

Summary



Namibia PEL 37 – Offshore

- » Interpretation of seismic data has continued with a number of prospects under evaluation;
- » Recently acquired well data has been incorporated to provide more rigorous modelling;
- » Reservoir sand provenance studies are ongoing
- » Pancon considers that a drillable prospect has been identified within PEL 37 although Tullow considers that further work is still required to do so;
- » Pancon sought an update from Tullow on the current status of ongoing work and Tullow has advised that the update will be provided in the June quarter.



Kenya L6 – Onshore /Offshore

- » The future activities for Block L6 will be considered by the joint venture going forward.



New Ventures

- » A number of new projects have been reviewed for possible further action by the Company.

Corporate

- » Cash balance of \$114k as at 31 March 2017 (a post quarter-end fundraising announced to raise \$600,000 by way of Placement and up to an additional \$1.23 million by way of Share Purchase Plan);
- » Executive and non-executive Director remuneration reduced by 46% as part of Company's cost cutting measures;
- » General meeting of shareholders held in March 2017.

ASX Code – PCL

Issued shares – 1,974 million

Market Capitalisation - @ 0.02 cps - \$4.1 m

Cash at End of Quarter - \$114k (post quarter end fundraising announced to raise up to \$1.83 million)

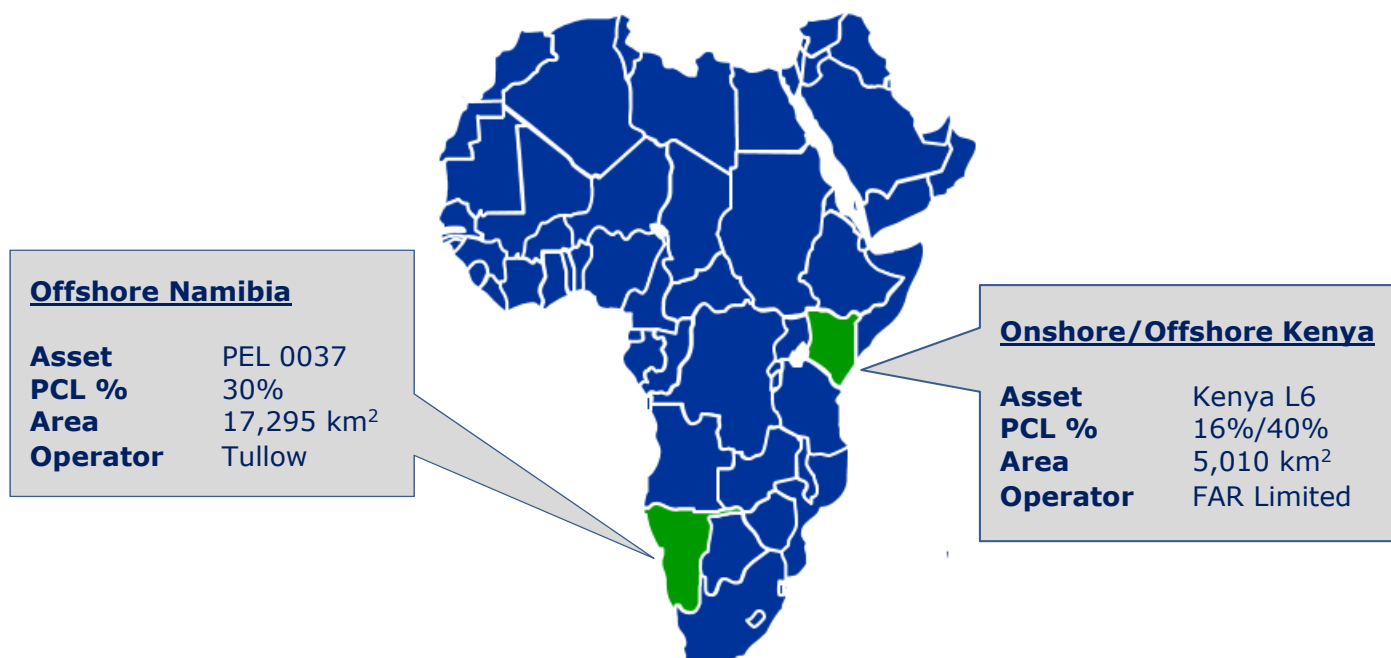
Overview

During the quarter, exploration activities continued offshore Namibia within PEL 37. Regional well reports were analysed and incorporated into the geological models of the company's three offshore blocks. In addition, further interpretation of the 2D and 3D seismic data continued.

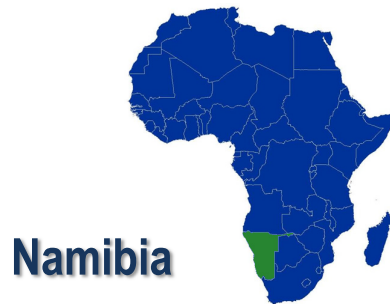
Shareholders were given an opportunity to meet with company representatives at a general meeting conducted in March 2017. All resolutions put to the meeting were passed on a poll.

Post quarter end, the company announced that it had raised \$600,000 by way of placement and shareholders were invited to participate in a Share Purchase Plan (SPP) to raise up to a further \$1.23 million. The SPP closes on 16 May 2017.

The company's directors agreed to remuneration reductions of 46%, demonstrating the Board's commitment to preserving the company's cash.



International Projects

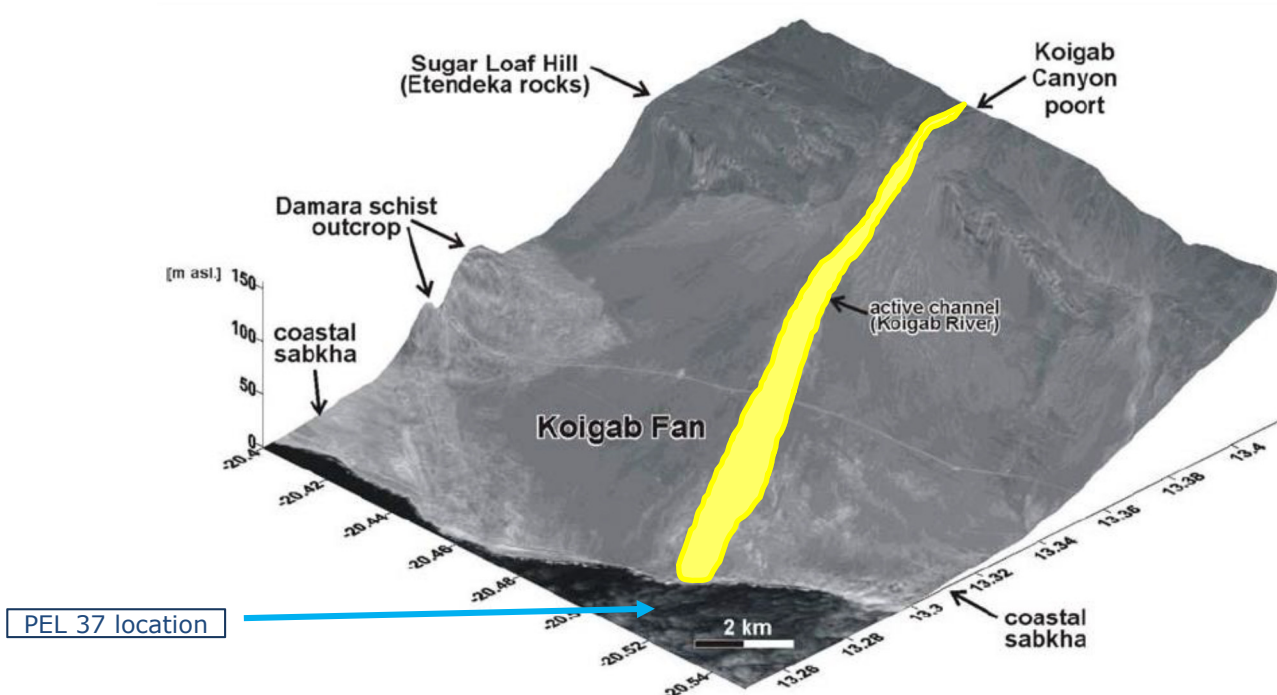


Namibia Offshore

Offshore Namibia is an underexplored frontier oil and gas territory, holding tremendous potential for hydrocarbons. Exploration programmes conducted to date have provided vital information in understanding and de-risking the area. Advances in technology have delivered high quality and detailed seismic readings allowing for more confident identification of geological structures.

Favourable conditions for hydrocarbon generation include areas where there is a build-up of nutrients and sediments. The Koigab Fan (shown in the image below) is a depositional feature onshore Namibia. Within the feature is the Koigab River which transports bed loads and sediments into the Atlantic Ocean, where, over time the sediments have been deposited in features such as turbidites, which, together with further deposition of source rocks have been buried deeply enough to generate and trap hydrocarbons.

Pancontinental's exploration licence PEL 37 is on path to this main sediment channel and this is one of the reasons that the area was chosen by the exploration team when exploring West Africa.



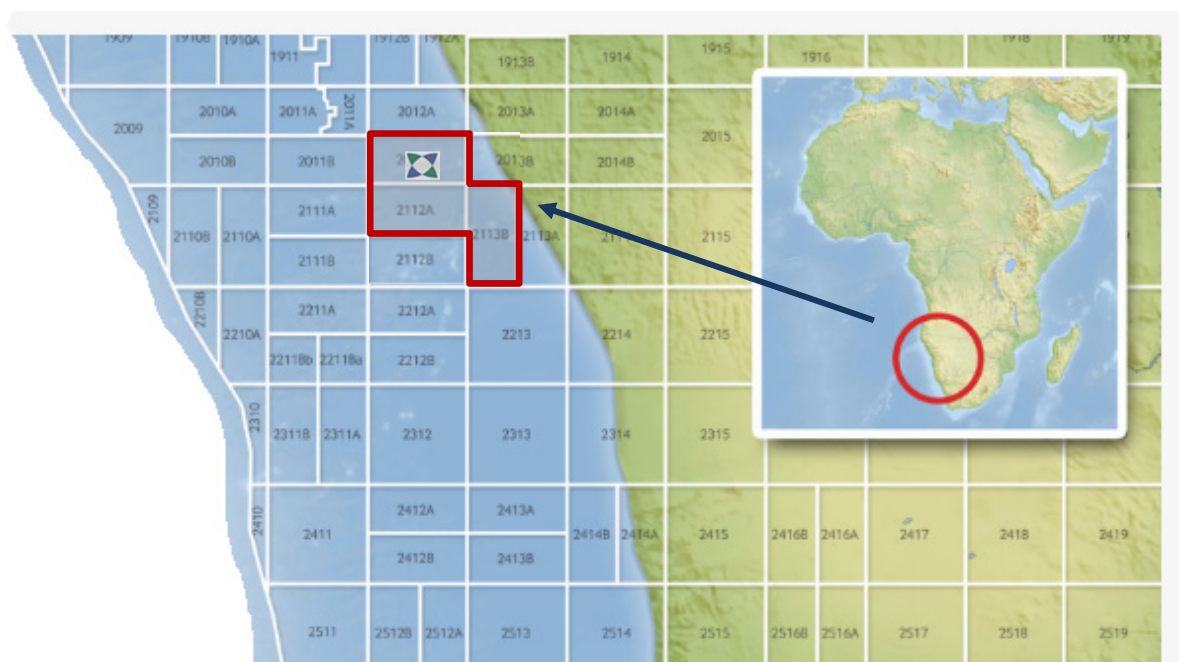
River system on path to PEL 37, offshore Namibia

Namibia Offshore PEL 37

Location:	Walvis Basin	
Project Size:	17,295 square kilometres	
JV Partners:	Tullow Kudu Limited (Operator)	65.00%
	Pancontinental	30.00%
	Paragon Oil & Gas (Pty) Ltd	5.00%

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;

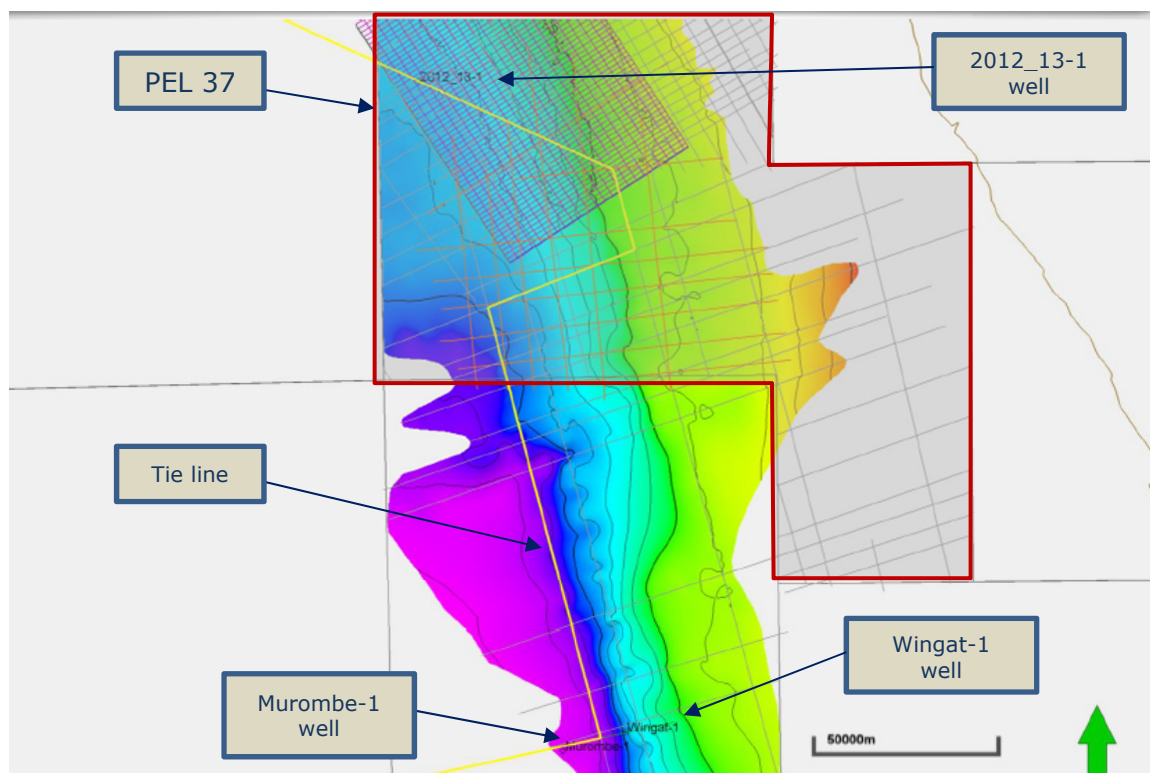
Actual Work Programme completed by the PEL 37 Joint Venture:
The PEL 37 joint venture has completed the above work programme within the required timeframe by acquiring 1,000km of 2D seismic;

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.

One aspect of exploration studies, which assists in de-risking prospects, is information from previously drilled wells. Well data is "tied" to seismic acquisition data for correlation purposes. Wells in close proximity to the PEL 37 licence include Wingat-1 and Murombe-1, and 2012_13-1 which was drilled within PEL 37. The data from these wells is currently being incorporated into the existing models for PEL 37 to further understand the geology of the blocks and regional areas.



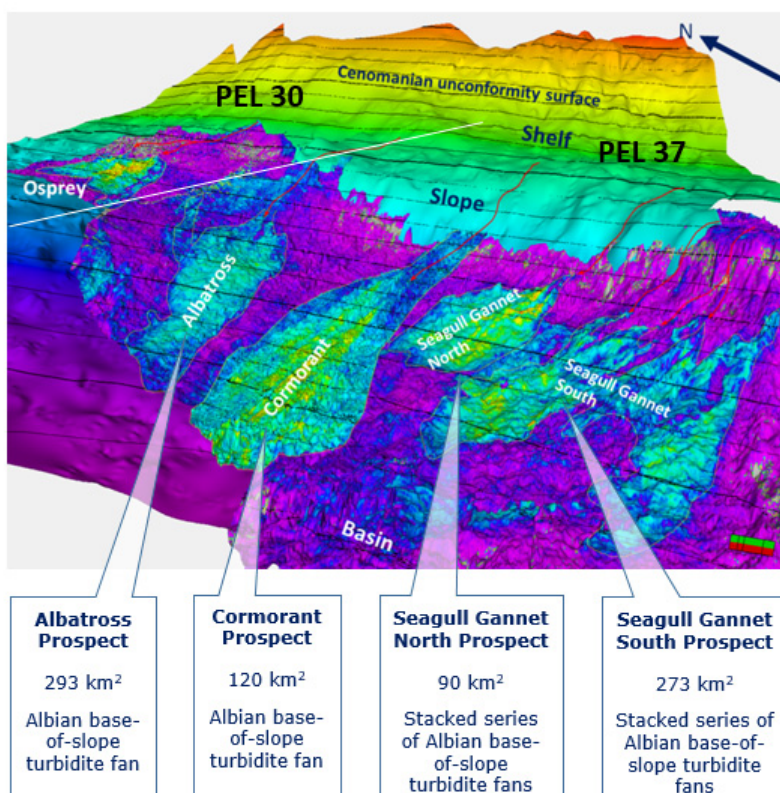
Regional well ties to seismic data

On completion of 2D or 3D seismic acquisitions, the data obtained is in a raw format and requires processing and interpretation so that it can be presented in a meaningful and useful way. The PEL 37 joint venture has continued with interpretation of the seismic acquired with a number of prospects under evaluation in the process.

Regional mapping was also conducted along the Walvis Basin trend along a North-South trajectory to assist with de-risking the prospect profiles.

Going forward, to mitigate risk factors, exploration work will concentrate on:

- further detailed analysis and rigorous modelling once the complete suite of well reports and associated documents are made available to the joint venture;
- reservoir sand provenance study; and
- environmental study.



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.

PEL 37 – Prospects

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

Farmout – Africa Energy Corp.

During the previous quarter, Pancontinental signed an agreement with Africa Energy Corp. (TSX-V: AFE) (“AEC”) for the assignment of a 10% interest in PEL 37 in exchange for an upfront payment of US \$1.7 million (AU \$2.2 million) and an additional US \$4.8 million (AU \$6.3 million) upon the commencement of drilling the first well in PEL 37.

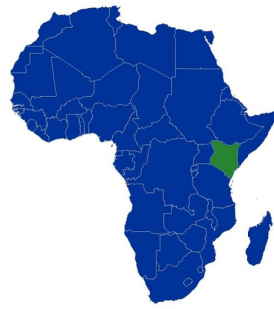
The agreement with AEC was subject to certain conditions as well as consents from its joint venture partners, Government of Namibia and AEC itself during its due diligence process.

Unfortunately, Pancontinental and AEC were not able to conclude a mutually satisfactory agreement within the given period for negotiation and consequently the agreement lapsed.

Cash Call - Tullow

During the quarter, Pancontinental paid the Tullow cash call reported to shareholders in December 2016, under a staged payment plan as agreed with Tullow. Under the terms of the Joint Operating Agreement, payment of a cash call is mandatory in the first instance to avoid a default situation, with dispute resolution to follow. The company is still considering its position.

International Projects



Kenya

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 along with its joint venture partner FAR Limited are considering their positions in Kenya Block L6.

New Ventures

Pancontinental has been assessing new ventures, which would complement its current acreage positions and add value, at a low cost for its shareholders. The company's expertise is in identifying frontier, under-explored areas, working them up, and then seeking farm in partners to join in the search for commercial oil and gas.

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%

Corporate

Cash Position

- » As at 31 March 2017, Pancontinental's cash position was \$114,000 with a placement finalised for \$600,000, post quarter end. A Share Purchase Plan is currently open to raise up to \$1.23 million;
- » Directors further reduced their remuneration by 46% as part of the company's cost cutting review;
- » The major items of expenditure during the March 2017 Quarter were:
 - Exploration and Evaluation \$649,000;
 - Staff Costs \$96,000; and
 - Administration \$234,000.

General Meeting

On 15 March, the company held a general meeting of shareholders to vote on resolutions with regard to a share placement ratification and issue of shares to directors. All resolutions put to the meeting were passed via a poll.

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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 unrisks 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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