

Summary

Namibia Offshore

PEL 37

- The drilling vessel, Ocean Rig Poseidon is currently positioned in Walvis Bay, offshore Namibia awaiting commencement of drilling the Cormorant-1 well.
- Preparations are on track for the September, 2018 spud of the well.
- The highly anticipated Cormorant-1 well comes after extensive evaluation and exploration efforts by Pancontinental and its joint venture Operator and Partners.
- Pancontinental is not financially exposed to the drilling costs of the well as per the previously negotiated farmout agreement with Tullow.
- In addition, Pancontinental will receive a cash payment of US \$5.5 million (AU \$7 million) from Africa Energy Corp. which is the second instalment of its investment into Pancontinental's subsidiary and the PEL 37 project.
- Further credibility for the project came from the April farmin to the block next door for a 40% interest by oil giant ExxonMobil. This block contains an extension of the play trend Pancontinental is drilling.

PEL 87

- Pancontinental has mapped extensive high-potential and oil-prone turbidite fan "fairways" in the newly awarded Petroleum Exploration Licence 87 offshore Namibia.
- Oil generating source rocks are evident from well control studies in PEL 87.

USA California- Onshore

Dempsey

- The Dempsey 1-15 well has been completed and is undergoing testing. It is expected to produce gas flows of around 1,200 mcf per day as a result of the combination of gas flow rates from the Field Level Intervals and from two deeper producing intervals (Zones 2 and 3) and a shallower gas filled reservoir zone (Zone 4).

Tulainyo

- Share Sale and Purchase Agreement executed with Raven Energy Limited for US incorporated Gas Fields LLC which holds the Tulainyo Gas Project.
- Sale consideration of AU \$300,000 and AU \$1,000,000 worth of shares in Raven Energy Limited. In addition, the potential for longer term milestone success payments based on booking of gas reserves and attaining commercial production.

Corporate

- Cash balance of AU \$776k as at 30 June.

ASX Code – PCL

Issued shares – 5,262 million

Market Capitalisation - @ 0.07cps - \$37 m

Cash at End of Quarter - \$776k

Projects

Namibia Offshore PEL 37

Location: Walvis Basin

Project Size: 17,295 square kilometres

JV Partners: Tullow Namibia Limited (Operator) 35.00%

Pancontinental Namibia Pty Ltd 30.00% *

ONGC Videsh Limited 30.00%

Paragon Oil & Gas (Pty) Ltd 5.00%

* Ownership of Pancontinental Namibia Pty Ltd:
Pancontinental Oil & Gas NL 66.67%
Africa Energy Corp. 33.33%

Preparations are well underway and on schedule for the spud of the Cormorant-1 well offshore Namibia in September 2018.



The Ocean Rig Poseidon – Contracted to drill Cormorant-1

The Ocean Rig Poseidon has been contracted for the Cormorant-1 well which will be drilled in 545m of water and is expected to reach Total Depth in 34 days.

Pancontinental has been present in Namibia for over a decade and commenced the PEL 37 journey in 2011 when it was awarded the licence alongside its local Namibian partner. In the seven years since inception of the project, the Company has:

- successfully farmed out to Tullow Namibia Limited (a subsidiary of Tullow Oil) for the seismic - US \$34 million; and drilling – US \$30-40 million;
- brought in investment partner Africa Energy Corp. for US \$7.7 million.

That is, over **US \$70 million** brought into the project by Pancontinental's small and effective team led by Barry Rushworth the Company's former CEO and currently Director with oversight for Africa.

Cormorant-1 has been highly anticipated by the Company, shareholders and the industry in general. It is regarded as one of the highest-potential impact wells to be drilled offshore by any junior company globally in 2018. Wood Mackenzie surveyed more than 200 energy leaders and professionals around the world to identify the top conventional wells to watch out for this year. Pancontinental's Cormorant-1 ranked in the top 15. The industry recognises Pancontinental's early mover efforts.

To add to the excitement of drilling offshore Namibia this year, Pancontinental will at spud, receive the second stage payment of US \$5.5 million (AU \$7 million) from Africa Energy Corp. for their investment in Pancontinental Namibia Pty Ltd, the company which holds the joint venture interest in PEL 37.

In addition, all the drilling costs are covered by operator Tullow pursuant to the 2013 farmin agreement leaving Pancontinental with no financial obligations for the drilling programme.

Please refer to press release dated 28 September 2015 for details of the potential recoverable oil resources net to Pancontinental for the project.

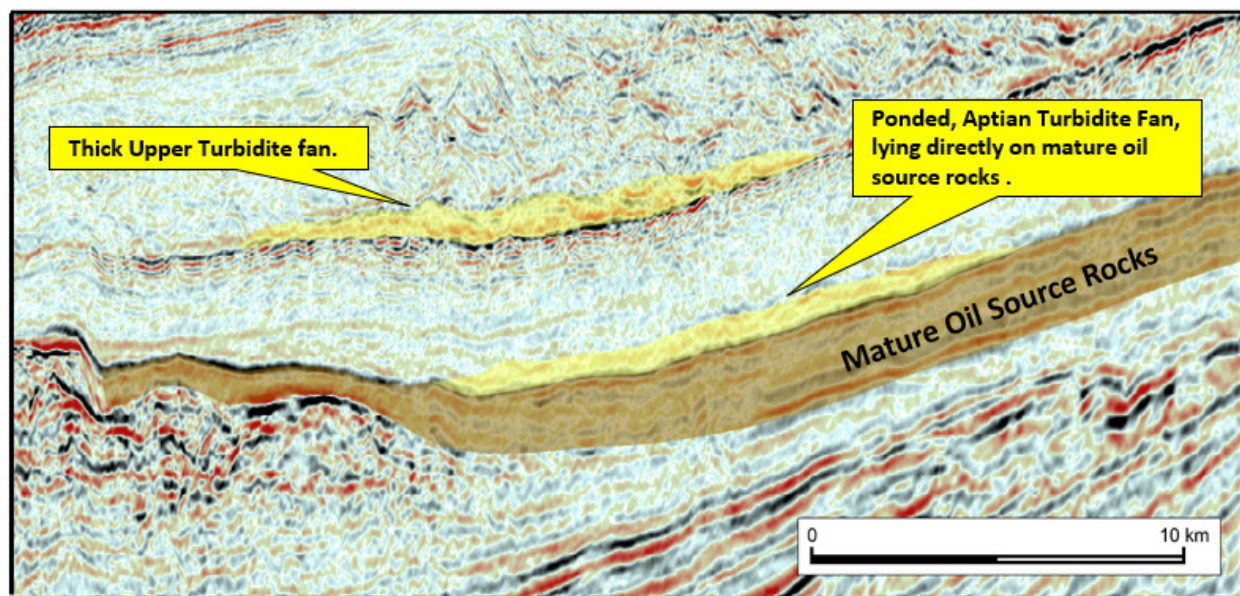
Namibia Offshore PEL 87

Location:	Orange Basin	
Project Size:	10,947 square kilometres	
JV Partners:	Pancontinental (Operator)	75.00%
	Custos Investments (Pty) Ltd	15.00%
	NAMCOR*	10.00%

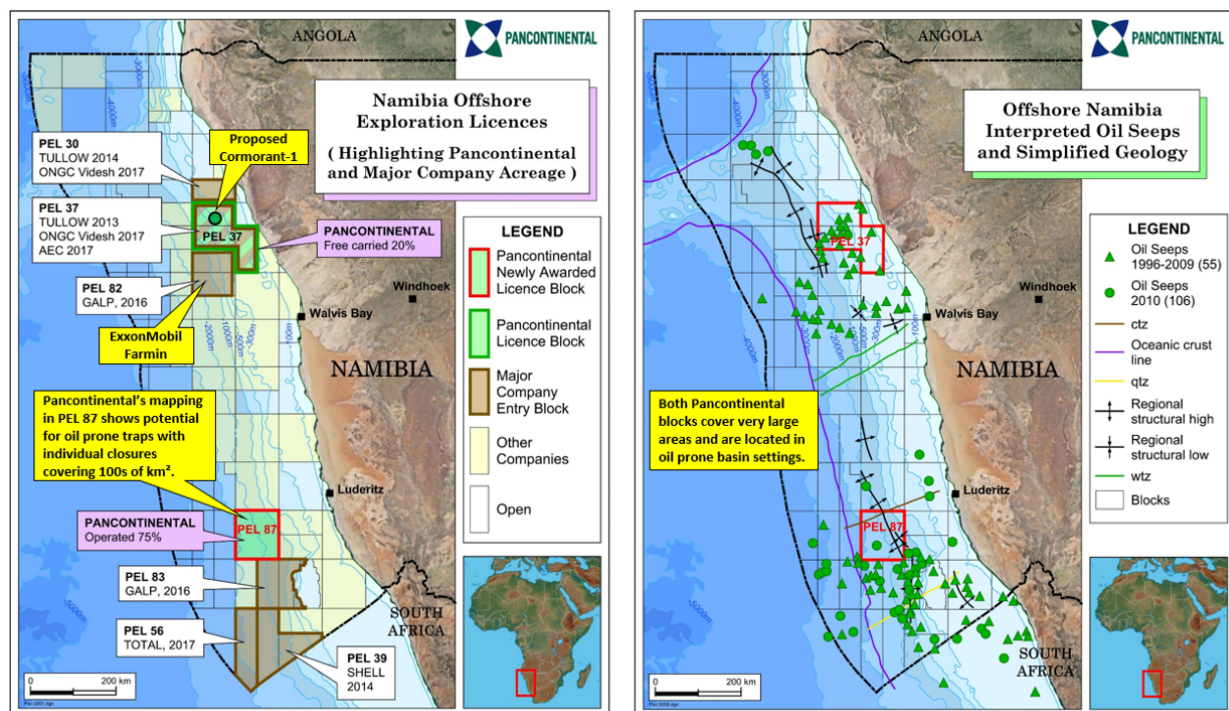
*National Petroleum Corporation of Namibia

Pancontinental and its Namibian joint venture partners were awarded PEL 87 in December 2017. Since then, the Company has commenced an extensive mapping programme which is aimed at maturing Leads into Prospects and then planning for new 3D and 2D seismic over the area.

Initial mapping in the project shows a variety of large, high-potential and oil-prone turbidite fan fairways each with the clear potential for multiple traps holding large volumes of oil. A number of mapped Leads immediately overlie the oil-mature source rocks.



Large Anticline Structure with multiple reservoir targets within PEL 87.



Location of Pancontinental Blocks relative to Major Company activity and oil seeps Offshore Namibia.

The recent entry of industry heavy weights including Shell and Total offshore Namibia has been a positive indicator for oil exploration in the region.

Exploration in PEL 87 adds to Pancontinental's activities in PEL 37 further to the north in the Walvis Basin, a project which it initiated in 2011 and will see drilled later this year. While both projects have similar characteristics such as age and trap type, they will be accessing separate oil source kitchens.

USA California – Dempsey Gas Project

Location:	Sacramento Gas Basin		
Project Size:	18 square kilometres		
JV Partners:	Sacgasco Limited (Operator)	(ASX:SGC)	50%
	Pancontinental Oil & Gas NL	(ASX:PCL)	10%
	Empyrean Energy PLC	(AIM:EME)	30%
	Xstate Resources Limited	(ASX:XST)	10%

During the quarter, the Dempsey Gas Project operator Sacgasco Limited, announced that the Dempsey 1-15 well will shortly produce into the sales gas pipeline at an anticipated rate of 1,200 mcf per day from Field Level Kione Sandstone and the combined Zones 2, 3, and 4. Zones 2 and 3 are two deeper producing levels while Zone 4 is a shallower gas filled reservoir zone. The gas produced is clean dry natural gas.

The field and older zones in the well will now be produced and monitored in separate streams (via a dual completion) at the surface to enable reservoir assessment as the basis for further development activities at these levels.

USA California – Tulainyo Gas Project

Location: Sacramento Gas Basin
Project Size: 152 square kilometres

During the quarter, the Company executed a binding Share Sale and Purchase Agreement with Raven Energy Limited ("Raven") (ASX:REL) for the sale of its interest in 40% owned US subsidiary, Gas Fields LLC ("Gas Fields") which holds the Tulainyo Project.

Pancontinental will receive AU \$300,000 and 555,555,555 ordinary fully paid shares at \$0.0018, as well as future payments which could potentially total AU \$15,500,000, if certain Tulainyo project milestones are met.

The transaction is beneficial to both parties. Raven will now hold 100% of Gas Fields and will be able to focus its efforts into extracting value from the project. Pancontinental retains upside exposure to the project with specific conditions built into the agreement for payments relating to the achievement of certain milestones.

Pancontinental's investment in Raven will be overseen by CEO John Begg who will be providing consultancy assistance to Raven for a period of up to 6 months.

USA California – Alvares Gas Project

Location:	Sacramento Gas Basin		
Project Size:	24 square kilometres		
JV Partners:	Sacgasco Limited	(ASX:SGC)	39%
	Empyrean Energy PLC	(AIM:EME)	25%
	Xstate Resources Limited	(ASX:XST)	21%
	Pancontinental Oil & Gas NL	(ASX:PCL)	15%

Pancontinental has the potential to earn a 15% interest in the Alvares-1 Gas Discovery leases located on the western side of the Sacramento Basin.

During the quarter, a Notice of Intention to Rework was approved by the State of California's Natural Resource Agency. Rather than just determining suitability for a sidetrack, the Joint Venture is contemplating re-entering and testing through casing the best zones identified on the original well data.

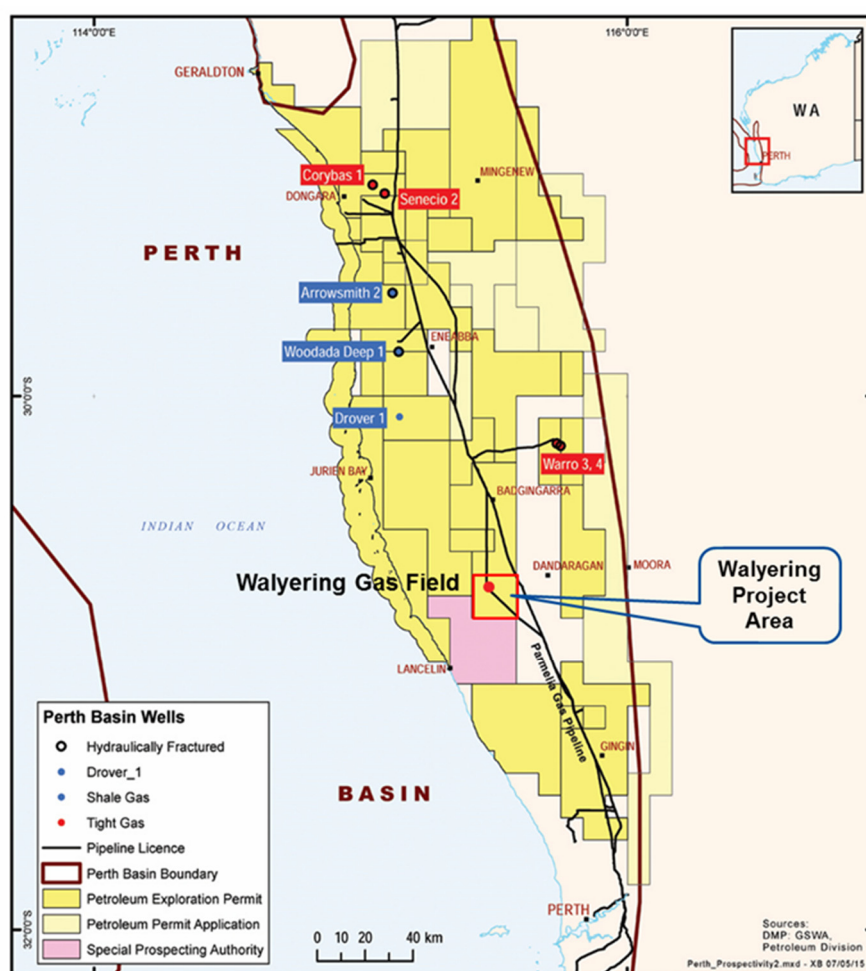
A petrophysical review of the best zones for testing has also been initiated.

Western Australia – Perth Basin Walyering

Location:	Perth Basin		
Project Size:	120 square kilometres		
JV Partners:	UIL Energy Ltd (Operator)	(ASX:UIL)	30.00%
	Pancontinental Oil & Gas NL	(ASX:PCL)	70.00%*
			*earning

Pancontinental are earning a 70% operated interest in the Walyering project. The original 1970's discovery well flowed gas naturally from conventional sandstone reservoirs of Jurassic age, however early drilling was poorly positioned on either flank of the structure.

The results of recent 2D seismic remapping were tied to well control on the structure and as such the Company's exploration team believes that most of the structure remains untapped by earlier drilling.



A 3D seismic survey is planned for later this year which will provide better definition of the mapping at the gas reservoir levels. The seismic will be funded by Pancontinental and is expected to cost less than \$2.0 million.

During the quarter, the Company released an independent resource estimate (as per below) which gives weight to the appraisal program designed for the project.

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 as per below:

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

Cautionary Statement

The resources referred to above were announced on 16 May 2018.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.

The company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Audio Interview

CEO Mr John Begg conducted an audio interview with Finance News Network during the quarter. The interview is available in the Highlights section on the home page of the Company's website at:

www.pancon.com.au

Licence Schedule

Licence Location	Licence Reference	PCL (consolidated) interest at the beginning of the quarter	Movements for the current quarter	PCL (consolidated) interest at the end of the quarter
Namibia	PEL 37	20.00%	0.00%	20.00%
Namibia	PEL 87	75.00%	0.00%	75.00%
USA California	Dempsey	10.00%	0.00%	10.00%
USA California	Tulainyo	*13.33%	*(13.33)%	0.00%
USA California	Alvares	*15.00%	0.00%	15.00%
Kenya	L6 offshore	40.00%	0.00%	40.00%
Kenya	L6 onshore	16.00%	0.00%	16.00%
Australia	Walpyring	*70.00%	0.00%	*70.00%

*earning

www.pancon.com.au

Head Office – Level 1, 10 Ord Street, West Perth, Western Australia 6005

Postal Address - PO Box 1154, West Perth, Western Australia 6872

Telephone +61 8 6363 7090

Facsimile +61 8 6363 7099

ACN 003 029 543