

Pancontinental Raises \$1.6 Million Via Convertible Note Issue

- **\$1.6 million raised from sophisticated investors on attractive terms to the Company**
- **Pancontinental is well funded for an active period leading up to receipt of a previous asset sale payment of circa A\$ 7.0 million, due in September**

Pancontinental Oil & Gas NL (ASX: PCL) (“Pancontinental” or the “Company”) is pleased to announce it has received commitments from sophisticated investors to raise A\$1.6 million via an issue of unlisted, unsecured convertible notes (the “Issue”).

Funds raised via the Issue will be used to fund further flow testing of both the Dempsey and Tulainyo Gas Projects in California where testing activity is underway, with results expected within the next few weeks. Additionally, it will be used to accelerate work on the highly prospective PEL 87 exploration block offshore Namibia (PCL 75% and operator) and the Walyering Conventional Gas Field Project in the Perth Basin, Australia (PCL earning 70% and Operatorship) as well as for working capital purposes.

The Issue has a conversion price of A\$0.008 per share which represents a 33% premium to the 30-day VWAP (volume weighted average price) of A\$0.006, an interest rate of 10% and a Maturity Date 12 months from the date of issue. Key terms of the convertible notes are set out at Schedule 1.

Pancontinental CEO John Begg, commented:

“This raising allows us to maintain momentum across our portfolio as we progress through an exciting phase of gas flow testing at both the Tulainyo and Dempsey Gas Discoveries in California and continue to build value into our potentially large volume and high impact oil projects offshore Namibia. There is a lot of work on the go for a company our size, with shareholders having impactful exposure to multiple wells, the results of which are independent of each other.

Pancontinental will now be adequately funded until our next expected material cash inflow of A\$7 million due at spud of the highly anticipated Cormorant-1 well in PEL 37 Namibia. Targeted for 1 September, 2018, this

well is widely regarded as one of the highest-potential impact wells to be drilled offshore by any junior company globally in 2018."

Settlement of the Issue is expected to occur on or around Tuesday, 27 March 2018. Hartleys Limited is Broker to the Offer in respect of the Issue.

SCHEDULE 1: KEY TERMS OF THE CONVERTIBLE NOTES

Issuer	Pancontinental Oil & Gas NL (" PCL " or " Company ")
Instrument	An unlisted convertible note (" Convertible Note ")
Face Value	Each Convertible Note will have a Face Value of A\$1,000 per Convertible Note
Maturity Date	12 months from date of issue of the Convertible Notes
Conversion	<p>Each Convertible Note is convertible at the holder's election at any time after 1 July 2018 and before the Maturity Date, at the conversion price of \$0.008 per ordinary fully paid share ("Share") in the capital of PCL ("Conversion Price").</p> <p>Convertibles Notes may be converted into Shares within the timeframe above upon election by the Convertible Note holder, provided that such election is in writing and given to the Company prior to the Maturity Date ("Conversion Notice").</p>
Interest Rate	10% per annum
Interest Payments	Interest will accrue daily and will be paid at the Maturity Date or upon conversion.
Early Repayment	The Company may repay some or all of the Convertible Notes at any time prior to the Maturity Date by providing at least 10 days written notice to the noteholders. If the Company elects to repay a Convertible Note prior to the Maturity Date, the Company will pay to the holder of the Convertible Note all of the interest that would otherwise have been paid had those Convertible Notes been held until the Maturity Date. The noteholder may convert at any time during the notice period.
Repayment	<p>On the Maturity Date, the Company must pay to the holder of a Convertible Note:</p> <p>(a) the Face Value on all unconverted Convertible Notes held by the Convertible Note holder on that date; and</p> <p>(b) all unpaid accrued interest.</p>
No Security and Debt Restrictions	The Convertible Notes will be unsecured and will have no restrictions on further borrowing by PCL.
Transferability	The Convertible Notes will be transferable, subject to the transferee being an 'exempt' investor or 'sophisticated' investor. The transferee must satisfy the requirements of either s708(8), 708(10) or 708(11) of the <i>Corporations Act 2001</i> (Cth) (" Corporations Act ").

Issued Shares	<p>All Shares issued as a result of the conversion of the Convertible Notes will rank pari passu with all other Shares on issue.</p> <p>PCL will use its best endeavours to seek quotation of the Shares on the ASX for any share issues. PCL will use its reasonable endeavours to ensure that all Shares issued are freely tradeable from the time of issue, including by issuing a notice under section 708A(5)(e) of the Corporations Act (if required and to the extent possible).</p>
Reorganisation	<p>If, at any time prior to conversion of the Convertible Notes, PCL reorganises its share capital, then the number of Shares issued on conversion of the Convertible Notes after the reorganisation and the Conversion Price will be amended in accordance with the Listing Rules of the ASX and the Corporations Act at the time of the reorganisation.</p>
Convertible Note Voting Rights and Participation	<p>The Convertible Notes are non-voting (unless otherwise required by the ASX Listing Rules or the Corporations Act) and do not carry any entitlement to participate in any rights issue, returns of capital, bonus issue or capital reconstruction.</p>

For and on behalf of
Pancontinental Oil & Gas NL

John Begg
Executive Director & CEO

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