ltd (ASX: GGP)	3.9% WI
Other Partners et al	60.5% WI

Napoleonville Salt Dome, Assumption Parish, Litigation matters

Grand Gulf Energy, Inc. and GG Oil & Gas 1, Inc. (collectively, "Grand Gulf") are parties to a lawsuit pending in the 23rd Judicial District Court for Parish of Assumption, State of Louisiana entitled Grand Gulf Energy Inc. v. Legend Petroleum L.P., et al. (Docket No. 33573). Grand Gulf filed the lawsuit after learning that its former joint venture partners, Legend Petroleum L.P. ("Legend") and Princeton Energy Inc. ("Princeton"), were working with a competitor, Northwind Energy Partners, LLC ("Northwind"), to acquire leases and establish a competitive position in the Napoleonville area based on information gathered from seismic data owned by the joint account. Through this lawsuit, Grand Gulf is seeking damages in the approximate based on several legal theories, including breach of contract, misappropriation of trade secrets, and unfair trade practices. Northwind has also filed a counterclaim in the lawsuit against Grand Gulf, claiming that Grand Gulf's lawsuit has "slandered" Northwind's title to leases in the Napoleonville area. There is currently a trial date set for July 16, but due to anticipated appeals, the trial date is expected to be delayed by at least several months. The amount of damages claimed by Grand Gulf is subject to several litigation risk factors, and based upon how these factors play out in the litigation.

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.

COMPETENT PERSONS STATEMENT: The information in this report has been reviewed and signed off by Mr KC Whittemore (Registered Geologist, Texas USA), and Kevin Kenning (Registered Reservoir Engineer) with over 36 and 30 years relevant experience respectively 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.