FOR IMMEDIATE RELEASE
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PANHANDLE OIL AND GAS INC.
REPORTS SECOND QUARTER AND SIX MONTHS 2019 RESULTS AND MID-YEAR RESERVES UPDATE

OKLAHOMA CITY – PANHANDLE OIL AND GAS INC., the "Company," (NYSE: PHX), today reported financial and operating results for the second quarter and six months ended March 31, 2019.

Paul F. Blanchard Jr., President and CEO commented, "During the first half of fiscal 2019, we continued to execute our corporate strategy of optimizing our mineral portfolio, maintaining a strong financial position and generating optimal cash flow. This execution included several specific initiatives: 1) selling mineral acreage in New Mexico and purchasing mineral acreage in the STACK play in Oklahoma, both at valuations that were very attractive to Panhandle, 2) repurchasing approximately $4.0 million of our stock at a price we believe represents an attractive long-term value to our shareholders and 3) reducing debt by $6.9 million."

Mr. Blanchard continued, "Our unique mineral holdings, including large positions of both leased and open minerals in key areas, provide us with several levers to generate significant cash flow moving forward, and to continue to optimize our portfolio. Two special portfolio optimization projects underway for the second half of 2019 include the marketing of additional high-value Permian Basin mineral acreage and a new marketing effort to lease out a multiple-county package of Panhandle mineral acreage in the STACK and SCOOP plays. Much of this STACK and SCOOP acreage was previously held by the Company as unleased to allow for potential working interest participation. Each of these projects have the potential to generate meaningful cash flow for the Company. We are also aggressively pursuing the acquisition of additional mineral acreage with significant undeveloped potential in the Bakken and the STACK and SCOOP plays as part of our strategy. In that regard, we executed an agreement earlier this week to purchase additional Bakken mineral acreage from a private seller for $3.48 million. The details of the transaction are in the acquisition and divestiture section of this release. Finally, our seven new Eagle Ford Shale working interest wells began producing at the end of the second quarter and are performing in line with our pre-drilling expectations. These wells are expected to materially increase Panhandle's third quarter oil production."

HIGHLIGHTS FOR THE PERIODS ENDED MARCH 31, 2019

- Net income in the first half of 2019 was $10.8 million or $0.64 per share, as compared to $14.9 million or $0.87 per share in the same period of 2018. Adjusted pre-tax net income(1) increased 117% in the first half of 2019 to $10.0 million or $0.59 per share, as compared to $4.6 million or $0.27 per share in the first half of 2018. Adjusted pre-tax net loss for the 2019 second quarter was $0.1 million.
- Adjusted EBITDA(1) grew 23% in the first half of 2019 to $18.5 million, as compared to $15.0 million in 2018, including a $9.1 million gain on asset sales in the adjusted EBITDA for the 2019 period. Adjusted EBITDA for the 2019 second quarter was $4.0 million.
- The Company repurchased $4.0 million of stock during the first half of 2019 at an average price of $15.89 per share, of which, $2.9 million was purchased in the second quarter.
- Reduced debt from $51.0 million, as of Sept. 30, 2018, to $44.1 million, as of March 31, 2019, which has declined further to $42.0 million as of May 7, 2019.
- Debt to enterprise value and debt to adjusted EBITDA (TTM) were 14.50% and 1.50x, respectively, at March 31, 2019.
- The total return to shareholders in the first half of 2019 was $12.2 million through stock repurchases, dividends and debt reduction. This equates to an effective annualized yield of approximately 9.4% for that period.
- Royalty interest oil, NGL and natural gas sales increased 22.2% to $7.9 million in the first half of 2019 as compared to $6.5 million for the same period last year.

(1) This is a Non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

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OPERATING HIGHLIGHTS

	Second Quarter Ended March 31, 2019	Second Quarter Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Mcfe Sold	2,421,525	2,942,274	5,186,055	6,364,087
Average Sales Price per Mcfe	$ 3.81	$ 4.17	$ 4.13	$ 3.95
Oil Barrels Sold	74,372	82,312	157,200	173,149
Average Sales Price per Barrel	$ 52.84	$ 63.20	$ 53.49	$ 58.28
Gas Mcf Sold	1,688,043	2,107,920	3,582,033	4,550,305
Average Sales Price per Mcf	$ 2.65	$ 2.72	$ 3.00	$ 2.60
NGL Barrels Sold	47,875	56,747	110,137	129,148
Average Sales Price per Barrel	$ 17.05	$ 23.60	$ 20.62	$ 25.00

FINANCIAL HIGHLIGHTS

	Second Quarter Ended March 31, 2019	Second Quarter Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Working Interest Sales	$ 6,070,901	$ 8,701,919	$ 13,505,476	$ 18,668,088
Royalty Interest Sales	$ 3,150,418	$ 3,564,117	$ 7,926,562	$ 6,485,367
Oil, NGL and Natural Gas Sales	$ 9,221,319	$ 12,266,036	$ 21,432,038	$ 25,153,455
Lease Bonuses and Rental Income	$ 208,746	$ 499,198	$ 723,303	$ 596,157
Total Revenue	$ 7,636,213	$ 11,421,258	$ 33,965,207	$ 23,911,784
LOE per Mcfe	$ 1.23	$ 1.09	$ 1.17	$ 1.08
Production Tax per Mcfe	$ 0.19	$ 0.17	$ 0.21	$ 0.16
DD&A per Mcfe	$ 1.50	$ 1.44	$ 1.43	$ 1.50
G&A Expense per Mcfe	$ 0.88	$ 0.60	$ 0.79	$ 0.57
Interest Expense per Mcfe	$ 0.20	$ 0.15	$ 0.20	$ 0.14
Total Expense per Mcfe	$ 4.00	$ 3.45	$ 3.80	$ 3.45
Net Income	$ (1,931,334)	$ 1,070,176	$ 10,804,606	$ 14,855,115
Adj. Pre-Tax Net Income (Loss) (1)	$ (86,375)	$ 2,681,658	$ 10,014,384	$ 4,607,633
Adjusted EBITDA (1)	$ 4,023,385	$ 7,358,687	$ 18,477,200	$ 14,992,065
Cash Flow from Operations	$ 5,051,311	$ 8,161,399	$ 9,061,054	$ 15,359,982
CapEx - Drilling & Equipping	$ 2,713,744	$ 1,559,601	$ 4,159,683	$ 6,544,481
CapEx - Acquisitions	$ 1,386,775	$ -	$ 1,809,775	$ -
Borrowing Base			$ 80,000,000	$ 80,000,000
Debt			$ 44,100,000	$ 43,500,000
Debt/Adjusted EBITDA (TTM) (1)			1.50	1.52
Debt to Enterprise Value (1)			14.50%	11.84%

(1) This is a Non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

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SECOND QUARTER 2019 RESULTS

Total production decreased 18% in the 2019 quarter, as compared to the 2018 quarter. Total production has decreased due to the natural decline of the production base and, to a lesser extent, the result of marginal property divestitures. This was partially offset by the production from new royalty and working interest wells. The oil production decrease is primarily from the Eagle Ford Shale properties, a result of naturally declining production, as well as shut-in time for wells offsetting the newly completed (March 2019) seven-well program during stimulation and flowback. This decrease was somewhat offset by the mineral acquisition of Bakken oil-producing properties in August 2018. The NGL production decrease is attributed to both natural production decline and operators electing to remove less NGLs from the natural gas stream due to lower NGL prices. These decreases in the liquid-rich production from the prior year's drilling program in the Anadarko Basin Woodford Shale and Eagle Ford Shale were partially offset by new well drilling in the Arkoma Woodford and STACK in Oklahoma. Decreased gas production was due to naturally declining production in the Anadarko Woodford and Arkoma Woodford shales, well workovers in the Arkoma Woodford Shale and, to a lesser extent, marginal property divestitures during 2018. These decreases were partially offset by new drilling in the STACK and Anadarko Woodford.

The total production in the second quarter of 2018 saw significant increases due to our substantial 2017 drilling program in the Arkoma Woodford (8 wells), Anadarko Woodford (6 wells) and Eagle Ford (10 wells) shales, which began production just before or during the quarter. All of these wells had significantly higher than average NRI's and were producing at high rates during that time. As with virtually all horizontal wells, production from these wells experienced significant declines during their first year. This decline, along with materially lower capital expenditures during fiscal 2018 and the first half of fiscal 2019, accounted for a material portion of the Company's production decline experienced in the 2019 comparable periods.

Average daily production in the second quarter of 2019 decreased 10% when compared to the first quarter of 2019. A material portion of the decrease was due to the following factors: adjustments to prior quarter receivable balances, operators electing to remove less NGL from the natural gas stream due to lower NGL prices and the sale of producing properties in the first quarter.

Oil, NGL and natural gas revenue decreased 25% in the 2019 quarter as production decreased 18% and product prices decreased relative to the 2018 quarter. The 2019 quarter included a $1.8 million loss on derivative contracts as compared to a $1.3 million loss for the 2018 quarter.

The 16% increase in total cost per MCFE in the 2019 quarter relative to the 2018 quarter was primarily driven by lower production as noted above. In the 2018 quarter there was significant production from lower cost wells (wells that have very high royalty interest in relation to their working interest). These wells had large initial production rates that drove the per Mcfe rate down across most expense categories. As expected, production on these wells has declined in the 2019 quarter from their previous high rates. Interest expense and production taxes were also influenced, respectively, by higher bank interest rates and production tax rate. G&A expense also increased due to non-recurring restricted stock and other compensation expenses tied to retirement clauses and other employee changes.

The Company's net income (loss) changed from net income of $1.1 million in the 2018 quarter to a net loss of $1.9 million in the 2019 quarter. The majority of the change was due to lower production and decreased prices in the 2019 quarter. Adjusted pre-tax net income (loss) (1) was $0.1 million net loss in the 2019 quarter, as compared to net income of $2.7 million in the 2018 quarter.

(1) This is a Non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

SIX MONTHS 2019 RESULTS

Total production decreased 19% in the 2019 period, as compared to the 2018 period. This decrease for the 2019 six-month period, was due to factors consistent with those discussed above. Panhandle also elected not to participate with a working interest on 32 wells proposed on its minerals.

Oil, NGL and natural gas revenue decreased 15% in the 2019 period as production decreased 19% and product prices increased relative to the 2018 period. The 2019 period included a $2.7 million gain on derivative contracts as compared to a $1.8 million loss for the 2018 period.

In the 2019 period, the Company sold mineral acreage in Lea and Eddy Counties, N.M., for a gain of $9,096,938. In the 2018 period, the Company sold its working interest in several marginal properties in Oklahoma for a loss of $466,129.

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The 10% increase in total cost per MCFE in the 2019 period relative to the 2018 period was primarily driven by lower production as noted above. In the 2018 period there were significant increases in production from lower cost wells (wells that have very high royalty interest in relation to their working interest). These wells had large initial production rates that drove the cost per Mcfe down across most expense categories. As expected, in the 2019 period the production on these wells has declined from their initial high rates. Interest expense and production taxes were also influenced, respectively, by higher bank interest rates and production tax rate increases in Oklahoma during the 2019 period. G&A expense also increased due to non-recurring restricted stock and other compensation expenses.

The Company's net income decreased $4.1 million in the 2019 period, as compared to the 2018 period. The 2018 period was materially impacted by the Tax Cuts and Jobs Act enacted in December 2017, and the 2019 period was materially impacted by the gain on sale of assets and the mark-to-market gain on Panhandle's derivatives. Adjusted pre-tax net income [1] was $10.0 million in the 2019 period, as compared to $4.6 million in the 2018 period.

The Company generated excess free cash flow, enabling us to return $5.3 million to shareholders through dividend payments and stock repurchases, while also paying down $6.9 million of debt.

(1) This is a Non-GAAP measure. Refer to the Non-GAAP Reconciliation section.

OPERATIONS UPDATE

Eagle Ford

Seven Eagle Ford Shale wells began production at the end of the second quarter. The Company's average working interest in this group of wells is 10.8% (8% net revenue), as the wells are located partially on the Company's 16% working interest (12% net revenue) acreage and partially on acreage Panhandle does not own. The average initial 30-day production rate from the seven wells was 860 Boe per day (69 Boepd net to Panhandle). This is in line with projected production for these Eagle Ford Shale wells. These wells are expected to materially increase third quarter oil production.

Oklahoma

Drilling activity on the Company's Oklahoma mineral acreage continues to be strong, with 15 rigs currently active on royalty interest wells. The majority of the activity is in SCOOP and STACK with 13 royalty interest wells drilling.

Permian Basin

Two rigs are currently drilling royalty interest wells on our mineral holdings in the Permian Basin in Texas and New Mexico.

Bakken

One rig is drilling a royalty interest well on our mineral holdings in the Bakken in North Dakota.

Rig Activity

In addition to the 18 rigs currently drilling royalty interest wells on Panhandle acreage, 87 rigs are currently drilling within 2.5 miles of Panhandle acreage, which is an indication of future potential drilling interest on our mineral acreage.

Leasing Activity

The Company leased out 336 mineral acres at approximately $622/acre in the quarter at an average royalty rate of 20.3%.

ACQUISITION AND DIVESTITURE UPDATE

Panhandle acquired 374 mineral acres in the core of the STACK play in western Oklahoma in the first half of 2019 for $1,809,775 or $4,800/acre. This acreage is in an area of current drilling, primarily by Continental Resources, for both the Meramec and Woodford in Blaine and Caddo Counties, Okla.

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On May 6, 2019, Panhandle entered into a definitive agreement to acquire 319 net mineral acres in the core of the Bakken/Three Forks play, principally in McKenzie and Dunn Counties, N.D., for $3.48 million. There are 324 Bakken and Three Forks wells with net royalty production of approximately 52 Boe per day and an additional 130 Bakken and Three Forks undeveloped locations on the mineral acreage. Drilling and completion operations are underway on 49 of the undeveloped locations and 5 locations have been permitted. Cash flow for May 2019 is estimated at $52,300. The transaction is expected to close by the end of May 2019 and will be funded utilizing the Company's bank credit facility.

During the first quarter of 2019, the Company sold 2,016 net mineral acres and producing oil and gas properties located in Lea and Eddy Counties, N.M., to a private buyer for total net consideration of $9,096,938 and recorded a gain on the sale of $9,096,938.

The Company intends to continue optimizing its mineral portfolio through strategic sales and purchases. Panhandle is unique in the industry, in that the net book value of our entire 260,000-acre mineral portfolio is only $71 per acre. This affords the Company the opportunity to generate material net income and EBITDA on lease bonuses and the strategic sale of minerals.

RESERVES UPDATE

March 31, 2019, mid-year proved reserves were 159.5 Bcfe, as calculated by DeGolyer and MacNaughton, the Company's independent consulting petroleum engineering firm. This was an 8% decrease, compared to the 173.6 Bcfe of proved reserves at Sept. 30, 2018. SEC prices used for the March 31, 2019, report averaged $2.75 per Mcf for natural gas, $61.63 per barrel for oil and $23.46 per barrel for NGL, compared to $2.56 per Mcf for natural gas, $62.86 per barrel for oil and $26.13 per barrel for NGL at the Sept. 30, 2018, report. These prices reflect net prices received at the wellhead. Total proved developed reserves decreased 4% to 105.0 Bcfe, as compared to Sept. 30, 2018, reserve volumes. Total proved undeveloped reserves decreased 9.3 Bcfe principally due to 12 Eagle Ford Shale wells being reclassified from proven undeveloped to probable undeveloped as the wells are no longer scheduled to be drilled within five years of when they were classified as proven undeveloped. To a lesser extent, the change of our Arkoma Basin Woodford proven undeveloped locations from working interest to royalty interest also contributed to the decrease. This change was made to reflect our current intent to lease these minerals and not participate with a working interest when they are drilled.

SECOND QUARTER EARNINGS CALL

Panhandle will host a conference call to discuss second quarter results at 5:00 p.m. E.D.T. on May 9, 2019. Management's discussion will be followed by a question and answer session with investors. To participate on the conference call, please dial 877-407-9210 (domestic) or 201-689-8049 (international). A replay of the call will be available for 14 days after the call. The number to access the replay of the conference call is 877-481-4010 and the PIN for the replay is 46460.

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FINANCIALS

Statements of Operations

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Revenues:	(unaudited)		(unaudited)	
Oil, NGL and natural gas sales	$ 9,221,319	$ 12,266,036	$ 21,432,038	$ 25,153,455
Lease bonuses and rental income	208,746	499,198	723,303	596,157
Gains (losses) on derivative contracts	(1,793,852)	(1,343,976)	2,712,928	(1,837,828)
Gain on asset sales	-	-	9,096,938	-
	7,636,213	11,421,258	33,965,207	23,911,784
Costs and expenses:				
Lease operating expenses	2,988,178	3,217,568	6,092,748	6,844,277
Production taxes	467,308	497,823	1,076,259	986,813
Depreciation, depletion and amortization	3,623,976	4,241,078	7,437,662	9,516,902
Interest expense	485,784	435,951	1,025,154	867,530
General and administrative	2,133,153	1,766,190	4,071,993	3,654,333
Loss on asset sales and other	(852)	216,472	15,785	(79,186)
	9,697,547	10,375,082	19,719,601	21,790,669
Income (loss) before provision (benefit) for income taxes	(2,061,334)	1,046,176	14,245,606	2,121,115
Provision (benefit) for income taxes	(130,000)	(24,000)	3,441,000	(12,734,000)
Net income (loss)	$ (1,931,334)	$ 1,070,176	$ 10,804,606	$ 14,855,115
Basic and diluted earnings (loss) per common share	$ (0.11)	$ 0.06	$ 0.64	$ 0.87
Basic and diluted weighted average shares outstanding:				
Common shares	16,679,187	16,766,010	16,712,493	16,725,076
Unissued, directors' deferred compensation shares	183,206	205,867	217,704	267,005
	16,862,393	16,971,877	16,930,197	16,992,081
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, 2019 (unaudited)	Sept. 30, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 504,982	$ 532,502
Oil, NGL and natural gas sales receivables (net of allowance for uncollectable accounts)	6,385,694	7,101,629
Refundable income taxes	571,315	33,165
Derivative contracts, net	715,223	-
Other	751,525	578,880
Total current assets	8,928,739	8,246,176
Properties and equipment, at cost, based on successful efforts accounting:		
Producing oil and natural gas properties	432,969,755	427,448,584
Non-producing oil and natural gas properties	12,521,442	12,563,519
Other	1,686,490	1,529,770
	447,177,687	441,541,873
Less accumulated depreciation, depletion and amortization	(250,606,416)	(243,257,472)
Net properties and equipment	196,571,271	198,284,401
Investments	197,340	219,109
Derivative contracts, net	101,983	-
Total assets	$ 205,799,333	$ 206,749,686
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 487,756	$ 881,130
Derivative contracts, net	-	3,064,046
Accrued liabilities and other	1,451,427	1,791,950
Total current liabilities	1,939,183	5,737,126
Long-term debt	44,100,000	51,000,000
Deferred income taxes	22,030,007	18,088,007
Asset retirement obligations	2,897,354	2,809,378
Derivative contracts, net	-	349,970
Stockholders' equity:		
Class A voting common stock, $0.0166 par value; 24,000,000 shares authorized, 16,897,306 issued at March 31, 2019, and 16,896,881 issued at Sept. 30, 2018	281,509	281,502
Capital in excess of par value	2,830,224	2,824,691
Deferred directors' compensation	2,415,569	2,950,405
Retained earnings	134,723,381	125,266,945
	140,250,683	131,323,543
Less treasury stock, at cost; 329,065 shares at March 31, 2019, and 145,467 shares at Sept. 30, 2018	(5,417,894)	(2,558,338)
Total stockholders' equity	134,832,789	128,765,205
Total liabilities and stockholders' equity	$ 205,799,333	$ 206,749,686

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Condensed Statements of Cash Flows

	Six months ended March 31, 2019	Six months ended March 31, 2018
	(unaudited)	
Operating Activities		
Net income (loss)	$ 10,804,606	$ 14,855,115
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	7,437,662	9,516,902
Provision for deferred income taxes	3,942,000	(12,771,000)
Gain from leasing of fee mineral acreage	(722,912)	(595,946)
Proceeds from leasing of fee mineral acreage	737,812	610,552
Net (gain) loss on sale of assets	(9,096,938)	466,128
Directors' deferred compensation expense	132,280	170,826
Fair value of derivative contracts	(4,231,222)	2,486,518
Restricted stock awards	446,321	347,838
Other	9,326	(1,337)
Cash provided (used) by changes in assets and liabilities:		
Oil, NGL and natural gas sales receivables	715,935	1,110,368
Other current assets	(172,645)	(87,495)
Accounts payable	(77,977)	(73,066)
Income taxes receivable	(538,150)	(302,370)
Other non-current assets	17,317	(66,364)
Accrued liabilities	(342,361)	(306,687)
Total adjustments	(1,743,552)	504,867
Net cash provided by operating activities	9,061,054	15,359,982
Investing Activities		
Capital expenditures	(4,159,683)	(6,544,481)
Acquisition of minerals and overrides	(1,809,775)	-
Investments in partnerships	(199)	7,493
Proceeds from sales of assets	9,096,938	1,129,705
Net cash provided (used) by investing activities	3,127,281	(5,407,283)
Financing Activities		
Borrowings under debt agreement	8,686,270	10,596,451
Payments of loan principal	(15,586,270)	(19,318,671)
Purchase of treasury stock	(3,967,685)	(272,100)
Payments of dividends	(1,348,170)	(1,347,608)
Net cash provided (used) by financing activities	(12,215,855)	(10,341,928)
Increase (decrease) in cash and cash equivalents	(27,520)	(389,229)
Cash and cash equivalents at beginning of period	532,502	557,791
Cash and cash equivalents at end of period	$ 504,982	$ 168,562
Supplemental Schedule of Noncash Investing and Financing Activities		
Additions to asset retirement obligations	$ 27,562	$ 13,871
Gross additions to properties and equipment	$ 5,654,060	$ 5,556,196
Net (increase) decrease in accounts payable for properties and equipment additions	315,398	988,285
Capital expenditures and acquisitions	$ 5,969,458	$ 6,544,481

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Proved Reserves

	Proved Reserves SEC Pricing	
	March 31, 2019	Sept. 30, 2018
Proved Developed Reserves:	(unaudited)	
Barrels of NGL	2,046,499	2,085,706
Barrels of Oil	2,242,621	2,334,587
Mcf of Gas	79,229,340	83,151,954
Mcfe (1)	104,964,060	109,673,712
Proved Undeveloped Reserves:		
Barrels of NGL	1,240,424	848,484
Barrels of Oil	2,775,374	3,649,835
Mcf of Gas	30,457,852	36,910,082
Mcfe (1)	54,552,640	63,899,996
Total Proved Reserves:		
Barrels of NGL	3,286,923	2,934,190
Barrels of Oil	5,017,995	5,984,422
Mcf of Gas	109,687,192	120,062,036
Mcfe (1)	159,516,700	173,573,708
10% Discounted Estimated Future Net Cash Flows (before income taxes):		
Proved Developed	$ 121,564,750	$ 125,915,804
Proved Undeveloped	64,133,866	78,657,354
Total	$ 185,698,616	$ 204,573,158
SEC Pricing		
Oil/Barrel	$ 61.63	$ 62.86
Gas/Mcf	$ 2.75	$ 2.56
NGL/Barrel	$ 23.46	$ 26.13

Proved Reserves - Projected Future Pricing (2)

10% Discounted Estimated Future Net Cash Flows (before income taxes):	Proved Reserves March 31, 2019	Proved Reserves Sept. 30, 2018
Proved Developed	$ 130,988,726	$ 155,728,130
Proved Undeveloped	73,536,614	104,462,753
Total	$ 204,525,340	$ 260,190,883

(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, 2019, and Sept. 30, 2018, basis adjusted to Company wellhead price

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Hedge Position as of May 9, 2019

Period	Product	Volume Mcf/Bbl	Swap Price	Collar Average Floor Price	Collar Average Ceiling Price
2019	Natural Gas	3,400,000	$ 2.99		
2020	Natural Gas	1,260,000	$ 2.81		
2019	Crude Oil	58,000		$ 59.31	$ 69.47
2019	Crude Oil	102,000	$ 58.12		
2020	Crude Oil	48,000		$ 58.75	$ 66.79
2020	Crude Oil	72,000	$ 57.98		

Non-GAAP Reconciliation

This news release includes certain “non-GAAP financial measures” under the rules of the Securities and Exchange Commission, including Regulation G. These non-GAAP measures are calculated using GAAP amounts in our financial statements.

Adjusted EBITDA Reconciliation

Adjusted EBITDA is defined as net income (loss) plus interest expense, provision for impairment, depreciation, depletion and amortization of properties and equipment, including amortization of other assets, provision (benefit) for income taxes and unrealized (gains) losses on derivative contracts. We recognize that certain investors consider adjusted EBITDA a useful means of measuring our ability to meet our debt service obligations and evaluating our financial performance. Adjusted EBITDA has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of adjusted EBITDA may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to adjusted EBITDA for the periods indicated.

	Second Quarter Ended March 31, 2019	Second Quarter Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Net Income (Loss)	$ (1,931,334)	$ 1,070,176	$ 10,804,606	$ 14,855,115
Plus:				
Unrealized (gains) losses on derivatives	1,974,959	1,635,482	(4,231,222)	2,486,518
Income Tax Expense (Benefit)	(130,000)	(24,000)	3,441,000	(12,734,000)
Interest Expense	485,784	435,951	1,025,154	867,530
DD&A	3,623,976	4,241,078	7,437,662	9,516,902
Impairment	-	-	-	-
Adjusted EBITDA	$ 4,023,385	$ 7,358,687	$ 18,477,200	$ 14,992,065

Adjusted Pre-Tax Net Income (Loss) Reconciliation

Adjusted pre-tax net income (loss) is defined as net income (loss) plus provision (benefit) for income taxes and unrealized (gains) losses on derivative contracts. We recognize that certain investors consider adjusted pre-tax net income (loss) a useful means of evaluating our financial performance. Adjusted pre-tax net income (loss) has limitations and should not be considered in isolation or as a substitute for net income, operating income, cash flow from operations or other consolidated income or cash flow data prepared in accordance with GAAP. Because not all companies use identical calculations, this presentation of adjusted pre-tax net income (loss) may not be comparable to a similarly titled measure of other companies. The following table provides a reconciliation of net income (loss) to adjusted pre-tax net income (loss) for the periods indicated.

*****MORE*****

	Second Quarter Ended March 31, 2019	Second Quarter Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Net Income (Loss)	$ (1,931,334)	$ 1,070,176	$ 10,804,606	$ 14,855,115
Plus:				
Unrealized (gains) losses on derivatives	1,974,959	1,635,482	(4,231,222)	2,486,518
Income Tax Expense (Benefit)	(130,000)	(24,000)	3,441,000	(12,734,000)
Adjusted Pre-Tax Net Income (Loss)	$ (86,375)	$ 2,681,658	$ 10,014,384	$ 4,607,633

Enterprise Value Calculation

	Second Quarter Ended March 31, 2019	Second Quarter Ended March 31, 2018	Six Months Ended March 31, 2019	Six Months Ended March 31, 2018
Market Value	$ 260,121,384	$ 323,775,893	$ 260,121,384	$ 323,775,893
Debt	44,100,000	43,500,000	44,100,000	43,500,000
Enterprise Value	$ 304,221,384	$ 367,275,893	$ 304,221,384	$ 367,275,893

Panhandle Oil and Gas Inc. (NYSE: PHX) Oklahoma City-based, Panhandle Oil and Gas Inc. is an oil and natural gas mineral and leasehold acreage-focused capital allocator seeking the highest per share returns while maintaining a conservative net leverage ratio to ensure survivability and prosperity in all business and mineral commodity price cycles. The capital allocation tools include: (i) selective participation in working interest wells on its existing holdings in the highest quality, low-risk projects that are projected to exceed our corporate return threshold; (ii) aggressive leasing of its mineral holdings outside of areas of potential working interest participation; (iii) acquisition of mineral acreage, in the cores of resource plays, with substantial undeveloped opportunities that meet or exceed our corporate return threshold; (iv) divestiture of minerals with limited optionality and mineral rights when the amount negotiated exceeds our projected total value; (v) payment of quarterly dividends, with optionality for special dividends when available capital exceeds operational requirements and has no other higher shareholder return option for an extended time period; and (vi) repurchase of common shares when the share price trades at a material discount to the Company's estimated intrinsic value.

Panhandle's principal properties are located in Oklahoma, Arkansas, Texas, New Mexico and North Dakota. 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 2018 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 oil and natural gas sales; the volatility of oil and gas prices; the Company'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 our inability to 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, as 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.

*****END*****