

Summary



Namibia PEL 37 – Offshore

- » Post quarter end, Tullow entered into a farmout agreement with ONGC Videsh Limited, this is a positive step towards drilling in PEL 37;
- » Environmental and reservoir sand studies continued during the reporting period;
- » Geophysical modelling and seismic correlation to regional well data is ongoing.



USA Projects - Onshore

- » During the quarter, Pancontinental executed a binding Heads of Agreement to acquire Bombora Natural Energy Pty Ltd;
- » The transaction was approved and completed 12 July 2017 with Pancontinental acquiring an oil and gas exploration company with a focus onshore California in the Sacramento Gas Basin, as well as in Australia within the Perth Basin;
- » The entry of Bombora into the Pancontinental group brings with it near term drilling activity; the fully funded Dempsey-1 well is due to spud imminently.



Corporate

- » Bombora directors join Pancontinental; John Begg as CEO and Executive Director and Marie Malaxos as Non-Executive Director;
- » Dave Kennedy is again Chairman taking over from resigning Chairman, John Leach;
- » Barry Rushworth, Ernie Myers remain on the Board;
- » Cash balance of \$760k as at 30 June 2017;
- » During the quarter Pancontinental raised close to \$1m by way of Placement, Issue to Directors and a Share Purchas Plan;
- » A further \$2m was raised by Placement in July 2017.
- » General meeting of shareholders was held post quarter end in July 2017. All resolutions were carried.

ASX Code – PCL

Issued shares – 2,373 million

Market Capitalisation - @ 0.02 cps - \$4.7 m

Cash at End of Quarter - \$760k (post quarter end fundraising raised \$2.0 million)

Overview

Namibia

During the June 2017 quarter, the PEL 37 joint venture continued exploration activities focused on mitigating the risks associated with prospectivity of the offshore acreage. Environmental and reservoir studies are in progress, in addition to revised mapping, geophysical modelling and 2D correlation to regional well data.

In July 2017, India's state-owned oil producer ONGC Videsh Limited ("ONGC") signed an agreement with PEL 37 partner Tullow Namibia Limited ("Tullow") to acquire a 30% interest in the petroleum exploration licence. Tullow is the operator of the licence and shall continue as operator after the acquisition by ONGC. The acquisition is subject to satisfaction of customary conditions precedent including Namibian regulatory authorities and joint venture partners.

The deal will mark ONGC's entry into the West African country and is part of the company's strategy to add high impact exploration and production assets to its portfolio. Pancontinental's interpretation of the farmout news is that it is an extremely positive development, a sentiment that is shared throughout the industry.

Acquisition of Bombora Natural Energy Pty Ltd

On 7 June 2017, Pancontinental executed a binding Heads of Agreement to acquire Bombora Natural Energy Pty Ltd ("Bombora"). The acquisition, which was approved and completed on 12 July 2017, will see Pancontinental obtain rights to interests in gas projects located in the Sacramento Basin, California, USA and the Perth Basin, Western Australia.

Bombora is mainly focussed on exploration for gas and its interests in the USA are close to strong gas markets and existing infrastructure. The Company will participate in two high-potential wells during 2017; Dempsey-1 in July/August and Tulainyo-2 in September/October. If successful, the two wells have the potential for rapid development and early production.

The acquisition of Bombora will provide Pancontinental shareholders with the opportunity to participate in near term, high impact drilling activity while preparations are ongoing for the drilling of the highly anticipated Namibia PEL 37 well.

Pancontinental has strengthened its Board with the addition of key Bombora directors. John Begg is now the CEO and Executive Director and Marie Malaxos a Non-Executive Director. Both incoming directors have considerable experience in the petroleum industry and a history of securing valuable opportunities.

Board Changes

As stated above, two of Bombora's directors have joined the Pancontinental Board; John Begg as CEO and Executive Director and Marie Malaxos as Non-Executive Director.

Pancontinental director (and former Chairman) Dave Kennedy has taken over the role of Chairman from John Leach, who has stepped down from the Board. The Board thanks John for his valuable contribution and leadership of the Company.

Barry Rushworth and Ernie Myers will continue on the Board as Non-Executive Directors.

Fundraising

The fundraising initiative announced in April 2017 raised AU \$948,500 for the Company as per below:

Placement to sophisticated and professional investors	AU	\$400,000
Placement to directors to be approved at general meeting	AU	\$150,000
Share Purchase Plan	AU	\$398,500
Total funds raised	AU	\$948,500

Post quarter end, the company announced that it had raised \$2.0 million by way of placement to professional and sophisticated investors.

General Meeting

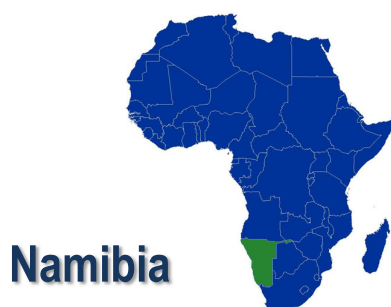
Shareholders were given an opportunity to meet with existing and new company representatives at a general meeting conducted in July 2017. All resolutions put to the meeting were passed on a poll.

Pancontinental Interests

Location	About	PCL Interest
Namibia Offshore	Petroleum Exploration Licence 37 Large Underexplored Oil Potential	Free Carried 30%
California Onshore	Sacramento Gas Basin - 11 Tcf produced Discovered Gas and follow up exploration	4 farmin projects PCL earning 10% to 15%
Perth Basin Offshore	Walyering Gas Field Discovered Gas	PCL right to earn 70% and become Operator
Kenya On/Offshore	Block L6 Proven Oil and Gas Systems	16% & 40%



International Projects



Namibia Offshore

Offshore Namibia, an area covering approximately 240,000 sq km which is equal to the combined offshore areas of Gabon, Congo, Zaire and Angola, is a vast region which remains virtually unexplored. It is one of the few remaining countries in the world where truly giant fields could be discovered.



River system on path to PEL 37, offshore Namibia

Pancontinental's belief in the prospectivity of the area stems from the favourable conditions present in the Koigab Fan (shown in the image on this page) and the Koigab River which runs through the fan.

Ideal conditions for oil and gas generation occur where there is a build-up of nutrients and sediments. The Koigab River transports bed loads and sediments in the Atlantic Ocean.

Offshore features such as turbidites become host to these nutrients and sediments as well as

further deposition of source rocks, both of which if buried deeply enough generate and trap hydrocarbons. This is what Pancontinental believes has occurred offshore Namibia, with the most prospective area being where the main sediment channel meets the Atlantic Ocean, which is also where the Company's PEL 37 licence acreage is located.

Exploration programmes carried out to date by the company and other joint ventures in the basin prove that all the components needed for a working petroleum system are present in the Walvis Basin. The most significant drilling in recent years was that by Brazil's PetroRio with the Wingat-1 well. Liquid hydrocarbons were recovered from the Aptian interval, thus establishing for the first time the presence of a source rock actively generating oil in the Walvis Basin.

Namibia Offshore PEL 37

Location: Walvis Basin

Project Size: 17,295 square kilometres

JV Partners: Tullow Namibia Limited (Operator) 65.00%*
Pancontinental 30.00%
Paragon Oil & Gas (Pty) Ltd 5.00%

* Post quarter end, Tullow signed an agreement with ONGC Videsh Limited for a farmout of 30% subject to customary conditions precedent.

Exploration Activity

The Company has been a joint venture partner in blocks 2012B, 2112A and 2113B under Petroleum Exploration Licence 0037 since 2011.



Location of Pancontinental's PEL 37 licence offshore Namibia

A timeline of the licence is shown below:

Initial Exploration Period of 4 years - March 2011 to March 2015

Work Programme Commitment to the Ministry of Mines and Energy:
Purchase seismic data; and acquire 3,000km² 3D seismic;

Actual Work Programme completed by the PEL 37 Joint Venture:
The PEL 37 joint venture completed the above work programme within the required timeframe by purchasing seismic data and acquiring 3,000km² of 3D seismic;

During the Initial Exploration Period:

During this period, Pancontinental farmed out a 65% interest to Tullow Kudu Limited, a subsidiary of Tullow Oil for an exploration work programme originally estimated to be in excess of US \$100 million;

3D seismic analysis defined four Main Oil Prospects with significant Prospective Resources.

First Renewal Period of 2+1 years - March 2015 to March 2018

Work Programme Commitment to the Ministry of Mines and Energy:

Drill one well to 3,500m or acquire 1,000km of 2D seismic;

Actual Work Programme completed by the PEL 37 Joint Venture:

The PEL 37 joint venture has completed the above work programme within the required timeframe by acquiring 1,000km of 2D seismic;

During the First Renewal Period:

The farmout agreement with Tullow stated that they would be required to notify the joint venture of their intention to either withdraw or continue into the drilling phase of the farmout agreement. Tullow chose to enter the drilling phase of the agreement, which required the drilling of one exploration well by March 2017 provided that a drillable prospect was identified.

Although Pancontinental's view is that there is a drillable prospect, operator Tullow recently advised that further work would need to be undertaken in order to identify a drillable prospect.

PEL 37 operator Tullow is conducting further work with a focus on determining if there are mitigating factors to the current view of risk in the licence such as:

- accessing sidewall cores to conduct further detailed analysis;
- access the complete suite of well reports and sidewall cores from recent regional wells to complete full evaluation;
- reservoir sand provenance study;
- depositional environment study to determine relative rates of sedimentation and energy regimes between selected targets;
- geophysical modelling of regional sandstones to compare seismic response; and
- regional seismic correlation.

Going forward, exploration work will concentrate on:

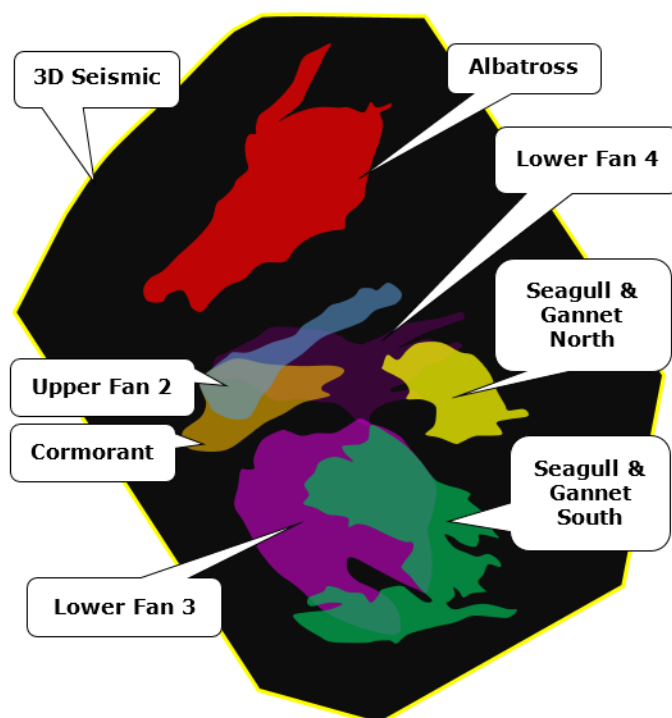
- further detailed analysis and rigorous modelling once relevant documents are made available to the joint venture;
- continuation of reservoir sand provenance study, which is nearing completion; and
- environmental study - to secure the Environmental Clearance Certificate the first phase of pre-drilling requirements incorporating the environmental studies and stakeholder engagement/consultation activities are needed.

Tullow farmout to ONGC Videsh Limited

Pancontinental was advised by PEL 37 operator in July 2017 that it had negotiated and signed an agreement with India's state-owned oil producer ONGC Videsh Limited ("ONGC") for a 30% interest in the offshore licence. While ONGC will hold a considerable stake, operatorship will remain with Tullow.

Certain customary conditions precedent will have to be met before the deal is finalised however this latest development with ONGC gives the Company confidence that the joint venture will enter into a firm drilling program in 2018. The news was received extremely well within the industry due to the strong credentials of ONGC and the impact their partnership will provide to the drilling of the highly prospective Namibia acreage.

Prospects



PEL 37 – Prospects shown within 3D outline

Exploration findings to date has uncovered four main Prospects:

- Cormorant
- Albatross
- Seagull & Gannet North
- Seagull & Gannet South

As well as three Leads:

- Upper Fan 2
- Lower Fan 3
- Lower Fan 4

The Prospects are positioned in the northern blocks of the licence and are on trend to the first oil discovery offshore Namibia.

Prospective Resources

Pancontinental has estimated the prospective resource potential of the Prospects on a deterministic basis, and no probabilistic estimates of chances of drilling success have therefore been made in this case.

While the geological and geophysical work indicates significant prospectivity there is no certainty before drilling that there will be a discovery of hydrocarbons. If there is a discovery, there is no certainty that it will be commercial or in such quantities to justify development.

Prospective Resources Table

PROSPECT / LEAD	STATUS	AREA (Sq Km)	PROSPECTIVE RESOURCE 100% (MmBbls)*	NET PANCONTINENTAL SHARE (MmBbls)
Albatross	Prospect	293	349	99.5
Seagull & Gannet S	Prospect	273	338	96.3
Seagull & Gannet N	Prospect	90	104	29.6
Cormorant	Prospect	120	124	35.3
TOTAL (Prospects Only)			915*	260.7

Cautionary Statement - 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 resources referred to above were announced 28 September 2015.** 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.

* Prospective Resources – Best Estimate, 100% Basis – See Disclaimers for further information

International Projects



Kenya Onshore/Offshore Block L6

Location:	Lamu Basin	
Project Size:	5,010 square kilometres	
JV Partners	FAR Limited (Operator)	60.00%
Offshore:	Pancontinental	40.00%
JV Partners	Milio International (Operator)	60.00%
Onshore:	Pancontinental	16.00%
	FAR Limited	24.00%

Pancontinental is in discussion with its joint venture partner FAR Limited regarding Kenya Block L6.

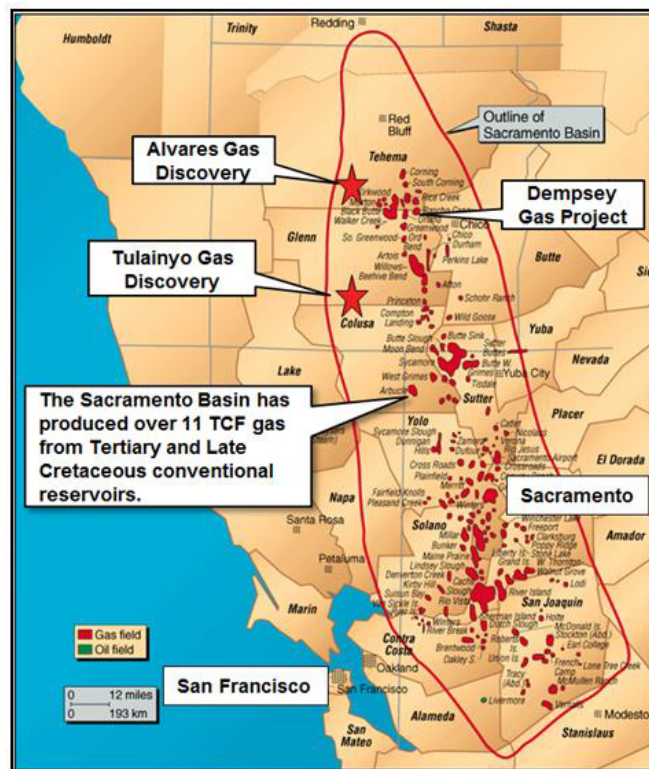
Post Quarter Acquisition of Bombora Natural Energy Pty Ltd

In June 2017, Pancontinental signed a binding Heads of Agreement with Bombora Natural Energy Pty Ltd ("Bombora") under which Pancontinental was to acquire Bombora subject to the satisfaction of certain conditions. At a general meeting on 10 July 2017, the transaction was approved and then completed 12 July 2017.

Bombora is a private company established in Western Australia in May 2016 which has a near-term focus of building a portfolio of gas discovery, appraisal and exploration assets. It also seeks high potential oil-prone assets that could be revalued with a rise in the oil price.

The transaction provides balance to the Pancontinental portfolio by adding projects with imminent drilling and the potential for near-term gas production in the USA, while advancements are made on the very high-potential African projects.

A summary of the acquisition projects follows:



California - Dempsey Gas Project

Under a farmin agreement with Saccgasco Limited (ASX:SGC) the Company may earn a 10% interest by funding 20% of a planned 3,200m well, up to an agreed cost "cap".

Pancontinental has already provided funding of the Dempsey-1 as required by its farmin agreement and so has effectively already earned its 10% interest in the project. Any further cost exposure to the well if there is an overrun of the original budget or for testing will be modest and payable out of working capital.

The well is due to commence at the end of July with permits for the drilling in place, the rig contracted and preparation of the drilling site to commence shortly.

Joint venture partners in the Dempsey Gas Project include:

Saccgasco Limited	(ASX:SGC)	50% Operator
Pancontinental Oil & Gas NL	(ASX:PCL)	10%
Empyrean Energy PLC	(AIM:EME)	30%
Xstate Resources Limited	(ASX:XST)	10%

California- Tulainyo Gas Discovery

Pancontinental via its subsidiary Gas Fields LLC ("Gas Fields") is earning an interest in a large lease position covering the Tulainyo gas discovery. It will be funding a staged, up to three well program to appraise the high pressure but not yet flow tested gas discovery in the Sacramento Gas Basin, California.

According to an agreement with Magnum Gas and Power Limited (ASX: MPE) that company will invest in Gas Fields and provide most of the funding for the drilling of the critical initial farmin well, the Tulainyo-2 appraisal well. Pancontinental's beneficial ownership in Gas Fields will then reduce to 40% with Magnum owning 60%. Magnum have recently announced commitments to the raising of A\$4.0million for the Tulainyo funding.

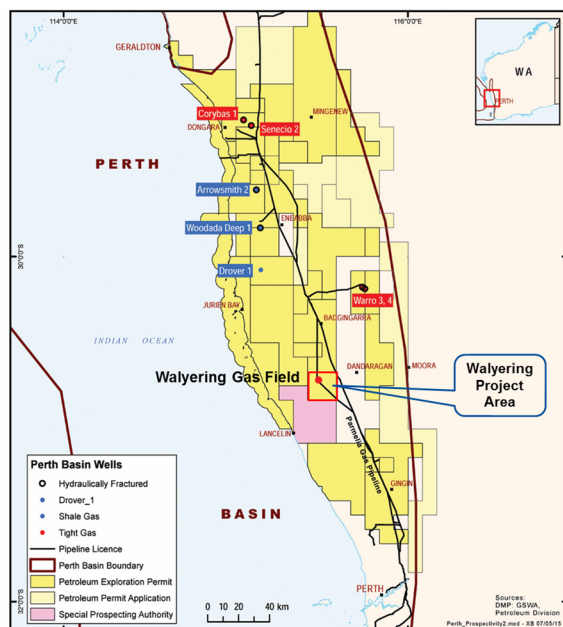
Preparation for the drilling of Tulainyo-2 is well advanced with drill permitting near completion and site preparation soon to commence. The Tulainyo Joint Venture includes project operator California Resources Production Corporation, a subsidiary of California Resources Corporation (NYSE: CRC) and Cirque Resources LP, a private company based in Denver, Colorado.

USA Alvares Gas Discovery

The Alvares Gas Project is also located in the Sacramento Gas Basin, California. Bombora has entered into a farmin agreement with Sacgasco Limited and Xstate Resources Limited whereby Bombora has the right to earn a 10% working interest by funding 13.33% of the next well on the 1982 Alvares gas discovery.

Bombora has also exercised an option to earn a further 5% in Alvares, by funding Sacgasco's share of a re-entry of the discovery well to assess it for a possible sidetrack to the gas reservoirs instead of requiring a more expensive new well from the surface. A sidetrack could significantly reduce the cost of testing the gas zones. The promoted component of Bombora's cost to earn its extra interest would be capped at circa US\$200,000.

The Alvares Joint Venture does not have a licence - required commitment to drill the well and is therefore in the advantageous position of being able to make a decision after reviewing information obtained from other relevant drilling programmes in the Sacramento Basin that are in progress for 2017.



Walyering Project Location

Perth Basin, Australia

Walyering Gas Field: Under a farmin with UIL Energy Ltd (ASX: UIL), the Company can earn a 70% operated interest in the southern part of onshore exploration licence EP 447. The Company must carry out permitting for the project (remaining cost c. A\$150,000) thereby earning the right to a 70% operated interest by acquiring a 3D seismic survey before August 2018 at a cost of approximately A\$1.8 million.

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
Kenya	L6 offshore	40.00%	0.00%	40.00%
	L6 onshore	16.00%	0.00%	16.00%
Namibia	PEL 37	30.00%	0.00%	30.00%

Note - Although there were no movements in the licence percentages for the June 2017 reporting period, post quarter end Pancontinental acquired the exploration interests of Bombora Natural Energy Pty Ltd.

Corporate

Cash Position

- » As at 30 June 2017, Pancontinental's cash position was \$760,160 with a placement finalised for \$2,000,000, post quarter end.
- » The major items of expenditure during the June 2017 Quarter were:
 - Exploration and Evaluation \$30,612;
 - Staff Costs \$94,840; and
 - Administration \$143,085.

General Meeting

On 10 July, the company held a general meeting of shareholders to vote on a number of resolutions as advised in the Notice of Meeting; acquisition of Bombora Natural Energy Pty Ltd, election of new directors and share and option issues and ratifications. All resolutions put to the meeting were passed via a poll.

Board Changes

Two of Bombora's directors have joined the Pancontinental Board; John Begg as CEO and Executive Director and Marie Malaxos as Non-Executive Director.

Pancontinental director (and former Chairman) Dave Kennedy has taken over the role of Chairman from John Leach, who has stepped down from the Board.

Barry Rushworth and Ernie Myers will continue on the Board as Non-Executive Directors.

Fundraising

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Post quarter end, the company announced that it had raised \$2.0 million by way of placement to professional and sophisticated investors.

Company Enquiries:

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DISCLAIMERS

Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum in this report 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.

Prospective Resources

All Prospective Resource estimates in this report are prepared as of 28 September 2015. The estimates have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers and have been prepared using deterministic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisked and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the total resource while the Net to Pancontinental basis is adjusted for the Government Royalty of 5% under Production Sharing Contracts and Pancontinental Oil & Gas NL's percentage entitlement under Joint Venture contracts.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas NL and may be subject to revision if amendments to mapping or other factors necessitate such revision.

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.

Prospects and Leads

The meanings of "Prospects" and "Leads" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target. A Lead is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and / or evaluation to be classified as a Prospect.

Competent Person Statement Information

The hydrocarbon resource estimates in this report have been prepared by Mr Roy Barry Rushworth the Chief Executive Officer and Executive Director of Pancontinental Oil & Gas NL. Mr Rushworth has more than 30 years' experience in practising petroleum geology and exploration management.

Mr Rushworth consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental Oil & Gas NL's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Pancontinental believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.

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