

Gas and Condensate Resource Upgrade For Pancontinental at Walyering Gas Field, onshore Perth Basin

- Pancontinental appraising the 1971-discovered Walyering Gas Field.
- Earning 70% and operatorship.
- Conventional reservoirs that flowed naturally at up to 13.5 MMCFD.
- Located in the Perth Basin and crossed by the Parmelia Gas Pipeline.
- Permitting for a late 2018 3D seismic survey to support appraisal / development drilling.
- Resources recently upgraded:

Field Area	Hydrocarbon Type	P90	P50	Mean	P10
Central	Gas (Bcf)	17	54	88	202
	Condensate (MMbbl)	0.2	1.2	2.5	6.3
East	Gas (Bcf)	3	9	12	24
TOTAL	Gas (Bcf)	20	63	100	226
	Condensate (MMbbl)	0.2	1.2	2.5	6.3
Pancontinental Net 70%	Gas (Bcf)	14	44.1	70	158.2
	Condensate (MMbbl)	0.14	0.84	1.8	4.4
	Oil Equivalent* (MMBOE)	2.5	8.2	13.5	30.8

*Based on a standard industry ratio of 6Mcf/bbl

Prospective Resource Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Pancontinental Oil & Gas NL (ASX: PCL) ("Pancontinental" or "Company") is pleased to provide the following update on its plans to appraise and redevelop the Walyering Conventional Gas Field in the onshore, Northern Perth Basin. The results of a recent independent resources estimate give very positive encouragement for the project.

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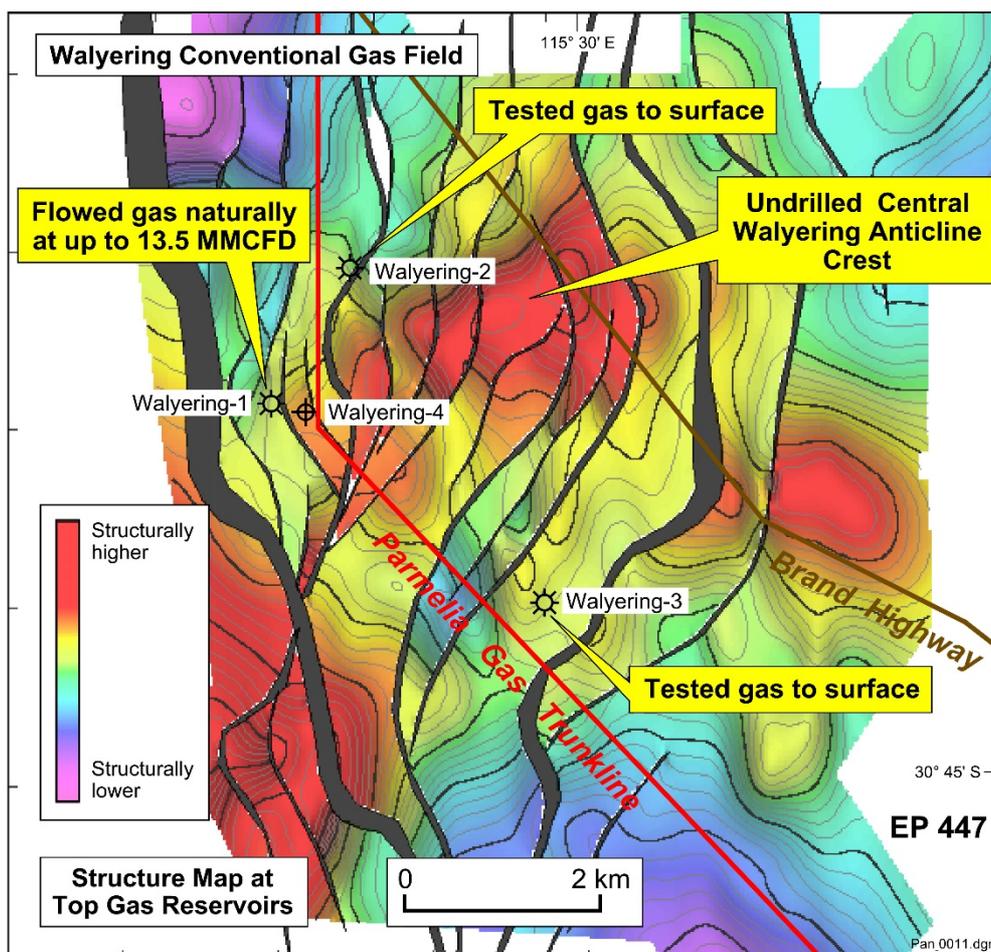
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The Company, via a farm in agreement with UIL Energy Ltd (ASX: UIL) has the right to earn a 70% operated interest in the southern part of Exploration Permit EP 447 covering the Gas Field. Walyering was discovered and originally placed on production for a limited period in the 1970's by WAPET. The discovery well flowed naturally at up to 13.5 MMCFD from conventional sandstone reservoirs of Jurassic age. The field is mapped to be larger than, but shares similar geology to, the productive Gingin West – Red Gully Gas and Condensate Field on trend to the south.

The Walyering Gas Field is crossed by the Parmelia Gas Pipeline and the Brand Highway, giving it an excellent position relative to infrastructure as shown in the accompanying map. The project is subject to standard onshore Australia, PRRT fiscal conditions.



Pancontinental believes that most of the structure that covers an area of over 10 km² remains untapped by early drilling that was poorly positioned on either flank of the structure. This was mainly due to inaccurate mapping based on the early (1970s) 2D seismic grid. Pancontinental assesses there is a 57% chance of finding gas in the Central High, the crest of which is mapped more than 200m shallower than the highest gas intersected in the peripheral wells but requires 3D seismic to provide better definition of the mapping at the gas reservoir levels. A circa 90km² 3D survey is planned for November this year. The survey will be managed and funded by Pancontinental and is estimated to cost less than \$2.0 million. Permitting for this survey that includes environmental approvals, is advancing.

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In the event that the 3D data supports the size of the undrilled field compartments consistent with the current mapping, then Pancontinental will consider drilling of at least one appraisal / development well in 2019. If that drilling is successful, identifying recoverable gas in excess of the current P90 or Low resource estimate, then it is highly likely the field can be developed commercially.

Net to the Company, unrisked, recoverable Prospective Resources for Walyering, calculated on a Probabilistic Basis range from a Low or P90 of 14 Bcf gas plus 0.14 MMbbl condensate (or light oil) to a High or P10 of 158 Bcf gas and 4.4 MMbbl condensate.

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These resource estimates date from May 2018 and were made after remapping the 2D seismic grid and tying this to well control on the structure that comprises four wells, three of which flowed gas on test naturally to surface. The well data is publicly available via the Department of Mines, Industry Regulation and Safety technical website WAPIMS. Extensive wireline log data and whole core data was also available and used in the analyses. The sandstone reservoirs are at depths between 2,900m and over 3,800m.

If the planned 3D data is acquired and supports Pancontinental's structural and gas resource mapping, the Company considers the principle risk to commercial development will be effective drilling and completion of producing wells. That is, enabling the reservoirs to flow naturally at high rates as in Walyering-1. Of three wells that encountered and flowed gas to surface from the Jurassic reservoirs, the Walyering-1 discovery well had the least mechanical difficulties and the lowest mud weights used, impacting less on the reservoirs during drilling and completion. There is high confidence that improved, modern drilling mud chemistry, not requiring high mud weights, will support effective drilling and testing in future wells. This has already been demonstrated by the Walyering-4 well that was drilled into the top of the Upper Sands in a non-trapping compartment off the west flank of the structure in 2001. KCL polymer based muds were used in this well resulting in good hole conditions throughout.

Partners in the project at completion of Pancontinental's farmin will be:

Pancontinental Oil and Gas NL (Operator)	70%
UIL Energy Ltd	30%

Commenting on progress at the project and the upgraded resources potential, Pancontinental CEO John Begg said:

"We have been steadily working away on Walyering behind the scenes and are very pleased with the increased scale and materiality that has emerged for Pancontinental. That there is a prominent central high, with the reservoir top hundreds of metres higher than the historic gas intersections seems very clear from our mapping. The position relative to infrastructure could not be better for this project to advance."

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QRRE Person (Qualified Petroleum Resources Evaluator)

The information relating to the Walyering Gas Field is based on information compiled up to May 2018 by Mr Brian Diamond who holds a BSc Geology and an MSc in Geophysics and is a member of the American Association of Petroleum Geologists.

Mr Diamond has over 20 years of experience in petroleum exploration, development and production and is satisfied that the estimated resources mentioned in this release have been classified in accordance with SPE-PRMS.

Mr Diamond is not aware of any new information or data that would materially affect the information relating to the Walyering Gas Field Gas Discovery that is included in this announcement. All material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed.

Mr Diamond has consented in writing to the inclusion of the information stated in this release in the form and context in which it appears.

For and on behalf of

Pancontinental Oil & Gas NL

John Begg - Executive Director and CEO

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