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ASX/Media Release

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GRIZZLY DRILLING UPDATE

SL 19965 well, Grizzly Prospect, Cameron Parish, LA, 5.25% WI, Non Operator

Electric Logging of the SL 19965 has been completed with log results indicating the prospect is not commercial and the partners have decided to plug and abandon the well.

Logging results indicated 14ft of potential pay on water in the Abbeville. Due the proximity of the water level, ultimate economic recovery was determined to be unlikely.

As previously mentioned the well has been drilled under a turnkey which limited the Company's exposure to ~\$550,000 of drilling and entry costs.

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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 K.C. 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 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.