

Summary

Namibia Offshore

- A drill ship has been contracted by the PEL 37 joint venture to drill Cormorant-1 (PCL 20%). This highly anticipated well is scheduled to commence 1 September, 2018.
- At the spud of Cormorant-1, Pancontinental is due to receive a cash payment of US \$5.5 million (AU \$7 million) by Africa Energy Corp. to settle its investment into the project.
- Further endorsing the prospectivity of the area, ExxonMobil has taken a 40% interest in PEL 82, located immediately south of Pancontinental's PEL 37.
- Initial exploration studies have commenced in Pancontinental's second large Namibian licence PEL 87. This was awarded in the last quarter to the Company as operator with a controlling, 75% interest.

USA California- Onshore

- Gas production testing is continuing on the Dempsey 1-15 gas discovery well with additional zones being opened to flow. Current operations are focussed on testing two shallower zones, however still beneath the overlying field production depths.
- The Tulainyo 2-7 well has been flow tested in two stages over a range of zones. The gas that has flowed into the well is of good quality, although currently at low rates, that have yet to be measured accurately. Further analysis is underway to determine whether flow rates are being impeded by damage to the reservoir caused during drilling of the well.
- Permitting has commenced for the re-entry of the Alvares-1 gas discovery in which Pancontinental is earning a 15% interest.

Corporate

- During the quarter the Company raised \$1.6 million before costs through the issue of Convertible Notes.
- Cash balance of AU \$1.5 million as at 31 March.

ASX Code – PCL

Market Capitalisation - @ 0.04cps - \$21 m

Issued shares – 5,262 million

Cash at End of Quarter - \$1.5 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 March quarter, the Company announced that the PEL 37 joint venture had contracted the Ocean Rig Poseidon to drill the Cormorant-1 exploration well in the Walvis Basin, offshore Namibia. The vessel is currently located in Walvis Bay on the Namibian coast.



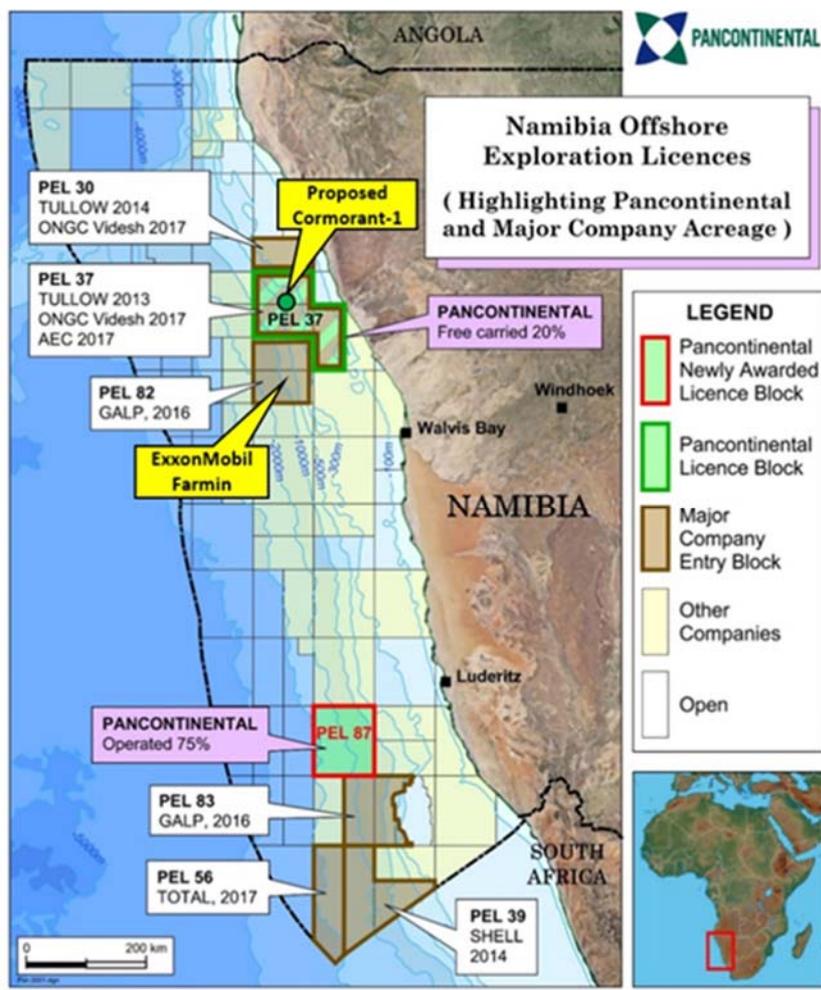
Ocean Rig Poseidon
Contracted to drill Cormorant-1

Cormorant-1 is widely regarded as one of the highest-potential impact wells to be drilled offshore by any junior company globally in 2018. The target

spud date for the drilling is 1 September 2018. At this time Pancontinental will receive the second stage payment of US \$5.5 million (AU \$7 million) from Africa Energy Corp. for their investment in Pancontinental Namibia Pty Ltd, the company which holds the joint venture interest.

Pursuant to the farmin agreement negotiated in 2013 with operator Tullow, the Company will not incur any costs in the drilling of the exploration well for its effective 20% interest.

For the drilling to go ahead as planned, the Joint Venture was required to apply to the Ministry of Mines and Energy in Namibia for permission to enter the next phase of the licence, the Second Renewal Exploration Period. Permission was granted and drilling preparations are well underway with long lead items and various well services secured.



Also during the quarter, Oil Major ExxonMobil farmed into adjacent exploration permit PEL 82 for a 40% interest. The licence covers an area of 11,444km² in water depths ranging from 200m to 2,000m. It is located directly to the south of Pancontinental's PEL 37, as shown in the accompanying diagram.

The ExxonMobil farmin block, PEL 82, is operated by Galp in partnership with the National Petroleum Corporation of Namibia (NAMCOR) and Custos Investments (Pty) Ltd, a local Namibian company. These are the same Namibian

partners that Pancontinental has in its 75% owned and operated PEL 37 further to the south.

Pancontinental's belief in the prospectivity and potential large size of oil resource targets offshore Namibia has been validated by the positioning of industry-leading companies such as ExxonMobil, Shell, Total and ONGC Videsh as well as Africa specialists like Tullow Oil and Africa Energy, either within or around our licences.

Please refer to press release dated 28 September 2015 for details of the potential recoverable oil resources net to Pancontinental for the project.

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		

In an increasingly competitive environment, the Company last quarter secured with a controlling 75% interest, the award of a Petroleum Agreement over PEL 87 (formerly Block 2713). This large block is located in the Orange Basin, south of Pancontinental's PEL 37 licence.

Initial exploration studies by Pancontinental show multiple, very large volume, potential traps for oil. The Company is now looking to expand its database in the area through seismic acquisition.

Pancontinental is now one of the largest acreage holders in this highly prospective trend offshore Namibia, with an acreage position covering a combined 28,242 km²; PEL 37 (20%, 17,295 km²) and PEL 87 (75%, 10,947 km²).

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%

Flow testing of the Dempsey 1-15 well commenced during the previous quarter. Testing was carried out within two high pressure intervals (Zones 2 and 3) in the lower part of the wellbore that both successfully flowed clean, dry gas at rates between 140 mcf/day and 195 mcf/day. The joint venture will now test a shallower gas filled reservoir zone (Zone 4) while maintaining access to the two deeper producing intervals, with the option to perforate and flow test gas filled reservoirs at the overlying existing field production level.



Historic Dempsey 1-15 Gas Flare before connection to sales pipeline

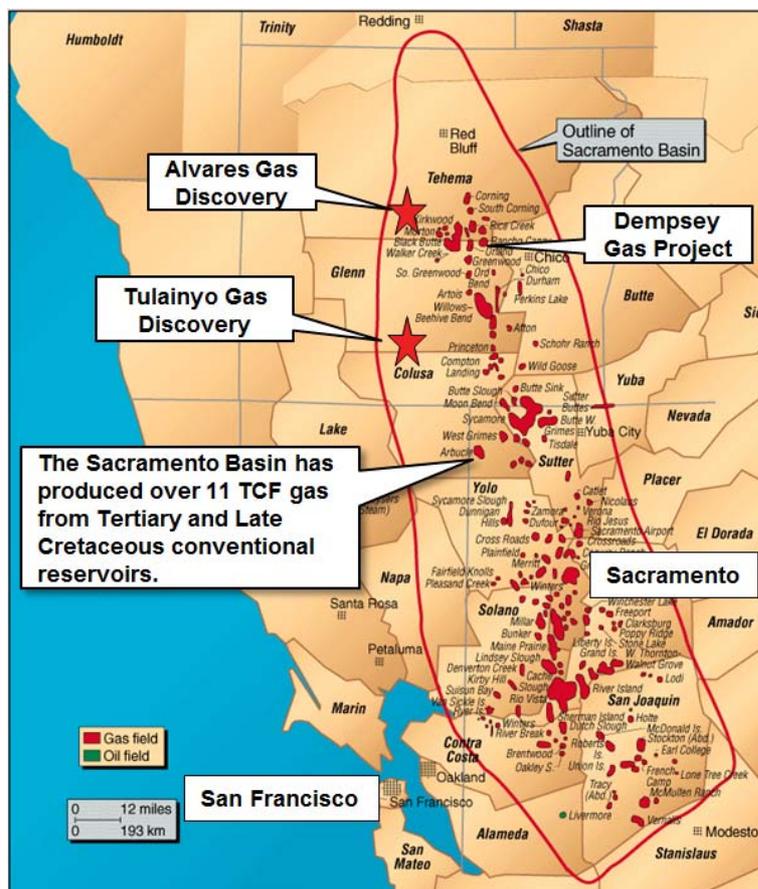
During the quarter, operator Sacgasco Limited announced that production and sale of natural gas from the Dempsey 1-15 well had commenced. The well flowed high quality dry gas (997 Btu/scf) at a rate of approximately 140 mcf/day with a flowing tubing pressure of 670 pounds per square inch (psi). The production and sale of natural gas was

part of an extended production test of the perforated zone in the Dempsey well to better understand reservoir characteristics.

As the Dempsey 1-15 well is already tied into the production system, if the results of the further testing are positive, aggregated gas flows from a combination of zones can be generated quickly and connected to the gas sales pipeline.

USA California – Tulainyo Gas Discovery

Location:	Sacramento Gas Basin		* PCL earning 13.33%
Project Size:	152 square kilometres		** Raven Energy Limited earning 20% through investment in PCL subsidiary.
JV Partners:	CRPC (Operator)	(NYSE)	41.67%
	Pancontinental Oil & Gas NL **	(ASX:PCL)	33.33%*
	Cirque Resources LP	(Private)	25.00%



The Tulainyo 2-7 well has been flow tested in two stages over a range of zones between total depth of 5,710 feet and 3,600 feet.

The gas that has flowed into the well is of good quality, although currently at low rates and yet to be measured accurately. Wellbore damage to the gas reservoirs, perhaps due to high mud weights used during drilling, is believed to have impacted the results to date.

Current operations are placing gauges down hole to measure pressure and other related data which will

assist with evaluation of the formation and determining what remediation actions may be warranted.

So far the test program has not met the pre-well objective of demonstrating natural gas flow rates of commercial scale. The potential remains however. Outcrop core analysis of the Lodogo Formation sandstones, wireline log data and gas inflows into the nearby discovery well provides data that supports the presence of reservoir in the structure capable of flowing at commercial rates.

Please refer to press release dated 23 June 2017 for details of the potential recoverable gas resources net to Pancontinental for the project.

USA California – Alvares Gas Discovery

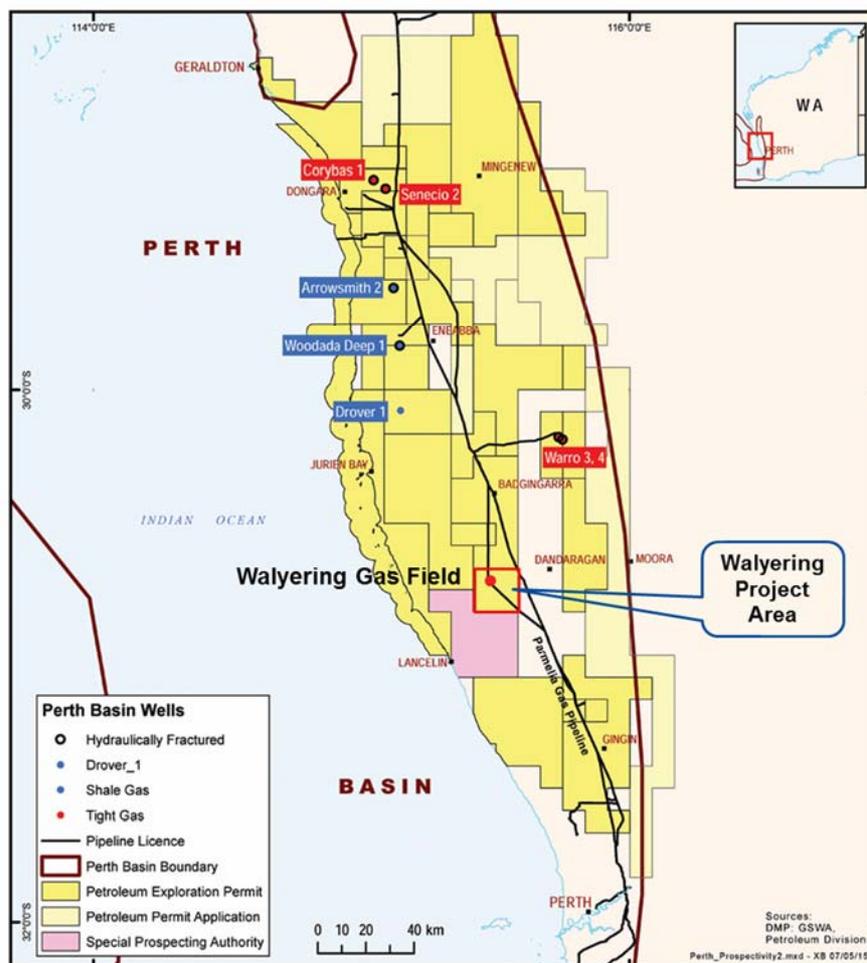
Location:	Sacramento Gas Basin		
Project Size:	24 square kilometres		
JV Partners:	Sacgasco Limited	(ASX:SGC)	39%
	Empyrean Energy PLC	(AIM:EME)	25%
	Xstate Resources Limited	(ASX:XST)	21%
	Pancontinental Oil & Gas NL	(ASX:PCL)	15%

Pancontinental is earning a 15% interest in the Alvares-1 Gas Discovery leases located on the western side of the Sacramento Basin, north of the Tulainyo project. Permitting has been initiated for the re-entry of the 1982 discovery well to check on the mechanical integrity of the well bore.

This activity will determine whether the well can be side tracked and the extensive gas zones that are indicated freshly evaluated or whether additional testing could be conducted in the existing wellbore. Either operation would provide a cost effective way to determine the commercial gas potential at Alvares compared with the drilling of a new 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



During the quarter, the Company continued with permitting activity for the 3D seismic survey planned to be acquired later this year.

According to the farmin agreement, Pancontinental must carry out permitting for the project thereby earning the right to conduct the 3D seismic survey and earn a 70% operated interest in the area of the Walyering Gas Field.

Discussions are advancing with the major local land holders to confirm

the necessary land access terms and the Company has also commissioned an independent review of the recoverable gas resource in the Walyering Gas Field.

Convertible Note Issue

During the quarter, the Company raised \$1.6 million through the issue of Convertible Notes. 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.

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.

Half Year Report

Pancontinental's Half Year Report was released during the quarter and can be found on the Company's website at:

http://pancon.com.au/wp-content/uploads/2018/03/PCL-Half-Year-Financial-Report_31-Dec-2017.pdf

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	Tulainyo	*13.33%	0.00%	*13.33%
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

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