

PANCONTINENTAL FULLY FUNDED FOR THREE WELLS

- **California Dempsey – 10% interest secured, Dempsey-1 spudded on 2 August and drilling ahead in section with upper gas targets.**
- **California Tulainyo – 13.33% fully funded, Tulainyo-2 gas appraisal well now due to spud in October, 2017.**
- **Namibia PEL 37 – 30% free carried with recent farmin by ONGC Videsh Limited increasing likelihood of drilling in 2018.**

Pancontinental Oil & Gas NL (ASX: PCL) (“Pancontinental” or “Company”) is pleased to provide the following operations update.

Dempsey-1, California (10% working interest)

Pancontinental’s first of two fully funded wells to be drilled in 2017, Dempsey-1 in the northern Sacramento Gas Basin, commenced drilling on 2 August 2017 and Surface casing was set at 552 metres (1812 feet). The well is programmed for a total depth of 3,200 metres (approximately 10,500 feet) and is drilling ahead within the section containing the upper gas reservoir targets. The well is testing a large 3D defined structure with multiple stacked sandstone reservoir targets.

Joint venture partners in the Dempsey Gas Project are:

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%

Tulainyo-2, California (earning equivalent 13.33% * working interest)

The second fully funded well, the high potential Tulainyo-2 well, will appraise a potentially giant- scale, high pressure gas resource in a circa 100km² anticlinal structure on the west flank of the Sacramento Gas Basin. The well is scheduled to spud in October, 2017.

*Gas Fields LLC (“Gas Fields”), a subsidiary of Pancontinental owned 40% Pancontinental and 60% Magnum Gas and Power Limited (ASX: MPE) has rights to earn on a staged basis, up to 33.33% in the project. Following contribution of funds

by Magnum in accordance with an LOI announced on 5 June 2017, Gas Fields has recently provided the remaining funding required for the drilling of Tulainyo-2 to the operator of the Tulainyo project and is therefore now fully funded for the drilling of Tulainyo-2.

The Tulainyo Joint Venture includes project operator California Resources Production Corporation, a subsidiary of California Resources Corporation (NYSE: CRC) and Cirque Resources LP, a private company based in Denver, Colorado.

Namibian PEL 37 (30% working interest)

The recently announced entry of India's ONGC Videsh Limited to Pancontinental's Namibian PEL 37 project gives renewed confidence for drilling the highest ranked of a suite of large oil and gas prospects defined by 3D seismic.

Pancontinental's 30% interest in PEL 37 is free carried by Tullow Namibia Limited.

Joint venture partners in PEL 37, assuming a successful completion of the ONGC farm in would include:

Tullow Namibia Limited (Operator)	35.00%*
Pancontinental Oil & Gas	30.00%
ONGC Videsh Limited	30.00%*
Paragon Oil & Gas (Pty) Ltd	5.00%

*As recently announced Tullow Namibia Limited has signed an agreement to farm out 30% to ONGC Videsh Limited. These are the post farmout interests.

Pancontinental Drill Program High Impact Resource Exposure

Pancontinental has the potential to discover and prove up significant oil and gas resources in the projects where it is drilling.

Region	Project or Prospect	Type	Net Prospective Resource	Method of estimation
California	Dempsey	Gas field appraisal & exploration	77 Bcf ¹	Deterministic (Best Estimate)
California	Tulainyo	Gas discovery appraisal	233 Bcf ²	Probabilistic (P50)
Namibia ³ (PEL 37)	Albatross	Oil exploration	99.5 MMbbl	Deterministic (Best Estimate)
	Seagull & Gannet Sth	A/A	96.3 MMbbl	A/A
	Seagull & Gannet Nth	A/A	29.6 MMbbl	A/A
	Cormorant	A/A	35.3 MMbbl	A/A

NOTES to the TABLE

1- Assumes 10% earned interest and unrisks resources *as published in press release of 5 July 2017.*

2- Assumes net beneficial position at completion of farm in earning wells and unrisks resources *per press release 23 June 2017.*

3- Assumes 30% interest and unrisks resources *per press release 28 September 2015.*

Cautionary statement: 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.

Pancontinental CEO, John Begg, commented:

"We now have a fully funded program for three wells, with Pancontinental's cost mostly being met by third parties and the first well already drilling.

Given the targeted net resources, success in any one of the wells could be transformational for the Company.

It's a clear illustration of the portfolio approach that we have adopted. Blending lower cost, potentially quick to develop onshore gas projects with big oil potential, offshore projects where the Company is sheltered from the cost through successful farmout programs.

We believe there are very few listed junior oil and gas companies, targeting conventional resources, with a program to match this."

ORRE Person (Qualified Petroleum Resources Evaluator)

The information in this release 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, the Tulainyo Gas Discovery or PEL 37 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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