

**AZABACHE ENERGY INC. ANNOUNCES THE PROPOSED CONVERSION OF ALL
DEBT TO COMMON SHARES, PROPOSED NEW SHARE ISSUE, PROPOSED SHARE
CONSOLIDATION PLAN AND LATE FILING OF AUDITED FINANCIAL
STATEMENTS**

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THE UNITED STATES**

FOR IMMEDIATE RELEASE

Calgary, Alberta (November 2, 2015) – Azabache Energy Inc. (TSX-Venture: AZA) ("Azabache" or the "Company") announced today that it has reached an agreement with its major debt holders and creditors to convert all outstanding debts held by such debt holders into common shares of Azabache. This conversion will include the previously announced conversion of debt due to Rio Bravo Enterprises Inc. ("RBE").

The Company currently has total debt and amounts due of approximately \$11.5 million, which will be settled through the aforementioned debt to equity conversion. The outstanding debts are in both Canadian and U.S. dollars. All amounts due in U.S. dollars will be converted at the Bank of Canada noon rate for October 29, 2015 of 1.3170.

After the debt conversion is completed, existing shareholders will own approximately 25% of the outstanding common shares of the Company and RBE will become a new control person of the Company and hold approximately 26.7% of the outstanding shares before any new share issues.

The RBE debt, inclusive of accrued interest, amounts to \$4.5 million. The conversion of the RBE debt to equity will be completed at a deemed price of \$0.0224 per common share. The balance of the debt amounts to \$7.0 M and is senior to the RBE debt. The conversion of the senior debt to equity will be completed at a deemed price of \$0.0189 per common share.

The Company is also proposing to complete, in conjunction with the above restructuring, a non-brokered private placement to raise between \$3 and 4 million to fund its operations in Argentina and ongoing working capital needs.

It is anticipated that following the completion of the debt re-structuring and subsequent financing, the Company will complete a consolidation of its shares. Such consolidation will be approved at a shareholders' meeting to be held in late December 2015 or early January 2016.

All of the above referenced transactions are subject to approval from the TSX-V and shareholders, including disinterest shareholder approval for the creation of a new control person.

The Company also announces today that it was not able to file annual financial statements, accompanying management's discussion and analysis and related CEO and CFO certifications for the fiscal year ended June 30, 2015 (collectively, the "2015 Annual Financial Statements") within the period prescribed for the filing of such documents under Parts 4 and 5 of regulation 51-102 respecting Continuous Disclosure Obligations and pursuant to regulation 52-109 respecting Certifications of Disclosures in Issuers' Annual and Interim Filings, namely within 120 days of year-end, being June 30, 2015. This delay was due to the Company's current financial situation

and its ability to retain an auditor to complete the audit of such statements. An auditor has now been retained and the Company is proceeding with the completion of the financial statements, which the Company expects to file before the end of November, 2015. It is anticipated that as a result of the failure of the Company to file its financial statements by the deadline that the applicable securities regulatory authorities will place a cease trade order on the Company's securities until such statements are filed.

The Company had announced late last year that it was looking for a financial or operating partner to further develop its oil and gas properties in Neuquen, Argentina. The Company conducted an investment banking process with the assistance of Fenix Partners. It contacted 51 qualified potential partners but oil volatility and the continued price fall forced potential partners to drop out as they faced eroding cash flows from operations. The Company stopped negotiations with all parties in September 2015.

The Company will provide a revised outlook at the Annual Meeting to be held in December.

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Neither the TSX Venture Exchange nor its regulation services provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release contains forward-looking statements. 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 for the restructuring, financing and/or consolidation, 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.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.