

COMPLETION OF \$2 MILLION FUNDRAISING AND FUNDED DRILLING IN SACRAMENTO GAS BASIN

- **Settlement of \$2 million capital raising complete**
- **USA Dempsey – 10% interest earned & fully funded for Dempsey-1 well, due to spud late July**
- **USA Alvares Gas Discovery – current interest 10%, exercised option for a further 5% interest at low cost exposure for the Company**

Pancontinental Oil & Gas NL (ASX: PCL) ("Pancontinental" or "Company") is pleased to provide the following corporate and project update. The Company confirms that it has received funds from the recent \$2 million capital raising and shares will be allotted tomorrow. The funds will be used to progress work on the Company's asset portfolio, general working capital and other payables.

Commenting on Pancontinental's progress, new CEO John Begg said

"Since approval by shareholders of the Bombora transaction just over a week ago, Pancontinental is continuing to make significant progress towards a multi –well, fully funded drill program for 2017 and 2018, most of which we expect to be funded on the Company's behalf by third parties. Each well will have conventional reservoir targets and exposes the Company to highly impactful net hydrocarbon resource and value potential. Further we have secured follow up prospects like the Alvares Gas Discovery in each area of activity that will provide further upside to any drilling success".

**Cautionary Statement*

This statement applies to each of the references to potentially recoverable gas resources listed below. 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.

USA Dempsey Gas Project

Pancontinental, through its wholly owned subsidiary is party to a farmin agreement with Australian based Sacgasco Limited (ASX:SGC) over the Dempsey Gas Project in the Sacramento Gas Basin, California. The Company has recently made payments to earn a 10% interest in the project and is now fully funded for a planned 3,200m well, up to an agreed cost cap. The well is due to commence at the end of July and will be the first well for Pancontinental's newly acquired Sacramento Gas Basin assets.

The well will drill shallow targets in an existing gas field before drilling to 3,200m through larger, stacked conventional sandstone targets in a robust structure defined by 3D seismic.

Permits for the drilling are in place, a rig has been contracted and preparation of the drilling site has commenced.

Pancontinental estimates, calculated deterministically, unrisked, best estimate Prospective Resources of 77 Bcf* of recoverable gas net to its 10% interest (refer PCL announcement 5 July 2017).

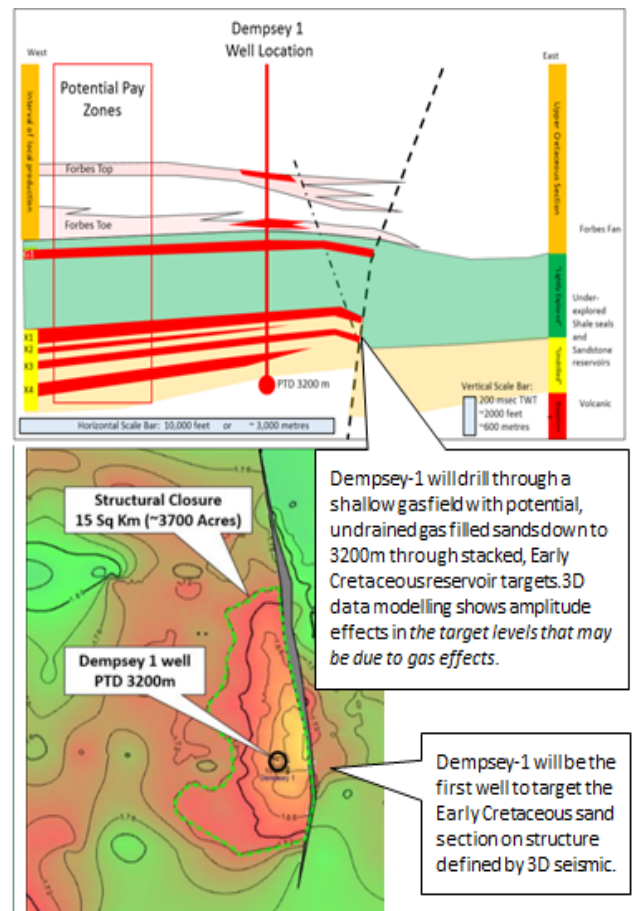
Joint venture partners in the Dempsey Gas Project include:

Sacgasco Limited (ASX:SGC)	50% Operator
Pancontinental Oil & Gas NL (ASX:PCL)	10%
Empyrean Energy PLC (AIM:EME)	30%
Xstate Resources Limited (ASX:XST)	10%

USA Alvares Gas Discovery

The Alvares Gas Project is also located in the Sacramento Gas Basin, California. Bombora Natural Energy Pty Ltd ("Bombora"), (Pancontinental's subsidiary) has entered into a farmin agreement with Sacgasco Limited and Xstate Resources Limited whereby Bombora has the right to earn a 10% working interest by funding 13.33% of the next well on the 1982 Alvares gas discovery.

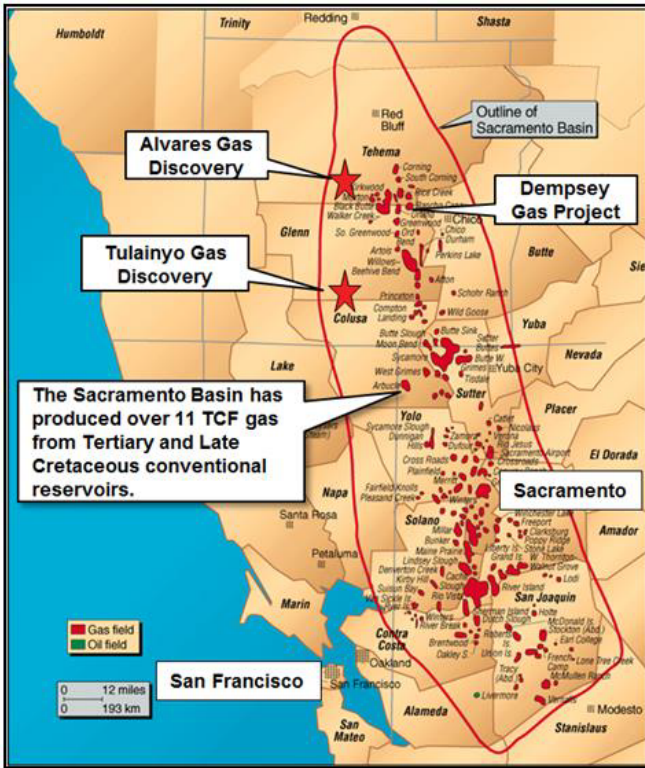
Bombora has now exercised its option to earn a further 5% in Alvares, by funding Sacgasco's share of a re-entry of the discovery well to assess it for a possible sidetrack to the gas reservoirs instead of requiring a more expensive new well from the surface. A sidetrack could significantly reduce the cost of testing the gas zones. The promoted component of Bombora's cost to earn its extra interest would be capped at circa US\$200,000.



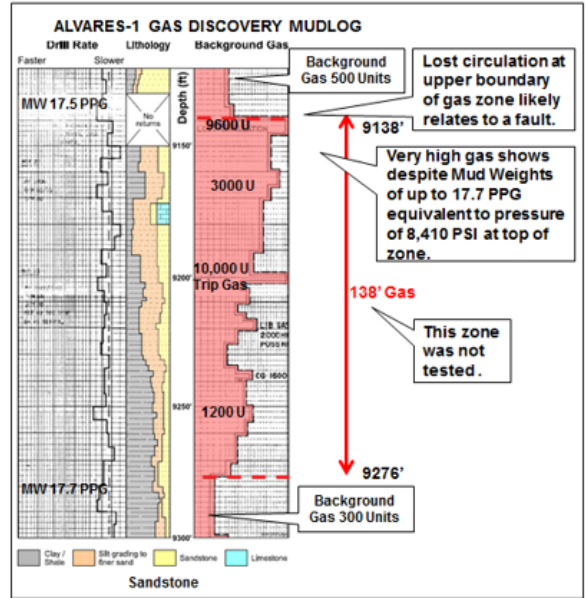
Cross section and Map of Dempsey Gas Project

The Alvares Joint Venture does not have a licence - required commitment to drill the well and is therefore, in the advantageous position of being able to make a decision after reviewing information obtained from other relevant drilling programmes in the Sacramento Basin that are in progress for 2017.

Alvares-1 was drilled to a total depth of 4380m (14,060 feet) to test the Early



Location Map of the Sacramento Gas Basin and Pancontinental's Gas Projects



Untested Gas Zone in Alvares-1

Cretaceous age, Stoney Creek Formation targeting at the time, oil. This formation is part of an early, marine basin fill and is comprised of sandstones and conglomerates interspersed with clay rich rocks.

Wireline log data from the well indicates extensive zones with conventional gas reservoir potential.

Alvares-1 encountered high pressures, along with strong gas shows (up to 10,000 units in one untested zone) recorded over more than 1500m (4,815 feet) below a thick, sealing shale at 2531m (8304 feet). Operational issues resulted in an incomplete suite of wireline log data with which to evaluate the results. Pancontinental believes that with careful well planning, application of modern techniques and equipment commonly used in similar geologic settings, an Alvares-2 well has a high probability of commercial success.

The key risk associated with the project, is execution of a drilling and completion programme that minimises damage to the reservoirs and allows for effective flow testing of the rocks. It's a strategic asset that could benefit greatly from the work of other drilling activity in which Pancontinental is participating in the greater play area.

Joint venture partners in the Alvares Gas Discovery post farmin earning include:

Sacgasco Limited

(ASX:SGC)

50% Operator

Pancontinental Oil & Gas NL	(ASX:PCL)	10%
Xstate Resources Limited	(ASX:XST)	30%
Empyrean Energy PLC	(AIM:EME)	10%

ORRE Person (Qualified Petroleum Resources Evaluator)

The information in this release relating to the Dempsey Gas Project has been compiled by Mr John Begg, Executive Director and CEO of Pancontinental Oil & Gas NL. Mr Begg has the relevant degree in geology and has been practicing petroleum geology for more than 30 years. Mr Begg has consented in writing to the inclusion of the information stated in the form and context in which it appears.

Mr Begg is not aware of any new information or data that would materially affect the information relating to the Dempsey Gas Project that is included in this announcement. All material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed up to the date of this announcement.

For and on behalf of
Pancontinental Oil & Gas NL

John Begg
Executive Director & CEO

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