

FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

Oil and Gas Reserves and Net Present Value of Future Net Revenue

In accordance with National Instrument 51-101 – Standard of Disclosure for Oil and Gas Activities, MKM Engineering (“**MKM**”), independent petroleum engineering consultants, prepared a report (the “**MKM Report**”) dated June 28, 2024. This statement of reserves data and other oil and gas information in this Statement is in US dollars (“\$”). This statement was prepared on June 28, 2024 and is effective September 30, 2023.

The MKM Report evaluated, as of September 30, 2023, Permex Petroleum Corporation’s (the “**Company**”) New Mexico and Texas conventional light and medium oil and natural gas reserves. The tables below are a summary of the convention light and medium oil and natural gas reserves, as evaluated in the MKM Report utilizing forecast price and cost assumptions. The tables summarize the data contained in the MKM Report and as a result may contain slightly different numbers due to rounding. The net present value of future net revenue attributable to the Company’s reserves is stated without provision for interest costs and out of the country general and corporate administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only the wells assigned reserves by MKM. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company’s reserves estimated by MKM represent the fair market value of those reserves. Other assumptions and qualifications relating to the costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Company’s light and medium oil and natural gas reserves provided herein are estimates only and there is not guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

The MKM report is based on certain factual data supplied by the Company and MKM’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining the Company’s petroleum properties and contracts (except for certain information residing in the public domain) were supplied by Permex Petroleum to MKM and accepted without any further investigation. MKM accepted this data as presented and neither title searches nor filed inspections were conducted.

Reserves Data – Forecast Prices and Costs

Summary of Oil and Gas Reserves

Company Gross and Net Reserves

Reserves Category	Light and Medium Oil		Natural Gas		Natural Gas Liquids	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
PROVED						
Developed Producing	12,417	408	46,779	264	0	0
Developed Non-Producing	824	661	654	531	0	0
Undeveloped	1,998	1,610	1,584	1,277	0	0
TOTAL PROVED	15,239	2,679	49,017	2,072	0	0
PROBABLE	12,247	9,444	14,643	10,903	0	0
TOTAL PROVED PLUS PROBABLE	27,486	12,123	63,660	12,9	0	0

Net Present Value of Future Net Revenue of Oil and Gas Reserves

Reserves Category	Before Income Taxes Discounted at (% / year)				
	0% (\$US thousands)	5% (\$US thousands)	10% (\$US thousands)	15% (\$US thousands)	20% (\$US thousands)
PROVED					
Developed Producing	21,026	13,288	9,306	7,046	5,629
Developed Non-Producing	46,103	33,526	25,827	20,743	17,160
Undeveloped	112,318	64,344	42,037	29,529	21,617
TOTAL PROVED	179,447	111,158	77,170	57,318	44,406
PROBABLE	692,690	297,288	143,349	74,592	40,846
TOTAL PROVED PLUS PROBABLE	872,137	408,446	220,519	131,910	85,252

Reserves Category	After Income Taxes Discounted at (% / year)				
	0% (\$US thousands)	5% (\$US thousands)	10% (\$US thousands)	15% (\$US thousands)	20% (\$US thousands)
PROVED					
Developed Producing	18,924	11,992	8,421	6,393	5,120
Developed Non-Producing	41,470	30,255	23,373	18,821	15,610
Undeveloped	101,086	58,058	38,019	26,763	19,630
TOTAL PROVED	161,480	100,305	69,813	51,977	40,360
PROBABLE	623,421	268,225	129,634	67,603	37,096
TOTAL PROVED PLUS PROBABLE	784,901	368,530	199,447	119,580	77,456

Notes:

1. The crude oil and natural gas reserve estimates presented in the MKM Report have been based on the definitions and guidelines prepared by the Standing Committee on Reserves Definitions of the CIM (Petroleum Society) as presented in the Canadian Oil and Gas Evaluation (the “**COGE Handbook**”). A summary of those definitions is presented below.
2. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulation, from a given date forward, based on (i) analysis of drilling, geological, geophysical and engineering data, (ii) the use of established technology, and (iii) specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.
3. Reserves are classified according to the degree of certainty associated with the estimates:
 - (a) Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
 - (b) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
 - (c) Other criteria that must also be met for the categorization of reserves are provided in Section 1.4 7.2.1 of the COGE Handbook.
4. Each of the reserve categories (proved and probable) may be divided into developed and undeveloped categories.
 - (a) Developed reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.
 - (b) Developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
 - (c) Developed non-producing reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
 - (d) Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.
5. The qualitative certainty levels referred to in the definition above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest level sum of individual entity estimates for which reserves estimate are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions.
 - a. at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and
 - b. at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves.
6. Additional clarification of certainty levels associated with reserves estimates and the effect of aggregation is provided in Section 5 of the COGE Handbook.
7. “Company Gross Reserves” are the total of the Company’s working and/or royalty interest share before deduction of royalties owned by others. It represents the Company’s percentage effective ownership interest in the property gross reserve.
8. “Company Net Reserves” are the total of the Company’s working interest share in reserves after deduction the amounts attributable to royalties plus the Company’s royalty interests in such reserves.

Additional Information Concerning Future Net Revenue – (Undiscounted)

Reserves Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	Abandonment and Reclamation Costs (M\$)	Future Net Revenue Before Tax (M\$)	Income Tax (M\$)	Future Net Revenue After Tax (M\$)
Total Proved	1,532,827	1,286,955	46,622	15,996	3,807	179,447	17,967	161,480
Proved + Probable	2,943,722	1,714,242	172,578	174,206	10,557	872,138	87,236	784,902

Future Net Income by Production Group

	Future Net Revenue Before Future Income Tax Expenses Discounted at 10% (M\$)	Net Unit Value Before Income Taxes Discounted at 10%, (\$/Bbl., \$/Mcf)
Proved		
Light and Medium Crude Oil	74,826	27.94
Conventional Natural Gas	2,344	1.13
Proved plus Probable		
Light and Medium Crude Oil	210,642	17.38
Conventional Natural Gas	9,877	0.76

Pricing Assumptions – Forecast Prices, Costs and Oil and Gas Sales

MKM employed the following oil and natural gas pricing and inflation rate assumptions as of September 30, 2023 in estimating the Company’s reserves data using forecast prices and costs. The Company received an average oil price of \$76.17 in 2023.

Year	Light and Medium Oil WTI Cushing (\$/Bbl)	Natural Gas U.S. Henry Hub (\$/MMBtu)	Inflation Rate %/Year
2023	90.00	2.75	0
2024	82.50	3.25	0
2025	76.50	3.83	2
2026	75.43	3.90	2
2027	76.94	3.98	2
2028	78.48	4.06	2
2029	80.05	4.14	2
2030	81.65	4.22	2
2031	83.28	4.31	2
2032	84.95	4.39	2
2033	86.64	4.48	2
2034	88.38	4.57	2
Thereafter	2%/yr.	2%/yr.	2

RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE

Reserves Reconciliation

The following table sets forth a reconciliation of Company Gross Reserves as at September 30, 2023 against the Company's gross reserves as at September 30, 2022.

Company Net Reserves Conventional Oil and Natural Gas

	Proved (MBO)	Probable (MBO)	Proved Plus Probable (MBO)	Proved (MMcf)	Probable (MMcf)	Proved Plus Probable (MMcf)
Reserves at Sept. 30, 2022	6,201	7,454	13,655	2,956	10,323	13,279
Discoveries	-	-	-	-	-	-
Extensions	-	-	-	-	-	-
Infill Drilling	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-
Resource Transfers	-	-	-	-	-	-
Technical revisions (1)	(3,212)	2,032	(1,180)	(639)	800	161
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic factors	(2)	0	(2)	(11)	0	(10)
Production	(313)	(42)	(355)	(234)	(221)	(455)
Reserves at Sept. 30, 2023	2,678	9,444	12,122	2,072	10,903	12,975

On a Company Net Reserve basis, there has been a 56.8% decrease in proved conventional light and medium reserves with total conventional light and medium oil production of 313 Mbbl during the year. There has been a 11.2% decrease in the proved plus probable conventional light and medium oil reserves on a Company Gross Reserve basis from 13,655 Mbbl to 12,122 Mbbl.

- (1) Changes in the Company's development plan resulted in a decrease in proved conventional light and medium oil reserves of 3,212 MBbl and in a decrease of proved plus probable conventional light and medium oil reserves of 1,180 MBbl.

On a Company Net Reserve basis, there has been a 29.9% decrease in proved conventional natural gas reserves with total conventional natural gas production of 234 MMcf during the year. There has been an 2.3% decrease in the proved plus probable conventional natural gas reserves on a Company Gross Reserve basis from 13,279 MMcf to 12,975 MMcf.

- (1) Changes in the Company's development plan resulted in a decrease in proved conventional natural gas reserves of 639 MMcf and in an increase of proved plus probable conventional natural gas reserves of 161 MMcf.

UNDEVELOPED RESERVES

The following table sets forth the Company's undeveloped reserves for the years ended September 30, 2017, 2018, 2019, 2020, 2021, 2022, and 2023.

As of September 30, 2023

PROVED UNDEVELOPED RESERVES

Period	Light and	Medium Oil	Natural	Gas
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)
	First	Booked at	First	Booked at
	Attributed	Year End	Attributed	Year End
2017	2,765	2,041	166	128
2018	6,530	3,343	1,741	677
2019	8,148	3,855	936	395
2020	9,814	4,028	2,378	768
2021	17,881	7,461	6,677	3,189
2022	0	5,079	0	2,130
2023	0	2,678	0	2,072

PROBABLE UNDEVELOPED RESERVES

Period	Light and	Medium Oil	Natural	Gas
	(Mbbbl)	(Mbbbl)	(MMcf)	(MMcf)
	First	Booked at	First	Booked at
	Attributed	Year End	Attributed	Year End
2017	4,737	3,322	10,352	7,457
2018	4,724	3,309	10,277	7,382
2019	5,764	3,578	10,738	7,500
2020	5,516	3,473	10,607	7,445
2021	18,640	13,660	15,403	11,164
2022	0	7,335	0	10,307
2023	0	9,444	0	10,903

Note: Booked refers to reserves assigned as undeveloped in the MKM report.

The following discussion generally describes the basis on which the Company attributes proved and probable undeveloped reserves and its plans for developing those undeveloped reserves.

Proved Undeveloped Reserves

The undeveloped reserves in this report have been incorporated herein in accordance with Permex's plans to develop these reserves as of September 30, 2023. The undeveloped reserves are based on analogy to offset producing wells. The implementation of Permex's development plans and budget as presented to us and incorporated herein were approved by Permex's management. Additionally, Permex has informed MKM Engineering that they are not aware of any legal, regulatory, or political obstacles that would significantly alter the development plans.

None of the Company's proved undeveloped reserves have been developed as of September 30, 2023.

Probable Undeveloped Reserves

The undeveloped reserves in this report have been incorporated herein in accordance with Permex's plans to develop these reserves as of September 30, 2023. The undeveloped reserves are based on analogy to offset producing wells. The implementation of Permex's development plans and budget as presented to us and incorporated herein were approved by Permex's management. Additionally, Permex has informed MKM Engineering that they are not aware of any legal, regulatory, or political obstacles that would significantly alter the development plans.

None of the Company's probable undeveloped reserves have been developed as of September 30, 2023.

SIGNIFICANT FACTORS OR UNCERTANTIES AFFECTING RESERVES DATA

The process of estimated reserves is complex. It requires significant judgments and decisions based on available geological, geophysical, engineering, and economic data. These estimates may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on current production forecasts, prices, and economic conditions. The Company's reserves are evaluated by MKM, an independent petroleum engineering firm.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices, economics conditions, and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can be positive or negative.

FUTURE DEVELOPMENT COSTS

The table below sets of the Company's share of the development costs deducted in the estimation of future net revenues attributable to proved and probable reserves using forecast prices and costs.

	Future Forecast	Development Prices and Costs	Costs
		Proved M\$	Proved Plus Probable M\$
Year			
2023		0	0
2024		1,463	1,463
2025		6,710	6,710
2026		7,822	11,907
2027		0	8,286
2028		0	8,672
2029		0	10,227
Remaining Years		0	126,942
Total		15,995	174,207

The 2023 and beyond future development costs include workovers, re-completions of the existing wells, return to production of shut-in wells, and drilling of the undeveloped acreage. The Company expects to fund its estimated future development costs through a combination of internally generated cash flow and debt or equity funding.

Land Holdings

The following table sets out the developed and undeveloped land holdings in acres of the Company as at September 30, 2023.

	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
Unites States	5,117	3,942	6,000	4,800	11,117	8,742
Totals	5,117	3,942	6,000	4,800	11,117	8,742

Notes:

1. "Gross" refers to the total acres of the properties in which the Company has an interest.
2. "Net" refers to the total acres of the properties in which the Company has an interest, multiplied by the Company's ownership in each of the properties.

OIL AND GAS PROPERTIES AND WELLS

The following table summarizes the Company's interest as at September 30, 2023 in wells that are producing and non-producing.

Producing Wells		Non-Producing Wells	
Oil and Natural Gas		Oil and Natural Gas	
Gross	Net	Gross	Net
103	23	53	37

Notes:

1. "Gross" refers to the aggregate number of the wells in which the Company has an interest.
2. "Net" refers to the total number of the wells in which the Company has an interest, multiplied by the Company's ownership in each of the wells.

Producing Wells

As at September 30, 2023, there are five producing wells on the OXY Yates acreage and eight producing well on the West Henshaw Unit, both properties are located in New Mexico. In Texas, there are fifteen producing wells on the Breedlove properties, one producing well on the Mary Bullard property, and seventy-three producing wells on the Royalty properties.

Non-Producing Wells

As at September 30, 2023, there are nine non-producing wells on the OXY Yates acreage and nine non-producing wells on the West Henshaw Unit, both properties are located in New Mexico. In Texas, there are five non-producing wells on the Breedlove properties, four non-producing wells on the Mary Bullard property, and twenty-six non-producing wells on the Pittcock N. & S.

PROPERTIES WITH NO ATTRIBUTED RESERVES

The Windy Jones lease, located in Stonewall County, Texas have no attributed Reserves as at September 30, 2023. The Company's land holdings in this property are 40 gross acres and 40 net acres.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

No reserves have been attributed to the above property and wells, as this property is only utilized for the injection of water to facilitate waterflooding on the Pittcock North Property and Pittcock South Property, located in Texas.

EXPLORATION AND DEVELOPMENT ACTIVITY

The Company did not conduct any drilling activities for the year ended September 30, 2023.

ADDITIONAL INFORMATION CONCERNING ABANDONMENT AND RECLAMATION COSTS

The following table summarizes the Company's abandonment and reclamation costs for the properties included in the MKM Report. Abandonment costs (excluding salvage value) and well site reclamation costs associated with wells to which reserves were attributed were deducted in estimating future net revenue and value in the MKM Report.

	Future Forecast	Abandonment Prices and	Costs Costs
		Proved	Proved Plus Probable
Year	-	M\$	M\$
2023		0	0
2024		9	6
2025		69	66
2026		0	3
2027		0	3
2028		69	69
2029		0	0
Remaining Years		3,660	10,413
Total		3,807	10,557

FORWARD CONTRACTS

The Company is not bound by an agreement directly or through an aggregator, under which it may be precluded from fully realizing, or may be protected from the full effect of, future market prices for oil and gas.

TAX HORIZON

The Company anticipates a small U.S. Federal income tax payable each year. However, this estimate is highly sensitive to variables such as commodity prices, production, and the timing of future capital spending.

COSTS INCURRED

The following table summarizes the Company's property acquisition costs, exploration costs, and development costs for the year ended September 30, 2023.

	Year ended September 30, 2023 <u>M\$</u>
Lease acquisition and retention	-
Geology and geophysical	-
Drilling and completion	-
Production equipment	-
Infrastructure	-
Capitalized general and administrative	-
Development	-
Decommissioning asset	-
Company Gross	<u>-</u>

Cost by Category

Acquisition of proved properties	-
Acquisition of unproved properties	-
Exploration costs	-
Development costs	-
Other costs	-
Company Gross	<u>-</u>

Further analysis of capital expenditures

The tables below summarize the Company's quarterly capital expenditures for the year ended September 30, 2023.

	Quarter ended			
	Dec. 31, 2022	Mar. 31, 2023	June 30 2023	Sept. 30, 2023
Property acquisition and retention	-	-	-	-
Geological and geophysical including Drilling and completion and production Equipment	-	-	-	-
Development and facilities	-	-	-	-
Power development	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

PRODUCTION ESTIMATES

The following table discloses for each product type the total volume of production estimated by MKM for 2023 in the of future net revenue from proved and proved plus probable reserves disclosed above under the heading “*Net Present Value of Future Net Revenue of Oil and Gas Reserves*”. Such volumes below reflect estimated production from Company Gross Reserves and Company Net Reserves (see notes 7 and 8 on page 2 above).

2023 Future Production

	Forecast Prices & Costs (Undiscounted)	
	Proved Reserves	Proved plus Probable Reserves
2023 Production (Gross)		
Light and Medium Oil(Mbbl)	405	405
Gas(MMcf)	1,975	1,975
NGL(Mbbl)	0	0
Mboe*	734	734
2023 Production (Net)		
Light and Medium Oil(Mbbl)	2	2
Gas(MMcf)	2	2
NGL(Mbbl)	0	0
Mboe*	3	3

Note:

1. *Boe conversion ratio of 6 MCF to 1 barrel of crude oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

PRODUCTION HISTORY

The following tables disclose the Company's share of quarterly average gross daily production and the Company's net production for the year ended September 30, 2023.

		Q1 (Dec. 2022)	Q2 (Mar. 2023)	Q3 (June 2023)	Q4 (Sept. 2023)	Total
Average Daily Production						
Company share of daily production	(bbl./d)	38	34	33	23	32
Company share of daily production	(mcf/d)	5	24	21	32	20
Total Gross Production						
Company share of gross production	(bbl.)	3,542	3,026	3,022	2,140	11,729
Company share of gross production	(mcf)	487	2,152	1,878	2,983	7,500
Average (\$/boe)						
Average Sales Price Received	(\$/bbl.)	80.48	69.54	65.68	68.80	71.45
Royalties Paid	(\$/bbl.)	16.52	14.17	13.56	13.21	14.47
Operating Expenses	(\$/bbl.)	79.53	70.63	70.62	44.29	67.76
Netback Received	(\$/bbl.)	(15.57)	(15.26)	(18.51)	11.30	(10.78)