ENERGULF RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

MAY 31, 2015

Dated: July 30, 2015

INTRODUCTION

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of EnerGulf Resources Inc. ("EnerGulf" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended May 31, 2015. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company for the three months ended May 31, 2015 in addition to the audited annual financial statements of the Company for the years ended February 28, 2015 and February 28, 2014, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS.

Information contained herein is presented as of July 30, 2015, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of EnerGulf common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of any oil and gas discovered	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of oil and gas and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Price volatility of oil and gas; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits
The Company has no source of revenue and it will require additional cash resources to meet its administrative overhead and maintain its mineral investments for the next twelve months, starting from May 31, 2015 The Company expects to incur further losses in the development of its business and will need to raise additional financing to meet its financial requirements	The operating and exploration activities of the Company for the next twelve months and beyond, starting from May 31, 2015, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned for 2016; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration and maintenance on its property interests and its anticipated use of cash	The exploration and maintenance activities of the Company for the year ended February 29, 2016, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; changes in the operations currently planned for 2016; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits

Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of oil and gas will be favourable to the Company; no title disputes exist with respect to the Company's properties	Price volatility of any mineral discovered, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition
Management's outlook regarding future trends, including the future price of any mineral discovered and availability of future financing	Financing will be available for the Company's exploration and operating activities; the price of applicable minerals will be favourable to the Company	Price volatility of any mineral discovered; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing
Sensitivity analysis of financial instruments	The Company's marketable securities will not be subject to change in excess of plus or minus 10% Foreign exchange rates will not be subject to change in excess of plus or minus 10%	Changes in debt and equity markets; interest rate and exchange rate fluctuations
Prices and price volatility for oil and gas	The price of oil and gas will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of oil and gas will be favourable	Changes in debt and equity markets and the spot price of oil and gas, if available; interest rate and exchange rate fluctuations; changes in economic and political conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

DESCRIPTION OF BUSINESS

EnerGulf Resources Inc. is a publicly traded international oil and gas exploration company focused on maximizing shareholder value by targeting high impact opportunities in the world's most prospective hydrocarbon regions. EnerGulf currently holds exploration oil and gas interests in projects in the Republic of Namibia and the Democratic Republic of Congo.

The Company currently derives no revenues from its oil and gas interests. Revenues, if any, are dependent on the successful completion and placing into production of the Company's oil and gas properties.

The Company is a reporting issuer in British Columbia and Ontario and trades on the TSX Venture Exchange (the "TSXV") under the symbol "ENG" and on the Frankfurt Exchange under the symbol "EKS".

OVERALL PERFORMANCE

As at May 31, 2015, the Company had assets of $416,149 and a net deficit position of $725,613. This compares with assets of $496,556 and a net deficit position of $531,122 at February 28, 2015. At May 31, 2015, the Company had $1,141,762 of liabilities (February 28, 2015 – $1,027,678) and no long-term debt. During the three months ended May 31, 2015, the Company had gross exploration and evaluation expenses of $12,358 on its oil and gas properties (three months ended ended May 31, 2014 - $191,787).

At May 31, 2015, the Company had a working capital deficit of $802,727, compared to a working capital deficit of $623,978 at February 28, 2015, an increase of $178,749, or approximately 29%. The Company had cash, restricted cash and marketable securities of $258,345 at May 31, 2015 compared to $318,669 at February 28, 2015, a decrease of $60,324, or approximately 19%. The Company needs to secure additional financing to carry on business activities for the twelve months ending May 31, 2016.

TRENDS

The Company is an oil and gas development entity, focused on the selection, acquisition, and exploration of hydrocarbon properties. EnerGulf maintains an interest in acquiring additional key hydrcarbon properties worldwide. The Company's financial success will be dependent upon the extent to which it can make discoveries and on the economic viability of any such discoveries. The development of such assets may take years to complete and the resulting income, if any, is difficult to determine with any certainty. To date, the Company has not produced any revenues. The sales value of any oil and gas discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the commodities produced.

There are significant uncertainties regarding the prices of oil and gas and the availability of equity financing for the purposes of exploration and development. There has been a dramatic decline in the price of oil over recent months and there is no indication of how long prices will remain depressed. The future performance of the Company is largely tied to the development of its property interests and other prospective business opportunities as well as the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Uncertainty in the financial markets has also led to increased difficulties in borrowing and raising funds. Companies worldwide have been affected particularly negatively by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of oil and gas exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Company to develop and/or further explore its current oil and gas exploration properties and any other property interests that may be acquired in the future. See "Risk Factors" below.

In addition to the risks outlined in this MD&A, EnerGulf has identified the extreme volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like EnerGulf are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for EnerGulf to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

EXPLORATION

Republic of Namibia – Block 1711

Gross Prospective Oil Resources Evaluation

In February 2012, the Company received a prospective oil resources report for four prospects and nine leads on Block 1711, including a mean estimate of 3.166 billion barrels of potentially recoverable oil. The report was prepared by independent oil and natural gas reservoir engineers Netherland Sewell and Associates, Inc. ("NSAI") of Dallas, Texas. NSAI estimates the unrisked gross (100 percent) prospective oil resources for the prospects and leads as of December 31, 2011, to be:

Gross (100%) Unrisked Prospective Oil Resources (MMbbl)

	Low Estimate	Best Estimate	High Estimate	Mean Estimate
Total	742	2,749	6,108	3,166

To view the NSAI report in its entirety as reported on February 23, 2012, visit www.sedar.com or www.energulf.com *(As per NI 51-101 section 5.9, There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.)*

Petroleum Agreement Overview

On June 7, 2013, EnerGulf was granted a 15% working interest under a new Petroleum Agreement (the "New PA") approved by the Government of the Republic of Namibia for Block 1711, offshore Namibia. The parties to the New PA are the Government of the Republic of Namibia, Gazania 148 Investments (Pty) Ltd ("Gazania") and EnerGulf Namibia Ltd. ("Energulf Namibia"). The initial Operator is Shaanxi Yuyang Petroleum Technology Engineering Co. Ltd. Gazania will own a 75% working interest, EnerGulf Namibia will own a 15% working interest and NAMCOR, the National Oil Company of Namibia, ("NAMCOR") will own a 10% carried interest to production. The agreement is subject to a government royalty of 5%. The New PA replaces in its entirety the 2006 Petroleum Agreement. The New PA and related Exploration License have an initial term of four years commencing June 7, 2013, may be renewed by the Government twice for additional two year periods, and provide for the following work programs and minimum expenditures:

Initial Exploration Period (4 years), the minimum exploration expenditure is US$40,000,000 and the work program includes:

- Acquire at least 2500 square kilometers of 3D seismic lines to image some of the existing prospects in the south-western quadrant of Block 1711;
- Process the seismic data via pre-stack depth migration;
- AVO processing for post-rift prospects;
- Optional processing through Reverse Time Migration;
- Acquire sea-floor piston cores over vents identified with side-scan program; and
- Procure drilling vessel and drill one exploration well to the base of the syn rift and not less than a depth of 5500m below the sea level.

The First Renewal Period (2 years) and the Second Renewal Period (2 years) each have a Minimum Exploration Expenditure of US$40,000,000 and each include the requirement to drill one exploration well to a depth based on the results of the previous wells. Gazania has provided the Government with the guarantees required to cause the Petroleum Exploration License to be issued, a $4,000,000 Bank guarantee (equal to 10% of the first period exploration requirement) and a guarantee of performance of the party's obligations.

On May 20, 2014, Gazania and EnerGulf Namibia entered into a Strategic Exploration Agreement ("SEA"), under which

Gazania will carry the Company for all value add costs ("Value Add Costs"), including costs to acquire and process 3D seismic and if necessary or appropriate, reacquire 3D seismic data, as approved by the Technical Advisory Committee ("TAC") and Minister of Mines and Energy ("Minister"), to acquire and process all other exploration data (excludes exploration well) required under the Petroleum Agreement as approved by the TAC and the Minister, to develop two independent geological and geophysical constructs for Block 1711, and to engage qualified professionals to prepare reports, maps and presentations for Block 1711 in accordance with good oilfield practices and international oil and gas industry standards. In addition, Gazania will carry the Company for all NAMCOR costs allocable to EnerGulf Namibia under the New PA. As part of the SEA, any costs incurred until a consensus drill site has been approved by the TAC, will be borne by Gazania, after which additional exploration costs will be borne by the Company up to its working interest under the New PA. All costs incurred to the identification of the approved drill site would contribute towards the $40,000,000 initial work program. Management's expectation is to commence joint marketing efforts during the consensus drill site development process.

A Joint Operating Agreement ("JOA") has been negotiated by Gazania and EnerGulf Namibia, to which NAMCOR is a party. The JOA will further define their respective rights and obligations relating to exploration of Block 1711 and, if warranted, production and will address such matters as operator responsibilities, operational procedures and priorities, payment obligations and differences between payment obligations and participating interests, accounting procedures, cost recovery for the carried NAMCOR interest, transfers of interests, and removal and replacement of the operator. The JOA has not been approved by NAMCOR or signed by Gazania.

Certain annual commitments are required under the New PA, in order for the agreement to continue in good standing. As Gazania is responsible for the maintenance of these commitments, the Company is reliant on them for the continued good standing of the property.

As at May 31, 2015, the Company had incurred total expenditures of $12,593,700 (February 28, 2015 - $12,586,268) on this project.

<u>Geological Overview</u>

Repsol Exploration (Namibia) commenced drilling operations for the Welwitschia-1A on May 1, 2014, offshore Block 1911, Republic of Namibia, two blocks south of Block 1711. The Welwitschia-1A was drilled to a total depth of 2,454 meters TVDRT (True Vertical Depth Rotary Table). Logging evaluations indicate that the Palaeocene, Maastrichtian and upper Campanian section reservoirs were less well-developed than prognosed and no hydrocarbons were encountered.

The Company completed an updated analysis for Block 1711 in 2011, which was presented to the Operating Committee, Technical Advisory Committee, Ministry of Mines and Energy, and Non-Operators. The exploration studies revealed multiple prospects and leads supported by amplitude anomalies and other hydrocarbon indicators. The Block 1711 prospect portfolio includes a Tertiary Turbidite play, Syn-Rift play, both of which have giant field analogs in Angola and Brazil, and a Basement play. Fossil evidence from the Kunene No. 1 well points to the potential for multiple Tertiary-age turbidite sandstone prospects. Turbidite sandstone reservoirs are common and prolific in West Africa, Brazil and Deepwater Gulf of Mexico. Regionally, turbidite sandstone reservoirs account for more than 20 billion barrels of producible reserves in Angola (Blocks 14, 15, 17 18 offshore Luanda), Nigeria (Agbami, Akpo and Bongo), Equatorial Guinea (Zafiro and Alba) and the Campos Basin of Brazil (Marlim and Albacora). The Company's extensive study also provided significant new information concerning the hydrocarbon potential of the Syn-Rift play, including possible seismic evidence of salt on Block 1711. The Syn-Rift rocks in Block 1711 are stratigraphically similar to the Pre-Salt rocks of the Santos Basin of Brazil (Lula, Guara and Lara) and in the Upper Congo Basin (Malongo and M'boundi Fields – also near EnerGulf Africa's Lotshi Block). These plays currently contain more than 15 billion barrels of producible reserves, and are still developing. The Company geologists have also developed several large prospects in a third play on Block 1711. They believe that this play has not been tested in the area and involves large "basement" horst blocks that form extensive ridges. These horst blocks are adjacent to the syn-rift half-grabens, but are believed to be comprised of older, pre-rift rocks. There is evidence of Karoo-age clastic rocks with excellent reservoir potential onshore near the eastern margin of Block 1711, and the Company geologists suggest that these extensive ridges are comprised of pre-rift Karoo-age rocks. Some geologists might consider this play to be part of the syn-rift or pre-salt play, but the Company has chosen to consider this as a separate play because of the uncertainty concerning the age of the potential reservoir rocks.

Historical Timeline:

- *March 2005* - EnerGulf Namibia, a wholly owned subsidiary of the Company, enters into Memorandum of Cooperation with NAMCOR (www.namcor.com.na) establishing a working relationship with regard to joint ventures in oil and gas exploration, development and production opportunities in Namibia, in particular Block 1711.
- *March 2006* – EnerGulf Namibia is formally assigned a 10% working interest in Block 1711, and the Ministry of Mines and Energy issues Petroleum Exploration License.
- *June 2006* - The Company engages NSAI, an independent international petroleum consulting firm located in Dallas, Texas (www.netherlandsewell.com) to prepare an assessment of the Prospective Resources for Block 1711 based upon the geological and geophysical data and information held by the Ministry of Mines and Energy.
- *October 2006* – A Joint Operating Agreement is entered into between Sintezneftegaz Namibia Ltd, as Operator, and Petro SA (National Oil Company of South Africa), NAMCOR, BEE Group and EnerGulf Namibia, as Non-Operators.
- *October 2007* – The Ministry of Mines and Energy approves the Environmental Impact Assessment Report from Risk Based Solutions of Namibia for Block 1711, and issues Environmental Clearance for drilling operations.
- *November 2007* – Technical Advisory Committee Meeting in Moscow which selects the Kunene No. 1 for the first drill site.
- *April 2008 – June 2008* – Drilling operations commence for the Kunene No. 1. EnerGulf Namibia non-consents in completion attempt. The Kunene No. 1 is determined to be non-commercial.
- *April 2010* – The Ministry of Mines and Energy extend the Petroleum Exploration License for two years.
- September *2010* – EnerGulf Namibia is appointed as interim operator for the Kunene No. 1 and Block 1711.
- *2010 – 2011* – EnerGulf Namibia reviews and analyzes the Kunene No. 1 data and information and updates its geological and geophysical construct for Block 1711.
- *2010 – 2011* - The Company engages NSAI to update its initial assessment of the Prospective Resources for Block 1711 based upon the post Kunene No. 1 data and information.
- *October 2011* – EnerGulf Namibia presents to the Ministry of Mines and Energy in Winhoek, Namibia, a complete analysis of the Kunene No. 1 and further evaluation of the hydrocarbon potential of Block 1711.
- *February 2012* – The Company receives the updated NSAI Prospective Resources Report for Block 1711.
- *June 2013* – EnerGulf Namibia enters into a Petroleum Agreement with Gazania, and NAMCOR (National Oil Company of Namibia), for offshore Block 1711, covering 8,891 square kilometers (2.2 million acres), which grants Gazania a 75% working interest, EnerGulf a 15% working interest, and NAMCOR a 10% carried working interest.
- *October 2013* – The Ministry of Mines and Energy of the Republic of Namibia issues a Petroleum Exploration License to Gazania, EnerGulf Namibia and NAMCOR.
- May *2014* – EnerGulf Namibia and Gazania enter into a Strategic Exploration Agreement.

Democratic Republic of Congo – Lotshi Block

Gross Prospective Oil Resources Evaluation

In March 2011, the Company engaged DeGolyer and MacNaughton ("D&M"), an independent international petroleum consulting firm located in Dallas, Texas (www.demac.com) to prepare an assessment of the prospective resources on EnerGulf's Lotshi Block and the report was delivered in May 2011. The report has been prepared in accordance with Canadian NI 51-101 and other Canadian, United States and International standards and covers the potentially recoverable oil on seven oil prospects on the Lotshi Block, mean estimate of 313 million barrels. The report concludes: Prospective resources in seven oil prospects have been identified in the 507 square kilometer Lotshi Block, DRC. The prospective resources presented below are based on the statistical aggregation method. Estimates of the gross prospective oil resources, as of December 31, 2010 are summarized as follows, expressed in English units in thousands of barrels (10^3bbl).

	Low (P90) Estimate	Best (P50) Estimate	High (P10) Estimate	Mean Estimate
Total	207,697	299,368	428,573	313,176

The next table reports the results by individual prospect and includes the gross Pg (probability of geologic success) adjusted mean estimate of prospective oil resources, should these prospects result in successful discoveries and development, expressed in English units in thousands of barrels (10^3bbl).

ESTIMATE of the GROSS PROSPECTIVE OIL RESOURCES
as of DECEMBER 31, 2010 for ENERGULF RESOURCES INC
In CERTAIN OIL PROSPECTS, LOTSHI BLOCK
DEMOCRATIC REPUBLIC of CONGO

	Gross Prospective Oil Resources Summary				
Prospect	**Low (P90) Estimate (10^3bbl)**	**Best (P50) Estimate (10^3bbl)**	**High (P90) Estimate (10^3bbl)**	**Mean Estimate (10^3bbl)**	**Probability of Geological Success, P_g (decimal)**
Dallas	23,441	53,333	125,268	67,139	0.235
Durango	9,790	22,394	50,455	27,962	0.183
Houston	12,560	28,353	61,876	34,630	0.180
I35	4,906	13,728	36,024	18,059	0.202
Midland	19,396	46,890	121,808	60,645	0.194
Odessa	20,858	46,652	108,142	57,772	0.178
Seabrook	14,811	36,842	93,765	47,237	0.196
Statistical Aggregate	**207,679**	**299,368**	**428,573**	**313,176**	**0.198**

The report does not consider the potential resource contribution from any reservoirs above the Loeme Salt, or from the Chela formation. The Chela formation is the main reservoir in the giant Rabi-Kounga field in Gabon and in smaller fields nearby in Cabinda. There have also been shows reported in the Chela in other wells near the Lotshi Block, but the stratigraphic position of the Chela directly underneath the Loeme Salt make it a difficult target to map seismically and therefore for the purposes of this report, it is considered of significant, but secondary importance to the exploration targets considered therein. D&M will issue an updated report that includes Chela prospective resources when that data is provided. EnerGulf has developed two Chela prospects for the Lotshi Block. The current report covers the targeted Bucomazi, Lucula and other presalt reservoirs.

To view the D&M report in its entirety as reported on May 13, 2012, visit www.sedar.com or www.energulf.com *(As per NI 51-101 section 5.9, There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.)*

Production Sharing Contract Overview

On November 16, 2005, EnerGulf Africa Ltd. ("EnerGulf Africa") was granted a Contrat De Partage De Production ("Production Sharing Contract" or "PSC") by the Democratic Republic of Congo (the "DRC"), for the Lotshi Block, containing 507 square kilometers, lying approximately 33 kilometers from the west coast of the DRC. The PSC grants EnerGulf a 90% working interest and COHYDRO, the National Oil Company of the DRC, ("COHYDRO") a 10% carried working interest. The Company incorporated EnerGulf Congo SARL ("EnerGulf Congo") to act as the Operator. The PSC was ratified and approved by Presidential Decree on March 12, 2008. The Ministry of Hydrocarbons issued a Permis d' Exploration (Exploration Permit) for the Lotshi Block on October 31, 2009. EnerGulf Africa and COHYDRO entered into a Contrat D' Association (Joint Operating Agreement) for the Lotshi Block on February 5, 2009. The PSC and Exploration License were made effective as of October 31, 2009 (date of the Exploration License) by Memorandum Agreement dated October 25, 2010. The PSC and related Exploration Permit have an initial term of five years commencing October 31, 2009 and may be renewed by the Government twice for additional five year periods. The PSC expired on November 1, 2014. On April 3, 2015, the Company received a letter from the Director of the Cabinet of the Prime Minister of the DRC, whereby extending the Exploration Permit for a period of ten months to facilitate the drilling of a well on the Lotshi Block (see "Marketing" below).

The Company paid a signing bonus of US$500,000, US$50,000 for geological data and US$250,000 for the Exploration Permit required by the PSC. The first year minimum exploration work commitment was an estimated US$3,500,000 and was surpassed. The minimum work commitment over the remaining period is an estimated total of US$30,000,000. All amounts spent towards the minimum work commitment are subject to review and approval by the Ministry.

The PSC provides the following work program guidelines and estimated expenditures for the minimum work commitment:

First Sub-Period (1 year), the estimated exploration expenditure is US$3,500,000 and the work guidelines include:

- Collect all available regional geological data, both seismic data and well data, and complete a study of the Hydrocarbon potential of the License below the Loeme Salt.
- Attempt to purchase at least 250 linear kilometers of 2D seismic.
- Participate in the organization and maintenance of a Data Bank with the General Secretary of Hydrocarbons.
- Create regional structure maps with oil seeps, map potential Hydrocarbon bearing zones using the available 2D seismic, and identify possible drill sites.
- If the existing seismic data quality and interpretation is adequate to justify an exploration well, drill one exploration well.

Second Sub-Period (2 years), the estimated exploration expenditure is US$20,000,000 and the work guidelines include:

- Drill two back to back exploration wells to a minimum depth of 2,000 meters (6,562 feet) to test one or more Hydrocarbon prospects below the Loeme Salt. The second well can be a development well. Bottom hole pressure tests shall be taken for productive reservoirs.
- Acquire at least 250 linear kilometers of 2D seismic data, and integrate with existing 2D seismic data.
- In the last six months of the Second Sub-Period, drill an exploration or development well at the best location and prospect, and if justified (avoid drilling two dryholes), drill a second exploration or development well.

Third Sub-Period (2 years), the estimated exploration expenditure is US$10,000,000 and the work guidelines include:

- Prepare and present a detailed geological and geophysical interpretation of the License, and prepare and present initial plans for the development, production, storage and sale of Hydrocarbons from the License.
- Acquire 500 linear kilometers of 2D seismic.
- Drill a new exploration or development well based upon the updated data, with the option to drill a second development well.

As required by the PSC, the Company is obligated to pay annually US$250,000 to the Ministry for various fees and US$20,000 to the Ministry of Environment.

The Company is also required to allocate US$100,000 annually for the benefit of the local communities situated on the lands of the PSC, for improving their health, education and culture. During the three months ended May 31, 2015, the Company allocated $nil (three months ended May 31, 2014 - $54,985 (US$50,000)) and spent $nil (three months ended May 31, 2014 - $nil). As at May 31, 2015, the Company has spent a total of $340,172 (US$324,223) (February 28, 2015 - $340,103 (US$324,167)) and has an additional $203,767 (US$163,471) (February 28, 2015 - $204,539 (US$163,527)) allocated for social and community spending, the amount of which is classified as restricted cash on the unaudited condensed interim consolidated statement of financial position.

Additionally, the PSC requires the Company to pay a discovery bonus of US$1,000,000 upon the discovery of commercial oil and gas; a production bonus of US$5,000,000 upon the production of 10,000,000 barrels of oil; US$250,000 upon the application and approval of an exploitation permit; US$250,000 upon the execution of the exploitation license; and US$125,000 upon renewal of the exploration license or exploitation license. The agreement is subject to a government royalty of 9% on the first 4 million barrels of production, and 12.5% thereafter.

As at May 31, 2015, the Company had incurred total expenditures of $10,335,914 (February 28, 2015 - $10,330,988) on this project. These expenses have not yet been reviewed and approved by the Ministry.

Geological Overview

The Lotshi Block covers approximately 507 square kilometers of the "Les Zones du Bassin Côtier" ("ZBC") in the onshore coastal salt basin of western DRC. The Losthi Block is contiguous to the highly prospective Cabinda area of Angola and is on trend with the M'Boundi giant field in Republic of Congo and situated in a similar geological rift graben. The Lotshi Block is also in relatively close proximity to the offshore Cabinda, Malongo and Takula giant field complexes operated by Chevron. Contiguous to the west of the Lotshi Block, in onshore Cabinda, are several undeveloped shallow oil discoveries, in blocks, held by Sonangol and Pluspetrol. The ZBC also includes the East-Mibale, Laiwenda-Kinkasi and Muana-Banana fields operated by Perenco (approximately 20 miles due southwest from Lotshi Block, producing approximately 25,000 bbls/day). The Lotshi Block is also contiguous to a bitumen mining license on the eastern boundary of the block, where there are known surface oil seeps.

Marketing

The PSC expired on November 1, 2014. On April 3, 2015, the Company received a letter from the Director of the Cabinet of the Prime Minister of the DRC, whereby extending the Exploration Permit for a period of ten months (the "Extension Term") to facilitate the drilling of a well on the Lotshi Block. Negotiations for the renewal of the PSC and Exploration Permit will depend upon the successful completion of the well during the Extension Term. The Company continues in discussions with potential joint venturers to drill on the Lotshi Block.

Historical Timeline

- *November 2005* - EnerGulf Africa, a wholly owned subsidiary of the Company, is granted the PSC by the Government of the DRC, for the Lotshi Block, containing 507 square kilometers, lying approximately 30 kilometers from the west coast of the DRC. The PSC grants EnerGulf Africa a 90% working interest and COHYDRO a 10% carried working interest.
- *March 2008* - Presidential Decree approving PSC.
- *July 2008* – New Resolution Geophysics completes aeromagnetic and gravity survey for Lotshi Block.
- *February 2009* - EnerGulf Africa and COHYDRO enter into a Contrat D' Association (Joint Operating Agreement) for the Lotshi Block.
- *August 2009* – EnerGulf Congo, a subsidiary of the Company, engages Demining Enterprises International (Pty) Ltd ("Demining"), to assess and locate all landmines and other ordinances on the Lotshi Block.
- *October 2009* - Issuance of Permis d' Exploration (Exploration Permit) for the Lotshi Block.
- *November 2009* – EnerGulf Congo receives the Demining General Landmine / UXO Assessment Report for the Lotshi Block, which identifies two "no go" areas, one immediately across the border into Cabinda

Angola, and the other approximately 2.7 kilometers into the northwestern portion of the Lotshi Block.

- *November 2009* – Pluspetrol Angola Corporation ("Pluspetrol") commences drilling of the Castanha No. 1 well on the Cabinda South Block, Cabinda Angola, which lies immediately contiguous to the western boundary of the Lotshi Block. The Castanha No. 1 well is completed in the Chela formation with a gross Chela pay interval of over 15 meters and an oil gravity of 33 API. Pluspetrol produces approximately 7,000 barrels of oil per day from 10 active wells by the end of 2013.
- *February 2010* - The Company signs contract with The Geophysical Institute of Israel ("GII") to conduct a high quality 2D seismic acquisition program covering more than 200 square kilometers of the Lotshi Block.
- *October 2010* – EnerGulf Africa and the Ministry of Hydrocarbons enter into a Memorandum Agreement amending the commencement date of the PSC to October 31, 2009, the date of the Exploration Permit.
- *October 2010* - April 2011 - SOCO International PLC ("SOCO") drills three wells on the Nganzi Block on the northern boundary of the Lotshi Block, the Nganga No. 1, the Bayingu No. 1 and the Kinganga Nyanya No. 1, all of which are dryholes. The SOCO wells prove good interbedded source development in the Bucomazi and hydrocarbon generation and migration within the Lemba Trough, but failed due to the lack of a reservoir seal, lack of structural closure, or lack of hydrocarbon presence.
- *January 2011* – GII completes 2D seismic acquisition for the Lotshi Block.
- *March 2011* – The Company completes its initial mapping of the new 2D seismic and integrating it with the older 2D seismic data, from more than 400 kilometers of 2D seismic data. Developed seven independent drillable prospects for the Company.
- *March 2011* – The Company engages D&M, an independent international petroleum consulting firm located in Dallas, Texas (www.demac.com) to prepare an assessment of the Prospective Resources for the Lotshi Block.
- *May 2011* – The Company received D&M's Gross Prospective Oil Resources Evaluation for the Lotshi Block.
- *September 2013* – The Company engages Moyes & Company (www.moyesco.com) to assist in facilitating a transaction with a strategic co-venturer for the Lotshi Block.
- *November 2013* – EnerGulf Africa engages Le Bureau D' Expertise Environnementale OGEC to conduct a pre-drill environmental and social evaluation for the Lotshi Block. The Complement De L'etude D'Impact Environnemental Et Social du Pojet d' exploration – Production des Hydreocarbures dans le Bloc Lotshi is completed in February 2014 and approved for submission to the Ministry of Hydrocarbons in early March 2014.
- *January 2014* – EnerGulf Africa updates its geological and geophysical construct for the Lotshi Block to include a basement fan play. EnerGulf Africa obtains Confidentiality Agreements from multiple companies interested in oil and gas exploration in the DRC, and makes multiple presentations in London, UK.
- *May 2014* – EnerGulf Africa updates its geological and geophysical construct for the Lotshi Block based upon input from the presentations to include Chela formation prospects, and makes second presentations to qualified partners.
- April *2015* – The Company received a letter of extension granted from the Government of the DRC.

Exploration and evaluation expenses incurred on the Company's oil and gas properties for the periods ended May 31, 2014 and May 31, 2015:

	Namibia	Democratic Republic of Congo	Total
Expenditures to date, February 28, 2014	**$ 12,543,220**	**$ 9,847,205**	**$ 22,390,425**
Acquisition	-	148,460	148,460
General and Administration	13,196	4,926	18,122
Geological	-	25,205	25,205
Expenditures to date, May 31, 2014	**$ 12,556,416**	**$ 10,025,796**	**$ 22,582,212**
Expenditures to date, February 28, 2015	**$ 12,586,268**	**$ 10,330,988**	**$ 22,917,256**
General and Administration	7,432	4,926	12,358
Expenditures to date, May 31, 2015	**$ 12,593,700**	**$ 10,335,914**	**$ 22,929,614**

MANAGEMENT AND ADVISORS

At the 2014 Annual General Meeting of the Company, Jeff Greenblum, Peter L. Gianulis, Anu Dhir and John D. Elmore were re-elected as Directors. Jeff Greenblum continues to act as the Chairman of the Board, John Elmore as President and in the capacity of Chief Executive Officer ("CEO"), and Jonathan Chu as Chief Financial Officer ("CFO").

As of March 1, 2014, the daily administrative services and office space rental agreement with Sunrise Communications Ltd (owned by Clive Brookes) was terminated and Clive Brookes resigned as CFO of the Company. The Company engaged DSA Corporate Services, Inc. ("DSA") of Toronto, Ontario Canada to provide corporate secretarial and administrative services to the Company. The Company engaged Marrelli Support Services, Inc. ("Marrelli") of Toronto, Ontario Canada to provide accounting and CFO services. Jonathan Chu, CPA CA, was engaged through Marrelli to act as the CFO of the Company. The registered corporate office for the Company was moved to 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada M5C 2C5, being the same office as DSA and Marrelli.

Andimba Toivo Ya Toivo acts as the Senior Advisor for African Affairs for the Republic of Namibia, and was Minister, Ministry of Mines and Energy and Ministry of Labor, Republic of Namibia.

Dr. Yves Neuville acts as the Senior Advisor for African Affairs for the Democratic Republic of Congo, and Professor in Economic Information Analysis at René Descartes University – Paris (Sorbonne). Dr. Neuville has consulted for the World Bank, the United Nations, Unesco, OECD, OIF ("Organisation Internationale de la Francophonie"), ISO/IEC and CEN, the French Ministry of Industry, the Ministry of Labour and the Education and Research Ministry.

Gregory A. Wilson, Petroleum Geologist, ("Wilson") is acting as the lead geologist for the Lotshi Block, DRC, and is responsible for the updated geological and geophysical construct for the Lotshi Block. Wilson holds a Master of Science Degree in Geology from West Texas State University. Wilson began his career working for Gunn Oil Company, which is owned by Robert D. Gunn, former President of the American Association of Petroleum Geologists. Wilson and Will Dean, Petroleum Geologist, own Cogent Exploration Ltd Co. of Oklahoma City, Oklahoma USA, which generates frontier oil and gas plays. Wilson has worked oil and gas projects throughout the world, but has most recently been focused on the Whittenburg Trough – Oldham Nose Trend in North Texas. Wilson originated and owned a significant working interest in the Bivins Ranch Prospect, Hartley, Moore, Oldham and Potter Counties, Texas. In 2011, a portion of the Bivins Ranch Prospect was sold to Apache Corporation with Estimated Ultimate Recovery oil and gas reserves of 183 MMBO. Wilson was retained by the Company based upon the similarities of Lemba Trough (Lotshi Block) and Whittenburg Trough (Bivins Ranch Prospect), and his expert knowledge of and material success in this type of geological environment.

Joseph Davis, Ph.D. of Digital Prospectors, Inc. ("DPI") is acting as the lead geologist for Block 1711. Some of the other DPI personnel that consult and assist the Company include geophysicists/geologists Joseph A. Canales and Gregory G. Chapel. They all have been employed or have been consultants to various major oil companies. DPI has been consulting to the Company for the past seven years on Block 1711 in Namibia and the Lotshi Block in the DRC. Dr. Davis coordinated the seismic program on the Lotshi Block and related geology requirements. He is also responsible for the geophysics/geology work program concerning Block 1711. Dr. Davis has more than 20 years of experience in oil and gas exploration, with significant involvement and success in new ventures around the world including deepwater plays in the Gulf of Mexico and West Africa.

Dr. Albert Ongendangenda is Director General of EnerGulf Congo SARL, a subsidiary of the Company located in Kinshasa, DRC. Dr. Ongendangenda manages general operations for the Company in the DRC. Dr. Ongendangenda served as the Advisor to the President of the Democratic Republic of Congo for Mines, Energy and Infrastructure from 2002 until joining EnerGulf Congo SARL. He is currently also a Professor at the University of Kinshasa, Faculty of Science, Department of Earth Sciences.

RESULTS OF OPERATIONS

Three months ended May 31, 2015, compared with three months ended May 31, 2014

The Company's loss for the three months ended May 31, 2015 was $209,519 ($0.00 per share), compared to a loss of $670,484 ($0.01 per share) for 2014. Total operating expenses for the 2015 fiscal period were $229,991 compared to $678,308 for 2014. Significant variations are described below.

Professional fees consist of legal and accounting fees. Professional fees amounted to $31,349 (2014 - $41,207), a decrease of $9,858 from the comparative period due to cost savings measures.

Office and administration expenses are costs related to operating and administering the company offices and corporate finance activities. Office and administration expenses were $32,308 (2014 - $47,839), a decrease of $15,531 from the comparative period due to an decrease in activity in investor relations and marketing of the projects as well as other cost savings measures.

Management fees include the compensation costs of the Company's officers. Management fees amounted to $46,384 (2014 - $52,352), a decrease of $5,968.

Share-based payments expenses included in loss are a non-cash accounting entry and include all share-based awards such as stock options granted to employees, non-employees, directors, officers, employees and consultants. The awards are measured and recognized using a fair value based method in accordance with the IFRS 2. The value of share-based payments totaled $15,028 (2014 - $173,340). These compensation expenses were calculated using the Black-Scholes fair value option pricing model.

Exploration and evaluation expenses amounted to $12,358 (2014 - $191,787), a decrease of $179,429, due to payments required under the PSC in the comparative period.

Travel expenses consist of transportation, lodging, and meals of directors, officers and consultants. Travel costs were $6,782 (2014 - $62,354), a decrease of $55,572 due to limited travel required on the various projects.

Consulting fees are incurred for work done on prospective property interests by geologists, geological firms and other consultants. The consulting fees amounted to $47,581 (2014 - $56,950), an decrease of $9,369, due to cost savings measures.

Salary and benefits are compensation costs of the employees in DRC. Salary expenses were $24,861 (2014 - $24,861).

Transfer and regulatory fees consist of fees paid to government, transfer agent, TSX Venture exchange and other regulators. Transfer and regulatory fees amounted to $2,178 (2014 - $10,627), a decrease of $8,449.

Insurance costs were $10,443 (2014 - $13,539), a slight decrease of $3,096 from the comparative period, due to a new insurance policy.

SUMMARY OF QUARTERLY RESULTS

Quarter Ended	Revenues	Loss (Income) for the period	Loss (Income) Per Share - Basic	Total Assets	Total Long Term Liabilities	Cash Dividend Declared
May 31, 2015	Nil	$ 209,519	$ 0.00	$ 416,149	Nil	Nil
February 28, 2015	Nil	$ 301,260	$ 0.00	$ 496,556	Nil	Nil
November 30, 2014	Nil	$ 530,978	$ 0.01	$ 475,668	Nil	Nil
August 31, 2014	Nil	$ 324,466	$ 0.01	$ 560,056	Nil	Nil
May 31, 2014	Nil	$ 670,484	$ 0.01	$ 852,176	Nil	Nil
February 28, 2014	Nil	$ 509,172	$ 0.01	$ 1,309,713	Nil	Nil
November 30, 2013	Nil	$ 814,642	$ 0.01	$ 2,050,625	Nil	Nil
August 31, 2013	Nil	$ 545,376	$ 0.01	$ 499,967	Nil	Nil

QUARTERLY STATEMENT OF OPERATIONS

Statement of Operations Data	May 31, 2015	February 28, 2015	November 30, 2014	August 31, 2014
Exploration and evaluation expenses	$ 12,358	$ 42,370	$ 255,998	$ 36,676
Share-based payments	15,028	20,334	62,367	100,888
General & administrative expenses	202,605	207,328	196,821	176,872
Foreign exchange (gain) loss	(20,472)	31,360	16,123	9,089
Finance (income) expense	-	(132)	(331)	941
Loss (gain) from sale of investment	-	-	-	-
Gain on settlement of claims	-	-	-	-
Loss (income) for the period	$ 209,519	$ 301,260	$ 530,978	$ 324,466

Statement of Operations Data	May 31, 2014	February 28, 2014	November 30, 2013	August 31, 2013
Exploration and evaluation expenses	$ 191,787	$ 29,184	$ 244,696	$ 66,224
Share-based payments	173,340	168,067	198,771	97,986
General & administrative expenses	313,181	369,134	388,560	369,280
Foreign exchange (gain) loss	(5,547)	(5,061)	(17,357)	9,921
Finance income	(2,277)	(2,453)	(28)	(406)
Loss (gain) from sale of investment	-	-	-	2,371
Gain on settlement of claims	-	(49,699)	-	-
Loss (income) for the period	$ 670,484	$ 509,172	$ 814,642	$ 545,376

Over the past eight quarters, the Company has worked primarily to advance its projects in Namibia and DRC. During the three months ended May 31, 2015 the Company incurred a foreign exchange gain of $20,472 compared to a gain of $5,547 in 2014. The level of the Company's operating expenses relate to the activity to support the due diligence, acquisition and exploration and development undertaken on the Company's projects and financing activities. These expenses can vary significantly between periods and consequently seasonal and observable trends may not be meaningful. Share-based payments vary from quarter to quarter due to the number of options granted and/or vested during the period. Management anticipates that the Company will continue to incur losses until one of its projects achieves economic production.

CAPITAL RESOURCES AND LIQUIDITY

As at May 31, 2015, the Company had cash of $48,445 (February 28, 2015 - $107,976) and marketable securities of $6,133 (February 28, 2015 – $6,154) consisting of mutual fund holdings in corporate and government bonds. As at May 31, 2015, cash and marketable securities totaled $54,578 (February 28, 2015 - $114,130).

During the three months ended May 31, 2015, the Company expended cash of $87,792 (three months ended May 31, 2014 – $429,593) on operating activities. Cash used in operations consist of cash used to fund the loss for the period less the impact of non cash items, and the cash used for working capital purposes.

During the three months ended May 31, 2015, the Company received $27,423 (2014 - $Nil) from financing activities. During the three months ended May 31, 2015, the Company received a loan of US $22,000 (CDN $27,423) from a corporation, of which a shareholder of the Company is a principal. The loan has an annual interest rate of 17% and has a commision of 4.5%. The loan is due on September 29, 2015.

The Company spent $12,358 (three months ended May 31, 2014 – $191,787) on exploration and evaluation expenses on its oil and gas properties. The Company has allocated $nil and withdrawn $69, respectively (three months ended May 31, 2014 - $54,985 and $221, respectively), a net withdrawal of $69 (three months ended May 31, 2014 - net allocation of $54,764), for social and community spending and related bank and admin costs in DRC in accordance with the PSC. The impact on cash due to the change in the US dollar to the Canadian dollar was an increase of $769 (three months ended May 31, 2014 – decrease of $2,227).

As of May 31, 2015, the Company has a working capital deficit of $802,727 (February 28, 2015 - working capital deficit of $623,978). The Company intends to raise additional equity funds to meet its short-term commitments and its ongoing exploration activities.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, restricted cash, marketable securities, amounts receivable, accounts payable and accrued liabilities, loan payable, and due to related parties. As at May 31, 2015, the recorded amount of all financial instruments approximates their fair value. Cash equivalents include term deposits where maturity date at inception is less than ninety days and that may be liquidated at the Company's option without significant penalty.

FINANCIAL RISK MANAGEMENT

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents, restricted cash and marketable securities are exposed to credit risk. The Company's credit risk on cash and cash equivalents, restricted cash and marketable securities is considered remote because the counterparties are highly rated banks and financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at May 31, 2015, the Company had cash of $48,445 (February 28, 2015 - $107,976) to settle current liabilities of $1,141,762 (February 28, 2015 - $1,027,678). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity and the Company's ability to continue as a going concern.

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's marketable securities consist of mutual fund investments in short and medium term bonds. These investments are subject to low to medium interest rate risk. At May 31, 2015, a 1% change in interest rates would not have a significant impact. The Company regularly monitors compliance with its cash management policy.

d) Foreign currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flow will fluctuate as a result of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. Certain significant transactions were conducted in US dollar currency. The Company does not hedge anticipated foreign currency changes. As at May 31, 2015, the Company held cash in US dollars of $174,126 (CDN $217,048) (February 28, 2015 - $204,045 (CDN $255,219)), marketable securities in US dollars of $4,920 (CDN $6,132) (February 28, 2015 - $4,920 (CDN $6,154)), accounts payable and accrued liabilities in US dollars of $520,251 (CDN $648,493) (February 28, 2015 - $450,985 (CDN $564,092)) and a loan payable in US dollars of $22,000 (CDN $27,423) (February 28, 2015 - $nil). A 10% change in foreign exchange rates would impact net loss by approximately $34,000 (February 28, 2015 - $28,000).

CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at May 31, 2015, totaled a deficit of $725,613 (February 28, 2015 - deficit of $531,122).

This is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fund raisings.

The Company is not subject to any material externally imposed capital requirements or covenants by a lending institution or regulatory body, other than Policy 2.5 of the TSX.V which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of May 31, 2015, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX.V.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the three months ended May 31, 2015.

ENVIRONMENTAL LIABILITIES

The Company is not aware of any environmental liabilities or obligations associated with its oil and natural gas interests. The Company is conducting its operations in a manner consistent with governing environmental legislation.

OFF-BALANCE SHEET ARRANGEMENTS

The company has no off-balance sheet arrangements.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

As at May 31, 2015, the directors of the Company collectively control 12,889,036 common shares of the Company or approximately 15% of the total common shares outstanding. To the knowledge of directors and officers of EnerGulf, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

(a) EnerGulf entered into the following transactions with related parties:

		Three Months Ended May 31,	
	Notes	**2015**	**2014**
Resource Finance Ltd. ("Resource Finance")	(i)	**$ 1,500**	$ 1,500
John D. Elmore	(ii)	**20,349**	19,878
Marrelli	(iii)	**10,869**	17,350
DSA	(iv)	**4,435**	7,875

(i) For the three months ended May 31, 2015, the Company expensed $1,500 (three months ended May 31, 2014 - $1,500) to Resource Finance for the services of a director to act as consultant to the Company and this amount was included in consulting fees. As at May 31, 2015, Resource Finance was owed $262,789 (February 28, 2015 - $261,312) and this amount was included in due to related parties. There are no specific terms of repayment for the amount outstanding.

(ii) For the three months ended May 31, 2015, the Company expensed $20,349 (three months ended May 31, 2014 - $19,878) to John D. Elmore for his services to act as President of the Company and these amounts were included in management fees. As at May 31, 2015, John D. Elmore was owed $54,846 (February 28, 2015 - $34,397) and this amount was included in accounts payable and accrued liabilities.

(iii) For the three months ended May 31, 2015, the Company expensed $4,600 (three months ended May 31, 2014 - $4,500) to Marrelli Support for the services of Jonathan Chu to act as CFO of the Company and $6,269 (three months ended May 31, 2014 - $12,850) for accounting services and these amounts were included in management fees and professional fees, respectively. As at May 31, 2015, Marrelli Support was owed $21,671 (February 28, 2015 - $15,389) and this amount was included in accounts payable and accrued liabilities. Jonathan Chu was appointed as CFO and Secretary of the Company on March 11, 2014.

(iv) For the three months ended May 31, 2015, the Company expensed $4,435 (three months ended May 31, 2014 - $7,875) to DSA for corporate secretarial and filing services and these amounts were included in consulting and transfer and regulatory fees. As at May 31, 2015, DSA was owed $9,891 (February 28, 2015 - $4,709) and this amount was included in accounts payable and accrued liabilities. DSA is affiliated with Marrelli Support through a common officer.

(v) On May 28, 2015, the Company entered into a loan agreement with a corporation of which a shareholder is a principal (see "Capital Resources and Liquidity" above).

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended May 31,	
Salaries and benefits	**2015**	**2014**
John D. Elmore - President	**20,349**	19,878
Jonathan Chu - CFO	**4,600**	4,500
Total remuneration	**$ 24,949**	$ 24,378

	Three Months Ended May 31,	
Share-based payments	**2015**	**2014**
Anu Dhir - Director	**$ 1,292**	$ 23,694
Peter Gianulis - Director	**1,292**	23,694
Jeff Greenblum - Director	**-**	9,549
John D. Elmore - President	**1,914**	15,043
Total share-based payments	**$ 4,498**	$ 71,980

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to Directors and key management personnel of the Company.

The above noted transactions are in the normal course of business and approved by the Board of Directors.

OUTSTANDING SHARE DATA

EnerGulf's authorized capital is unlimited common shares without par value. At the date of this MD&A, the Company had 83,397,725 common shares issued and outstanding.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Exercise Price	Expiry Date
300,000	$ 0.40	November 3, 2015
415,000	$ 0.56	November 25, 2015
1,335,000	$ 0.69	November 25, 2015
150,000	$ 0.65	December 2, 2015
885,000	$ 0.66	December 30, 2015
190,000	$ 0.20	December 4, 2017
100,000	$ 0.18	July 8, 2018
2,040,000	$ 0.20	August 30, 2018
1,460,000	$ 0.22	November 5, 2018
500,000	$ 0.20	December 23, 2018
170,000	$ 0.45	March 12, 2019
200,000	$ 0.37	May 1, 2019
7,745,000		

Warrants outstanding for the Company at the date of this MD&A were as follows:

Warrants	Exercise Price	Expiry Date
11,822,956	$ 0.35	November 5, 2015
2,853,164	$ 0.25	August 4, 2016
14,676,120		

CHANGE IN ACCOUNTING POLICIES

There have been no changes in significant accounting policies from the most recent audited consolidated financial statements for the year ended February 28, 2015.

Pronouncement released, but not yet adopted

(i) IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. A new hedge accounting model is introduced and represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS9 is effective for periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently assessing the impact of this pronouncement.

PROPOSED TRANSACTIONS

The Company routinely evaluates various business development opportunities which could entail farm-ins, farm-outs, acquisitions and/or divestitures.

Acquisition of Columbus Copper Corporation (the "Acquisition")

The Company entered into a definitive agreement dated July 9, 2015 with Columbus Copper Corporation (TSX-V:CCU) ("Columbus"), pursuant to which the Company has conditionally agreed to acquire all of the outstanding common shares of Columbus in exchange for common shares of EnerGulf to be issued on the basis of one Columbus share for 0.4937 EnerGulf common shares (the "Exchange Ratio"). The arrangement will be completed in accordance with the provisions of the Business Corporations Act (British Columbia) and is subject to the approval of the shareholders of Columbus, the Supreme Court of British Columbia and the TSX.V. The Company will acquire all of the approximately 18,634,798 common shares of Columbus expected to be outstanding at closing of the Acquisition which would result in an exchange ratio of 0.4937.

Albania Production Sharing Agreement ("Proposed PSC")

Further to its previously announced agreement to acquire the rights to pending onshore hydrocarbon license Block 8 ("Block 8") in Albania through the acquisition of BVI-incorporated Dinaric International Energy Corporation and its Albanian subsidiary, Albanides Energy Sh.p.k., Columbus has entered into an amending agreement whereby it will immediately acquire 100% of the outstanding share capital of Dinaric from the Dinaric shareholders (the "Vendors"). Furthermore, Columbus and the Vendors have agreed that the consideration payable by Columbus to the Vendors (which will consist of a payment of $90,000 and the issuance of 9,300,000 Columbus common shares) will occur after Albanides has signed a proposed production sharing contract with the government of Albania (the "Proposed PSC") in respect of Block 8, subject to approval by the TSX.V.

The 9,300,000 Columbus common shares to be issued to the Vendors will be exchanged for common shares of EnerGulf at the Exchange Ratio pursuant to the terms of the arrangement agreement, as further described below.

Summary Terms

Upon completion of the arrangement, it is anticipated based on the Exchange Ratio that EnerGulf will issue approximately 4,608,590 common shares to the current Columbus shareholders (representing 4.98% of EnerGulf common shares on closing) and 4,591,410 common shares to the Vendors (representing 4.96% of outstanding EnerGulf common shares on closing). EnerGulf is expected to have an aggregate of 92,597,725 common shares outstanding on closing of the arrangement. No fractional shares will be issued by EnerGulf, and fractions will be rounded down to the nearest whole number. Based on the closing prices of EnerGulf ($0.14) and Columbus ($0.05) on March 23, 2015, the share exchange represents a 38.2% offer premium to current Columbus shareholders and the deemed value of the acquisition would be $1,288,000.

The arrangement agreement provides that EnerGulf's Board of Directors will be expanded from four to five directors, with Robert Giustra, Director of Columbus, to be appointed as a fifth director on closing. The Chief Financial Officer of EnerGulf will resign and be replaced with the current CFO of Columbus, Akbar Hassanally, and the VP, Communications and Technology and the VP, Legal and Corporate Secretary of Columbus will be appointed to the same officer positions with EnerGulf.

The purpose of the Proposed PSC is to secure exploration and development rights in Block 8 for Dinaric more expeditiously than would otherwise be the case due to the length of time required to complete the licensing process in Albania.

Closing Conditions

Closing of the arrangement will be subject to the completion or waiver of several conditions, including:

- Columbus will have entered into the Proposed PSC with the Government of Albania with respect to Block 8;
- Holders of no more than 20% of the outstanding Columbus shares will have exercised their dissent rights;
- The arrangement will be subject to the approval by 66 2/3% of Columbus shareholders at a special meeting, which Columbus anticipates will be held on or before September 25, 2015;
- Receipt of all necessary court and regulatory approvals of the transaction, including those of the TSX.V and the Supreme Court of British Columbia; and
- There will have been no change, condition, event or occurrence that is reasonably likely to have a material adverse effect on either party.

RISK FACTORS

The Company continues its emphasis on oil and gas exploration with a view to discover reserves and generate cash flows and is reviewing other projects of interest as they come available. The oil and gas business is subject to a number of risks and other factors which may have an impact on the Company, including but not limited to the following:

Overseas Projects

The Company's projects are located in foreign jurisdictions and are subject to risks relating to political stability and changes in laws relating to foreign ownership, government participation, taxation, royalties, duties, rates of exchange, exchange controls, restrictions on production, export controls, land use and operational safety, and the potential for terrorism or military repression. Because a significant percentage of its operating costs, exploration expenditures and lease maintenance and acquisition costs are denominated in U.S. dollars, the Company's results of operations are subject to the effects of fluctuations in exchange rates and inflation. The Company does not engage in any hedging activities to minimize such risks.

Exploration and Production Risks

Drilling oil and gas wells involves the risk that the wells will be unproductive or that, although productive, the wells do not produce oil and/or gas in economic quantities. Other hazards, such as unusual or unexpected geological formations, pressures, fires, blowouts, loss of circulation of drilling fluids or other conditions may substantially delay or prevent completion of any well. Adverse weather conditions can also hinder drilling operations. A productive well may become uneconomic in the event water or other deleterious substances are encountered, which impair or prevent the production of oil and/or gas from the well. In addition, production from any well may be unmarketable if it is impregnated with water or other deleterious substances. As with any petroleum property, there can be no assurance that oil and gas will be produced from the properties in which the Company has interests. In addition, the marketability of oil and gas, which may be acquired or discovered, will be affected by numerous factors beyond the control of the Company. These factors include the proximity and capacity of oil and gas pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental protection. The extent of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no assurance that additional crude oil or natural gas in commercial quantities will be discovered by the Company.

Financing Risks

The Company has primarily relied on the sale of its equity capital to fund the acquisition, exploration and development of its petroleum properties. It has no assurance that additional funding will be available to it for exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to generate sufficient operating cash flow or obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to generate such additional operating cash flow or obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the risk of possible loss of such properties.

Natural Gas and Oil Prices

In recent decades, there have been periods of both worldwide overproduction and underproduction of hydrocarbons and periods of both increased and relaxed energy conservation efforts. Such conditions have resulted in periods of excess supply of, and reduced demand for, crude oil on a worldwide basis and for natural gas on a domestic basis. These periods have been followed by periods of short supply of, and increased demand for, crude oil and, to a lesser extent, natural gas. The excess or short supply of crude oil and natural gas has placed pressures on prices and has resulted in dramatic price fluctuations even during relatively short periods of seasonal market demand.

No History of Earnings

EnerGulf has no history of earnings or of a return on investment, and there is no assurance that any of its properties will generate earnings, operate profitably or provide a return on investment in the future. The Company has not paid dividends in the past and has no plans to pay dividends for some time in the future. Its board of directors will determine the future dividend policy of EnerGulf. Some of the Company's oil and gas interests may consist of oil and gas tenures which have not been surveyed, and therefore, the future determination of those interests, the precise area and location of such interests may be in doubt. Although there are resources estimates, there are no known reserves of oil and gas on EnerGulf's properties.

Repatriation of Earnings

Regulations of foreign countries may provide that subject to payment of applicable taxes, foreign investors may remit out of those countries, in foreign exchange, profits or dividends derived from a source within those countries. Remittance by foreign investors of any other amounts (including for instance, proceeds of sale arising from a disposal by a foreign investor of any of his investment in those countries) out of those countries may be subject to the approval of the respective State administrations. No assurance can be given that such approval would be granted. Further, there can be no assurance that additional restrictions on the repatriation of earnings in those countries will not be imposed in the future.

Political Investment Risk; Political Instability in Developing Countries

EnerGulf's interests are in countries that may be affected by varying degrees of political instability and the policies of other nations in respect of these countries. These risks and uncertainties include military repression, political and labour unrest, extreme fluctuations in currency exchange rates, high rates of inflation, terrorism, hostage taking and expropriation. EnerGulf's current projects are located in Southern and West Africa, in the countries of Namibia and Democratic Republic of Congo. EnerGulf's exploration and development activities may be affected by political instability and the nature of various government regulations relating to the oil and gas industry. Any changes in regulations or shifts in political conditions are beyond the control of EnerGulf and may adversely affect its business and/or its holdings. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and safety factors. EnerGulf's operations in those countries entail significant governmental, economic, social, medical and other risk factors common to all developing countries.

See "Economic Uncertainty in Developing Countries". The status of these countries as developing countries may make it more difficult for EnerGulf to obtain any required financing because of the investment risks associated with these countries.

Economic Uncertainty in Developing Countries

EnerGulf's future operations may be adversely affected by economic uncertainty characteristic of developing countries. For example, some countries have experienced high rates of inflation for many years. There can be no assurance that any governmental action to control inflationary or deflationary situations will be effective in ensuring economic stability or that future governmental action will not trigger inflationary or deflationary cycles. Additionally, changes in inflation or deflation rates and governmental actions taken in response to such changes can also affect currency values in such countries. Any such changes could have a material adverse effect on EnerGulf's results of operations and financial condition. While these countries permit private economic activities, the governments have exercised and continue to exercise substantial control over virtually every sector of their economy through regulation and state ownership. EnerGulf's prospects, results of operations and financial condition may be adversely affected by political, economic and social uncertainties, changes in leadership, diplomatic developments and changes or lack of certainty in the laws and regulations of these countries.

Current Resource Exploration Conditions

The current infrastructure in these countries may not be adequate to support EnerGulf's planned activities. For example, the continued reliability, or the ability of the appropriate authorities to maintain water supply, electricity supply and transportation accessibility is presently undetermined or being studied. In addition, there are technical risks associated with oil and gas exploration. These risks could result in increased operating costs.

Title Risks

The acquisition of title to oil and gas properties or interests therein is a very detailed and time-consuming process. Title to and the area of resource concessions may be disputed. EnerGulf will however, before expending funds on exploration and drilling activities, make efforts to ensure that title is secure.

Currency Fluctuations

Presently, the Company's hydrocarbon exploration activities are conducted in Africa and all petroleum revenues and expenditures are conducted in both United States and Canadian dollars. To date, all equity financings transacted by the Company have been conducted in Canadian dollars. The Company will maintain certain of its cash holdings in United States dollars. Future fluctuations in the value of the Canadian relative to the US dollar may have a material and adverse effect on the Company's ability to conduct financings in the future.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administrative

Expenses	Three Months Ended May 31, 2015	Three Months Ended May 31, 2015
Consulting	$ 47,581	$ 56,950
Depreciation	719	3,452
Insurance	10,443	13,539
Management fees	46,384	52,352
Office and administration	32,308	47,839
Professional fees	31,349	41,207
Salaries and benefits	24,861	24,861
Share-based payments	15,028	173,340
Transfer and regulatory fees	2,178	10,627
Travel	6,782	62,354
Total	**$ 217,633**	**$ 486,521**

SUBSEQUENT EVENT

Acquisition of Columbus Copper Corporation

Subsequent to May 31, 2015, the Company entered into a definitive agreement Columbus (see "Proposed Transactions" above).

APPROVAL

On July 30, 2015, the Board of Directors of EnerGulf Resources Inc. approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be located, along with additional information such as the complete financial statements, on the SEDAR website at www.sedar.com.