

## Permex Petroleum Issues Shareholder Letter and Provides Corporate Update

DALLAS, Feb. 15, 2023 -- Permex Petroleum Corporation (CSE: OIL) (OTCQB: OILCF) (FSE: 75P) ("Permex" or the "Company"), an independent energy company engaged in the acquisition, exploration, development, and production of oil and natural gas properties on private, state and federal land in the United States, today issued a letter to shareholders from its President & CEO, Mehran Ehsan.

Dear Fellow Shareholders:

Building upon the strong foundation laid in prior years, our team continued to advance our evolving position in the North American oil and gas market during 2022, executing our strategy to add sustainable marginal production through low risk, low cost recompletions while preparing for drilling programs for continued growth.

Within our current portfolio of 78 oil and gas wells, our near-term focus remains on recompletions and stimulations of approximately 30 wells that we believe have the potential in coming online at an average of 5 to 10 barrels of oil equivalent per day (BOEPD). Across our properties in west Texas and southeast New Mexico, we successfully recompleted seven wells in 2022 that have collectively stabilized at a rate of 71 BOEPD.

In January 2022, we began the pilot re-entry on the West Henshaw well #15-3 in New Mexico. The recompletion was successful, came online at an initial rate of 30 barrels of oil per day (BOPD), and has stabilized at 15 BOPD. We believe production rates from this mature, long-life well will continue with less than 10% decline year over year.

We also successfully recompleted the West Henshaw well #6-10 in the first half of 2022 with production coming online at an initial rate of 15 BOPD and stabilizing at 10 BOPD, a rate which we also believe can continue with less than 10% decline year over year.

The Railroad Commission of Texas approved our permit application for drilling on our flagship property in Martin County, Texas, in August 2022, reviewing and approving our request for well development.

Also in 2022, we continued our re-entry and stimulation program on our Henshaw Premier Unit and Oxy Yates properties situated in Eddy County, New Mexico. The re-entry and stimulations involved targeting the Grayburg formation in the Henshaw well numbers 107, 2L, 3B, while targeting the Yates formation in Oxy Yates 14-3 well. We also recompleted the Mabee Breedlove Clearfork Unit #12 on our Breedlove field within the Clearfork formation located in Martin County. The recompletions were successful, came online at a combined initial production rate of 50 BOPD, and have stabilized at a rate of 35 BOPD. In addition to the re-entry and stimulation of the wells, we have begun an extensive enhanced oil recovery study on the Clearfork formation for our Martin County asset. This includes a review of all injection wells, downhole pressure, and communication between injectors and receiving wells.

In August, we commenced drilling our Martin County flagship property - the 7,780 gross acre Breedlove oilfield in September 2022 with two initial wells permitted. In November, we announced the successful completion of the first phase of drilling on our Eoff PPC#3 well which is the formation test on a vertical basis. We achieved a target depth of 8,100 ft (2468 meters) with the casing run to total depth. It is worth noting that the hole is pre cased with 8 5/8 casing which prepares the wellbore for lateral drilling and converting it to a horizontal well. The electric wireline logging sequence of the wellbore was also completed, and we believe the results to be positive and favorable as all indications from the drilling show multiple zones which allows us to proceed with the next steps of perforation, conversion, and completion.

We believe that there is significant value to be created by drilling the identified undeveloped opportunities on our properties in conjunction with the stimulation and rework of our shut-in wells. While our near-term plans are focused on drilling wells on our existing 11,700 acres to develop the potential contained therein, our long-term plans also include continuing to evaluate acquisition and leasing opportunities that can earn attractive rates of return on capital employed.

Looking at our financial position, we closed a \$7.5 million brokered private placement in the first half of 2022 enabled us to considerably strengthen our balance sheet and ending us to end the fiscal year with \$3.3 million in cash and cash equivalents, up more than tenfold year-over-year.

Turning to the broader markets, oil prices began rallying off their lows at year end, after declining for much of the second half of 2022, in part due to OPEC+ production cuts that began in November. Importantly, OPEC+ pledged to continue to support the market at a recent meeting in early February, with producers reconfirming their commitment to cut production by 2 million barrels per day (BPD) through the remainder of 2023. While fears of global recession remain a drag on prices, a potential rebound in Chinese demand could further support an upward trajectory on prices moving forward.

Finally, we further strengthened our team in 2022 with great additions to both our management and board. On the management side, we welcomed Greg Montgomery as our new Chief Financial Officer in May. Greg has served on our board since 2020 and provided our leadership team with invaluable guidance. In addition to his existing knowledge of Permex's operations, he has vast experience in the oil and gas industry, including prior CFO and management roles with public companies. This makes Greg uniquely qualified to lead our financial strategy. In October, we also welcomed Melissa Folz

P.E. as the newest member of our board. Melissa brings an extensive background from the oil and gas industry, and I believe she will contribute meaningfully to our strategic plans and growth as an organization.

Looking ahead, we are focused on the drilling and development of our unique asset base while redeploying the expected strong cash flow from completed wells back into further drilling and development programs. Additionally, we continue to evaluate acquisition opportunities of undervalued, low-risk opportunities that support building a strong portfolio with strategic development upside.

Thank you to all our shareholders, partners, and staff for your support on our journey. As we continue to work diligently to execute on our methodical approach to sustainable, long-term growth, I am confident that Permex will thrive in the years ahead.

On Behalf of your Permex Team,

Mehran Ehsan

Chief Executive Officer

### **About Permex Petroleum Corporation**

Permex Petroleum is a uniquely positioned junior oil and 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](http://www.permexpetroleum.com).

### **Forward-Looking Statements**

Statements in this press release may constitute forward-looking statements for the purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995 and other federal securities laws as well as applicable Canadian securities laws. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of management, are not guarantees of performance and are subject to significant risks and uncertainty. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in Company's reports that it files from time to time with the U.S. Securities and Exchange Commission and the Canadian securities regulators which you should review. When used in this press release, words such as "will," "could," "plan," "estimate," "expect," "intend," "may," "potential," "believe," "should" and similar expressions, are forward-looking statements. Forward-looking statements may include, without limitation, statements relating to the Company's plans to list on NYSE American, financial condition and operating results, legal, economic, business, competitive and/or regulatory factors affecting Permex's businesses and any other statements regarding events or developments Permex believes or anticipates will or may occur in the future. These forward-looking statements should not be relied upon as predictions of future events, and the Company cannot assure you that the events or circumstances discussed or reflected in these statements will be achieved or will occur. If such forward-looking statements prove to be inaccurate, the inaccuracy may be material. You should not regard these statements as a representation or warranty by the Company or any other person that it will achieve its objectives and plans in any specified timeframe, or at all. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. The Company disclaims any obligation to publicly update or release any revisions to these forward- looking statements, whether as a result of new information, future events or otherwise, after the date of this press release or to reflect the occurrence of unanticipated events, except as required by law.

### **Contact Information**

Permex Petroleum Corporation

Mehran Ehsan  
President, Chief Executive Officer & Director  
(469) 804-1306

Gregory Montgomery  
CFO & Director  
(469) 804-1306

Or for Investor Relations, please contact:

Dave Gentry  
OILCF@redchip.com