



15 December 2021

Grand Gulf increases right to earn 85% of Red Helium Project

- Strategic acquisition sees GGE acquire an additional 30% of the Red Helium Project (total now 55%) with the right to earn up to 85%
- The project partners have elected to receive 85% of the acquisition cost in GGE shares (escrowed for 6 months)
- P50 unrisks **Prospective Resource attributable to GGE at the Red Helium Project has increased to 6.3 BCF** (see Table 1)

Grand Gulf Energy Ltd (ASX:GGE) (“Grand Gulf” or the “Company”) is pleased to announce that it has entered into a binding agreement to acquire an additional 30% of incorporated joint venture company Valence Resources LLC (“Valence”) taking the Company’s current interest in Valence to 55% with a right to earn up to 85% of the issued share capital of Valence (“the Acquisition”) by drilling three wells costing US\$1.5M each.

As a result of the acquisition, the P50 unrisks **Prospective Resource attributable to GGE at the Red Helium Project has increased to 6.3 BCF** (see Table 1).

In a vote of confidence both in the Red Helium Project and Grand Gulf itself, the US-based project partners, Four Corners Helium LLC (FCH) and Red Dragon Exploration LLC (RDE), have elected to receive 85% of the payment in escrowed Grand Gulf shares as per below.

Total Acquisition Cost

- 90.4 million fully paid ordinary shares in Grand Gulf voluntarily escrowed for the lesser of 6 months from completion or the date the first Red Helium well is completed
- AUD\$400,000 in cash

RDE has now sold its interest in Valence with FCH holding a net 15% of Valence post earn-in.

GGE now has a 55% interest in Valence, with a right to secure a further 30% interest (total of 85%) on the following terms:

Earning 85% of Valence Resources	Max Cost*	Cumulative Interest
Completion of Leasing Payments		55%
Drilling first well prior to 30/09/2022	US\$1.5M (cost overruns to be split 70/30)	70%
Drilling second well prior to 30/09/2023	US\$1.5M (cost overruns to be split 77.5/22.5)	77.5%
Drilling third well prior to 30/09/2023	US\$1.5M (cost overruns to be split 85/15)	85%

Increase in Resources



Further to the Company’s release dated 8 December 2021, following completion of the acquisition and post farm-in the Company’s P50 Prospective Resources will increase to 6.3 billion cubic feet (BCF) on a net acre basis. The updated Sproule Prospective Resource calculation is based on the current acres held by Valence.

Table 1 - Valence Prospective Resources ¹

Recoverable Helium	1U (P90) (BCF)	2U (P50) (BCF)	3U (P10) (BCF)
Gross to Valence - (28,046 gross acres)	7.6	10.9	12.9
Net to Valence - (18,959 net acres)	5.2	7.4	8.5
Net to GGE - (earning 85% of net Valence)	4.4	6.3	7.2
Red Project Total	7.9	20.8	57.6

¹ Sproule as announced on ASX on 8 December 2021. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

About the Red Helium Project

The Red Helium Project provides exposure to the burgeoning helium industry in a known helium-producing area that comprises:

- 250,713 acre area of mutual interest (AMI) with 28,056 acres (private leases/Utah state leases) leased in drill-friendly Utah in the heart of the most prolific helium-producing region in the world
- Structurally high to, and 15 miles west of, the 3 – 5 BCF Doe Canyon Helium Field and Plant (Air Products Inc – market cap: US\$65B¹) – regarded as an analogue field
- 315 kms of 2D seismic across the AMI and geologic analogs has been acquired and reprocessed – drill targets established – trap identified is considerably larger than Doe Canyon Field
- 20 miles south of and connected by pipeline to the operational Lisbon Helium Plant
- Current helium pricing is approximately \$280/mcf²

¹ <https://www.bloomberg.com/quote/APD:US>, 7 Dec 2021

² Edison Research Global Helium Market Update, May 2021

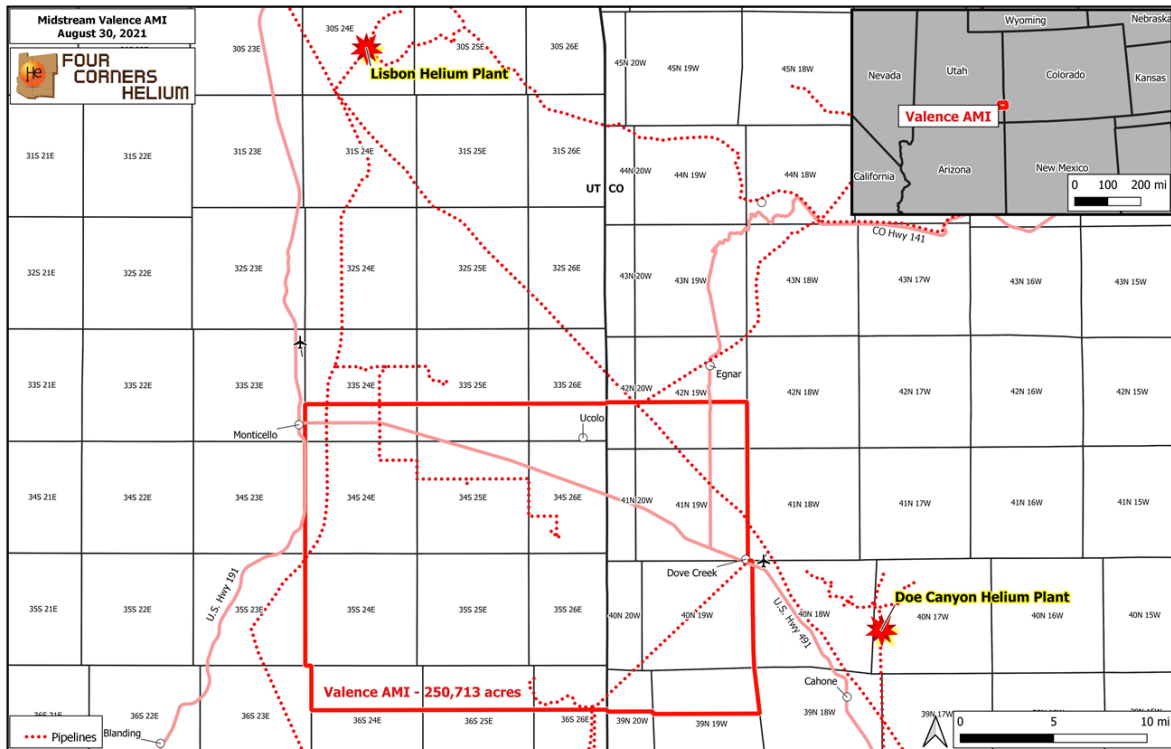


Figure 1 Valence AMI containing the Red Helium Project with local pipelines (dotted red) and the two nearby helium fields/processing plants

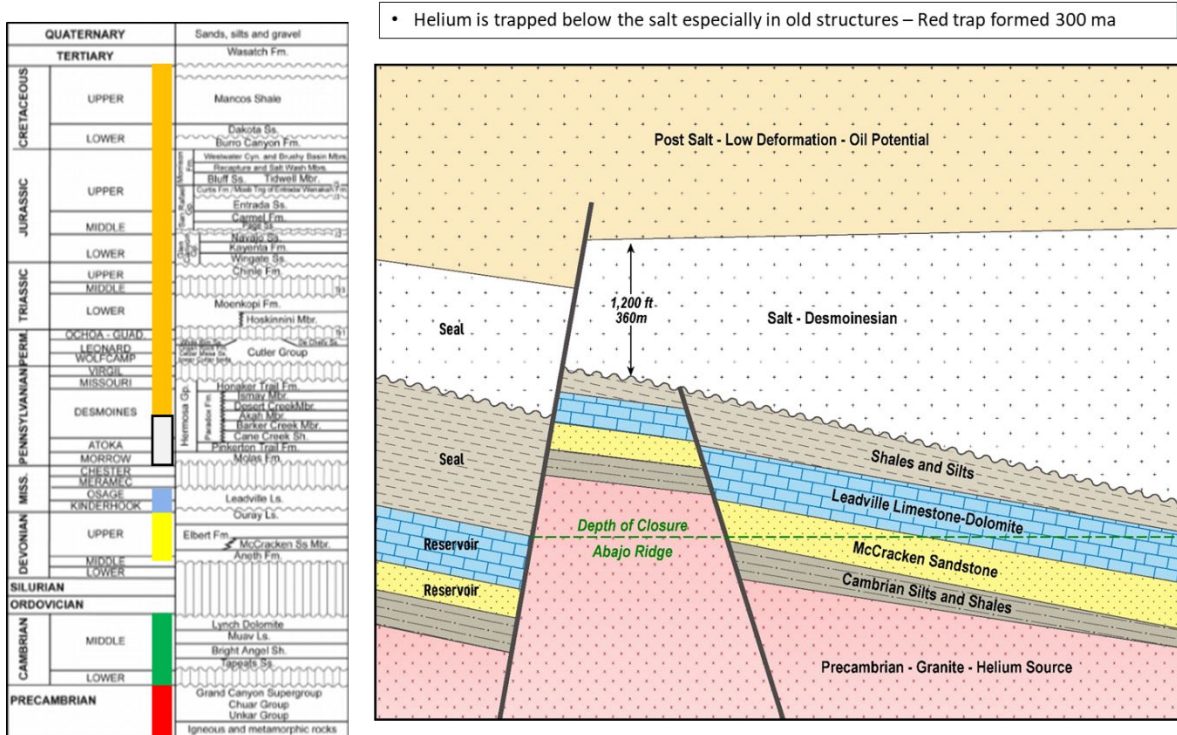


Figure 2 – SE Utah Stratigraphic Chart colour coded to a stylized representation of the Red structure



This release has been approved by the Board.

For more information about Grand Gulf Energy and its projects, contact:

Keith Martens
CEO
E: info@grandgulfenergy.com

Mark Freeman
Director
E: markf@grandgulfenergy.com

Competent Person's Statement

The information in this report is based on information compiled or reviewed by Mr Keith Martens, CEO of Grand Gulf. Mr Martens is a qualified oil and gas geologist/geophysicist with over 45 years of Australian, North American, and other international executive oil and gas experience in both onshore and offshore environments. He has extensive experience of oil and gas exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.

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.

