

AZABACHE ENERGY INC. ANNOUNCES THE CONVERSION OF RBE DEBT TO COMMON SHARES

FOR IMMEDIATE RELEASE

Calgary, Alberta (September 23, 2015) – Azabache Energy Inc. (TSX-Venture: AZA) ("Azabache" or the "Company") announces that has given notice to Rio Bravo Commercial Enterprises Inc. ("RBE") that it will convert the outstanding debt and accrued interest into common shares of the Company.

In January 2015, the Company announced it was looking for a strategic or financial partner to assist in developing the Vaca Muerta properties. Since then, the market has seen a constant downward pressure on the price of oil amid significant price volatility. It has not been possible to complete a transaction. Given the current financial outlook, the Company has recommended that the RBE debt be converted into common shares as this provides the best financial outcome for all stakeholders.

On July 25, 2014, RBE and the Company entered into a Loan Agreement. Provisions of the Loan Agreement include:

- Principal amount - US\$3,200,000
- Interest rate – 6% per annum
- Maturity date – October 25, 2015
- Conversion Rights - subject to TSX Venture Exchange ("TSXV") and shareholder approval, if required, the Company may convert the principal plus interest into Common Shares of Azabache at any time after April 21, 2015.
- Conversion Price – the greater of the volume-weighted average trading price of the Common Shares for a 30 day period prior to conversion or the "Market Price" as defined by the TSXV.
- Loan Conversion - if required approvals of the TSXV or the Company's shareholders are not obtained within 6 months of the date of the notification of the conversion, Azabache has the option to repay the principal and interest in full or to convert the principal plus interest into a new loan maturing 2 years from the date of the notice of conversion with an interest rate of 10% per annum.

The Company will now proceed with its formal application to the TSXV to approve the conversion of the loan and accrued interest (USD 223,035.62 as of September 22, 2015) at the TSXV approved market price of \$0.05 per share. Given the current Canadian dollar exchange Rate of approximately \$1.3250, this would result in the issuance of more than 90 M shares or 32.5% of total shares outstanding on a fully diluted basis, prior to any other financings.

The proposed conversion is subject to TSXV approval and possibly shareholder approval. If a shareholder vote is necessary, the Company will give notice to hold a shareholder meeting as soon as practical.

The Company will provide more information on the conversion once the TSXV as had an opportunity to receive and review the application and made its comments to the Company.

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This press release contains forward-looking statements. More particularly, this press release contains statements concerning the expected conversion of the loan to RBE. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Azabache. Although Azabache believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Azabache can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to obtain necessary regulatory and shareholder approvals, risks associated with currency and exchange rate fluctuations, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), and commodity price. The forward-looking statements contained in this document are made as of the date hereof and Azabache undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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