EnerGulf Resources Inc. Corporate Update

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VANCOUVER, May 11, 2017 - EnerGulf Resources Inc. (TSX VENTURE:ENG) (FRANKFURT:EKS) ("EnerGulf" or the "Company") is pleased to provide the following corporate update. The Company has executed a term sheet to acquire an additional 20% interest in the Selectron Shallow and Canoe Prospects in the Gulf of Mexico, and amended its prior letter of intent in respect of the acquisition of those prospects (the "Transaction"). Furthermore, subject to required approvals, EnerGulf will undergo a consolidation of its outstanding securities on a 5 for 1 basis (the "Consolidation"), intends to complete a private placement of units for gross proceeds of up to CAD$5,000,000 at a post-Consolidation price of CAD$0.10 per unit (the "Private Placement") and has reached agreements to settle an aggregate total CAD$738,514 in debt by the issuance of units of the company at a deemed post-Consolidation price of CAD$0.10 per unit (the "Debt Settlement").

Gulf of Mexico - Amended Letter of Intent

The Company announced on June 9, 2016, that it had entered into a letter of intent ("LOI") with Texas South Energy, Inc. (OTCBB:TXSO) ("Texas South") to acquire, through a series of payments, a 43.75% working interest in Block 378, Vermilion Area, South Addition ("Canoe Prospect") and Block 375, Vermilion Area, South Addition ("Selectron Shallow Prospect") and, by making additional payments, acquire 25% working interest in four sub salt prospects. As additional consideration, EnerGulf had agreed to issue 7,000,000 warrants to Texas South (the "LOI Warrants").

On March 23, 2017, the Company and Texas South entered into an amended letter of intent (the "Amended LOI"), replacing and superseding the Company's prior LOI. Under the terms of the Amended LOI, the parties agree that EnerGulf has paid for and, subject to (i) Bureau of Ocean Energy Management ("BOEM") approval, and (ii) the execution of definitive agreements, owns the right to the assignment of a 16.8% working interest in the Canoe and the Selectron Shallow Prospects. Upon approval of the assignment of interest from the BOEM the Company is required to purchase the seismic licenses for the Canoe and Selectron Shallow blocks for a cost of US$50,000 each. For the first two wells, the Company will pay 29.3% of the costs for its 16.8% working interest. For future wells, the Company will pay 16.8% of the costs for 16.8% of the revenues. The Company will be responsible for 66.6% of annual rent (US$63,147/yr) and 46.1% of permitting, insurance, and bonding for the Canoe and Selectron Shallow Prospects. The Company is obligated to pay its share of expenses for its 16.8% interest in the Canoe and Selectron Shallow Prospects, however the Company has no further investment obligations relative to either the Canoe or Selectron Shallow Prospects under the Amended LOI. The Company has made payments totaling US$400,000 towards the acquisition of its interest in the Canoe and Selectron Shallow Prospects.

Pursuant to the terms of the Amended LOI, EnerGulf is no longer obligated to issue the LOI Warrants to Texas South and no has no interest in or had any obligation to make any payments on the four sub salt prospects. The Amended LOI is subject to the approval of the TSX Venture Exchange (the "Exchange").

Gulf of Mexico - Acquisition of Additional Interest in Canoe and Selectron Shallow Prospects

On April 30, 2017, the Company and HTX Resources LLC ("HTX") entered into a term sheet (the "Term Sheet") wherein the Company agreed to take assignment of HTX's right to acquire up to a 20% interest in each of the Canoe and Selectron Shallow Prospects (the "Rights") from Texas South pursuant to a letter of intent between HTX and Texas South dated April 3, 2017 (the "Underlying Agreement"). As consideration for the Rights, EnerGulf will pay US$400,000 by May 31, 2017 and issue 2,000,000 post-Consolidation units of the Company (each a "Transaction Unit") at a deemed price of CAD$0.10 (post-Consolidation) per Transaction Unit. Each Transaction Unit will be comprised of one common share of the Company and one half warrant one common share purchase warrant (each whole such warrant a "Transaction Warrant"). Each Transaction Warrant will entitle the holder to acquire one common share of the Company for a period of two years at a price of CAD$0.15 (post-Consolidation). The Rights set out in the Underlying Agreement grant HTX the right to acquire up to a 20% working interest in each of the Canoe and Selectron Shallow Prospects from Texas South in consideration of US$10,000 per one percent (US$200,000 for the 20%) until the earlier of (i) August 31, 2017 and (ii) 30 days from notification of permitting activities at the Canoe Prospect by Gulfslope Energy, Inc. ("Gulfslope"), operator of both the Selectron Shallow and Canoe Prospects. Following completion of the Transaction and on exercise of the Rights the Company will become obligated to fund up to 22.86% (1.143% for each 1% interest acquired) of exploration expenditures incurred in respect of the Selectron Shallow and Canoe Prospects, or have its interest subject to dilution on a straight-line basis. The acquired 20% interest will have a 77.25% Net Revenue Interest, net of a mandatory 18.75% royalty in favour of the United States Department of the Interior and a 4% royalty in favour of HTX. In addition, the Company will reimburse HTX US$12,630 in rent paid on the Canoe and Selectron Shallow Prospects. The Term Sheet is subject to the approval of the Exchange.

On completion of the Transaction, the Company's combined interest in the Canoe and Selectron Shallow Prospects will be a 36.8% working interest with a 79.08% Net Revenue Interest. For the first two wells, the Company will pay 52.16% of the costs to earn its 36.8% interest. After the first two wells, the Company will pay 36.8% of costs to earn its 36.8% interest. EnerGulf will have the benefit of 79.08% of the revenues associated with its working interest.

Loan Amendment

On June 29, 2016, the Company announced that it had entered into an agreement with Carrelton Asset Management, Carrelton Horizon Fund, and others (the "Lenders") for a bridge loan in the amount of US$220,000, including a $20,000 commitment fee (the "Loan"). Pursuant to the Loan agreement, the Company was obligated to pay either a cash bonus of US$30,000 or issue the Lenders a warrant to purchase 3,000,000 common shares of EnerGulf at a price of CAD$0.05 per share (pre-Consolidation).

On December 7, 2016, the Company and the Lenders entered into amended and restated Loan agreement wherein the principal amount of the Loan was increased to US$240,000, inclusive of a cumulative commitment fee of USD$30,000 and additional Loan proceeds of USD$10,000 (the "Amended Loan"), and pursuant to which the Amended Loan became due and payable May 31, 2017. Pursuant to the Amended Loan agreement, the Company became obligated to pay the Lenders an additional cash fee of US$30,000 or issue a warrant to purchase 3,283,582 common shares of EnerGulf at a price of CAD$0.05 per share (pre-Consolidation). The Amended Loan remain subject to the approval of the Exchange.

Share Consolidation, Shares for Debt and Private Placement

The Company's Board of Directors has determined to consolidate the Company's issued share capital on a ratio of one (1) new post-Consolidation common share for every five (5) old pre-Consolidation common shares. There are currently 99,319,960 common shares outstanding, and following the Consolidation there will be approximately 19,863,992 shares outstanding. The Board of Directors determined the Consolidation is necessary in order for the Company to raise additional capital and pursue the opportunities described above. The Consolidation remains subject to the acceptance of the Exchange.

EnerGulf also proposes to conduct the Private Placement of up to CAD$5,000,000, consisting of up to 50,000,000 units at a price of CAD$0.10 (post-Consolidation) per unit (each a "Placement Unit"). Each Placement Unit will consist of one common share of the Company and one common share purchase warrant (a "Placement Warrant"). Each Placement Warrant will entitle the holder to purchase an additional common share of the Company at a price of CAD$0.20 (post-Consolidation) for a period of 24 months after the date of issuance of the Placement Warrant. On closing of the Private Placement, the Company may pay finder's fees in accordance with the policies of the Exchange. EnerGulf intends to use the proceeds of the Private Placement to settle outstanding liabilities, for payments in connection with the acquisition and development of its Gulf of Mexico oil and gas projects and for general corporate purposes.

The Company further announces that it has reached an understanding with certain of its creditors holding an aggregate CAD$738,514 in Company debt (the "Debt") to settle such Debt in exchange for (i) 6,535,140 post-Consolidation units of the Company (the "Debt Settlement Units") at a deemed price of $0.10 per Debt Settlement Unit and (ii) 850,000 common shares at a deemed price of $0.10 per common share. Each Debt Settlement Unit will be comprised of one common share of the Company and one common share purchase warrant (a "Debt Settlement Warrant"). Each Debt Settlement Warrant will entitle the holder to purchase an additional common share of the Company at a price of CAD$0.20 (post-Consolidation) for a period of 24 months after the date of issuance of the Debt Settlement Warrant.

The Private Placement and Debt Settlement are subject to Exchange approval - all securities issued in connection therewith shall be subject to a four month and one day hold period.

Annual General Meeting Results

All resolutions were approved at the Company's Annual General and Special Meeting on December 15, 2016: (i) electing Ernie Miller, Clive Brookes, Jeff Greenblum and Don Wilson to the Board of Directors, (ii) reappointing Dale Matheson Carr-Hilton Labonte LLP as the Company's auditors and (iii) approving certain amendments to the Company's stock option plan.

Namibia - Block 1711

EnerGulf is awaiting the 3D program required of the operator and remains committed to the prospective block.

Lotshi Block - Democratic Republic of Congo ("DRC")

The Company's Lotshi Block Production Sharing Contract with the government of the DRC (the "PSC") expired in February of 2016 - EnerGulf is currently in discussions to negotiate an extension of the PSC. The Company remains committed to the DRC and the Lotshi Block's potential in the face of current industry difficulties.

Albania

EnerGulf has been issued a Production Sharing Agreement for certain Block 8 hydrocarbon licenses as well as an exploration license and two operations licenses in respect of certain chromite exploration assets, each in the Republic of Albania (the "Albanian Assets"). The Company is currently in default of certain payment obligations in respect of the Albanian Assets, and is evaluating the Albanian Assets' role in the Company's corporate and exploration strategy going forward.

About EnerGulf

EnerGulf is a publicly traded international oil and gas exploration company with property interests located in the Gulf of Mexico, Democratic Republic of Congo, the Republic of Namibia and the Republic of Albania.

On Behalf of the Board of EnerGulf

"*Ernest B. Miller IV*"
Ernest B. Miller IV, CEO

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This release may include certain forward-looking information and statements, as defined by law including without limitation Canadian securities laws and the "safe harbor" provisions of the US Private Securities Litigation Reform Act of 1995 ("forward-looking statements"). In particular, and without limitation this news release contains forward-looking statements respecting the Transaction; the Company's intention to seek an extension of the Lotshi Block Production Sharing Contract; completion of the proposed Debt Settlement; completion of the Consolidation; completion of the proposed Private Placement; the future prospects for the Company; management's beliefs, assumptions and expectations; and general business and economic conditions. Forward-looking statements are based on a number of assumptions that may prove to be incorrect, including without limitation assumptions about the following: Texas South's ability to complete the acquisition of certain drilling rights to concerning the Canoe and the Selectron Prospects from Gulfslope; the ability by EnerGulf to thereafter complete a definitive agreement with Texas South; the time frame within which a development strategy will be determined for Block 8 and chromite exploration assets in the Republic of Albania, and the associated costs, permitting, and other requirements being met, if at all; the expectation that the DRC will be willing to entertain negotiations as to the extension of the Lotshi Block and that an extension can be agreed upon on terms that are acceptable to EnerGulf; the Company's ability to raise sufficient capital to carry out its goals and objectives; changes in the business or prospects of the company; unforeseen circumstances; general business and economic conditions, including those impacting the oil and gas industry and the global economy as a whole; and ongoing relations with employees, consultants, partners and joint venturers. The foregoing list is not exhaustive and we undertake no obligation to update any of the foregoing except as required by law.

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