

Permex Petroleum Corporation Announces Scheduled Waterflood Enhanced Oil Recovery

VANCOUVER, BRITISH COLUMBIA – June 18, 2018 -- Permex Petroleum Corporation (“Permex” or the “Company”) (CSE: OIL) The Company announces that it is on schedule to mobilize a workover rig and crew to the Pittcock North Tannehill Unit (situated in Stonewall, Texas) next week to commence the Enhanced Oil Recovery (“EOR”) program within the Upper and Lower Tannehill formation. Once the workovers are finalized the initial project will be a water flood utilizing two injection wells and five active receiver wells. When the reservoir is successfully pressured up and increased oil sweep can be recognized in the five receiver wells, management will expand the waterflood to cover all twenty-one oil wells located on the North and South lease.

The primary rationale for waterflooding an oil reservoir is to encourage oil production, helping increase pressure and oil movement to ultimately enhance recovery. For the planned EOR program, water will be injected into the formation to stimulate and support reservoir pressure to sweep and move additional oil within the reservoir toward adjacent receiver wells (secondary recovery). The produced water will then be recycled and reinjected through existing surface facilities and injection pumps. Management has completed extensive engineering studies on the field to create an alternative injection pattern that focuses on maximizing oil sweep through the reservoir back to the receiver wells, where it can be ultimately recovered.

Depending on reservoir characteristics, primary recovery generally recovers approximately 10 to 20% of the original oil in place, while secondary recovery (water flooding) can increase recovery to 30% or more of the total of original oil in place. The planned EOR program will additionally utilize cutting-edge polymer gels and/or surfactants, which can potentially increase oil recovery by an additional 10 to 30% by improving sweep efficiency in the reservoir, thereby greatly enhancing the productivity and economics of the development.

Management has previously waterflooded the field successfully, however due to mechanical downhole issues, the maximum water injection rate only ever reached 450 barrels of water per day (“**bwpd**”), which resulted in approximately 45 barrels of oil in daily production (10% of total fluid produced). For perspective, the maximum available water to inject from the current water supply well on the property is 2,000 bwpd which, at the same assumed 10% conversion rate, would imply closer to 200 barrels of oil in daily production from this field.

“We have successfully waterflooded this field in the past, so we know that we can achieve similar if not better results with this revised recovery program. In the past, due to the highly corrosive barium within the field, we had downhole issues such as hole in tubing on the water supply well which halted our waterflooding in the middle of our work program. As such, we plan on restarting the waterflood from scratch, utilizing one of the industry-leading Schlumberger ESP (Electric Submersible Pump) units this time to allow us to bypass rod or tubing issues so we can gradually



increase water injection to 2,000 bwpd and recover much higher daily oil volumes”, said Mehran Ehsan, President and CEO of Permex.

The EOR process is expected to have long term benefits to the field’s production profile. The Pittcock Field produces oil which is currently benefitting from higher WTI prices. The company anticipates announcing an update as soon as results of the secondary recovery are established.

Some of the offset operators to this property which use secondary or tertiary recovery methods include Kinder Morgan’s Katz field which produces over 4,000 barrels of oil per day through tertiary recovery.

About Permex Petroleum Corporation - www.permexpetroleum.com

Permex Petroleum is a uniquely positioned junior Oil & Gas company with assets and operations across the Permian Basin of west Texas and the Delaware Sub-Basin of south east New Mexico. Permex has a current focus on identifying, evaluating and acquiring oil and natural gas assets in North America and enhancing and developing its currently held oil and natural gas assets in Texas and New Mexico. Permex owns and operates on Private, State and Federal land.

CONTACT INFORMATION

Permex Petroleum Corporation
Mehran Ehsan
President & Chief Executive Officer
(604) 259-2525

Or for Investor Relations, please contact:

The Howard Group Inc.
Dave Burwell
Vice President
Email: dave@howardgroupinc.com
Tel: +1(403) 221-0915
Toll Free in Canada: 1-888-221-0915

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



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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.