

TULAINYO- 2 WELL PERMIT TO DRILL ISSUED AND RIG CONTRACTED

Pancontinental Oil & Gas NL (ASX: PCL) (the "Company") is pleased to provide an update on the progress of the Company's next well in California that is due to spud in late October. The Tulainyo 2-7 well will appraise a potentially giant-scale, overpressured gas discovery in similar age rocks to those about to be tested in the Dempsey-1 well (PCL 10%), also in the Sacramento Gas Basin. The permit to drill on the lease has now been issued with the process taking under 40 days to achieve.

The Operator has confirmed the Ensign Rig 587 will be used for the drilling operations. The rig is currently actively working for the Operator. In addition, the necessary surface use agreement is in place with the landholder.

Pancontinental is earning an effective 13.33% interest in this very large project by appraising the 2015 Tulainyo-1 gas discovery that could not be tested due to mechanical difficulties. The Company holds its interest via 40% owned California subsidiary Gas Fields LLC ("Gas Fields"), also 60% owned by Magnum Gas and Power Limited (ASX: MPE). Gas Fields 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, all funds necessary for the drilling of the well have already been advanced to the operator.

Recoverable Gas Resource Potential Net to PCL

Region	Project	Type	Net Prospective Resource	Method of Estimation
California	Tulainyo	Gas discovery appraisal	233 Bcf²	Probabalistic (P50)

Assumes a net beneficial position at completion of farmin earning wells and unrisks resources *per press release 23 June 2017*.

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.

For and on behalf of
Pancontinental Oil & Gas NL

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