

ENERGULF RESOURCES INC.

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NEWS RELEASE

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ENERGULF YEAR END UPDATE

(HOUSTON) EnerGulf Resources Inc. (TSXV: ENG) is pleased to provide a year end update on its current projects. Jeff Greenblum, EnerGulf Chairman of the Board comments: "The year 2005 has been an exciting year for EnerGulf, as we have made incredible progress in pursuing our Pan-African business plan of assembling a strong portfolio of high-impact oil and gas exploration opportunities as well as adding world class talent to our technical team. We evaluated many areas of interest, entered into Memorandums of Understanding (MOU) covering three highly prospective areas, participated in drilling a well in South Texas and have been awarded Offshore Prospecting License (OPL) 252 in Nigeria. After entering into MOU's in Namibia, Tanzania and the Democratic Republic of Congo (DRC) we advanced each of the MOU's to their next level. In Namibia, we have been offered a 17% interest in Block 1711, which we accepted; in the DRC, we have been granted a Production Sharing Contract (PSC); in Tanzania, we have submitted a proposed Production Sharing Agreement (PSA). Each of these major projects is a work in progress and their acquisition phase requires patience and discretion to achieve maximum accretion for our shareholders. We look forward to another hard working and exciting year in upcoming 2006, continuing to build on this year's extraordinary accomplishments. We appreciate and value our significant shareholder support"

Namibia Block 1711:

EnerGulf has been offered a 17% interest in offshore Block 1711 by the Ministry of Mines and Energy of Namibia. PetroSA has been offered a 70% interest, along with being operator will carry Namcor for 10% and local BEE group(s) for 3%. Since the offer was made, the parties have been conducting various due diligence and putting the finishing touches on the Exploration License. EnerGulf anticipates the formal signing ceremony for Block 1711's Exploration License in the first quarter of 2006.

Lotshi Block, Democratic Republic of Congo:

EnerGulf's wholly owned subsidiary, EnerGulf Africa Ltd. was granted an oil and gas PSC covering the Lotshi Block (420 sq. km) in the Congo Salt Basin, onshore, DRC. Per the terms of the PSC, and after Presidential decree, EnerGulf will pay a signature bonus of US\$500,000 for a 90% interest in the PSC and will provide a letter of credit of US\$500,000 toward its work program. EnerGulf will be the operator of the Block and will carry Cohydro, the parastatal oil company, for a 10% interest. EnerGulf has also been informed by the Ministry of Energy, that it will be granted and/or participate in additional blocks and is continuing to negotiate for further interests in the area. Preliminary technical work needed to commence the work program is currently ongoing.

Nigeria OPL 252:

EnerGulf is in discussions with various parties, including the government of Nigeria, concerning the terms commensurate with signing OPL 252's PSC. The EnerGulf (60%)/Derock (40%) JV has been informed that January 30, 2006 is currently the deadline to satisfy the US\$81 million signature bonus. EnerGulf, as technical partner of the JV, is conducting a technical review and is developing estimates of the hydrocarbon potential of the block.

Tanga Block, Tanzania:

EnerGulf has submitted its proposed PSA to the Tanzania Petroleum Development Commission (TPDC) and is awaiting an official reply. EnerGulf has made a fair and reasonable offer as to the proposed work program in the submitted PSA. If TPDC has not agreed to the offer by December 31, 2005, EnerGulf will reassess the Tanga Block's potential and importance to EnerGulf's overall business plan and determine what further course of action to take.

Longoria 174 #1, Duval County, Texas:

EnerGulf has been advised by the operator of the well, Killam Oil Company, that due to mechanical difficulties, testing procedures have not yet been completed on the Yegua sands. EnerGulf continues to be optimistic that the well will prove to be commercial. EnerGulf, through its wholly owned subsidiary, EnerGulf Corporation, holds a 5% working interest in the well and has paid 5% of the drilling and completion costs.

EnerGulf continues to evaluate potential new projects throughout Africa and the world. Further developments concerning current and future projects will be made public as events warrant.

On Behalf of the Board of Directors of
ENERGULF RESOURCES INC.

"*Jim Askew*", President

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Certain disclosure in this release, including management's assessment of EnerGulf's plans and projects, constitute forward-

looking statements that are subject to numerous risks, uncertainties and other factors relating to EnerGulf's operations as an oil and gas exploration company that may cause future results to differ materially from those expressed or implied by those forward-looking statements and readers are cautioned not to place undue reliance on these statements.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy of this news release.