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PLEASE CONTACT:
Paul F. Blanchard Jr.
405.948.1560
Website: www.panhandleoilandgas.com

Aug. 8, 2019

PANHANDLE OIL AND GAS INC.
REPORTS THIRD QUARTER AND NINE MONTHS 2019 RESULTS

OKLAHOMA CITY – PANHANDLE OIL AND GAS INC., the "Company," (NYSE: PHX), today reported financial and operating results for the third quarter and nine months ended June 30, 2019.

Paul F. Blanchard Jr., President and CEO, commented, "I am very pleased with Panhandle's third quarter and year-to-date 2019 performance. We've generated significant cash flow and net income by executing our strategy of actively managing our mineral portfolio. Our proactive leasing effort continues to yield meaningful royalty production growth, biased toward oil production, which is supplemented by the lease bonuses we receive. We believe we are also generating material shareholder value through our targeted divestitures of mineral acreage and the largely tax-deferred redeployment of those proceeds into mineral acreage we deem to have lower risk from both a geologic and development timing perspective. In addition, we have materially paid down our debt and have improved our already ample liquidity, while repurchasing $6.5 million of our stock."

HIGHLIGHTS FOR THE PERIODS ENDED JUNE 30, 2019

- Net income in the first nine months of 2019 grew to $15.4 million or $0.92 per share, as compared to $14.1 million or $0.83 per share in the same period of 2018. Adjusted pre-tax net income(1) increased 183% in the first nine months of 2019 to $14.0 million or $0.83 per share, as compared to $5.0 million or $0.29 per share in the first nine months of 2018.
- Net income in the 2019 quarter grew to $4.6 million or $0.28 per share, as compared to $0.8 million net loss or $(0.05) per share in the 2018 quarter. Adjusted pre-tax net income(1) for the 2019 third quarter was $4.0 million, as compared to $0.3 million the 2018 third quarter.
- Adjusted EBITDA(1) grew 34% in the first nine months of 2019 to $27.4 million, as compared to $20.4 million in 2018, including a $13.1 million gain on asset sales in the adjusted EBITDA for the 2019 period. Adjusted EBITDA for the 2019 third quarter was $8.9 million, as compared to $5.4 million the 2018 third quarter.
- Royalty interest oil, NGL and natural gas sales increased 12.2% to $11.0 million in the first nine months of 2019, as compared to $9.9 million for the same period last year.
- The Company repurchased $6.5 million of stock during the first nine months of 2019 at an average price of $14.95 per share, of which, $2.5 million was purchased in the third quarter.
- Reduced debt from $51.0 million, as of Sept. 30, 2018, to $41.5 million, as of June 30, 2019, which has declined further to $38.0 million, with $6.5 million of cash on hand, as of Aug. 8, 2019.
- Debt to enterprise value and debt to adjusted EBITDA (TTM) were 16.26% and 1.26x, respectively, at June 30, 2019.
- The total return to shareholders in the first nine months of 2019 was $18.0 million through stock repurchases, dividends and debt reduction. This equates to an effective annualized yield of approximately 11.2% for that period.

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

Mr. Blanchard continued, "The results of the third quarter and nine months ended June 30, 2019, demonstrate Panhandle's sustained commitment to generate long-term shareholder value through execution of its corporate strategy. We are focused on three primary strategic objectives: 1) managing our mineral ownership as a portfolio of assets to maximize value and generate optimal free cash flow, 2) maintaining a strong and flexible financial position and 3) rewarding our shareholders."

Panhandle's efforts to maximize value through managing its mineral portfolio in the third quarter include the sale of 166 net mineral acres in the Permian Basin in Texas for $4,018,031 or approximately $24,000 per net mineral acre and the acquisition of 313 net

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5400 N. Grand Blvd., Suite 300 ♦ Oklahoma City, OK 73112 ♦ Ph. (405) 948-1560 ♦ Fax (405) 948-2038

mineral acres in the Bakken play in North Dakota and the STACK play in Blaine County, Okla., for $3,310,691 or approximately $10,600 per net mineral acre.

For the first nine months the Company sold 372 net mineral acres in the Permian Basin in Texas and New Mexico for $13,114,969 or approximately $35,000 per net mineral acre and acquired 687 net mineral acres in the Bakken play in North Dakota and the STACK play in Oklahoma for $5,120,466 or approximately $7,500 per net mineral acre.

Since the end of the third quarter, Panhandle also sold an additional 383 net mineral and royalty acres in the Permian Basin for $5.0 million.

Our unique mineral holdings, including large positions of both leased and open minerals in key areas, provide us with several levers to continue to generate significant cash flow moving forward. Current initiatives include the marketing of additional high-value, but largely undeveloped, Permian Basin minerals for sale and a proactive marketing process to lease out Panhandle's remaining unleased 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. The leasing effort is expected to generate immediate cash flow from bonus payments and future cash flow from royalties. We are also continuing to pursue the acquisition of mineral acreage in the Bakken in North Dakota, the STACK and SCOOP plays in Oklahoma and the Eagle Ford play in Texas.

We believe that our active management of our mineral portfolio will create long-term shareholder value.

In regard to maintaining a strong and flexible financial position during the third quarter, the Company reduced its debt by $2.6 million to $41.5 million and increased its cash position by $1.0 million in the third quarter, representing debt net of cash of $40.0 million. For the nine months, debt was reduced $9.5 million to $41.5 million and our cash position increased by $1.0 million. Today, our debt stands at $38.0 million and our cash position is $6.5 million or debt net of cash of $31.5 million. This is a $19 million or 38% decrease of debt net of cash for the nine months of fiscal 2019. In our most recent semi-annual borrowing base redetermination, our bank group has elected to adjust our borrowing base to $70 million, effective Aug. 6, 2019. This is largely a reflection of their lowered outlook for natural gas prices. However, with the significant progress we have made in reducing our debt and increasing our cash holdings, our liquidity is currently greater than at the beginning of our fiscal year.

Lastly, during the third quarter, the Company repurchased approximately $2.5 million of its stock and for the nine months ended June 30, 2019, the Company repurchased approximately $6.5 million of its stock. Total return to shareholders for the nine months of 2019 was $18.0 million through stock repurchases, dividends and debt reduction. This equates to an effective annualized yield of 11.2% for that period.

OPERATING HIGHLIGHTS

	Third Quarter Ended June 30, 2019	Third Quarter Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
Mcfe Sold	2,618,369	2,967,340	7,804,424	9,331,427
Average Sales Price per Mcfe	$ 3.74	$ 3.78	$ 4.00	$ 3.90
Oil Barrels Sold	96,065	80,298	253,265	253,447
Average Sales Price per Barrel	$ 57.50	$ 66.15	$ 55.01	$ 60.77
Gas Mcf Sold	1,718,561	2,082,700	5,300,594	6,633,005
Average Sales Price per Mcf	$ 2.00	$ 2.21	$ 2.68	$ 2.48
NGL Barrels Sold	53,903	67,142	164,040	196,290
Average Sales Price per Barrel	$ 15.33	$ 19.20	$ 18.88	$ 23.02

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FINANCIAL HIGHLIGHTS

	Third Quarter Ended June 30, 2019	Third Quarter Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
Working Interest Sales	$ 6,659,237	$ 7,837,612	$ 20,164,713	$ 26,505,701
Royalty Interest Sales	$ 3,123,100	$ 3,365,068	$ 11,049,662	$ 9,850,434
Oil, NGL and Natural Gas Sales	$ 9,782,337	$ 11,202,680	$ 31,214,375	$ 36,356,135
Lease Bonuses and Rental Income	$ 229,075	$ 484,298	$ 952,378	$ 1,080,455
Total Revenue	$ 16,342,394	$ 9,557,937	$ 50,307,601	$ 33,469,721
LOE per Mcfe	$ 1.20	$ 1.09	$ 1.18	$ 1.08
Production Tax per Mcfe	$ 0.19	$ 0.16	$ 0.20	$ 0.16
DD&A per Mcfe	$ 1.67	$ 1.56	$ 1.51	$ 1.51
G&A Expense per Mcfe	$ 0.69	$ 0.54	$ 0.75	$ 0.56
Interest Expense per Mcfe	$ 0.20	$ 0.14	$ 0.20	$ 0.14
Total Expense per Mcfe	$ 3.95	$ 3.49	$ 3.84	$ 3.45
Net Income	$ 4,604,236	$ (775,093)	$ 15,408,842	$ 14,080,022
Adj. Pre-Tax Net Income (Loss) (1)	$ 4,024,933	$ 349,028	$ 14,039,317	$ 4,956,661
Adjusted EBITDA (1)	$ 8,934,653	$ 5,389,433	$ 27,411,853	$ 20,381,498
Cash Flow from Operations	$ 5,271,897	$ 6,297,920	$ 14,332,951	$ 21,657,902
CapEx - Drilling & Equipping	$ (810,043)	$ 1,198,616	$ 3,349,640	$ 7,743,097
CapEx - Acquisitions	$ 3,310,691	$ 966,279	$ 5,120,466	$ 966,279
Borrowing Base			$ 80,000,000	$ 80,000,000
Debt			$ 41,500,000	$ 40,400,000
Debt/Adjusted EBITDA (TTM) (1)			1.26	1.41
Debt to Enterprise Value (1)			16.26%	11.20%

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

THIRD QUARTER 2019 RESULTS

Total production decreased 12% 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 in 2018. This was partially offset by the production from new royalty and working interest wells. The oil production increase is primarily production from the new seven-well program in the Eagle Ford that came on line in March and the mineral acquisitions of Bakken oil-producing properties. The NGL production decrease is attributed to both natural production decline and operators electing to remove less NGL 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 mineral acquisitions of producing properties in the Bakken. Decreased gas production was due to naturally declining production in the Anadarko Woodford, Arkoma Woodford and Fayetteville shales. These decreases were partially offset by production from mineral acquisitions in the Bakken.

The total production in the third quarter of 2018 was significantly higher due to our substantial 2017 drilling program in the Arkoma Woodford (8 wells), Anadarko Woodford (6 wells) and Eagle Ford (10 wells) shales, all of which began production in early 2018. Also, 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 fiscal 2019, accounted for a material portion of the Company's production decline experienced in the 2019 comparable periods.

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Average daily production in the third quarter of 2019 increased 7% when compared to the second quarter of 2019. A material portion of the increase was due to new wells coming on line in the Eagle Ford and new production from our acquisitions in the Bakken.

Oil, NGL and natural gas revenue decreased 13% in the 2019 quarter as production decreased 12% and product prices decreased relative to the 2018 quarter. The 2019 quarter included a $2.3 million gain on derivative contracts as compared to a $2.1 million loss for the 2018 quarter.

In the third quarter of 2019, the Company sold mineral acreage in Martin County, Texas, for a gain of $4,017,787. In the 2018 quarter, the Company sold its working interest in several marginal properties in Oklahoma and Kansas for a loss of $195,076.

The 13% 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 (i.e. wells that have very high royalty interest in relation to their working interest). These wells had high 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 and production tax rates. G&A expense also increased due to compensation expenses tied to retirement clauses and other employee changes.

The Company's net income (loss) changed from net loss of $0.8 million in the 2018 quarter to a net income of $4.6 million in the 2019 quarter. The majority of the increase was due to gains on assets sales and derivative contracts. Adjusted pre-tax net income (loss)[(1)] was $4.0 million in the 2019 quarter, as compared to $0.3 million in the 2018 quarter.

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

NINE MONTHS 2019 RESULTS

Total production decreased 16% in the 2019 period, as compared to the 2018 period. This decrease for the 2019 nine-month period, was due to factors consistent with those discussed above. Panhandle also elected not to participate with a working interest on 44 wells proposed on its mineral acreage.

Oil, NGL and natural gas revenue decreased 14% in the 2019 period as production decreased 16% and product prices increased only slightly, relative to the 2018 period. The 2019 period included a $5.0 million gain on derivative contracts as compared to a $4.0 million loss for the 2018 period.

In the 2019 period, the Company sold mineral acreage in Lea and Eddy Counties, N.M., and Martin County, Texas, for a gain of $13,114,725. These sales represented 0.14% of the Company's total net mineral acreage position. Panhandle had owned these minerals for many years and they had minimal remaining cost basis and therefore, most of the proceeds were recorded as gains. However, these transactions were structured as like-kind exchanges offsetting mineral purchases and, as a result, most of income tax from the sales was deferred. In the 2018 period, the Company sold its working interest in several marginal properties in Oklahoma and Kansas for a loss of $660,597.

The 11% increase in total cost per MCFE in the 2019 period relative to the 2018 period was primarily driven by lower overall production as noted above. In the 2018 period, there were significant increases in production from lower cost wells (i.e. 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 a production tax rate increase in Oklahoma during the 2019 period. 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 increased $1.3 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 asset sales and the mark-to-market gain on Panhandle's derivatives. Adjusted pre-tax net income [(1)] was $14.0 million in the 2019 period, as compared to $5.0 million in the 2018 period.

The Company generated excess free cash flow, enabling a return of $8.5 million to shareholders through dividend payments and stock repurchases, while also paying down $9.5 million of debt.

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

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BORROWING BASE UPDATE

On Aug. 6, 2019, Panhandle's line-of-credit borrowing base was redetermined by the banks and reduced from $80 million to $70 million due to their lowered outlook for natural gas prices. The current outstanding balance is $38.0 million. Current availability under the line is $32.0 million and combined with approximately $6.5 million in cash, the total liquidity is $38.5 million. This level is expected to provide ample liquidity for the Company to continue to execute its normal operating strategies.

OPERATIONS UPDATE

Rig Activity

	Wells in Progress on PHX Acreage	Rigs Present on PHX Acreage	Rigs Within 2.5 miles of PHX Acreage	Permits on PHX Acreage Trailing Twelve Months
SCOOP / STACK	107	6	60	337
Arkoma	18	2	3	79
Bakken	59	2	12	30
Permian	6	0	2	57
Fayetteville	0	0	0	2
Other	24	0	4	109
Total	214	10	81	614

Leasing Activity

The Company leased out 152 net mineral acres at approximately $1,508 per acre in the quarter at an average royalty rate of 19.3%. Current initiatives include a proactive marketing process to lease out Panhandle's remaining unleased mineral acreage in the STACK and SCOOP plays. Since the end of the quarter, Panhandle has leased a total of 83 acres for a total bonus of $221,310 at an average royalty rate of 25.0%.

Eagle Ford Activity

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. Third quarter production for the seven wells was 28,257 Boe net to Panhandle. Production continues to be in line with projections for the seven-well program.

ACQUISITION AND DIVESTITURE UPDATE

During the third quarter Panhandle acquired 313 net mineral acres in the core of the Bakken play in North Dakota and the STACK play in Blaine County, Okla., for $3,310,691 or approximately $10,600 per acre. Since the end of the third quarter, the Company has closed on the purchase of an additional 31 net mineral acres also in the core of the Bakken for $194,000.

The Company sold 166 net mineral acres (predominately undeveloped) located in the Permian Basin in Texas in the third quarter to several private buyers for total net consideration of $4,018,031, or $24,000 per acre. Since the end of the third quarter, Panhandle also sold an additional 383 net mineral and royalty acres in the Permian Basin for $5.0 million.

The Company intends to continue to optimize its mineral portfolio through strategic sales and purchases. Panhandle is unique in the industry, in that the net book value of our entire 259,000-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.

THIRD QUARTER EARNINGS CALL

Panhandle will host a conference call to discuss third quarter results at 5:00 p.m. E.D.T. on Aug. 8, 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 49581.

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FINANCIALS

Statements of Operations

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
	(unaudited)		(unaudited)	
Revenues:				
Oil, NGL and natural gas sales	$ 9,782,337	$ 11,202,680	$ 31,214,375	$ 36,356,135
Lease bonuses and rental income	229,075	484,298	952,378	1,080,455
Gains (losses) on derivative contracts	2,313,195	(2,129,041)	5,026,123	(3,966,869)
Gain on asset sales	4,017,787	-	13,114,725	-
	16,342,394	9,557,937	50,307,601	33,469,721
Costs and expenses:				
Lease operating expenses	3,148,960	3,233,172	9,241,708	10,077,449
Production taxes	488,779	485,157	1,565,038	1,471,970
Depreciation, depletion and amortization	4,383,043	4,619,509	11,820,705	14,136,411
Interest expense	526,677	420,896	1,551,831	1,288,426
General and administrative	1,809,439	1,593,251	5,881,432	5,247,584
Loss on asset sales and other	66,260	190,045	82,045	110,859
	10,423,158	10,542,030	30,142,759	32,332,699
Income (loss) before provision (benefit) for income taxes	5,919,236	(984,093)	20,164,842	1,137,022
Provision (benefit) for income taxes	1,315,000	(209,000)	4,756,000	(12,943,000)
Net income (loss)	$ 4,604,236	$ (775,093)	$ 15,408,842	$ 14,080,022
Basic and diluted earnings (loss) per common share	$ 0.28	$ (0.05)	$ 0.92	$ 0.83
Basic and diluted weighted average shares outstanding:				
Common shares	16,515,498	16,775,981	16,646,828	16,742,044
Unissued, directors' deferred compensation shares	170,066	206,202	183,206	205,867
	16,685,564	16,982,183	16,830,034	16,947,911
Dividends declared per share of common stock and paid in period	$ 0.04	$ 0.04	$ 0.12	$ 0.12

Balance Sheets

	June 30, 2019 (unaudited)	Sept. 30, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 1,530,477	$ 532,502
Oil, NGL and natural gas sales receivables (net of allowance for uncollectable accounts)	5,503,962	7,101,629
Refundable income taxes	510,011	33,165
Derivative contracts, net	2,489,373	-
Other	1,438,138	578,880
Total current assets	11,471,961	8,246,176
Properties and equipment, at cost, based on successful efforts accounting:		
Producing oil and natural gas properties	435,425,936	427,448,584
Non-producing oil and natural gas properties	12,518,885	12,563,519
Other	1,717,769	1,529,770
	449,662,590	441,541,873
Less accumulated depreciation, depletion and amortization	(254,954,381)	(243,257,472)
Net properties and equipment	194,708,209	198,284,401
Investments	207,225	219,109
Derivative contracts, net	222,136	-
Total assets	$ 206,609,531	$ 206,749,686
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 563,642	$ 881,130
Derivative contracts, net	-	3,064,046
Accrued liabilities and other	1,880,199	1,791,950
Total current liabilities	2,443,841	5,737,126
Long-term debt	41,500,000	51,000,000
Deferred income taxes	23,238,007	18,088,007
Asset retirement obligations	2,927,487	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 June 30, 2019, and 16,896,881 issued at Sept. 30, 2018	281,509	281,502
Capital in excess of par value	2,937,874	2,824,691
Deferred directors' compensation	2,481,109	2,950,405
Retained earnings	138,662,782	125,266,945
	144,363,274	131,323,543
Less treasury stock, at cost; 508,582 shares at June 30, 2019, and 145,467 shares at Sept. 30, 2018	(7,863,078)	(2,558,338)
Total stockholders' equity	136,500,196	128,765,205
Total liabilities and stockholders' equity	$ 206,609,531	$ 206,749,686

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Condensed Statements of Cash Flows

	Nine months ended June 30, 2019	Nine months ended June 30, 2018
	(unaudited)	
Operating Activities		
Net income (loss)	$ 15,408,842	$ 14,080,022
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	11,820,705	14,136,411
Provision for deferred income taxes	5,150,000	(12,947,000)
Gain from leasing of fee mineral acreage	(951,832)	(1,079,803)
Proceeds from leasing of fee mineral acreage	967,337	1,102,818
Net (gain) loss on sale of assets	(13,114,725)	660,597
Directors' deferred compensation expense	197,820	233,573
Fair value of derivative contracts	(6,125,525)	3,819,639
Restricted stock awards	606,232	501,626
Other	15,848	5,113
Cash provided (used) by changes in assets and liabilities:		
Oil, NGL and natural gas sales receivables	1,597,667	1,095,996
Other current assets	(859,258)	77,124
Accounts payable	3,270	(125,261)
Income taxes receivable	(476,846)	279,975
Other non-current assets	6,949	(52,644)
Accrued liabilities	86,467	(130,284)
Total adjustments	(1,075,891)	7,577,880
Net cash provided by operating activities	14,332,951	21,657,902
Investing Activities		
Capital expenditures	(3,349,640)	(7,743,097)
Acquisition of minerals and overrides	(5,120,466)	(966,279)
Investments in partnerships	(1,648)	3,379
Proceeds from sales of assets	13,114,969	1,085,137
Net cash provided (used) by investing activities	4,643,215	(7,620,860)
Financing Activities		
Borrowings under debt agreement	15,053,345	13,529,879
Payments of loan principal	(24,553,345)	(25,352,099)
Purchase of treasury stock	(6,465,186)	(272,100)
Payments of dividends	(2,013,005)	(2,023,500)
Net cash provided (used) by financing activities	(17,978,191)	(14,117,820)
Increase (decrease) in cash and cash equivalents	997,975	(80,778)
Cash and cash equivalents at beginning of period	532,502	557,791
Cash and cash equivalents at end of period	$ 1,530,477	$ 477,013
Supplemental Schedule of Noncash Investing and Financing Activities		
Additions to asset retirement obligations	$ 27,782	$ 15,452
Gross additions to properties and equipment	$ 8,149,347	$ 8,150,830
Net (increase) decrease in accounts payable for properties and equipment additions	320,759	558,546
Capital expenditures and acquisitions	$ 8,470,106	$ 8,709,376

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Hedge Position as of Aug. 8, 2019

Period	Product	Volume Mcf/Bbl	Swap Price	Collar Average Floor Price	Collar Average Ceiling Price
2019	Natural Gas	2,000,000	$ 2.98		
2020	Natural Gas	1,260,000	$ 2.81		
2019	Crude Oil	40,000		$ 60.00	$ 70.38
2019	Crude Oil	60,000	$ 57.91		
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.

	Third Quarter Ended June 30, 2019	Third Quarter Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
Net Income (Loss)	$ 4,604,236	$ (775,093)	$ 15,408,842	$ 14,080,022
Plus:				
Unrealized (gains) losses on derivatives	(1,894,303)	1,333,121	(6,125,525)	3,819,639
Income Tax Expense (Benefit)	1,315,000	(209,000)	4,756,000	(12,943,000)
Interest Expense	526,677	420,896	1,551,831	1,288,426
DD&A	4,383,043	4,619,509	11,820,705	14,136,411
Impairment	-	-	-	-
Adjusted EBITDA	$ 8,934,653	$ 5,389,433	$ 27,411,853	$ 20,381,498

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*****

	Third Quarter Ended June 30, 2019	Third Quarter Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
Net Income (Loss)	$ 4,604,236	$ (775,093)	$ 15,408,842	$ 14,080,022
Plus:				
Unrealized (gains) losses on derivatives	(1,894,303)	1,333,121	(6,125,525)	3,819,639
Income Tax Expense (Benefit)	1,315,000	(209,000)	4,756,000	(12,943,000)
Adjusted Pre-Tax Net Income (Loss)	$ 4,024,933	$ 349,028	$ 14,039,317	$ 4,956,661

Enterprise Value Calculation

	Third Quarter Ended June 30, 2019	Third Quarter Ended June 30, 2018	Nine Months Ended June 30, 2019	Nine Months Ended June 30, 2018
Market Value	$ 213,708,961	$ 320,469,522	$ 213,708,961	$ 320,469,522
Debt	41,500,000	40,400,000	41,500,000	40,400,000
Enterprise Value	$ 255,208,961	$ 360,869,522	$ 255,208,961	$ 360,869,522

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) aggressive leasing of its mineral holdings; (ii) acquisition of mineral acreage, in the cores of resource plays, with substantial undeveloped opportunities that meet or exceed our corporate return threshold; (iii) divestiture of minerals with limited optionality and mineral rights when the amount negotiated exceeds our projected total value; (iv) 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; (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*****