



March 2018

**Business**

*Acquire, hold, manage, operate and sell Oil and Gas Properties (Current land holdings in Texas and New Mexico)*

*Acquire, enhance and, if warranted, develop Working Interests in producing Oil and Gas Properties*

**Upside**

*Developmental drilling locations in existing wells with Proved Reserves that need to be refurbished or re-drilled in order to be returned to production*



A final prospectus containing important information relating to the securities described in this presentation has been filed with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan and Ontario. A copy of the final prospectus, and any amendment, is required to be delivered with this presentation. This presentation does not provide full disclosure of all material facts relating to the securities offered. Investors should read the final prospectus, and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

# Notice to Investors



The information contained in this presentation does not purport to be all-inclusive or to contain all information that prospective investors may require. Prospective investors are encouraged to conduct their own analysis and review of Permex Petroleum Corporation ("Permex" or the "Corporation") and of the information contained in this presentation. Without limitation, prospective investors should read the final prospectus dated March 7, 2018 (the "prospectus"), and any amendments thereto, consider the advice of their financial, legal, accounting, tax and other professional advisors and such other factors they consider appropriate in investigating and analyzing Permex. An investor should rely only on the information contained in the prospectus relating to the Offering, which will include this presentation, and is not entitled to rely on parts of the information contained in the prospectus to the exclusion of others. None of Permex or the Agents have authorized anyone to provide investors with additional or different information, and any such information should not be relied upon.

Certain capitalized terms and abbreviations not otherwise defined in this presentation have the meaning assigned to them in the prospectus.

The securities offered under the prospectus have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Neither the prospectus nor this presentation constitutes an offer to sell or a solicitation of an offer to buy any of the securities offered under the prospectus in the United States.

THE SECURITIES OFFERED UNDER THE PROSPECTUS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, BY ANY STATE SECURITIES REGULATORY AUTHORITY OR BY ANY CANADIAN PROVINCIAL SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY, INCLUDING THE CANADIAN SECURITIES EXCHANGE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY SUCH STATE REGULATORY AUTHORITY, OR ANY CANADIAN PROVINCIAL SECURITIES COMMISSION OR SIMILAR REGULATORY AUTHORITY, INCLUDING THE CANADIAN SECURITIES EXCHANGE, PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRESENTATION. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**There is no market through which the securities offered under the prospectus may be sold and purchasers may not be able to resell securities purchased under the prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.**

**An investment in the Shares is speculative and involves a high degree of risk. The Corporation's business is subject to the risks normally encountered in the oil and gas industry and the Corporation's early stage of development. An investment in the Shares is suitable only for those purchasers who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. In reviewing the prospectus, you should carefully consider the matters described under the heading "Risk Factors" in the prospectus.**

**The Offering is not underwritten or guaranteed by any person or agent.** The Agents have agreed to conditionally offer the Shares under the prospectus for sale on a "commercially reasonable efforts basis", if, as and when issued, sold and delivered by the Corporation in accordance with the conditions contained in the Agency Agreement, subject to approval of certain legal matters relating to the Offering, on behalf of the Corporation and the Agents by their respective counsel.

# Forward-Looking Statements



Certain statements in this presentation are forward-looking statements or information (collectively "forward-looking statements"). All statements other than statements of historical facts contained in this presentation, including statements regarding the expected use of proceeds from the Offering; indications as to the expected future performance of the Corporation, including the potential future net revenue of Oil and Gas Properties; management's view regarding the oil and gas market, in particular, the expectations regarding prices and trends; the prospects for development of certain Oil and Gas Properties the Corporation has invested in; the Corporation's future results of operations, financial position and business strategy; and plans and objectives of management for future operations are forward-looking statements.

The Corporation is providing cautionary statements identifying important factors that could cause the Corporation's actual results to differ materially from those projected in these forward-looking statements. Any statements that express or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases including, but not limited to, and including grammatical tense variations of such words as: "may", "anticipates", "is expected to", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

The Corporation has based the forward-looking statements largely on its current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Corporation believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond the Corporation's control, include, but are not limited to: the assumption that the Offering will be completed and that any additional financing needed will be available on reasonable terms; the ability of the Corporation to successfully acquire Oil and Gas Properties; the ability of the Corporation to obtain equipment, services and supplies in a timely manner to carry out its activities; the ability of the Corporation to successfully market oil and natural gas to customers; the timing and costs of pipeline and storage facility construction and expansion and the ability to secure adequate product transportation; the timely receipt of required regulatory approvals; the ability of the Corporation to raise sufficient proceeds in the Offering to pursue its stated objectives or to obtain alternative financing on terms acceptable to the Corporation, or at all; currency, exchange and interest rates; future oil and natural gas prices; the effectiveness and efficiency of advertising and promotional activities; the Corporation's intention not to pay dividends; claims, lawsuits and other legal proceedings and challenges; and competitive conditions in the oil and gas industry.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of the date they are made and are based on information currently available and on the Corporation's then current expectations and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and assumptions described in the prospectus. Factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, include, but are not limited to, risks and uncertainties related to: risks related to the completion of financings and the use of proceeds; expectations regarding revenue, expenses and operations; anticipated cash needs and the need for additional financing; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; the speculative and competitive nature of the oil and gas industry; the risks of the oil and gas industry, both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand; the risks and uncertainties involving geology of oil and natural gas deposits; the risks inherent in the Corporation's marketing operations, including credit risk; the uncertainty of reserves estimates and reserves life; the uncertainty of estimates and projections relating to production, costs and expenses; potential delays or changes in plans with respect to production or development projects or capital expenditures; the Corporation's ability to enter into or renew leases; fluctuations in oil and natural gas prices, foreign currency exchange rates and interest rates; health, safety and environmental risks; the ability of the Corporation to add production and reserves through development activities; general economic and market factors, including commodity rates, interest rates, business competition and changes in government regulations or in tax laws; the inability to receive regulatory approvals required to achieve the Corporation's business objectives; the Corporation's ability to compete with more established oil and gas companies; volatility of the Corporation's share price following a listing on a public exchange; ability to attract and retain personnel; lawsuits and other legal proceedings and challenges; conflict of interests with directors and other management; regulatory developments and the regulatory environments in which the Corporation operates; unanticipated trends and challenges in the Corporation's business and the markets in which it operates; other risks described in the prospectus and described from time to time in the Corporation's documents filed with Canadian securities regulatory authorities; and other factors beyond the Corporation's control.

Further, any forward-looking statement speaks only as of the date on which such statement is made and, except as required by applicable law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. Please also refer to "Risk Factors" and "Management's Discussion and Analysis" in the prospectus.

- Junior Oil & Gas company whose principal business is to
  - acquire, hold, manage, operate and sell Oil and Gas Properties, and
  - acquire, enhance and, if warranted, develop Working Interests in producing Oil and Gas Properties
- Developmental drilling locations in existing wells with Proved Reserves that need to be refurbished or re-drilled in order to be returned to production
- Acquired over 5,200 net acres (100% operated, 100% average Working Interest, 100% HBP<sup>(1)</sup>) of oil and gas property - Net Revenue Interests ranging from 70.48% to 81.25%
- Seven producing Oil and Gas Properties, five of which are in West Texas, with a focus on the Midland, Permian and Fort Worth Basins, and two of which are in South East New Mexico, with a focus on the highly sought after Delaware Basin
- Netback of approximately US\$25 per boe at US\$46 oil price<sup>(2)</sup>
- Reserves Report, effective as of September 30, 2017 prepared by the Corporation's independent qualified reserves evaluator, estimating
  - 5,876 Mbbl and 7,709 MMcf of net total proved plus probable ("2P") reserves, and
  - US\$115,208,000<sup>(3)</sup> of net present value of future net revenue (discounted at 10%, before deducting future income tax expense) attributable to 2P reserves

1. HBP means a provision in an oil or natural gas property lease that allows the lessee to continue drilling activities on the property as long as it is producing a minimum paying amount of oil or gas.  
2. Netback is calculated by subtracting royalties paid and production costs from oil and gas sales.  
3. The undiscounted or discounted net present value of future net revenue attributable to reserves estimated by MKM Engineering do not represent the fair market value of those reserves. See the slide titled "Oil and Gas Disclosures" in this presentation.

- Initial Public Offering ("IPO") by the Corporation at a price of \$0.50 per Share; Minimum Offering of 5,000,000 Shares (\$2,500,000); and Maximum Offering of 20,000,000 Shares (\$10,000,000)
- Conditionally approved listing of the Shares on the Canadian Securities Exchange ("CSE") with the proposed trading symbol of "OIL", subject to fulfilling all of the listing requirements, including the public shareholder distribution requirements and certain financial and other requirements
- Use of Proceeds
  - Minimum Offering: Allocated approximately \$1,700,000 to enhance and develop existing properties by returning shut-in wells to production, initiating its planned waterflood<sup>(1)</sup> activities on each property (beginning with the Pittcock South Property), re-entering and stimulating the well candidates that indicate the most potential for production, and drilling one Proved Undeveloped well in the Yates formation on the Oxy Yates Property in Q1 2018
  - Maximum Offering: Allocated \$2,500,000 for the purchase of additional Oil and Gas Properties, and an additional approximately \$2,000,000 to enhance and develop existing Oil and Gas Properties
- No debt
- Share structure: ~ 27,000,000 Shares Pre-IPO (Management ownership ~12% non-diluted)

1. Waterflooding is a method of secondary recovery in which water is injected into the oil reservoirs to increase the production of oil.

# Management & Board

## Mehran Ehsan – President, Chief Executive Officer & Director



- Mehran Ehsan has 12 years of experience in the oil & gas industry, by leading numerous teams in the successful creation of multiple upstream oil and gas companies
- Mehran was engaged as owner of O&G direct participation programs, and as a manager in mergers, acquisitions & divestitures, personally facilitating over \$87mm in capital syndication and injection
- Mehran has authored various articles, with presence as a guest speaker and judge in both the oil and gas industry and academia related events

## Justin Kates – General Counsel & Director



- Justin Kates is a partner of DuMoulin Black LLP, practicing primarily in the areas of securities, corporate finance, mergers and acquisitions, and corporate and commercial law
- He advises clients from all stages of development ranging from early stage to large public companies
- Justin received his J.D. from the University of Western Ontario and his Bachelor of Business Administration from Western Michigan University

## Scott Kelly – Chief Financial Officer, Corporate Secretary & Director



- Scott Kelly has over 15 years of experience acting as a senior officer and/or director of various private and public companies with large scale resource assets throughout North and South America
- Mr. Kelly obtained his Bachelor of Commerce degree from Royal Roads University in 2001 and has since helped manage companies through all stages of their life cycle

## Edward A. Odishaw – Director



- Edward A. Odishaw currently serves as the President of Austpro Energy Corp. and worked as Barrister and Solicitor with the law firm of Swinton & Company, Vancouver, Canada from 1972 to 1992
- He acts as Chairman or Vice Chairman of the Board of multiple energy and resource companies in both Canada and the U.S., such as Austpro Energy Corp. and United States Lime & Minerals, Inc.

## Barry Whelan – Chief Operating Officer & Director



- Barry Whelan has more than 50 years of experience as a geologist, initiating his career in the oil and gas industry with Gulf Oil's international operations, quickly becoming a renowned industry expert in oil and gas
- He has represented a large and diverse array of energy market participants including oil, gas and other resources based companies with clients ranging from global energy concerns to start-up companies

## Technical Team & Advisory Board Members

Earl Tobin – Geologist

Dale Lee – Senior Reservoir Engineer

Connie Hang – Controller

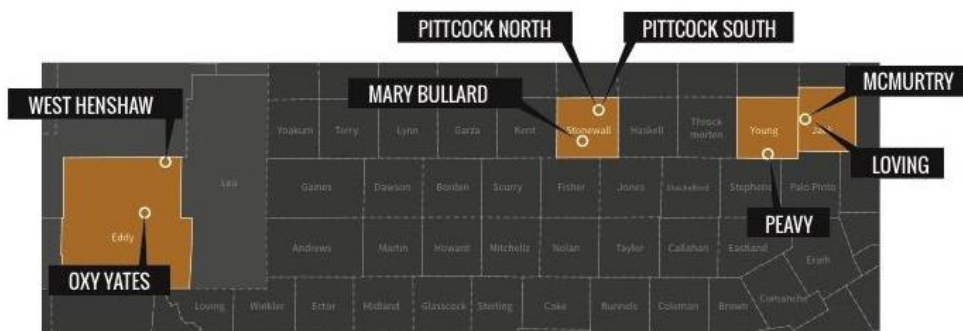
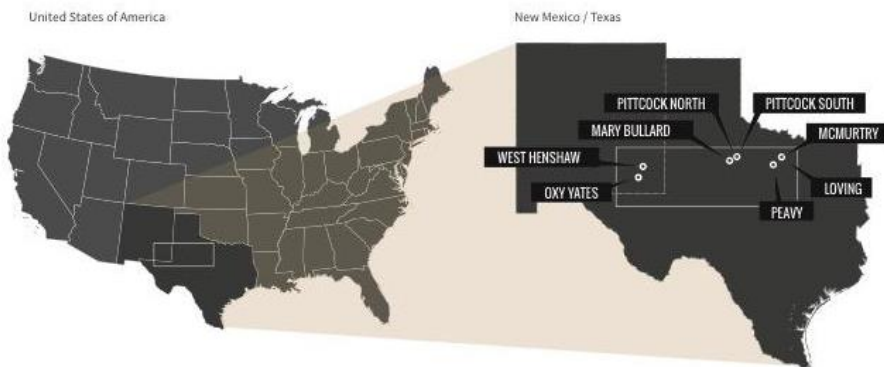
Les Thomas – Geologist, Advisory Board Member

Wayne Schoen – Petroleum Engineer, Advisory Board Member

Kit H. Maddox – Petroleum Landman, Advisory Board Member

# OIL AND GAS PROPERTIES

## GEOGRAPHIC LOCATION



New Mexico / Texas Counties

## SUMMARY OF OIL & GAS ASSETS

**5,200+**

Over 5,200 Net acres of HBP oil and gas assets in Texas & New Mexico

**33**

33 shut-in opportunities to be brought back online ("PDNP")<sup>(1)</sup>

**90+**

Over 90 oil and gas wells owned and operated by corporation

**10**

10 Salt water Disposal<sup>(2)</sup> wells eliminating water disposal fees and decreasing OPEX

**46**

46 producing Oil & Natural Gas wells ("PDP")<sup>(3)</sup>

**2**

2 Water Supply Wells<sup>(4)</sup> allowing for waterflood secondary recovery ("EOR")

1. PDNP stands for Proved Developed Non-Producing reserves.
2. A salt water disposal well is a disposal site for water collected as a by-product of oil and gas production.

3. PDP stands for Proved Developed Producing reserves.
4. A hole in the ground drilled to obtain water for the purpose of injecting water into an underground formation in connection with the production of petroleum or natural gas.

# 2017 RESERVES SUMMARY

## SUMMARY OF NET PROVED PLUS PROBABLE (2P) RESERVES

(As of September 30, 2017, before future income tax, using forecast prices and costs)

\$ Amounts in USD

PROVED RESERVE CATEGORY	OIL (MBBL)	GAS (MMCF)	NPV OF FUTURE NET REVENUE <sup>(1)</sup>	NPV OF FUTURE NET REVENUE (discounted at 10%) <sup>(1)</sup>
Proved				
Developed Producing	189	71	\$7,412,000	\$3,866,000
Developed Non-Producing	219	53	\$9,978,000	\$5,542,000
Undeveloped	2,041	128	\$81,942,000	\$34,418,000
<b>Total Proved</b>	<b>2,449</b>	<b>252</b>	<b>\$99,332,000</b>	<b>\$43,826,000</b>
Total Probable	3,427	7,457	\$160,194,000	\$71,382,000
<b>Total Proved + Probable</b>	<b>5,876</b>	<b>7,709</b>	<b>\$259,526,000</b>	<b>\$115,208,000</b>

1. The undiscounted or discounted net present value of future net revenue attributable to reserves estimated by MKM Engineering do not represent the fair market value of those reserves. See the slide titled "Oil and Gas Disclosures" in this presentation.



# TEXAS PROPERTIES

- Low cost re-entries
- Acid stimulations
- Refracturing
- Secondary Recovery (Waterflooding)
- In-fill drilling

 **PERMEX PETROLEUM**  
CORPORATION



# PITTCOCK PROPERTIES

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- The Pittcock North and South Properties have a combined acreage of 818 net acres. The productive Clearfork horizons are the Upper and Lower Tannehill
- Successful waterflood has been applied to the Pittcock North Property and Permex intends to duplicate this operation on the Pittcock South Property

# BULLARD PROPERTY

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- The Mary Bullard Property consists of 241 net acres and is productive in the Clearfork formation
- The productive Clearfork horizons are the Upper and Lower Tannehill
- They are water drive reservoirs with excellent waterflood potential

# **MCMURTRY & LOVING PROPERTIES**

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- **The McMurtry & Loving Properties have a combined acreage of 1,510 acres**
- **Permex believes the McMurtry and Loving Properties have excellent secondary recovery potential and plans to initiate a full-scale waterflood**
- **Permex plans to exploit the large acreage position by in-fill drilling**

# **PEAVY PROPERTY**

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- **The Peavy Property consists of 160 net acres and is productive in the Marble Falls, Conglomerate, Caddo Limestone, and other members within the Pennsylvanian Strawn formation**
- **Permex plans to develop the Strawn sands that are up-hole across the entire lease**
- **In addition to three recompletions and converting one well to a salt water disposal well, a waterflood enhanced oil recovery is also planned for the Strawn**

# NEW MEXICO PROPERTIES

- Bone Springs – Wolfcamp formations
- In-fill spot drilling of Yates formations



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CORPORATION



# WEST HENSHAW PROPERTY

- The West Henshaw Property consists of 1,880 net acres and is productive in the Premier or basal Grayburg sand of Permian age
- The West Henshaw Property is in the Delaware Basin where deeper potential in the Bone Springs and Wolfcamp zones are exploited
- Restoration of producing wells and acid treatments are currently on the agenda

# OXY YATES PROPERTY

- The Oxy Yates property consists of 680 net acres and is productive from the Yates sand of Permian age and is 50 to 60 feet thick
- Opportunities to drill proved undeveloped wells are continuously evaluated
- It is anticipated that production will be optimized through acid treatments, clean-out of the wellbores, and downhole pump replacements

# SHARE STRUCTURE

Current Share Structure	Shares	Over \$10 mm combined cash and assets have been invested into the Corporation prior to the IPO	
Common Shares (October 2017 round) at \$0.20	2,000,000		
Common Shares (Since inception, including 2,500,000 management shares) at a deemed \$0.40	23,814,861		
Common Shares (November 2017 round) at \$0.40	1,507,500		
Pre-IPO Shares Outstanding	27,322,361		
Proposed IPO Structure (\$0.50)	Shares	\$	Post IPO Ownership
Pre-IPO	27,322,361	\$10,529,000	67.8%
IPO (assuming \$5 MM raised at \$0.50) <sup>(1)</sup>	<u>10,000,000</u>	<u>\$5,000,000</u>	<u>24.8%</u>
Options <sup>(2)</sup>	2,975,573		7.4%
Post-IPO Fully Diluted <sup>(1)(2)</sup>	<b>40,297,934</b>	\$15,529,000	100%
Implied Valuation (at \$0.50 per share)	\$20,148,967		
Estimated NPV of future net revenue (discounted at 10%, before future income tax) attributable to 2P reserves <sup>(3)</sup>	\$115,208,450		

Management Shares have all been locked up for 3 years from the listing of the IPO, subject to the following release schedule:	
On listing date:	No release
6 months after listing date:	1/4 of the escrow securities
12 months after listing date:	1/5 of the remaining escrow securities
18 months after listing date:	1/4 of the remaining escrow securities
24 months after listing date:	1/3 of the remaining escrow securities
30 months after listing date:	1/2 of the remaining escrow securities
36 months after listing date:	The remaining escrow securities

**Note:** \$0.20 shareholders have all been voluntarily locked up for 1 year from the date of issuance in October 2017, and certain of such shareholders have also voluntarily entered into 36 month lock-up agreements with timed release dates.

Certain \$0.40 shareholders have been voluntarily locked up for 1 year from the date of issuance in November 2017 and certain other shareholders who received Shares in connection with the Corporation's acquisition of the Acquired Assets on August 31, 2017 have voluntarily entered into one year lock-up agreements from the date of listing, subject to the Corporation achieving its listing by March 31, 2018.

- Does not include: securities issuable to the Agents in connection with the Agency Agreement under the IPO; and Shares issuable to Gravititas Securities Inc. for advisory services, whereby the Corporation shall pay to Gravititas a monthly advisory retainer fee of \$12,500 by the issuance of common shares (at a deemed price of \$0.40 per share) for a period of 12 months ending August 22, 2018.
- In addition to the options outstanding, Howard Group will be entitled to receive options equal to 1% of the issued and outstanding Shares at closing of the IPO, pursuant to the terms of the Investor Relations Agreement to be entered into effective as of the closing date.
- The undiscounted or discounted net present value of future net revenue attributable to reserves estimated by MKM Engineering do not represent the fair market value of those reserves. See the slide titled "Oil and Gas Disclosures" in this presentation.

# CONTACT US



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## Reserves

All estimates of reserves and future net revenue contained in this presentation with respect to the Corporation's properties are derived from independent evaluations by MKM Engineering with an effective date of September 30, 2017, as set forth in the Reserves Report. The reserves data summarizes the crude oil, natural gas and natural gas liquids reserves of Permex and the net present values of future net revenue for these reserves as of September 30, 2017 using forecast prices and costs, not including the impact of any price risk management activities. The Reserves Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and CSA 51-324. Permex engaged MKM Engineering to provide an evaluation of its Proved and Proved plus Probable Reserves and no attempt was made to evaluate possible (as defined in NI 51-101) Reserves.

All evaluations of future net revenue are after the deduction of royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The undiscounted or discounted net present value of future net revenue attributable to reserves estimated by MKM Engineering do not represent the fair market value of those reserves. There is no assurance that the forecast price and cost assumptions contained in the Reserves Report will be attained and variations could be material. Other assumptions and qualifications relating to costs and other matters are summarized in the prospectus. Readers should review the definitions and information contained in "*Oil and Gas Information*" in the prospectus in conjunction with the reserves information contained in this presentation. The recovery and reserve estimates described herein are estimates only. The actual reserves associated with the Corporation's properties may be greater or less than those calculated.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

## Barrels of Oil Equivalent

Disclosure provided herein in respect of BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and reserve estimates of crude oil reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.