

Permex Petroleum Corporation Issues Shareholder Letter and Provides Corporate Update

Vancouver, British Columbia--(Newsfile Corp. - February 1, 2022) - Permex Petroleum Corporation (CSE: OIL) (OTCQB: OILCF) (FSE: 75P) ("**Permex**" or the "**Company**"), a leading junior oil and gas company, today issued a letter to shareholders from its President & CEO, Mehran Ehsan.

Dear Fellow Shareholders,

2021 was a transformational year for Permex, building the foundation for success in 2022 and beyond as we advance our evolving position within the North American oil and gas market. Throughout the year we continued to focus on acquiring unique assets at an attractive price to position the company for sustainable growth.

We executed on our multi-pronged acquisition strategy, building a portfolio of royalty interests in 73 producing oil and gas wells through the first half of the year. By partnering with some of the industry's leading operators, this opportunistic approach has allowed us to generate cash flow while complementing our working assets. Importantly, the recent progress our team has made is now materializing with excellent timing, as broader oil markets have started off the new year on a positive note and continue to look bullish through the first quarter of 2022.

In early January, OPEC+ producers confirmed their agreement to incrementally increase output targets for February by 400,000 barrels of oil per day. The decision was made amid indications that no major new Covid-related restrictions were expected due to the Omicron variant, bolstering optimism in a mild impact on demand.

Since demand concerns first emerged in consideration of the new variant in December, WTI oil prices have climbed over 30%, reaching levels unseen since 2014. Despite the global equity markets at large reflecting weaker risk sentiment as the Federal Reserve moves to address inflation, indications of tight supply suggest the oil market will likely exhibit upside momentum in the near term.

With a positive start to the year and a healthy forecast for 2022, Permex is prepared to take advantage of a disciplined market. In October, we completed the acquisition of the Breedlove "B" Field in Martin County, Texas and now hold 100% working interest in the Mabee Breedlove Clearfork Unit, Mallard Breedlove lease, Carter Clearfork lease and Erwin Eoff lease. This highly anticipated acquisition nearly tripled our footprint of oil and gas holdings, adding 7,800 acres of a high-quality, very low decline (5%) light oil asset base that is projected to generate significant free cash flow as we implement drilling programs.

The results of our independently prepared reserve evaluation including the newly acquired Breedlove Asset validating our strategy, confirming our initial internal evaluation of the large reserves in place. To summarize our current net oil and gas reserves, I will highlight the independent evaluation results:

- Reserves comprise of 89% light oil, and 11% natural gas
- Total Proved Reserves of 8.7 million BOE and PV10 value of \$131 million, an increase of 300% Year-over-Year
- Total Probable Reserves of 15.7 million BOE and PV10 value of \$157 million, an increase of 340% Year-over-Year
- Total Proved & Probable Reserves of 24.5 million BOE and PV10 value of \$285.3 million, an increase of 320% Year-over-Year

With confirmation that our assets present a massive upside opportunity, our team has acted quickly to

ramp up operations. The Martin County assets currently produce primarily from the Clearfork formation, however other formations are available under the leases for further development to increase field production. Notably, there are major oil and gas operators that have had significant success with the development and exploitation of reserves in properties directly adjacent to these assets, and with our focus turned to the implementation of drilling, re-entry and EOR opportunities, we are well equipped to bring sufficient production to support revenue growth going forward.

We worked to enhance our balance sheet and positioning as a public company during the past year. The private placement offering that we closed in November was met with a high level of interest from investors, with the over-subscribed deal generating gross proceeds of C\$714,700 that are enabling us to execute on our near-term business plans. We also expanded our presence in the global capital markets by listing our common stock on the Frankfurt Stock Exchange, one of the world's largest trading centers for securities.

Finally, we welcomed two well-respected industry experts to our Board of Directors in 2021, J.P. Bryan and Jay Lendrum. We are thrilled to be joined by these industry veterans, who collectively bring more than 90 years of experience with some of the most recognizable and successful oil and gas companies in the world to our leadership team. Both have already provided crucial guidance since joining us, and I expect they will be instrumental in our success.

Our new projects are well underway, having already completed re-entry and recompletion of two saltwater disposal wells on our properties on the Tannehill formation in Stonewall County, Texas. We have also commenced our workover of oil wells on our Henshaw property in Eddy County, New Mexico, and on our recently acquired Breedlove properties in Martin County, Texas, where we have begun the recompletion of two shut-in oil wells. We look forward to sharing the results of this field work shortly as we continue ramping up our re-stimulation programs in the near term. Looking ahead, we are focused on drilling and development of our unique asset base while redeploying the expected strong cash-flow from the completed wells back into further drilling and development programs.

We continue to evaluate acquisition opportunities of undervalued, low-risk opportunities that support the building of a strong portfolio with strategic development upside. The actions we have taken in 2021 have provided a strong foundation of our business from which we are equipped to take advantage of the strongest oil and gas market in nearly a decade. Thank you to all our shareholders, partners, and staff for your support on our journey. Permex stands at a truly unique position and an inflection point in our growth trajectory, and I look forward to an important year ahead.

On Behalf of your Permex Team,

Mehran Ehsan
Chief Executive Officer

About Permex Petroleum Corporation

Permex Petroleum (CSE: OIL) (OTCQB: OILCF) (FSE: 75P) 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 New Mexico. The company focuses on combining its low-cost development of Held by Production assets for sustainable growth with its current and future Blue-Sky projects for scale growth. The company, through its wholly owned subsidiary, Permex Petroleum US Corporation, is a licensed operator in both states; and owns and operates on Private, State and Federal land. For more information, please visit www.permexpetroleum.com.

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