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PANHANDLE OIL AND GAS INC.
REPORTS FISCAL SECOND QUARTER, SIX MONTHS 2015 RESULTS AND MID-YEAR RESERVE UPDATE

Records Six Month Net Income of $10,937,968, $0.65 per Share

OKLAHOMA CITY – PANHANDLE OIL AND GAS INC. (NYSE: PHX) today reported financial and operating results for the Company's fiscal second quarter and six months ended March 31, 2015.

HIGHLIGHTS FOR THE PERIODS ENDED MARCH 31, 2015

- Recorded six month 2015 net income of $10,937,968, $0.65 per diluted share, compared to net income of $10,580,891, $0.63 per diluted share, for the 2014 six months.
- Recorded fiscal second quarter 2015 net income of $704,207, $0.04 per diluted share, as compared to $5,654,573, $0.34 per diluted share, for the 2014 quarter.
- Generated cash from operating activities of $27,653,916 for the 2015 six-month period, well in excess of $19,797,996 of capital expenditures for drilling and equipping wells.
- Reported 2015 second-quarter and six-month production of 3,455,265 Mcfe and 7,192,748 Mcfe, respectively, which were a decrease of 1% and an increase of 3%, respectively, over the same periods of fiscal 2014.
- Reduced debt $6.1 million, to $71.9 million, from Sept. 30, 2014.
- Increased proved developed reserves, after production, to 116.1 Bcfe at March 31, 2015, from 115.2 Bcfe at Sept. 30, 2014.

FISCAL SECOND QUARTER 2015 RESULTS

For the 2015 second quarter, the Company recorded net income of $704,207, or $0.04 per diluted share. This compared to net income of $5,654,573, or $0.34 per diluted share, for the 2014 second quarter. Net cash provided by operating activities increased 27% to $12,468,427 for the 2015 second quarter, versus the 2014 second quarter. Capital expenditures for the 2015 fiscal quarter totaled $4,896,365 and continue to be principally directed toward oil and NGL rich plays in south central Oklahoma. In addition, the Company recorded a $1.2 million non-cash provision for impairment in the 2015 quarter, as compared to a $227,000 charge in the 2014 quarter.

Total revenues for the 2015 second quarter were $14,679,034, a 26% decrease from $19,752,045 for the 2014 quarter. Oil, NGL and natural gas sales decreased $8,670,752 or 41% in the 2015 quarter, compared to the 2014 quarter, as a result of a 1% decrease in Mcfe production and a 40% decrease in the average per Mcfe sales price. The average sales price per Mcfe of production during the 2015 second quarter was $3.60, compared to $6.04 for the 2014 second quarter. The 2015 quarter included a $1.9 million gain on derivative contracts, as compared to a $1.6 million loss for the 2014 quarter. The Company will typically hedge 40-60% of its expected production volumes of oil and gas for a duration of up to one year to provide protection against significant declines in cash flows from lower product prices.

Oil production increased 73% in the 2015 quarter to 114,567 barrels, versus 66,239 barrels in the 2014 quarter, while gas production of 2,475,777 Mcf for the 2015 quarter decreased 11%, compared to the 2014 quarter. In addition, 48,681 barrels of

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NGL were sold in the 2015 quarter, as compared to 51,670 barrels in the 2014 quarter. The increased oil production is a result of the Eagle Ford acquisition made in June 2014.

SIX MONTHS 2015 RESULTS

For the 2015 six months, the Company recorded net income of $10,937,968, or $0.65 per diluted share. This compared to net income of $10,580,891, or $0.63 per diluted share, for the 2014 six months. Net cash provided by operating activities increased 27% year over year to $27,653,916 for the 2015 six months, versus the 2014 six months. Again, cash flow from operations fully funded costs to drill and equip wells for the six months. Capital expenditures for the 2015 six months totaled $20,106,176, which included $19,797,996 for drilling and equipping wells and acquisitions of $308,180. The Company recorded a $3.4 million non-cash provision for impairment in the 2015 six months, as compared to a $430,000 charge in the 2014 period.

Total revenues for the 2015 six months were $45,678,204, a 20% increase from $38,148,801 for the 2014 six months. Oil, NGL and natural gas sales decreased $7,624,134, or 19%, in the 2015 six months, compared to the 2014 six months, as a result of a 3% increase in Mcfe production and a 21% decrease in the average per Mcfe sales price. The average sales price per Mcfe of production during the 2015 six months was $4.44, compared to $5.65 for the 2014 six months. The 2015 six months included a $13.2 million gain on derivative contracts as compared to a $2.1 million loss for the 2014 period.

Oil production increased 54% in the 2015 six months to 231,150 barrels from 149,652 barrels in the 2014 six months, while gas production decreased 497,782 Mcf, or 9%, compared to the 2014 six months. In addition, 121,485 barrels of NGL were sold in the 2015 six months, which was a 37% increase compared to 2014 NGL volumes.

RESERVES UPDATE

March 31, 2015, mid-year proved reserves were 193.8 Bcfe, as calculated by the Company's consulting petroleum engineering firm, DeGolyer and MacNaughton. This was a decrease of 6.0%, compared to the 206.2 Bcfe of proved reserves at Sept. 30, 2014. SEC prices used for the March 31, 2015, report averaged $3.68 per Mcf for natural gas, $79.46 per barrel for oil and $27.25 per barrel for NGL, compared to $4.04 per Mcf for natural gas, $96.94 per barrel for oil and $31.45 per barrel for NGL for the Sept. 30, 2014, report. The above prices reflect net at the wellhead prices. Total proved developed reserves increased 0.7% to 116.1 Bcfe, as compared to Sept. 30, 2014, reserve volumes.

MANAGEMENT COMMENTS

Michael C. Coffman, President and CEO, said: "Fiscal 2015 continues to be a difficult time in the industry as product prices remain at depressed levels. Panhandle has, and will continue to, maintain its discipline and consistent long-term outlook and investment philosophies through this product price cycle. We have significantly reduced our capital expenditure level, choosing to participate with a working interest only in those wells that are expected to earn a reasonable rate of return based on anticipated product prices. As usual, we will generate royalty interests in wells drilled on our mineral acreage whether or not we take a working interest in the wells. Excess cash flow will continue to be used to further reduce our bank debt."

Coffman continued: "We expect industry conditions to remain challenging at least throughout fiscal 2015. Panhandle's strong financial and operational position will provide us flexibility to be opportunistic in terms of acquiring assets or taking advantage of drilling opportunities when product prices will deliver reasonable returns and growth of shareholder value."

OPERATIONS UPDATE

Paul Blanchard, Senior Vice President and COO, said: "Our mid-year 2015 proved developed reserves grew slightly to 116.1 Bcfe from 115.2 Bcfe at year-end 2014 as new reserves from drilling and a small positive performance revision more than offset production and a negative pricing revision due to falling commodity prices during the period.

"Our mid-year 2015 proved undeveloped (PUD) reserves declined 14.5% as compared to year-end 2014 primarily due to the movement of over 8 Bcfe out of the PUD and into proved developed producing resulting from drilling and development of those reserves. Because of the extremely low commodity price environment, the Company elected to add only PUD reserves for wells in progress at mid-year. No future PUD locations were added. The removal of locations that are no longer forecast to be drilled within 5 years and the pricing revision due to falling commodity prices also contributed to the decrease in PUD reserves. PUD reserves currently stand at 40% of total proved reserves."

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FINANCIAL HIGHLIGHTS

Statements of Operations

	Three Months Ended March 31,		Six Months Ended March 31,	
	2015	2014	2015	2014
	(unaudited)		(unaudited)	
Revenues:				
Oil, NGL and natural gas sales	$ 12,437,549	$ 21,108,301	$ 31,957,249	$ 39,581,383
Lease bonuses and rentals	253,050	19,717	282,341	215,946
Gains (losses) on derivative contracts	1,900,162	(1,587,029)	13,150,427	(2,083,930)
Income from partnerships	88,273	211,056	288,187	435,402
	14,679,034	19,752,045	45,678,204	38,148,801
Costs and expenses:				
Lease operating expenses	4,376,996	3,653,000	9,162,346	6,968,397
Production taxes	399,157	706,033	1,021,669	1,277,597
Exploration costs	3,105	24,429	28,457	63,184
Depreciation, depletion and amortization	5,811,590	4,939,834	11,950,609	10,247,853
Provision for impairment	1,208,645	227,152	3,400,642	430,143
Loss (gain) on asset sales and other	(7,145)	104,644	(9,127)	27,189
Interest expense	409,276	-	812,009	-
General and administrative	1,850,203	1,651,380	3,808,631	3,524,547
	14,051,827	11,306,472	30,175,236	22,538,910
Income before provision (benefit) for income taxes	627,207	8,445,573	15,502,968	15,609,891
Provision (benefit) for income taxes	(77,000)	2,791,000	4,565,000	5,029,000
Net income	$ 704,207	$ 5,654,573	$ 10,937,968	$ 10,580,891
Basic and diluted earnings per common share	$ 0.04	$ 0.34	$ 0.65	$ 0.63
Basic and diluted weighted average shares outstanding:				
Common shares	16,514,435	16,473,344	16,504,512	16,468,522
Unissued, directors' deferred compensation shares	266,066	252,102	265,503	251,424
	16,780,501	16,725,446	16,770,015	16,719,946
Dividends declared per share of common stock and paid in period	$ 0.04	$ 0.04	$ 0.08	$ 0.08

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Balance Sheets

	March 31, 2015 (unaudited)	Sept. 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 586,982	$ 509,755
Oil, NGL and natural gas sales receivables	9,639,059	16,227,469
Refundable production taxes	599,371	625,996
Derivative contracts, net	10,490,170	1,650,563
Other	328,249	354,828
Total current assets	21,643,831	19,368,611
Properties and equipment, at cost, based on successful efforts accounting:		
Producing oil and natural gas properties	434,412,916	418,237,512
Non-producing oil and natural gas properties	8,805,553	10,260,717
Other	1,381,454	1,317,725
	444,599,923	429,815,954
Less accumulated depreciation, depletion and amortization	(216,596,904)	(204,731,661)
Net properties and equipment	228,003,019	225,084,293
Investments	2,037,067	1,936,421
Derivative contracts, net	-	251,279
Total assets	$ 251,683,917	$ 246,640,604
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 5,094,559	$ 7,034,773
Deferred income taxes	1,015,100	600,100
Income taxes payable	1,027,237	523,843
Accrued liabilities and other	886,574	1,290,858
Total current liabilities	8,023,470	9,449,574
Long-term debt	71,923,589	78,000,000
Deferred income taxes	39,646,907	37,363,907
Asset retirement obligations	2,735,026	2,638,470
Stockholders' equity:		
Class A voting common stock, $.0166 par value; 24,000,000 shares authorized, 16,863,004 issued at March 31, 2015, and Sept. 30, 2014	280,938	280,938
Capital in excess of par value	2,932,208	2,861,343
Deferred directors' compensation	2,951,400	3,110,351
Retained earnings	128,399,133	118,794,188
	134,563,679	125,046,820
Less treasury stock, at cost; 330,636 shares at March 31, 2015, and 372,364 shares at Sept. 30, 2014	(5,208,754)	(5,858,167)
Total stockholders' equity	129,354,925	119,188,653
Total liabilities and stockholders' equity	$ 251,683,917	$ 246,640,604

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Condensed Statements of Cash Flows

	Six months ended March 31, 2015	2014
	(unaudited)	
Operating Activities		
Net income	$ 10,937,968	$ 10,580,891
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	11,950,609	10,247,853
Impairment	3,400,642	430,143
Provision for deferred income taxes	2,698,000	1,453,000
Exploration costs	28,457	63,184
Gain from leasing of fee mineral acreage	(281,124)	(215,704)
Net (gain) loss on sale of assets	-	152,766
Income from partnerships	(288,187)	(435,402)
Distributions received from partnerships	395,852	547,028
Directors' deferred compensation expense	169,464	189,506
Restricted stock awards	531,243	262,174
Cash provided (used) by changes in assets and liabilities:		
Oil, NGL and natural gas sales receivables	6,588,410	(3,384,957)
Fair value of derivative contracts	(8,588,328)	1,717,527
Refundable production taxes	26,625	264,048
Other current assets	26,579	(55,727)
Accounts payable	(41,635)	46,051
Income taxes payable	503,394	113,890
Accrued liabilities	(404,053)	(242,919)
Total adjustments	16,715,948	11,152,461
Net cash provided by operating activities	27,653,916	21,733,352
Investing Activities		
Capital expenditures, including dry hole costs	(19,797,996)	(17,606,988)
Acquisition of working interest properties	(308,180)	(1,550,205)
Acquisition of minerals and overrides	-	(56,250)
Proceeds from leasing of fee mineral acreage	286,844	237,733
Investments in partnerships	(208,312)	(201,898)
Proceeds from sales of assets	-	92,000
Net cash used in investing activities	(20,027,644)	(19,085,608)
Financing Activities		
Borrowings under debt agreement	18,894,612	8,312,545
Payments of loan principal	(24,971,023)	(10,574,801)
Purchase of treasury stock	(120,611)	(122,044)
Payments of dividends	(1,333,023)	(1,330,215)
Excess tax benefit on stock-based compensation	(19,000)	16,000
Net cash provided by (used in) financing activities	(7,549,045)	(3,698,515)
Increase (decrease) in cash and cash equivalents	77,227	(1,050,771)
Cash and cash equivalents at beginning of period	509,755	2,867,171
Cash and cash equivalents at end of period	$ 586,982	$ 1,816,400
Supplemental Schedule of Noncash Investing and Financing Activities		
Additions to asset retirement obligations	$ 32,728	$ 84,786
Gross additions to properties and equipment	$ 18,207,598	$ 17,290,125
Net (increase) decrease in accounts payable for properties and equipment additions	1,898,578	1,923,318
Capital expenditures and acquisitions, including dry hole costs	$ 20,106,176	$ 19,213,443

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Proved Reserves

	SEC Pricing	
	March 31, 2015	Sept. 30, 2014
Proved Developed Reserves:	(unaudited)	
Barrels of NGL	1,550,459	1,564,859
Barrels of Oil	2,705,502	2,890,678
Mcf of Gas	90,537,553	88,512,767
Mcfe (1)	116,073,319	115,245,989
Proved Undeveloped Reserves:		
Barrels of NGL	1,477,371	1,475,322
Barrels of Oil	4,313,209	4,678,901
Mcf of Gas	42,998,613	53,979,593
Mcfe (1)	77,742,093	90,904,931
Total Proved Reserves:		
Barrels of NGL	3,027,830	3,040,181
Barrels of Oil	7,018,711	7,569,579
Mcf of Gas	133,536,166	142,492,360
Mcfe (1)	193,815,412	206,150,920
10% Discounted Estimated Future Net Cash Flows (before income taxes):		
Proved Developed	$ 194,916,693	$ 234,799,797
Proved Undeveloped	84,117,435	135,228,020
Total	$ 279,034,128	$ 370,027,817
SEC Pricing		
Oil/Barrel	$ 79.46	$ 96.94
Gas/Mcf	$ 3.68	$ 4.04
NGL/Barrel	$ 27.25	$ 31.45

Proved Reserves - NYMEX Futures Pricing (2)

10% Discounted Estimated Future	Proved Reserves	
Net Cash Flows (before income taxes):	March 31, 2015	Sept. 30, 2014
Proved Developed	$ 144,083,316	$ 210,517,588
Proved Undeveloped	42,532,715	104,966,219
Total	$ 186,616,031	$ 315,483,807

(1) Crude oil and NGL converted to natural gas on a one barrel of crude oil or NGL equals six Mcf of natural gas basis

(2) NYMEX Futures Pricing as of March 31, 2015, basis adjusted to Company wellhead price

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OPERATING HIGHLIGHTS

	Second Quarter Ended March 31, 2015	Second Quarter Ended March 31, 2014	Six Months March 31, 2015	Six Months March 31, 2014
Mcfe Sold	3,455,265	3,496,222	7,192,748	7,005,492
Average Sales Price per Mcfe	$ 3.60	$ 6.04	$ 4.44	$ 5.65
Oil Barrels Sold	114,567	66,239	231,150	149,652
Average Sales Price per Barrel	$ 45.67	$ 92.74	$ 58.38	$ 93.26
Mcf Sold	2,475,777	2,788,768	5,076,938	5,574,720
Average Sales Price per Mcf	$ 2.64	$ 4.74	$ 3.13	$ 4.08
NGL Barrels Sold	48,681	51,670	121,485	88,810
Average Sales Price per Barrel	$ 13.82	$ 33.53	$ 21.23	$ 32.62

Quarter ended	Oil Bbls Sold	Mcf Sold	NGL Bbls Sold	Mcfe Sold
3/31/2015	114,567	2,475,777	48,681	3,455,265
12/31/2014	116,583	2,601,161	72,804	3,737,483
9/30/2014	126,256	2,690,493	55,849	3,783,123
6/30/2014	70,479	2,508,346	63,029	3,309,394
3/31/2014	66,239	2,788,768	51,670	3,496,222

The Company's derivative contracts in place for natural gas at March 31, 2015, are outlined in its Form 10-Q for the period ending March 31, 2015.

Panhandle Oil and Gas Inc. (NYSE: PHX) is engaged in the exploration for and production of natural gas and oil. Additional information on the Company can be found at www.panhandleoilandgas.com.

Forward-Looking Statements and Risk Factors – This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include current expectations or forecasts of future events. They may include estimates of oil and gas reserves, expected oil and gas production and future expenses, projections of future oil and gas prices, planned capital expenditures for drilling, leasehold acquisitions and seismic data, statements concerning anticipated cash flow and liquidity and Panhandle's strategy and other plans and objectives for future operations. Although Panhandle believes the expectations reflected in these and other forward-looking statements are reasonable, we can give no assurance they will prove to be correct. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Factors that could cause actual results to differ materially from expected results are described under "Risk Factors" in Part 1, Item 1 of Panhandle's 2014 Form 10-K filed with the Securities and Exchange Commission. These "Risk Factors" include the worldwide economic recession's continuing negative effects on the natural gas business; our hedging activities may reduce the realized prices received for natural gas sales; the volatility of oil and gas prices; Panhandle's ability to compete effectively against strong independent oil and gas companies and majors; the availability of capital on an economic basis to fund reserve replacement costs; Panhandle's ability to replace reserves and sustain production; uncertainties inherent in estimating quantities of oil and gas reserves and projecting future rates of production and the amount and timing of development expenditures; uncertainties in evaluating oil and gas reserves; unsuccessful exploration and development drilling; decreases in the values of our oil and gas properties resulting in write-downs; the negative impact lower oil and gas prices could have on our ability to borrow; drilling and operating risks; and we cannot control activities on our properties as the Company is a non-operator.

Do not place undue reliance on these forward-looking statements, which speak only as of the date of this release, and Panhandle undertakes no obligation to update this information. Panhandle urges you to carefully review and consider the disclosures made in this presentation and Panhandle's filings with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect Panhandle's business.

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