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14 August 2023

Joint Development Agreement to Contribute to Jesse-3 Well Cost and Accelerate Red Helium Project Development

- **Joint Development Agreement:** Heads of Agreement executed with TSX-listed Sage Potash Corp. to exploit synergies in both companies' co-located development and appraisal programs to minimize expenditure whilst de-risking and developing the respective assets.
 - **Sage Contribution of Funds:** Sage to contribute US\$1m and the incremental cost to obtain a potash core in the Jesse-3 well.
 - **Seismic Program Participation:** 50/50 cost share on a 3D seismic survey, following the Jesse-3 well, with the potential to accelerate a full field Jesse development plan.
 - **Project Timeline:** Both parties will mutually define a timeline, budgets and mutual participating funds escrow agreement for the Jesse-3 Well and 3D Seismic program in a definitive agreement.
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Grand Gulf Energy Ltd (ASX:GGE, OTCQB:GRGUF) ("Grand Gulf" or the "Company") is pleased to advise that its majority owned incorporated joint venture company Valence Resources LLC ("Valence"), operator of the Red Helium project, has signed a non-binding Heads of Agreement ("HoA") to initiate a Joint Development Agreement ("JDA") with Sage Potash Corp. ("Sage", TSXV:SAGE, OTC: SGPTF).

The HoA focusses on exploiting the inherent synergies between the two companies' co-located projects, particularly as relating to development and appraisal campaigns and maximising cost efficient de-risking of the respective assets and future development programs. Sage has potash leases over the greater Jesse structure with multiple cross-leased Utah State leases (where Valence hold helium rights and Sage hold potash rights).



The Utah Trust Land Administration (“SITLA”), regulator of Utah State leases, approached both Companies to encourage cross collaboration on shared state leases to maximise economic output and accelerate development and monetisation of the State’s resources.

Sage to Contribute to Jesse-3 Well

The HoA sets the terms for cost sharing in the forthcoming Jesse-3 well operated by Valence. Sage will contribute the greater of US\$1m or one third the cost of the shared activities to reach the Sage coring depth including mobilization/demobilization, site works and reclamation.

Sage will be solely responsible for the cost of the coring operation until returning the bottomhole assembly (“BHA”) back to the bottom of the hole to continue drilling to the total depth, and all incremental costs required including well design to accommodate the coring runs.

Both parties will mutually define a timeline, budgets and mutual participating funds escrow agreement for the Jesse-3 Well in a definitive agreement.

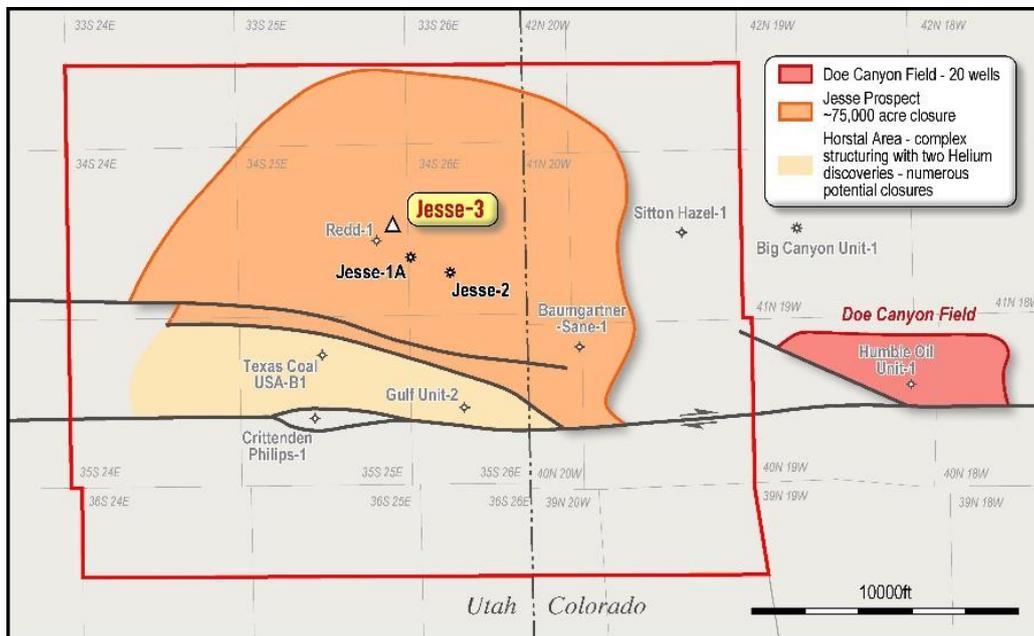


Figure 1: Proposed Jesse-3 well location proximal to the historic Redd-1 well which is structurally high to the Jesse-1A well, with both wells having evidence of vugular dolomitic secondary porosity in the primary Leadville target. Redd-1 proved gas in both the Leadville and McCracken formations.

50/50 Cost Sharing – 3D Seismic Survey

The Sage potash deposit area of interest overlies the greater Jesse structure and the companies have agreed a preliminary area of interest (Aol) for a potential future 3D seismic survey. Given the





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similar depths of the horizons of the interest, the 3D seismic survey is expected to deliver high quality data for both the helium and potash bearing formations.

The area contains the Jesse-1A, Jesse-2 and Jesse-3 well locations, allowing a full calibration of seismic to well petrophysical results. Valence and Sage propose to split the costs 50/50, with the potential for processed data received six months from project initiation.

Calibrated 3D seismic will allow acceleration of the development of the Jesse helium field with the potential to host over 20 development wells based on the Giant Doe Canyon analogue field 15 miles to the east. The Jesse-3 location was chosen based on the proximal Redd-1 well control on structure and reservoir development, and the 3D seismic survey is currently planned post the Jesse-3 well.

Managing Director Dane Lance commented:

“The initiation of a relationship with Sage Potash provides an exceptional opportunity to substantially reduce development and appraisal costs and accelerate our development timeline given the synergies between the Jesse helium discovery and Sage’s potash project.”

Jesse-3 targets a structural high on seismic proximal to well control with good reservoir development and proven gas in both the Leadville and McCracken. The proposed saving due to cost sharing is sufficient to fund the Jesse-1A re-completion accelerating our activities this year, with 3D seismic de-risking an accelerated a full field Jesse development.

Several future opportunities have also already been identified, including sharing contracting services and future development wells, with the potential for Jesse-3 and the 3D seismic survey to only be the start of a future economic collaboration maximising the return on our activities.”

The finalization of the proposed transaction will hinge on several conditions, including satisfactory due diligence by Grand Gulf, approval from respective Boards of Directors, stockholders, and other stakeholders as may be required and acquiring necessary regulatory approvals and third-party consents.

This collaboration emphasizes the commitment of both Valence and Sage to explore mutual benefits and synergies, with a clear focus on responsible and efficient project advancement.





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This ASX announcement has been authorised for release by the Board of Grand Gulf Energy Ltd.

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About Grand Gulf Energy:

Grand Gulf Energy Ltd (ASX:GGE, OTCQB:GRGUF) is an independent exploration and production company, headquartered in Australia, with operations in the US. The pure-play Red Helium project targets a 12.7bcf gross unrisked prospective helium resource, and is located in the Paradox Basin, Utah, in the helium prolific Four Corners region. The project contains the Jesse helium discovery with 1% helium. For further information please visit the Company's website at www.grandgulfenergy.com

About Sage Potash

Sage Potash Corp. (TSXV:SAGE, OTCQB:SGPTF) is a potash exploration company with a large portfolio of mineral rights in the prolific Paradox Basin in Southeastern Utah, USA, dedicated to providing a local potash supply to American Farmers. As a critical mineral for ensuring food security, potash is a cornerstone of society, and at Sage Potash, it is our responsibility to ensure that Americans have access to a reliable source free from supply chain disruptions and global politics that can threaten food supply and prices www.sagepotash.com

Forward Looking Statements:

This release may contain forward-looking statements. These statements relate to the Company's expectations, beliefs, intentions or strategies regarding the future. These statements can be identified by the use of words like "anticipate", "believe", "intend", "estimate", "expect", "may", "plan", "project", "will", "should", "seek" and similar words or expressions containing same. These forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this release and are subject to a variety of unpredictable risks, uncertainties, and other unknowns. Actual and future results and trends could differ materially from those set forth in such statements due to various factors, many of which are beyond our ability to control or predict. These include, but are not limited to, risks or uncertainties associated with the discovery and development of oil, natural gas and helium reserves, cash flows and liquidity, business and financial strategy, budget, projections and operating results, oil and natural gas prices, amount, nature and timing of capital expenditures, including future development costs, availability and terms of capital and general economic and business conditions. Given these uncertainties, no one should place undue reliance on any forward-looking statements attributable to GGE, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this release sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

