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**PANHANDLE OIL AND GAS INC. ANNOUNCES  
FISCAL YEAR END 2017 RESERVES UPDATE**

OKLAHOMA CITY – 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, 2017. Additional information on the Company can be found at [www.panhandleoilandgas.com](http://www.panhandleoilandgas.com).

**Proved Reserves**

Panhandle’s estimated total proved reserves at Sept. 30, 2017, increased 36% to 168.6 Bcfe from 124.0 Bcfe reported for Sept. 30, 2016, based on SEC mandated pricing. SEC prices at the wellhead at Sept. 30, 2017, were \$2.81 per Mcf of natural gas, \$46.31 per barrel of oil and \$17.55 per barrel of NGL as compared to Sept. 30, 2016, SEC wellhead prices of \$1.97 per Mcf of natural gas, \$36.77 per barrel of oil and \$12.22 per barrel of NGL. Panhandle’s total estimated proved reserves are approximately 72% natural gas, 20% oil and 8% NGL. Sept. 30, 2017 and 2016, proved reserves were calculated by DeGolyer and MacNaughton, an independent petroleum engineering consulting firm.

At Sept. 30, 2017, approximately 66% of total proved reserves, or 111.7 Bcfe, are categorized as proved developed as compared to 66%, or 81.4 Bcfe, at Sept. 30, 2016. Proved undeveloped reserves, or PUD, comprised 34% of total proved reserves, or 56.9 Bcfe, at Sept. 30, 2017, as compared to 34%, or 42.6 Bcfe, at Sept. 30, 2016.

**Management Comments**

Paul F. Blanchard, Panhandle’s President and CEO, said: “The Company’s total proved reserves increased 36% to 168.6 Bcfe at fiscal year-end 2017, as compared to fiscal year-end 2016. This reserve growth is primarily attributable to successful drilling programs in the southeastern Oklahoma (Arkoma Basin) Woodford, the STACK Cana Woodford in western Oklahoma and the Eagle Ford Shale in South Texas, as well as improved SEC prices at fiscal year-end 2017 versus fiscal year-end 2016.

“Proved developed reserves increased 37% to 111.7 Bcfe at year-end 2017 from 81.4 Bcfe the prior year. This increase was principally driven by the aforementioned 2017 drilling activity. PUD reserves remained at 34% of total proved reserves.

“Panhandle’s total 3P (proved, probable and possible) reserves decreased to 641.9 Bcfe at fiscal year-end 2017 from 670.1 at fiscal year-end 2016. This reduction primarily resulted from lower net revenue interest in a group of probable and possible locations located in the STACK and SCOOP plays and extensions that was leased out during 2017. In these leased areas, the interest was changed from a working interest to a royalty interest based on the lease terms. The Company chose to lease out the mineral acreage associated with these locations because the value received in the up-front cash bonuses and future royalty income was projected to exceed the value of participating with a working interest.”

**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.)

NGL: natural gas liquids

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**Proved Reserves – SEC Flat Pricing**

	Proved Reserves SEC Pricing	
	Sept. 30, 2017	Sept. 30, 2016
<u>Proved Developed Reserves:</u>		
Barrels of NGL	1,768,425	1,095,256
Barrels of Oil	2,201,528	1,980,519
Mcf of Gas	87,861,043	62,929,047
Mcfe	111,680,761	81,383,697
<u>Proved Undeveloped Reserves:</u>		
Barrels of NGL	616,274	527,447
Barrels of Oil	3,308,139	3,445,571
Mcf of Gas	33,334,077	18,796,551
Mcfe	56,880,555	42,634,659
<u>Total Proved Reserves:</u>		
Barrels of NGL	2,384,699	1,622,703
Barrels of Oil	5,509,667	5,426,090
Mcf of Gas	121,195,120	81,725,598
Mcfe	168,561,316	124,018,356
10% Discounted Estimated Future		
<u>Net Cash Flows (before income taxes):</u>		
Proved Developed	\$ 112,276,166	\$ 55,586,606
Proved Undeveloped	13,746,585	(7,696,741)
Total	<u>\$ 126,022,751</u>	<u>\$ 47,889,865</u>
<u>SEC Pricing</u>		
Oil/Barrel	\$ 46.31	\$ 36.77
Gas/Mcf	\$ 2.81	\$ 1.97
NGL/Barrel	\$ 17.55	\$ 12.22

**TABLE 1**

**Proved Reserves – Projected Future Pricing (1)**

10% Discounted Estimated Future	Proved Reserves
<u>Net Cash Flows (before income taxes)</u>	<u>Sept. 30, 2017</u>
Proved Developed	\$ 146,699,256
Proved Undeveloped	45,395,171
Total	<u>\$ 192,094,427</u>

(1) Projected future pricing as of Sept. 30, 2017, basis adjusted to Company wellhead price

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**TABLE 2**

**Probable and Possible Reserves**

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

Estimated Net Probable and Possible Reserves	
Projected Future Pricing (1)	
	Sept. 30, 2017
<u>Probable Reserves:</u>	
Barrels of NGL	3,098,935
Barrels of Oil	2,404,125
Mcf of Gas	235,537,959
Mcf (1)	268,556,319
10% Discounted Estimated Future	
Net Cash Flows (before income taxes)	\$ 134,864,081
 <u>Possible Reserves:</u>	
Barrels of NGL	2,012,497
Barrels of Oil	736,889
Mcf of Gas	188,252,876
Mcf (1)	204,749,192
10% Discounted Estimated Future	
Net Cash Flows (before income taxes)	\$ 64,004,835

(1) Projected Future Pricing as of Sept. 30, 2017, 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, the Company 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 2016 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; Panhandle’s 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 Panhandle’s oil and gas properties resulting in write-downs; the negative impact lower oil and gas prices could have on the Company’s ability to borrow; drilling and operating risks; and Panhandle’s inability to control activities on its 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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