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**PANHANDLE OIL AND GAS INC. ANNOUNCES 36% PROVED RESERVE GROWTH
SEPT. 30, 2014, RESERVES AND OPERATIONS UPDATE**

OKLAHOMA CITY – Nov. 6, 2014/PR Newswire - PANHANDLE OIL AND GAS INC. (NYSE: PHX), “the Company,” a non-operating independent oil and natural gas company with reserves and production primarily in the Mid-Continent region and the Eagle Ford Shale, today announced estimated total proved reserve volumes for the Company’s fiscal year ended Sept. 30, 2014. Additional information on the Company can be found at www.panhandleoilandgas.com.

2014 Reserve Highlights

- Total proved reserves increase 36% to 206.2 Bcfe at Sept. 30, 2014
- Proved oil reserves grow 361% principally as a result of the Eagle Ford acquisition
- Proved reserves have grown at a compound annual growth rate of 28% during the last five years

Total Proved Reserves Increase 36%

Panhandle’s estimated total proved reserves at Sept. 30, 2014, increased 36% to 206.2 Bcfe from 151.8 Bcfe reported for Sept. 30, 2013, based on SEC mandated pricing. The Sept. 30, 2014, wellhead prices of \$4.04 per Mcf of natural gas, \$96.94 per barrel of oil and \$31.45 per barrel of NGL compare to Sept. 30, 2013, prices of \$3.33 per Mcf of natural gas, \$89.06 per barrel of oil and \$27.28 per barrel of NGL. Panhandle’s total estimated proved reserves are approximately 69% natural gas, 22% oil and 9% NGL. The Sept. 30, 2014 and 2013, proved reserves were calculated by the independent petroleum engineering consulting firm DeGolyer and MacNaughton.

The Company’s acquisition on June 17, 2014, of producing properties and drilling locations in the Eagle Ford Shale -along with drilling activity over the last few years in several plays in south central and western Oklahoma, the Texas Panhandle and the Fayetteville Shale-resulted in significant increases in oil, NGL and natural gas production and the addition of material new reserves for the Company. During fiscal 2014 the Company’s oil reserves increased 361%, NGL reserves increased 88% and natural gas reserves increased 8%. Substantially all of the 5.9 million barrels of proved oil reserves growth in fiscal 2014 can be attributed to the Eagle Ford acquisition. In addition, proved reserves of 971,000 barrels of NGL and 4.9 Bcf of gas were attributable to the Eagle Ford acquisition. In accordance with SEC requirements, 33 undeveloped drilling locations in the Eagle Ford Shale that are considered to be proved reserves from a technical perspective, but are not currently scheduled to be drilled within five years, have been categorized as probable reserves in the Company’s 2014 internal probable and possible reserve evaluation which was prepared by DeGolyer and McNaughton. This includes 1.4 million barrels of oil, 211,000 barrels of NGL and 1.1 Bcf of gas. The Company intends to move these reserves to the proved undeveloped (PUD) category when the locations are scheduled to be drilled within five years.

At Sept. 30, 2014, approximately 56% of total proved reserves, or 115.2 Bcfe, are categorized as proved developed as compared to 93.1 Bcfe at Sept. 30, 2013. PUD reserves comprised 44% of total proved reserves, or 90.9 Bcfe, at Sept. 30, 2014, as compared to 39%, or 58.7 Bcfe, at Sept. 30, 2013.

During the last five years, Panhandle’s total proved reserves have grown 247% from 59.6 Bcfe to 206.2 Bcfe, a compound annual growth rate of 28%. Funding of this increase in reserves was principally from internally generated cash flow for drilling and bank debt for the Eagle Ford acquisition. The Company has never issued shares in a secondary offering.

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Management Comments

Michael C. Coffman, Panhandle's President and CEO, said: "Obviously fiscal 2014 was highlighted by the largest acquisition in Company history. The purchase of 63 producing wells and 109 undeveloped Eagle Ford locations adds significant oil production and reserves for Panhandle. Even at today's reduced oil prices, drilling on our Eagle Ford properties continues and will create value for the Company. Paired with drilling on the Company's legacy mineral acreage properties, we expect to continue to grow reserves and profitable production in a planned and patient manner, as has been our strategy for many years. Expectations for fiscal 2015 are that approximately 50% of our capital expenditures will go to Eagle Ford development drilling, and the remaining 50% will go to drilling on the Company's legacy mineral acreage properties.

"With our strong financial position, we will deploy the capital necessary to take advantage of those drilling opportunities that are expected to generate profitable growth for Panhandle over the long term."

Paul F. Blanchard, Panhandle's Sr. Vice-President and COO, added: "The Company's Eagle Ford properties are currently being developed with a one rig pad drilling program. The typical process is to drill four to five wells consecutively on a pad and then to complete those wells after the rig moves to another pad. This procedure optimizes cost and efficiency, but results in uneven production as no new wells are placed on production during the drilling process, and then the entire group of newly completed wells is placed on production at virtually the same time.

"The Eagle Ford Shale property produced 825 Boepd net to Panhandle in September, 2014, from 67 wells (61 Eagle Ford, five Pearsall, one Buda). There are an additional seven Eagle Ford wells either being completed or waiting on completion, with one Eagle Ford well currently drilling on the property.

"The Eagle Ford Shale acquisition provides an important element of geographic diversity in the Company's portfolio. In addition to the Company's substantial holdings in conventional resources, we now have extensive assets in five very low-risk shale resource plays including the Eagle Ford, Cana Woodford, SCOOP, Fayetteville and southeastern Oklahoma Woodford. The Eagle Ford also materially contributes to a more balanced product mix for Panhandle and enhances the Company's overall reserve quality. The Company's 2014 proved oil and NGL reserves expanded to 31% of total proved reserves as compared to 13% in 2013 and proved reserves grew to 38% of total 3P reserves versus 29% in 2013.

"Due to its low and predictable cost structure for dry natural gas development, the Fayetteville Shale has been a mainstay of the Company's growth and profitability over the last several years. We believe our newly acquired Eagle Ford Shale properties will provide an additional foundation for the Company's future growth and profitability due to its similar low and predictable cost structure for oil development."

Definition of Press Release Terms:

Mcf: thousand cubic feet of natural gas

Bcfe: billion cubic feet of natural gas equivalent

Mcfe: thousand cubic feet of natural gas equivalent (Crude oil and NGL are converted to a thousand cubic feet of natural gas equivalent by using the ratio of one barrel to six Mcf of natural gas.)

Mboe: thousand barrels of oil equivalent (Natural gas is converted to a thousand barrels of oil equivalent by using the ratio of six Mcf of natural gas to one barrel.)

NGL: natural gas liquids

Boepd: barrels of oil equivalent per day

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Proved Reserves – SEC Flat Pricing

	Proved Reserves SEC Pricing		
	<u>Sept. 30, 2014</u>	<u>Sept. 30, 2013</u>	<u>% Change</u>
<u>Proved Developed Reserves:</u>			
Barrels of NGL	1,564,859	764,321	105%
Barrels of Oil	2,890,678	1,037,721	179%
Mcf of Gas	88,512,767	82,298,833	8%
Mcfe	115,245,989	93,111,085	24%
<u>Proved Undeveloped Reserves:</u>			
Barrels of NGL	1,475,322	851,805	73%
Barrels of Oil	4,678,901	605,582	673%
Mcf of Gas	53,979,593	49,990,334	8%
Mcfe	90,904,931	58,734,656	55%
<u>Total Proved Reserves:</u>			
Barrels of NGL	3,040,181	1,616,126	88%
Barrels of Oil	7,569,579	1,643,303	361%
Mcf of Gas	142,492,360	132,289,167	8%
Mcfe	206,150,920	151,845,741	36%
10% Discounted Estimated Future			
<u>Net Cash Flows (before income taxes):</u>			
Proved Developed	\$234,799,797	\$125,186,445	
Proved Undeveloped	135,228,020	51,276,694	
Total	<u>\$370,027,817</u>	<u>\$176,463,139</u>	
<u>SEC Pricing</u>			
Oil/Barrel	\$96.94	\$89.06	
Gas/Mcf	\$4.04	\$3.33	
NGL/Barrel	\$31.45	\$27.28	

TABLE 1

Proved Reserves – NYMEX Futures Pricing (1)

10% Discounted Estimated Future	Proved Reserves
<u>Net Cash Flows (before income taxes)</u>	<u>Sept. 30, 2014</u>
Proved Developed	\$210,517,588
Proved Undeveloped	104,966,219
Total	<u>\$315,483,807</u>

(1) NYMEX Futures Pricing as of Sept. 30, 2014, basis adjusted to Company wellhead price

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TABLE 2

Eagle Ford Properties

<u>Proved Reserves</u>	<u>Sept. 30, 2014</u>
<u>Proved Developed:</u>	
Barrels of NGL	316,258
Barrels of Oil	1,674,929
Mcf of Gas	1,598,742
<u>Proved Undeveloped:</u>	
Barrels of NGL	654,324
Barrels of Oil	4,189,490
Mcf of Gas	3,307,737
<u>Total Proved:</u>	
Barrels of NGL	970,582
Barrels of Oil	5,864,419
Mcf of Gas	4,906,479
Mcf	45,916,485
Mboe	7,652,748
<u>Probable Reserves (1)</u>	
Barrels of NGL	211,177
Barrels of Oil	1,351,307
Mcf of Gas	1,067,545
Mcf	10,442,449
Mboe	1,740,408
10% Discounted Estimated Future	
<u>Net Cash Flows (before income taxes):</u>	
Sept. 30, 2014, SEC Flat Pricing	
Proved Reserves	\$ 144,599,483
10% Discounted Estimated Future	
<u>Net Cash Flows (before income taxes):</u>	
Sept. 30, 2014, NYMEX Futures Pricing (2)	
Proved Reserves	\$ 107,882,690
Probable Reserves	\$ 6,923,780

(1) Due to SEC five year drilling rule for PUD reserves, 33 undeveloped locations were categorized as probable reserves

(2) NYMEX Futures Pricing as of Sept. 30, 2014, basis adjusted to Company wellhead price

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TABLE 3

Probable and Possible Reserves

DeGolyer and MacNaughton prepared estimates of the Company’s probable and possible undeveloped reserves utilizing NYMEX futures pricing, basis adjusted to Company wellhead price.

Estimated Net Probable and Possible Reserves	
NYMEX Futures Pricing (1)	
	Sept. 30, 2014
<u>Probable Reserves:</u>	
Barrels of NGL	1,704,484
Barrels of Oil	1,582,754
Mcf of Gas	174,689,270
Mcf (1)	194,412,698
10% Discounted Estimated Future	
Net Cash Flows (before income taxes)	\$62,673,779
 <u>Possible Reserves:</u>	
Barrels of NGL	1,637,292
Barrels of Oil	646,261
Mcf of Gas	133,533,441
Mcf (1)	147,234,759
10% Discounted Estimated Future	
Net Cash Flows (before income taxes)	\$45,204,580

(1) NYMEX Futures Pricing as of Sept. 30, 2014, basis adjusted to Company wellhead price

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 2013 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; 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. 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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