



31 July 2012

ACQUISITION OF INTEREST IN PORT HUDSON PROJECT

HIGHLIGHTS

- Acquisition of a 15%WI of an estimated resource of up to 500,000 bbls of oil in a low risk development project. The well is designed to encounter several U Wilcox sands on a 160 acre feature
- Located in E Baton Rouge Parish, Louisiana in the Port Hudson Field (810 BCFG & 92 MMBO)
- Initial production is expected to be 250 bbls oil per day
- Low cost normal pressured straight hole well of \$800,000 dry hole costs (GGE share \$160k)
- The Operator expects to spud the well in November 2012
- Project generated from re-processed data on proprietary seismic
- Sand deposition is uniform in the area

Board & Management

Mr Mark Freeman

Managing Director

Mr Charles Morgan

Executive Chairman

Mr Allan Boss

Executive Director

Mr Stephen Keenihan

Non-Executive Director

Corporate Office

1292 Hay Street,

West Perth WA 6005

T +61 (0) 8 9389 2000

F +61 (0) 8 9389 2099

E info@grandgulf.net

www.grandgulfenergy.com

Houston Office

Suite 142, 9525 Katy Freeway

Houston Texas 77024

ASX Codes

GGE (3,739m)

GGEO (1,469m)



Port Hudson

Port Hudson, E. Baton Rouge, LA, 15% WI, Non Operator

The Board is pleased to announce its latest acquisition of Port Hudson, a low risk, normally pressured development oil project.

This Project is located in East Baton Rouge Parish, Louisiana in the Port Hudson Field (810 BCFG & 92 MMBO). The well is targeting multiple Upper Wilcox sands that are productive in several analogs. Production from these analogs is up to 1,000,000 bbls of oil.

The Project was generated from re-processed, proprietary seismic. The sand deposition is uniform in the area with the well targeting multiple individual sands ranging in thickness from 10-25ft.

The potential net reserves to Grand Gulf are 40,000-75,000 bbls of oil representing a low risk project. Flow rates are estimated at 200-250 bo/d. The net revenue interest is 74%.

The well will be drilled to a total depth of 10,500ft straight hole. The Company's share of dry hole well costs is estimated at US\$160,000. In a success case, the Company's share of completion and facilities costs is estimated to be a further US\$70,000. The well is due to spud early November 2012. Pipeline facilities are present in the area and the well is likely to be put on production within 2 months of completion.

Mark Freeman
Managing Director
Phone +61 8 9389 2000

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, Arkansas and Texas.

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.