

Summary



Namibia PEL 37 – Offshore

- » Africa Energy Corp. committed to an investment of US \$7.7 million for a 33.33% stake in the Pancontinental subsidiary which owns 30% of PEL 37. US \$2.2 million was received upon finalisation of negotiations, with the balance receivable on spud of the well in PEL 37.
- » Giant Indian corporation ONGC Videsh Limited farmed into the PEL 37 joint venture in Namibia, with the news well received within the JV and industry. ONGC's entry is a positive step towards drilling the highly anticipated PEL 37 well.



USA Projects - Onshore

- » The acquisition of Bombora Natural Gas Pty Ltd has provided Pancontinental with exposure to assets in both Australia and in the Sacramento Gas Basin, California. As with all of Pancontinental's projects the targets are conventional hydrocarbon reservoirs.
- » The Dempsey-1 well was drilled and reached total depth within the quarter. The well encountered gas in all target levels and preparations are underway for a flow testing programme.
- » The Tulainyo-2 well will appraise a very large and high pressure potential gas discovery with drilling expected to commence in November 2017. Pancontinental's investment partner has funded the drilling and in turn acquired a 60% interest in the subsidiary holding the Tulainyo asset.



Corporate

- » At a General Meeting held in July 2017, Pancontinental shareholders approved the acquisition of private company Bombora as well as other related resolutions.
- » The Company's Board has been reformed with a mix of former Pancontinental Board members and new Bombora Directors. John Begg was appointed to the role of Executive Director and CEO, replacing Barry Rushworth who remains a non-executive Director with responsibilities for the Company's African projects.
- » During the quarter Pancontinental raised \$2m by way of Placement assisted by Hartleys Limited.
- » Cash balance of \$3.0 million as at 30 September 2017.

ASX Code – PCL

Issued shares – 5,262 million

Market Capitalisation - @ 0.05cps - \$26.3 m

Cash at End of Quarter - \$3.0 million

Overview

In July 2017, the Company's shareholders approved the acquisition of gas explorer Bombora Natural Energy Pty Ltd ("Bombora"). Pancontinental is now re-energised with a diversified portfolio of exploration and gas discovery-appraisal assets; the Company's projects now include onshore gas projects that have the potential for fast track development, to large scale offshore oil projects. Additionally, the majority of forward work programmes are farmed out to third parties, shielding the Company from material costs of drilling.

The new Board of Pancontinental have a long history in the oil and gas industry and hold the necessary skills to drive the Company forward and realise value for its stakeholders. In addition to managing the existing portfolio the Company is actively seeking to improve its position and potentially add new opportunities to its core areas of interest. The Company firstly draws on the skills of the individual Board members for these initiatives, supplemented by expert consultants as necessary.

Namibia

Investment of Africa Energy Corp. into Pancontinental Namibia

During the quarter, Pancontinental and Africa Energy Corp. ("AEC") closed negotiations with regard to AEC's investment in the Company's subsidiary that holds the Namibian asset, PEL 37. The deal worth US \$7.7 million provides AEC with a 33.33% holding in the subsidiary, leaving Pancontinental with a majority interest of 66.67%. The first tranche payment of US \$2.2 million was received at closing and a second payment of US \$5.5 million will be due at the commencement of drilling the PEL 37 well which is anticipated during 2018.

The AEC transaction has not only added to the Company's cash reserves but in addition introduced a well-respected and valuable technical partner to the Namibian project.

Entry of ONGC Videsh Limited into the PEL 37 Joint Venture

Early in the quarter, PEL 37 operator Tullow Kudu Limited informed its joint venture partners of the entry of India's state-owned oil producer ONGC Videsh Limited ("ONGC") to the project with a 30% non-operated interest. ONGC is the biggest Indian multinational company in the energy space, participating in 39 oil and gas properties in 18 countries.

ONGC's entry into PEL 37 was well received by both the joint venture and the oil and gas industry generally. This transaction is an encouraging step toward fulfilling Pancontinental's original vision for the project, increasing the likelihood of drilling the joint venture's first well in the licence next year.

Acquisition of Bombora Natural Energy Pty Ltd

Pancontinental acquired wholly owned subsidiary Bombora on 12 July 2017 and with it obtained rights to interests in gas projects located in the Sacramento Basin, California, USA and the Perth Basin, Western Australia.

The project pipeline for Bombora included participation in two high-potential wells during 2017, the first of which, Dempsey-1 spudded and reached total depth during the quarter. The well was the first to target Early Cretaceous rocks in the basin guided by 3D seismic and encountered gas at all target levels. At present, a testing rig and associated equipment has been moved onto the Dempsey 1-15 well location to carry out a flow test program.

The Bombora acquisition is aligned with the Company's growth strategy. Although the new assets that Pancontinental has acquired will mostly be targeting existing discovered gas resources requiring appraisal drilling to prove commerciality, there are many common elements to the expanded portfolio. The Company continues to focus on conventional plays with high resource volume potential and where it can add value via the drill bit. The Company has both operated and non-operating positions in the acquired assets that includes two active well programmes in 2017. Again the Company relies on the specific skill sets of experienced Board members to actively progress the projects, supplemented by Perth based and in-country expert industry personnel as necessary.

Drilling of Dempsey-1 in California USA

The Dempsey 1-15 well commenced and reached total depth within the quarter. The completion and testing programme is now in progress with results expected within weeks. The well was highly anticipated as it has the potential to change the long held geological theories of the Sacramento Gas Basin.

Potential gas pay was identified in the shallower well section and wireline log data have confirmed a number of gas saturated zones in the deeper, primary targets. As there have not been any other wells drilled to this depth which would have assisted in interpretation of the data received, testing is essential to prove whether the rocks are capable of commercial flow rates.

Dempsey 1-15 may well prove to be the breakthrough well to unlock the potential of the relatively undrilled Early Cretaceous section of the Sacramento Gas Basin.



Rig #9 at Dempsey 1-15

Funding for Tulainyo-2 in California USA

The second well in Bombora's 2017 drilling programme, Tulainyo 2-7 in the Sacramento Gas Basin, is planned to spud in November 2017 and will appraise a potentially giant-scale, over pressured gas discovery in similar age rocks to those about to be tested in the Dempsey-1 well.

According to an agreement with Magnum Gas and Power Limited ("Magnum") announced in June 2017, Magnum committed to acquiring a 60% interest in the US subsidiary company holding the Tulainyo asset in exchange for funding the drilling programme above what had already been initially advanced by Bombora.

Drilling funds were remitted by Magnum during the quarter and as such the joint venture is funded for the commencement of the upcoming Tulainyo 2-7 well.

The New Board

The Pancontinental Board is again led as Chairman, founding Director and Shareholder David Kennedy. Newly appointed CEO and Executive Director, John Begg has settled into the role with significant progress made on the majority of the Company's assets within the quarter.

Long term Directors Barry Rushworth and Ernie Myers have continued on the Board as Non-Executives providing guidance on African and corporate matters. Marie Malaxos who has considerable experience in the petroleum industry was also appointed Non-Executive Director since the acquisition of Bombora. In addition, Company Secretary and CFO Vesna Petrovic was appointed as Alternate Director for David Kennedy in July 2017.

Fundraising

In addition to the funds received from the divestment of a 33.33% interest in Pancontinental Namibia Pty Ltd of US \$2.2 million, the Company raised AU \$2.0 million via placement to sophisticated and professional investors.

General Meeting

The Company held a General Meeting of shareholders in July 2017 to approve the Bombora transaction and related resolutions.

All resolutions put to the meeting were passed on a poll.

Pancontinental Interests

Location	About	PCL Interest	Others
Namibia Offshore	Petroleum Exploration Licence 37 Large Underexplored Oil Potential	Free Carried 20%	35% Tullow [Operator]
California Onshore	Sacramento Gas Basin - 11 Tcf produced Discovered Gas and follow up exploration	4 farmin projects PCL earning 10% to 15%	Operators include CRC (California's largest)
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%	FAR Limited [Operator]



Pancontinental Drill Program High Impact Resource Exposure

Pancontinental has the potential to discover and prove up significant oil and gas resources in the projects where it is drilling.

Region	Project	Type	Net PCL Prospective Resource	Method of Estimation
California	Dempsey	Gas field appraisal & exploration	77 Bcf ¹	Deterministic (Best Estimate)
California	Tulainyo	Gas discovery appraisal	233 Bcf ²	Probabalistic (P50)
Namibia ³ PEL 37	Albatross	Oil exploration	65 MMbbl	Deterministic (Best Estimate)
	Seagull & Gannet Sth	A/A	63 MMbbl	A/A
	Seagull & Gannet Nth	A/A	19 MMbbl	A/A
	Cormorant	A/A	23 MMbbl	A/A

NOTES to the TABLE

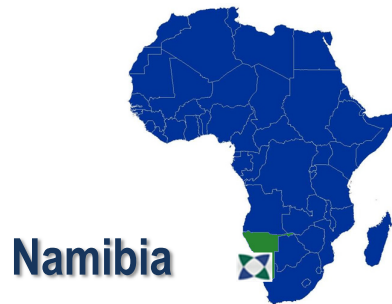
1- Assumes 10% earned interest and unrisks resources *as published in press release of 5 July 2017*.

2- Assumes net beneficial position at completion of farmin earning wells and unrisks resources *per press release 23 June 2017*.

3- Assumes 30% interest and unrisks resources *per press release 28 September 2015*.

Cautionary statement: The Company confirms that it is not aware of any new information or data that 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.

International Projects



Namibia Offshore

Offshore Namibia is one of the few frontier regions left in the world where all the elements required for a material oil accumulation are present and is also an area which has shown potential for billion-barrel discoveries. The country is situated in favourable surrounds - south of Angola, which is the second largest oil producer in Africa and a member of OPEC. The oil sector in Angola has driven the country's economic growth accounting for 95% of exports.

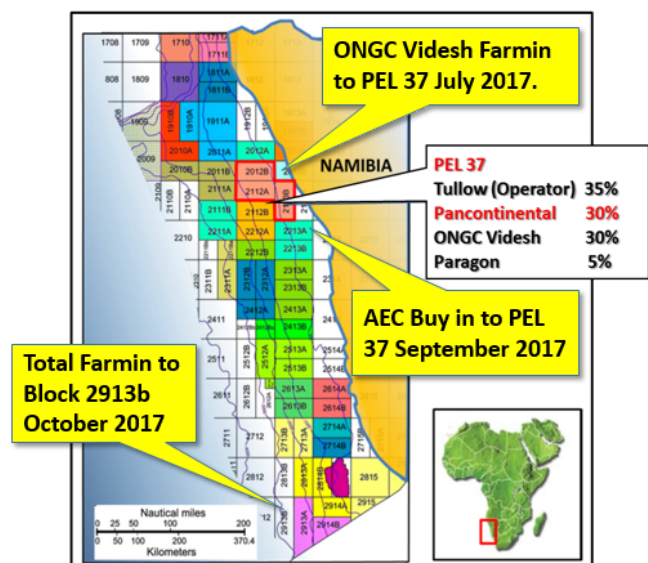
Namibia Offshore PEL 37

Location:	Walvis Basin
Project Size:	17,295 square kilometres
JV Partners:	Tullow Namibia Limited (Operator) 35.00%
	Pancontinental 30.00%
	ONGC Videsh Limited 30.00%
	Paragon Oil & Gas (Pty) Ltd 5.00%

Exploration Activity

The Company originated the project in blocks 2012B, 2112A and 2113B under Petroleum Exploration Licence 37 since 2011.

Resulting from the farmout to operator Tullow Oil in 2013 the Company will be fully carried through the cost of the next well to be drilled in PEL 37, now expected in 2018.



Investment of Africa Energy Corp. into Pancontinental Namibia

During the quarter, Pancontinental and Africa Energy Corp. ("AEC") reached agreement over the sale of an interest in the Pancontinental subsidiary which holds PEL 37. Consideration for the transaction totals US \$7.7 million, with US \$2.2 million received at the close of the transaction and the remaining US \$5.5 million to be transferred once drilling commences within PEL 37.

AEC subscribed for new shares in the subsidiary equivalent to 33.33% of the issued capital with Pancontinental retaining 66.67%. AEC is a Canadian oil and gas exploration company listed on the Toronto Venture Exchange under ticker symbol AFE. The Company is part of the Lundin Group of Companies and is actively building an exploration portfolio across Africa.

AEC's investment in the Pancontinental Group secures a relationship both parties have been jointly pursuing for some time and is an important outcome for Pancontinental.

The Company's historic strategy of acquiring frontier exploration areas and farming out to majors and reputable companies has once again delivered a high quality industry partnership, a considerable cash injection (with more to come) and is an endorsement of the processes utilised by the Company in assessing and selecting exploration assets.

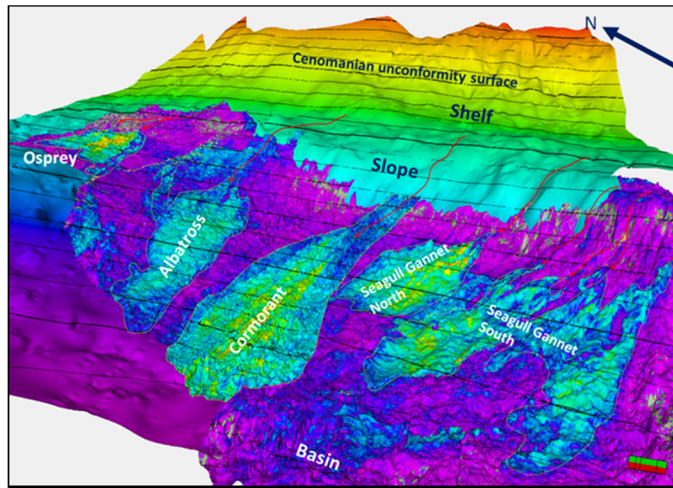
Although the industry still faces challenging conditions, the Pancontinental management team was able to conclude lead negotiations with AEC and provide a beneficial outcome for the Company.

Entry of ONGC Videsh Limited into the PEL 37 Joint Venture

In July 2017, Operator of the PEL 37 joint venture advised that they had entered into an agreement with India's state-owned oil producer ONGC Videsh Limited ("ONGC") for a 30% interest in the offshore licence, with Tullow retaining a 35% interest and operatorship.

Due to ONGC's strong reputation and past credentials, both the joint venture and industry peers welcomed the news. The partnership with ONGC has provided renewed confidence that drilling will proceed within the offshore licence and finally Pancontinental can witness the testing of its long held theories.

The deal is ONGC's maiden entry into Namibia and is part of the company's strategy to add high impact exploration and production assets to its portfolio.



Prospects within PEL 37

Exploration findings to date have uncovered four main Prospects:

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

As well as three Leads (not pictured):

- 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	64.6
Seagull & Gannet S	Prospect	273	338	62.5
Seagull & Gannet N	Prospect	90	104	19.2
Cormorant	Prospect	120	124	22.9
TOTAL (Prospects Only)			915*	169.20

Cautionary Statement - 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.

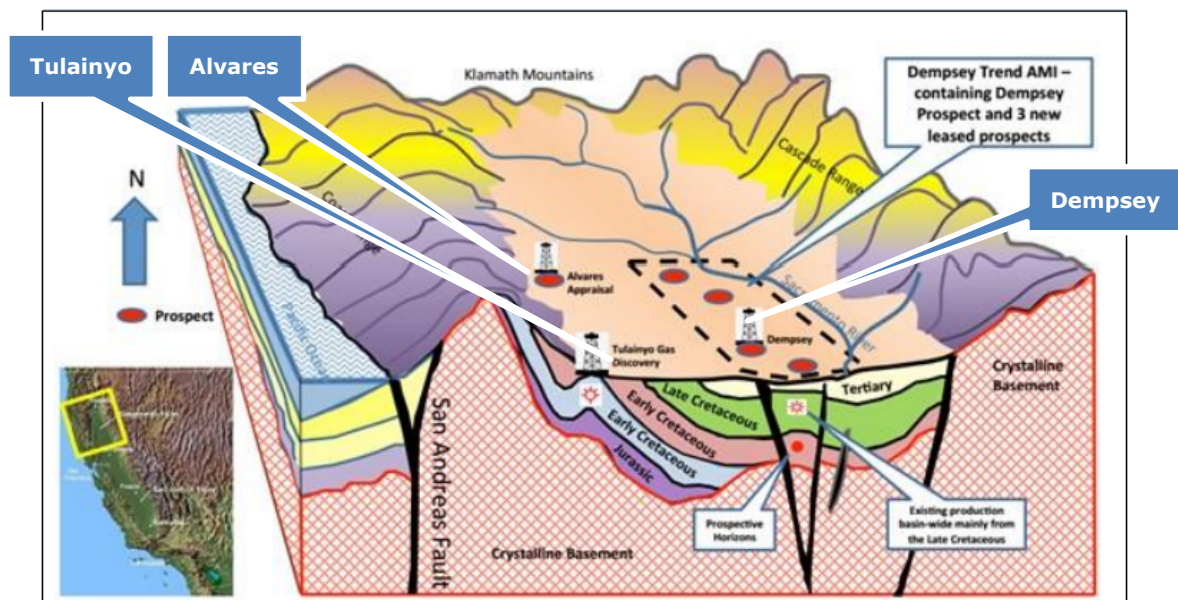
International Projects



USA California

Pancontinental enhanced its exploration portfolio in July 2017 with the addition of projects in California USA, via the acquisition of Bombora Natural Energy Pty Ltd. The three main assets are held within a number of leases from owners of the sub surface rights. Such leases are the standard means of accessing hydrocarbon exploration and production assets in the USA and require the payment of annual land rentals and royalties on any hydrocarbons produced.

Out-of-state imports account for almost 90% of California's natural gas supply, adding weight to the importance of continuing to search for a local gas supply. The current economic environment is favourable for exploration and appraisal activities in California as the unit cost of drilling and development in the Sacramento Gas Basin is very low by international standards, providing a healthy environment for commercialising new gas resources.



Sacramento Gas Basin – Dempsey, Tulainyo and Alvares

While there have been over 11 Tcf of gas produced from shallow reservoirs in the Sacramento Gas Basin and production is connected into California's vast domestic gas market, it is Pancontinental's view that gas in this part of the Sacramento Gas Basin originates from a hydrocarbon kitchen within an older geological section.

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%

The Dempsey Prospect is favourably located in an area of producing gas fields which are connected to the California gas network in the central, Northern Sacramento Gas Basin.

Pancontinental's work programme in the region includes the appraisal of several existing gas discoveries, with the Dempsey-1 well, first in line. Should gas reserves be proved by Dempsey-1, development could be fast tracked by the use of an existing gas plant that the Dempsey Joint Venture owns. Sacgasco Limited (the Dempsey project operator) is currently producing and selling gas from the same plant.

The Pancontinental team along with the joint venture participants believe in gas generation theories that challenge the long held views of the industry in the Sacramento Gas Basin.

It is believed that gas charge into the producing shallow reservoirs has been concentrated via migration into the underlying Dempsey structure which Dempsey-1 will test. Findings here have the potential to change the industry's perception of the Cretaceous and Jurassic sediments of the Basin.

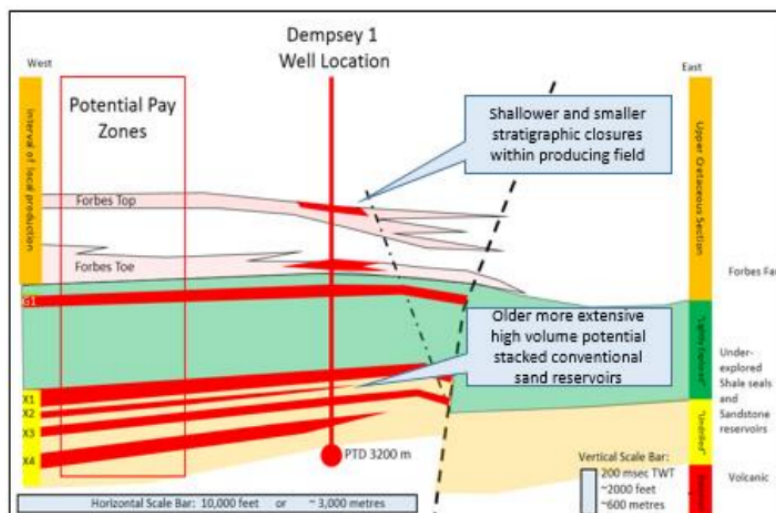


Figure 1: Multiple Reservoir Targets from as shallow as 500 metres

Multiple Reservoir Targets - Dempsey

A mature source rock kitchen is located to the west and it is interpreted that the Dempsey structure is part of a regional high trend optimally located to trap migrating gas.

The Dempsey structure is mapped on good quality 3D seismic data, regional 2D seismic and tied to well control.



Rig #9 and associated equipment at Dempsey 1-15

During the quarter the Dempsey 1-15 gas well commenced and was completed with 5 ½ inch casing for production testing. The well reached the planned total depth of 2,970m or 9,750 feet.

The shallower well section encountered potential gas pay as expected and deeper, primary targets confirmed a number of gas saturated zones. Data extracted from the main target zones of Dempsey 1-15 cannot be tied to regional wells as previous drilling in the region had not reached that depth. As such, to assist in interpretation, testing is essential to prove whether the rocks are capable of commercial rates of flow.

California's Regulator, the Division of Oil, Gas, & Geothermal Resources ("DOGGR") shows on its website that operator Sacgasco's and other offset production wells have produced natural gas volumes that have exceeded 1 Bcf of pipeline quality natural gas from individual equivalent zones.

Section 3234 of the Public Resources Code of California allows for detailed well records and filings to be kept confidential for two years. Operator Sacgasco has applied to the regulator on behalf of the joint venture for approval under this section and "Confidential Status" for Dempsey 1-15 has been granted. As the well will be exploring for a new gas pool, this will protect proprietary information obtained during drilling.

Prospective Resources

Pancontinental has made an internal assessment of the potential recoverable gas resources for the Dempsey Gas Project in the Sacramento Gas Basin, California.

Prospective recoverable gas resource estimates, assessed at 4 September 2014 and reviewed on 5 January 2017, have been calculated on a deterministic basis for the gross resource potential and Pancontinental's net earning interest of 10% in the project.

The net interest as required by SPE PRMS standards for prospective resource estimation is also net of applicable royalties and lease ownership percentages. Royalties range from 16% to 24%, averaging approximately 20% across the project.

Individual, unrisks Best Estimate Prospective Resources for these primary targets range from 93 bcf to 282 Bcf of recoverable gas*. Should all the stacked reservoirs be full of gas, the cumulative unrisks recoverable Prospective Resources within the prospect are estimated at:

Recoverable Prospective Resource (Gross Best Estimate)	768 Bcf*
Recoverable Prospective Resource Pancontinental/Bombora (Net Best Estimate @10% earned interest)	77 Bcf

** These estimates include the net effect of applicable royalties.*

The resources referred to above were announced 5 July 2017. 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.

USA California – Tulainyo Gas Discovery

Location:	Sacramento Gas Basin		
Project Size:	152 square kilometres		
JV Partners:	CRPC (Operator)	(NYSE)	41.67%
	Pancontinental Oil & Gas NL	(ASX:PCL)	33.33%*
	Cirque Resources LP	(Private)	25.00%
			*earning

California- Tulainyo Gas Discovery

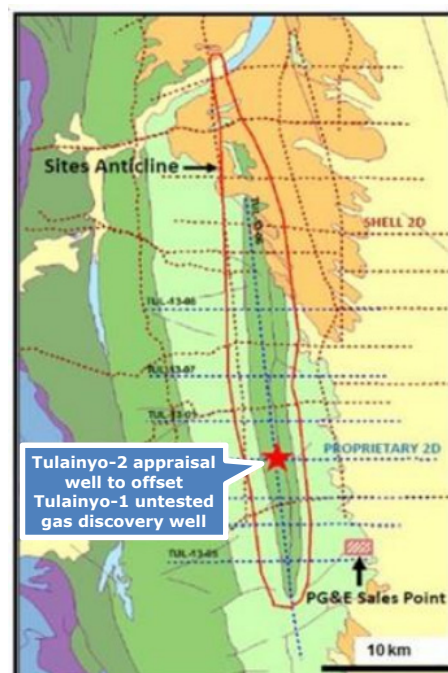
Gas Fields LLC ("Gas Fields"), the US subsidiary of Pancontinental is earning an interest in the Tulainyo Gas Discovery, Sacramento Gas Basin by funding a three well programme. The farmout agreement stipulates that Gas Fields will earn a 10% interest in the southern half of the 152 km² leased land position by funding Tulainyo-2. A 33.33% interest will then be earned upon the drilling of a second deeper well in the area. In addition, if a third well is completed Gas Fields will secure 33.33% in the entire leased area.

Preparations for the first well in the programme, Tulainyo-2, are underway with the commencement of drilling expected in November 2017. The well will appraise a potentially giant-scale, high pressure gas resource in a circa 100km² anticlinal structure on the west flank of the Sacramento Gas Basin. The rocks are similar in age to those about to be tested in the Dempsey-1 well. The proposed Tulainyo-2 will be a "proof of concept well" to evaluate and flow test the gas sands penetrated at depths less than 1,700m (c. 5,500 feet) by the Tulainyo-1 discovery. The 2015 Tulainyo-1 gas discovery could not be tested due to mechanical difficulties.

Magnum Gas and Power Limited (ASX: MPE) has honoured its commitment in accordance with a Letter of Intent signed in June 2017 which states that upon funding of the Tulainyo-2 well, Magnum will acquire a 60% interest in Gas Fields with Pancontinental retaining 40%.

Tulainyo-2 is now fully funded, drilling permits in place and the necessary surface use agreement executed with the landholders.

Pancontinental has worked closely with the Tulainyo Joint Venture to prepare a robust well plan for Tulainyo-2, incorporating standard industry techniques and expertise from similar over pressured, gassy operating environments.



Tulainyo-2 appraisal well location

Prospective Resources

Assumes a net beneficial position at completion of farmin earning wells and unrisked resources per press release 23 June 2017.

Region	Project	Type	Net Prospective Resource	Method of Estimation
California	Tulainyo	Gas discovery appraisal	233 Bcf²	Probabalistic (P50)

Cautionary statement: The Company confirms that it is not aware of any new information or data that 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.

USA Alvares Gas Discovery

The Alvares Gas Project is also located in the Sacramento Gas Basin, California. Alvares-1 was drilled by American Hunter Exploration Limited in 1982 to a total depth of 4380m (14,060 feet) targeting oil in the Early Cretaceous age, Stoney Creek Formation. This formation is part of an early, marine basin fill and is comprised of sandstones and conglomerates interspersed with clay rich rocks. Wireline log data from the well indicates extensive zones with conventional gas reservoir potential. No valid flow test was conducted due to equipment limitations and the deeper oil target failing. Despite these limitations minor gas flows to surface were recorded.

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 license does not have a commitment to drill a well, so timing can be matched to take advantage of the other drilling results in the Basin.

Pancontinental believes that with careful well planning, application of modern techniques and equipment commonly used in similar geologic settings, an Alvares-2 well has a high probability of commercial success.

Australian Projects



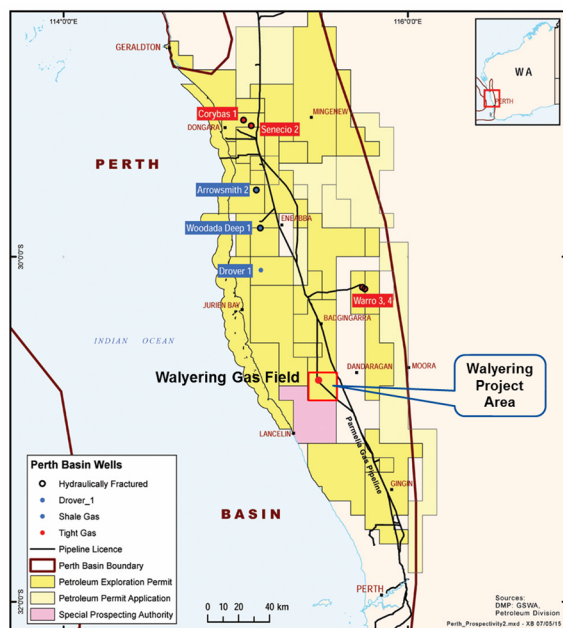
Western Australia

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



Walyering Project Location Map

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
Namibia	PEL 37	30.00%	(10.00)%	20.00%
USA California	Dempsey	0.00%	10.00%	10.00%
USA California	Tulainyo	0.00%	*13.33%	*13.33%
USA California	Alvares	0.00%	15.00%	15.00%
Kenya	L6 offshore	40.00%	0.00%	40.00%
Kenya	L6 onshore	16.00%	0.00%	16.00%
Australia	Walpyring	0.00%	*70.00%	*70.00%

*earning

Corporate

Cash Position

- » As at 30 September 2017, Pancontinental's cash position was \$3.0 million.
- » The major items of expenditure during the September 2017 Quarter were:
 - Exploration and Evaluation \$1.0 million;
 - Directors Costs \$454k (see breakdown of costs in Appendix 5B including shareholder approved settlement costs); and
 - Administration \$288k.

Acquisition of Bombora Natural Energy Pty Ltd

Pancontinental shareholders approved the acquisition of subsidiary Bombora Natural Energy Pty Ltd in July 2017. With the acquisition, the Company obtained rights to interests in gas projects located in the Sacramento Basin, California, USA and the Perth Basin, Western Australia.

By blending Bombora's lower cost, potentially quick to develop onshore gas projects with Pancontinental's big oil potential, offshore projects the enhanced exploration portfolio is one that would be difficult to match in the junior oil and gas exploration space.

The Group is expected to be one of the most active junior companies in the sector over the coming 12 months, with the first well in our potential three well drilling programme reached total depth in September 2017 and will now be flow tested.

General Meeting

The Company held a General Meeting of shareholders in July 2017 to approve the Bombora transaction and related resolutions.

All resolutions put to the meeting were passed on a poll.

The New Board

The Pancontinental Board is again led by founding Director and Shareholder David Kennedy. Newly appointed CEO and Executive Director, John Begg has settled into the role with significant progress made on the majority of the Company's assets within the quarter.

Long term Directors Barry Rushworth and Ernie Myers have continued on the Board as Non-Executives providing guidance on African and corporate matters. Marie Malaxos who has considerable experience in the petroleum industry was also appointed Non-Executive Director since the acquisition of Bombora. In addition, Company Secretary and CFO Vesna Petrovic was appointed as Alternate Director for David Kennedy in July 2017.

Fundraising

In addition to the funds received from the divestment of a 33.33% interest in Pancontinental Namibia Pty Ltd of US \$2.2 million, the Company raised AU \$2.0 million via placement to sophisticated and professional investors.

The Board was very pleased to have successfully completed the placement with strong support from professional and sophisticated investors both existing and new. The success of the placement is both a validation of our existing assets and newly acquired Bombora assets with near-term drilling opportunities in the Sacramento Basin.

Good Oil Conference

CEO and Executive Director John Begg as well as Directors and Management attended the 2017 RIU Good Oil Conference in Perth. The Conference is an opportunity to connect with professionals from the Australian Oil and Gas sector to discuss potential projects and investment opportunities.



CEO John Begg presenting at the 2017 RIU Good Oil Conference in Perth.

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DISCLAIMERS & NOTES

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 with regard to Namibian operations are prepared as of 28 September 2015. The estimates for California date from 23 June 2017. 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 for the Namibian project using deterministic methods and for California using probabilistic 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 Pancontinental's percentage entitlement under Joint Venture contracts and adjusted for applicable royalties.

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.

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 compiled by Mr John Begg the Chief Executive Officer and Executive Director of Pancontinental Oil & Gas NL. Mr Begg has more than 30 years' experience in practising petroleum geology and exploration management.

Mr Begg 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 programme 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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