

Tulainyo Gas Zones Evaluation Update

- **Post well evaluation indicates multiple potential gas pay zones.**
- **Pancontinental interprets up to 56 metres (183 feet) of potential gas pay in sandstones.**
- **Planning for a critical flow test program is advanced.**

Commenting on the project milestone, Pancontinental CEO John Begg said:

"We made an initial release of the well results when total depth had been reached and the zones of interest cased off and preserved for testing. Since then, evaluation of the well data, in particular the wireline logs, has progressed. We are now more confident that the entire section of interest is gas saturated and sandstone reservoirs of sufficient quality to support commercial scale flows of natural gas are present. We still need to prove this via flow testing and will have more to say about the test program once finalised.

From the outset we have viewed this as a potential play opening well. If we are successful with the test program, we have a real shot at proving up at Tulainyo what Pancontinental believes has potential to be the largest new, conventional gas project in California in many years".

Pancontinental Oil & Gas NL (ASX: PCL) ("Pancontinental" or "Company") is pleased to provide the following operations update for the Tulainyo 2-7 gas appraisal well in the Sacramento Gas Basin, California.

After drilling as planned to a total measured depth of 5,710 feet (1740.4 m) the Ensign Rig 587 was demobilised from site, the well cased and suspended and preparations are underway to return to site with a gas production testing unit.

Detailed analysis of the well data has been conducted for the primary section of interest within the Early Cretaceous Lodogo Formation. The analysis indicates multiple stacked sandstone units, varying as expected in thickness and quality, that are all gas saturated. The well encountered gross sandstone reservoir thicknesses of up to 118 metres (386 feet) with estimated, net gas pay of 56 metres (183 feet). Higher quality reservoir units exhibit porosities ranging from 15%-20%.

The Tulainyo project is located on the west flank of the Sacramento Gas Basin approximately 120 km northeast of Sacramento. It is held under leases covering some 40,000 net acres (152 km²) positioned just 8 km from a major gas transport trunkline that supplies gas from Canada into the enormous California domestic gas market. California consumes on average some 7 Bcf of gas per day (2.6 TCF gas per year) and up to 11 Bcf of gas per day during peak periods. Gas prices attract a premium to the USA benchmark, Henry Hub pricing.

The Tulainyo joint venture includes operator California Resources Production Corporation ("CRPC"), a subsidiary of a NYSE-listed company that is one of California's largest oil and gas production companies and Cirque Resources LP, a private company based in Denver, Colorado.

Estimated Recoverable Gas Resource Potential

Pancontinental's interest is held by its 40% owned subsidiary Gasfields LLC. At completion of the farmin earning program the Company will have an effective 13.33% interest across the project.

Net Prospective Resource (Gasfields)	P90 169 Bcf	P50 582 Bcf	Mean 845 Bcf	P10 1.73 Tcf
Net Prospective Resource (Pancontinental)	P90 68cf	P50 233 Bcf	Mean 338 Bcf	P10 691 Bcf
Related Area of Closure	7,250 acres (29.4 km ²)	12,570 Acres (51 km ²)	13,470 (54.5 km ²)	22,440 acres (91 km ²)

Resource estimates assume net beneficial interests at completion of farmin earning wells and unrisks resources *per ASX release 23 June 2017*.

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 petroleum.

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.

For and on behalf of
Pancontinental Oil & Gas NL

John Begg
Executive Director & CEO

Head Office – Level 1, 10 Ord Street, West Perth, Western Australia 6005
Postal Address - PO Box 1154, West Perth, Western Australia 6872
Telephone +61 8 6363 7090 Facsimile +61 8 6363 7099
ACN 003 029 543

www.pancon.com.au