



Permex Petroleum Corporation Announces New Strategic Acquisition and Alignment with World Class Large Cap Operator on West Texas Field

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VANCOUVER, BRITISH COLUMBIA – June 5, 2018 -- Permex Petroleum Corporation (“**Permex**” or the “**Company**”) (CSE: OIL) is pleased to announce that it has signed a Purchase and Sale Agreement (“**PSA**”) with Energy Properties 2000-1 LLC (“**Energy Properties**” or “**Seller**”), a partially owned company of Wilbanks Reserves Corporation (“**Wilbanks**”), for the purchase of all the Seller’s rights, title and interest in the ODC San Andres Unit and W.J. “A” Taylor lease (the “**Assets**”) located in Gaines County, Texas.

Permex will also become the operator for the property; the other major working interest partner on the field with Permex will be Occidental Petroleum Corporation (“**Occidental**”) (NYSE: OXY), an international oil and gas exploration and production company with operations in the US, Middle East and Latin America with a market capitalization of approximately \$65.19 Billion as of the date of this release.

The property is just under two contiguous sections for a total of 1,220 gross acres, all held by production (“**HBP**”) with all rights and no depth restrictions in the Central Basin Platform of the Permian Basin. There is a total of 52 vertical wells of which 26 are producers, 21 are injection wells, 4 are shut in wells, and one is temporarily abandoned.

The field currently has a gross daily production of 158 barrels of oil per day and 13 thousand cubic feet of gas per day from the San Andres and Devonian formations. In management’s opinion, significant additional formations below the current production zones exist; these include but are not limited to the Glorieta, Abo, and the highly sought after Wolfcamp. There are also additional up-hole formations above the current producing zones available on the field for further testing, which include but are not limited to Yates, 7 Rivers, Queen, and Grayburg. Permex has retained an independent engineering firm to further evaluate the reserves attributable to the property beyond the proved developed producing reserves identified pursuant to an internal engineering study conducted by Wilbanks, which evaluation will also consider any proved developed non-producing, proved undeveloped, probable and possible reserves attributable to the property.

Permex will take over 41.4% working interest with a 34.7% net revenue interest and an additional 0.006% overriding royalty interest with 0.21% royalty interest in the ODC San Andres Unit. Permex will also take over 48% working interest with a 41.51% net revenue interest and 0.083% royalty interest in the W.J. “A” Taylor lease. Under the terms of the PSA, the Company is acquiring the assets for a total purchase price of approximately US\$1.95M in cash, which also includes over US\$1.2M in equipment on the field and the yard within the lease.



This acquisition is in line with Permex's strategy of acquiring and developing high-quality assets with outstanding economics in the Permian Basin. "This acquisition represents a significant milestone for us," said Mehran Ehsan, President, Permex Petroleum Corporation. "Providing us with access to a truly high-quality oil and gas field and immediate production to accelerate and execute our business plan to scale the Company. In addition, it gives us an opportunity to work side by side with one of the largest oil and gas producers in North America. We plan to continue operations, design a comprehensive frac re-entry program to submit to Occidental through an "Authority for Expenditure" for approval, as well as review the acreage for additional drilling into the San Andres formation as spacing allows."

Some of the offset operators to this property include Occidental Petroleum (NYSE: OXY), Devon Energy (NYSE: DVN), Hess Corporation (NYSE: HES), Fasken Oil and Ranch.

About Permex Petroleum Corporation - www.permexpetroleum.com

Permex Petroleum Corporation is a junior oil and gas company with a focus on identifying, evaluating and acquiring oil and natural gas assets in North America. Permex focuses on enhancing and developing its current portfolio of oil and natural gas assets in the state of Texas and the state of New Mexico.

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No securities regulatory authority has either approved or disapproved of the contents of this press release.

Forward-Looking Statements

This press release contains forward-looking statements and information within the meaning of applicable securities laws (collectively, "forward-looking statements"), which reflect the Company's current expectations regarding future events. Statements in this press release which are not purely historical are forward-looking statements and include 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. Such forward-looking statements include, among others, the anticipated closing of the transactions contemplated under the PSA on the terms set forth therein, the significance of formations in addition to those formations already producing, the anticipated completion of an independent reserves evaluation by a reserves evaluator engaged by Permex and future plans for the property subject to the PSA, including without limitation the planned design of a comprehensive frac re-entry program.

The forward-looking statements in this press release are based on a number of assumptions, including, but not limited to, assumptions regarding the stability of commodity prices, that general business, economic, capital market, legal and political conditions will not change in a materially adverse manner, that the transactions contemplated under the PSA will close in accordance with the terms set forth therein and that the attributes of the property subject to the PSA will not vary materially from management's expectations. Actual results could differ materially from those projected in any forward-looking statements due to numerous risks, uncertainties and other factors. Such factors include, among others, risks inherent in the oil and gas industry as well as the risks normally encountered in a newly established business, including but not limited to: negative cash flow; lack of adequate capital; title to property; reliance on operators; reliance on partners; liquidity concerns and future financing requirements to sustain operations; dilution; limited history of operations and revenues and no history of earnings or dividends; competition; economic changes; changes to expectations resulting from independent reserves evaluations, drilling programs and other activities related to the Company's properties; and uninsured risks.

There can be no assurance that forward-looking statements will prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements. Any forward-looking statement included in this press release is based only on information currently available to the Company and speaks only as of the date on which it is made. Except as otherwise required by law, the Company undertakes no obligation to update any of the forward-looking statements in this press release to reflect new circumstances or events.