

Summary

Namibia - Offshore

PEL 37

- Pancontinental received a cash payment of US \$5.5 million (AU \$7 million) from Africa Energy Corp. ("AEC") at spud of the Cormorant-1 well. This was the second instalment from AEC.
- The long awaited Cormorant-1 well was drilled and reached a total depth of 3,855m. The target was encountered close to predicted depth, however no accumulated hydrocarbons were found.
- Pancontinental was not financially exposed to the drilling costs of the well as per the previously negotiated farmout agreement with Tullow.
- Analysis of the drilling results is in its early stages and will assist in assessing the potential of the whole licence area going forward.

PEL 87

- Giant* scale oil potential in multiple large leads has been independently assessed.
- A vast Cretaceous turbidite fan complex (the Saturn Superfan) has been mapped directly on top of mature, oil prone source rocks.
- Mapping is ongoing on Plays in the 10,947 km² licence.

*A Giant field has at least 500 MMBOE recoverable potential

USA California - Onshore

Dempsey

- Early in the Quarter, the Dempsey 1-15 well recommenced gas production, however water accumulated in the well bore and production was affected. The well is currently shut in.

Western Australia – Onshore

Walyering

- The Company is currently processing an application to conduct an approximate 90 km² 3D seismic survey requiring various Government, land access and stakeholder approvals for issuance of a permit.

Corporate

- Current CEO John Begg will step down as of 15 November 2018 with Director Ernie Myers taking up executive management duties.
- CFO and Company Secretary, Vesna Petrovic was again appointed to the Board.
- The Company received AU \$579,707 from the conversion of options.
- Cash balance of AU \$8.3 million as at 30 September.

ASX Code – PCL

Issued shares – 5,406 million

Market Capitalisation - @ 0.03cps - \$16 m

Cash at End of Quarter - \$8.3 million

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%	

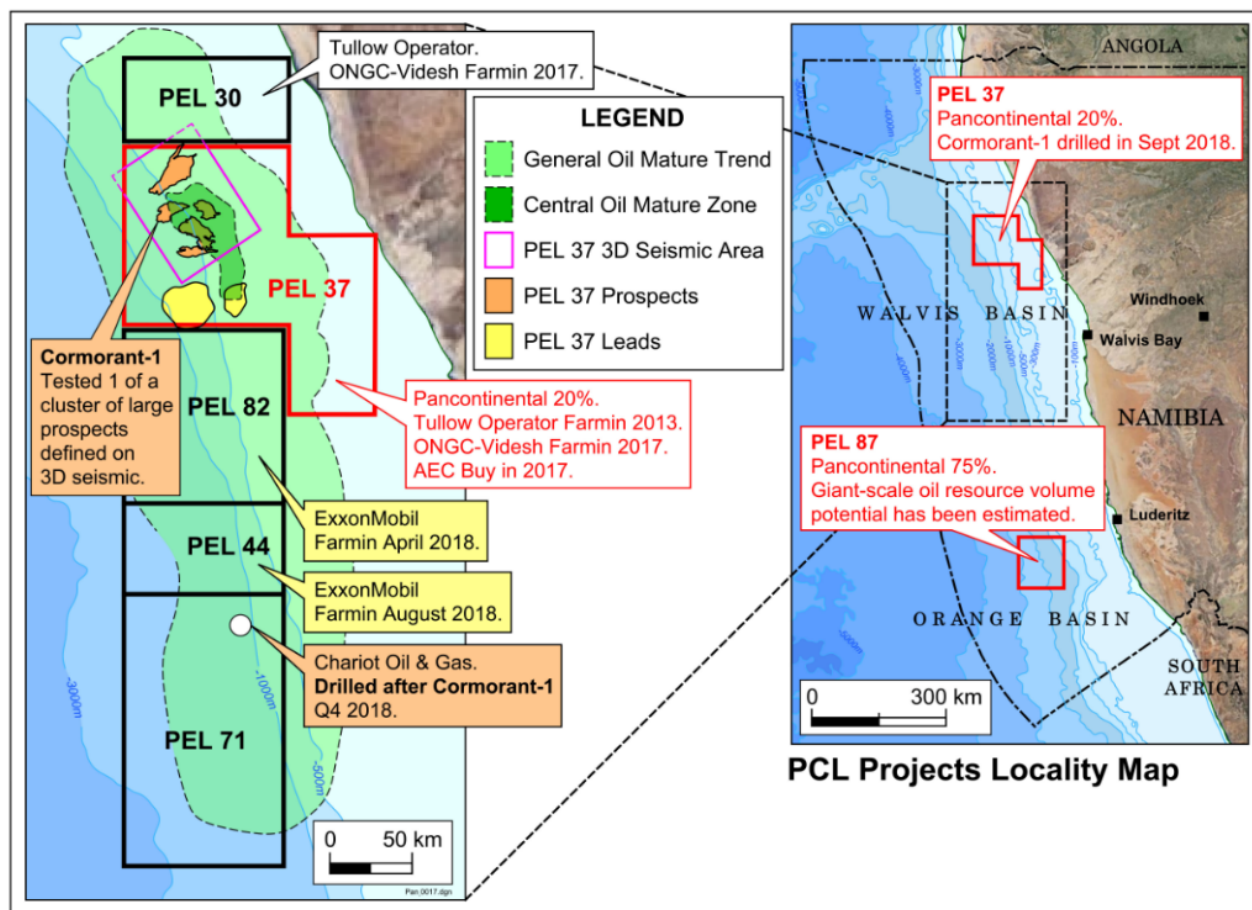
* Ownership of Pancontinental Namibia Pty Ltd:
Pancontinental Oil & Gas NL 66.67%
Africa Energy Corp. 33.33%

During the Quarter, Pancontinental participated in the drilling of the Cormorant-1 well offshore Namibia. The well was drilled by Tullow Namibia Limited ("Tullow"), a subsidiary of Tullow Oil and was long awaited by the Company, its Shareholders and the industry. In 2013, Pancontinental negotiated a farmout with Tullow to lead an exploration programme consisting of 3D and 2D seismic as well as processing, interpretation, mapping and an exploration well, all free carried for Pancontinental. That is, over US \$70 million of value brought to the Company via the PEL 37 project.

The Cormorant-1 well spudded during the Quarter and reached a total measured depth of 3,855m, materially ahead of schedule due to the efficient operations of the Operator. The Early Cretaceous age Cormorant Submarine Fan target was encountered close to the predicted depth but no accumulated hydrocarbons were found.

The Fan contained approximately 50m thickness of interbedded sands and claystones that were water-wet. Wet gas signatures, indicative of oil, were first encountered in the overlying shale section and persisted throughout the target interval, indicating that there has been significant hydrocarbon generation in the area. Important geological data has been gained from this well, providing valuable insights into the prospectivity of the Aptian-Cenomanian turbidite fans that are still valid exploration plays in both PEL 37 and, further south, in PEL 87 (Pancontinental 75%).

Cormorant-1 is the first modern well to penetrate this stratigraphic section in PEL 37, (covering some 17,000km²), and the Joint Venture is in the early stages of analysing the results. The analysis will assist the geological understanding, and the associated discovery probability, of other prospects and leads in PEL 37, some of which have significantly larger resource potential than Cormorant. The well data supports the presence of at least one active source rock system, with encouraging implications for the range of play types mapped in the block, and in PEL 87.



Regional news released during the Quarter included oil major ExxonMobil farming-in to a second block (PEL 44) on trend to Pancontinental's 20% owned PEL 37. This follows the ExxonMobil farm-in to PEL 82 adjacent to PEL 37 in April this year.

Investment of Africa Energy Corp. into Pancontinental Namibia Pty Ltd

During the 2018 financial year, Pancontinental and Africa Energy Corp. ("AEC") reached agreement over the sale of a 33.33% interest in Pancontinental Namibia Pty Ltd ("PCLN"), the Pancontinental subsidiary which holds PEL 37. Consideration for the transaction totalled US \$7.7 million, with US \$2.2 million received at the close of the transaction and the remaining US \$5.5 million in September 2018 at the spud of the Cormorant-1 well. That is a cash injection into the Company of approximately AU \$10 million. Pancontinental retains 66.67% ownership of PCLN which is effectively a 20% interest in PEL 37.

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 holds a 75% operated interest in PEL 87 which is located in the Orange Basin, offshore Namibia. Since the award of the licence in December 2017, the Company has progressed its technical evaluation of the licence area based on interpretation of over 2,800 line km of mostly reprocessed 2D seismic data.

A number of prospective trends have been identified with the current focus centred on a very large submarine fan complex of Aptian Age that the Company has named the "Saturn" Superfan. It is an older feature than the submarine fan drilled in PEL 37 to the north. The fan complex directly overlies interpreted, high quality oil source rocks correlated to the 2013 drilled Moosehead-1 well located in the south of the block. Independently assessed potential for giant scale (over 500MMBbls* recoverable) oil resource is indicated with a range of large sub leads of this play.

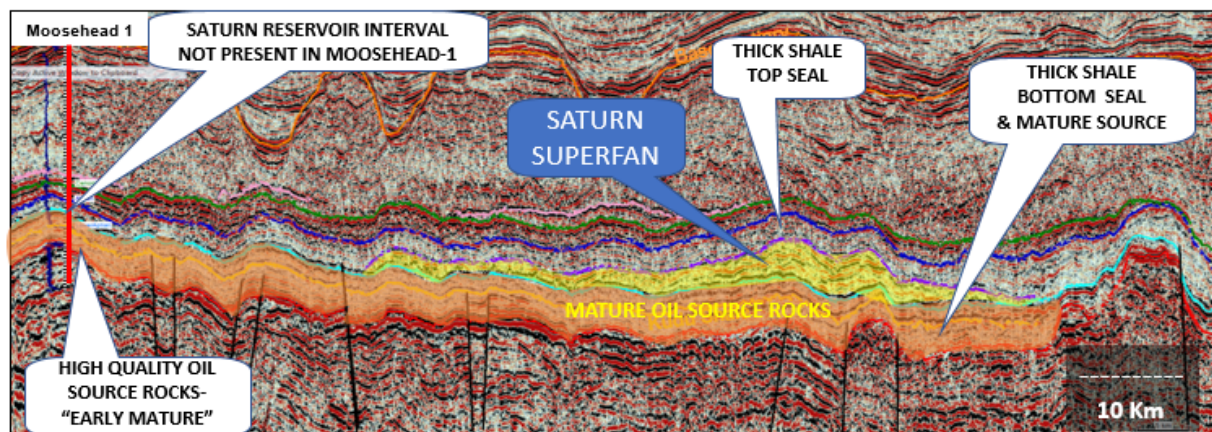
***Cautionary Statement**

The potential recoverable oil resources, classified as Prospective Resources, have been estimated probabilistically on an unrisked, Best Estimate basis.

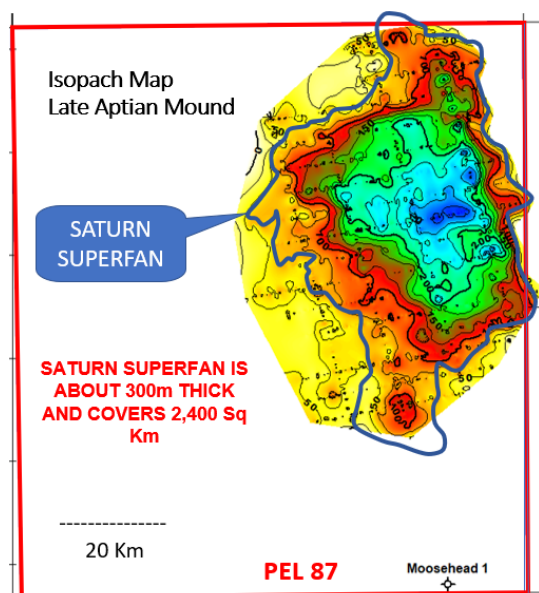
These were announced on 11 September, 2018.

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.



Seismic Section through the Saturn Superfan showing a large closed anticlinal-drape Lead



Exploration in PEL 87 adds to PEL 37 further to the north in the Walvis Basin, a project which Pancontinental initiated in 2011. While both projects share some geological characteristics, different oil source kitchens, oil migration and charge mechanisms are accessed in each area.

The “Saturn Superfan” is geologically older and located immediately on top of the oil source sequence, unlike the shallower submarine fan body targeted by the Cormorant-1 well in PEL 87.

Pancontinental continues to assess the Saturn feature and other leads in the area. 3D seismic is being considered over Saturn.

Prospective Resources

The “Saturn” Superfan is made up of a number of discrete internal geological Play types but could itself be a vast single oil trap on a global scale.

TABLE OF BEST ESTIMATE VOLUMES

PLAY TYPE	GROSS BEST ESTIMATE PROSPECTIVE RESOURCES POTENTIAL*	LEAD
Aptian Depositional Wedge	1.3 Billion Bbls	Saturn Superfan**
Mounded Facies	152 Million Bbls	A
Structural (4 way rollover)	73 Million Bbls	C1
Structural / Stratigraphic	345 Million Bbls	D
First Turbidite lobe/Sheet sand	349 Million Bbls	G
Structural/Mound (4 way rollover)	40 Million Bbls	H

The oil volumes shown are gross volumes.

*A Giant field has at least 500 MMBOE recoverable potential

** The overall Saturn Superfan incorporates all of the other Leads, but with different risk inputs

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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%

Following the announcement regarding the recommencement of gas production from the Dempsey 1-15 well on 18 July 2018, some water accumulated in the well bore and the well was shut-in. The well remains shut-in as at the date of this report.

USA California – Tulainyo Gas Project

***Pancontinental no longer holds an interest in this project**

On 29 June 2018, Pancontinental announced that it had divested its forty percent (40%) interest in US subsidiary Gas Fields LLC ("Gas Fields") to Raven Energy Limited ("Raven"). Gas Fields, a wholly owned subsidiary of Raven, has been earning an interest in the Tulainyo Gas Project in California.

At the time of the divestment, the Operator of the Tulainyo project claimed that Gas Fields (via Raven) owed it US\$321,353.

As announced on 3 September 2018, the Operator is claiming that:

- 1) Gas Fields has failed to provide the required completion funds for costs allegedly incurred by the Operator in the drilling of Tulainyo 2-7;
- 2) that the sum allegedly owed by Gas Fields has now increased to US\$1,738,273; and
- 3) as Bombora Natural Energy Pty Ltd had guaranteed the obligations of Gas Fields in the original Farmin Agreement between Gas Fields, Bombora and Cirque of 21 March 2017, the Operator would look to Bombora to make that payment in the event that Gas Fields failed to pay it.

Pancontinental, itself, has no financial liability in relation to this matter.

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%%*
			*earning

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, Operator Saccgasco reported that following the successful transfer of responsibility for the Alvares wellbore to Saccgasco, regulatory approval to test the interpreted over-looked natural gas in the Alvares 1 well has been obtained.

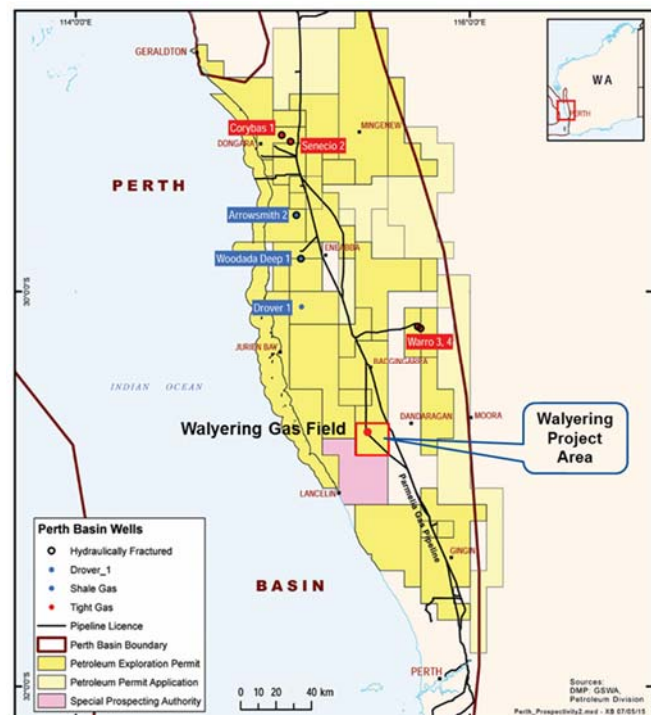
The initial task proposed by Saccgasco would be to test the integrity of the existing casing, then log through the casing to select perforation zones and then test various zones of gas saturated reservoirs in the well. Under the revised program, the well bore would be assessed for its suitability for directly flow testing various gas saturated reservoirs interpreted from petrophysical and mud logs and seismic in the Alvares well.

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

Under a farmin with UIL Energy Ltd, Pancontinental can earn a 70% operated interest in the southern part of onshore exploration licence EP 447, covering the 1971-discovered Walyering Conventional Gas Field, by acquiring a 3D seismic survey.

The Company is currently processing an application to conduct an approximately 90km² 3D seismic survey. This is a challenging process requiring environmental, safety, heritage and landowner approvals before the regulatory authority can issue a permit.



The 3D seismic survey will provide better definition of the mapping at the gas reservoir levels. The seismic is expected to cost less than AU \$2.0 million.

Management Changes

Current Pancontinental CEO John Begg will step down from the role on 15 November 2018. He will remain a Director and will provide specialist consulting services focusing as required, on the Company's projects.

Director Ernie Myers takes up the responsibility for overall management, supported by the existing technical and financial team, including Barry Rushworth, Marie Malaxos and Vesna Petrovic. Mr Myers joined Pancontinental in March 2004 and has served in a number of executive and non-executive roles over his 14 year tenure.

Appointment of Executive Director

On 5 September 2018, Pancontinental announced that Company Secretary and CFO Vesna Petrovic was appointed back to the Board as Executive Director. Mrs Petrovic joined Pancontinental in 2008, has been Company Secretary since 2010 and is also Alternate Director for Pancontinental Chairman Mr Kennedy.

Funds Received on Conversion of Options

During the Quarter, the Company received AU \$579,707 from the conversion of 144,926,830 (at \$0.004) of the Company's options. This included conversion of 66,000,000 options (raising \$264,000) by John Begg.

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	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

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

Prospective Resource estimates in this report have been prepared as at the date disclosed under the prospective resource numbers. 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 and probabilistic methods depending on the project and this is disclosed under the prospective resource numbers. 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 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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