

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pancontinental Oil & Gas NL

ABN

95 003 029 543

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(335)	(3,526)
(b) development	-	-
(c) production	-	-
(d) (i) staff costs (including PAYG)	(74)	(264)
(ii) directors' costs * see Section 6 for further details	(144)	(1,000)
(iii) directors' costs to exploration	82	364
(e) administration and corporate costs * includes costs related to farmins and corporate transactions	(168)	(983)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material) Management Fees adjustment	(223)	(517)
1.9 Net cash from / (used in) operating activities	(861)	(5,923)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(21)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	2,739
<small>Note: the below relates to the Year to Date total. Africa Energy Corp. investment into Pancontinental Namibia Pty Ltd</small>		
2.6 Net cash from / (used in) investing activities	-	2,718

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,000
3.2 Proceeds from issue of convertible notes	125	1,600
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(6)	(158)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	(300)
<small>Note: the below relates to the Year to Date total. Payment of historic Bombora invoices (\$ 80k) Corporate fee Bombora acquisition (\$ 100k) \$2m capital raising fee (\$ 120k)</small>		
3.10 Net cash from / (used in) financing activities	119	3,142

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,519	760
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(861)	(5,923)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	2,718
4.4	Net cash from / (used in) financing activities (item 3.10 above)	119	3,142
4.5	Effect of movement in exchange rates on cash held	(1)	79
4.6	Cash and cash equivalents at end of period	776	776

5. Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1 Bank balances	726	1,469
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (security deposits)	50	50
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	776	1,519

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	145
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

The Company utilised the services of NED directors Rushworth, Myers and Malaxos as necessary during the quarter.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify) Convertible Notes	1,600	1,600
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Pancontinental raised A\$1.6 million via an issue of unlisted, unsecured convertible notes to sophisticated investors. 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, 27 March 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	684
9.2 Development	-
9.3 Production	-
9.4 Staff costs (including PAYG)	74
Directors *refer to explanation Note 6.	193
9.5 Administration and corporate costs	254
9.6 Other (provide details if material) Repayment of Convertible Note and Interest	1,693
9.7 Total estimated cash outflows	2,898

**Note - Pancontinental is due US \$5.5 million on the commencement of drilling the Cormorant-1 well planned for September 2018. Following the in-country Namibian Ministerial visit to the contracted drill rig in early July, there is high confidence in the early September commencement of the drill programme and receipt of the US \$5.5 million.

**Note – The Convertible Notes are not required to be paid out until March 2019, however Pancontinental has budgeted for the early payment of these notes with the US \$5.5 million to be received in September 2018.

Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Tulainyo Project California	Sale of shares in subsidiary which holds the Tulainyo Project	Earning 13.33%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:lodged electronically.....
(Company secretary)

Date:31/07/2018.....

Print name: Vesna Petrovic.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.