



19 July 2013

DUGAS & LEBLANC LITIGATION SETTLEMENT

- The Company is pleased to advise that a commercial settlement has been reached between the landowners affected by the D&L #1 blowout and the JV partners. In addition, a commercial settlement between the JV partners and the workover operator of the rig has been reached.
- Both settlements were similar in value and have resulted in a negligible net impact to Grand Gulf but have removed a significant amount of exposure for the Company.
- Grand Gulf continues to have ongoing exposure to personal injuries cases that are pending. Under the settlement with the landowners, the JV partners remain obligated to complete the remaining remediation of the land affected by the blowout.
- The Company believes that the exposure of the remaining matters will be covered by its insurance. However, in the event this insurance coverage is insufficient the Company believes that its exposure will be no more than US\$1,000,000.

This report contains forward looking statements that are subject to risk factors associated with resources businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

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