



October 29, 2015

Permex Petroleum to Initiate Waterflood Enhanced Oil Recovery Technique on its Pittcock Leases in Texas

VANCOUVER, October 29, 2015 (OILZONE) – Permex Petroleum Operating (The General Partner of Permex Petroleum Limited Partnership and Operator of oil and gas leases across Texas) today announced that its program to revitalize oil and gas wells located on its properties in the Tannehill formation within the Permian Basin is successfully moving ahead.

The Company said it has successfully acquired the offset wells to the Pittcock Lease in order to accurately initiate the Waterflood recovery technique which engineers have approved. The Pittcock Field is comprised of 1 lease totaling 328.9 acres and 12 wells in the Tannehill upper and lower formation. 7 wells produce oil, 1 well is a Salt Water Injector, and 1 well is a Water Supply Well and 3 are Plugged & Abandoned.

Continental Oil Company discovered the Pittcock Field 1984 and the field has a cumulative production of over 681,000 barrels of oil and 67 million cubic feet of gas. The oil produced from the upper and lower Tannehill formation which is found between 2,350 and 3,000 feet below the surface. Continental successfully initiated water flood procedures on the field through direct field injection to enhance oil recovery soon after the field was discovered. This EOR “enhanced oil recovery” techniques which was initiated in 1987 resulted in tremendous increase in production. The field’s production increased from 40 barrels of oil per day to 242 barrels of oil per day. The waterflood procedures went on for 20 years with slow decline curve and ultimately were discontinued in 2007, which resulted in dramatic drop in the oil production from the field.

The field was purchased by Permex Petroleum at a distressed price and at a time when production was less than 10 barrels of oil per day, with an intention to optimize and enhance the oil production.

Dale Lee, Energy Resources and Permex Petroleum Operating’s project engineer initiated an extensive study on the Pittcock lease in order to evaluate the potential for rejuvenating the oil production from the field through a waterflood procedure again. The results and conclusions of this report indicates upon acquisition of the offset leases and wells to the west of the Pittcock lease and conversion to an injection well, it is able to increase the production from this lease by an impressive amount through a waterflood strategy for years to come. This new injection site would open up a new stream of oil sweep through the formations which currently is not being swept.

"Permex Petroleum is gearing up to initiate this exciting and game changing waterflood on our Pittcock Lease. We acquired this lease on metrics of it producing less than 10 barrels a day and now have the possibility of gaining access to an extremely prolific production zone through the waterflood procedure. Our first step was to acquire the leases and wells to the west of us in order to properly initiate this plan, now we have successfully acquired these leases and wells," said Mehran Ehsan President of Permex Petroleum Operating.

Once the water flood is fully operational on the west side of the field, the production rate should increase to 50 - 100 barrels of oil per day. Management believes it can implement this waterflood as early as January 2016. The Projected monthly cash flow, after deducting for royalties, lease operating expenses and taxes, at \$40.00/barrel is approximately \$64,000.00 which equates to annual net Cashflow of \$768,000.00.

ON BEHALF OF THE BOARD

“Mehran Ehsan” President & Director Permex Petroleum Operating Ltd.

Permex Petroleum Operating Ltd. (PPO) is an incorporated entity under the management of Energy Resources Corp. PPO’s sole responsibility is to be the general partner for the “Permex Petroleum Limited Partnership” and associated properties under the LP fund.

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