

Pancontinental Signs Agreement to Sell US subsidiary

- **Share Sale and Purchase Agreement executed with Raven Energy Limited for US incorporated Gas Fields LLC which holds the Tulainyo Gas Project.**
- **The transaction is a strategic initiative to take advantage of the investment so far, in a project with significant remaining potential.**
- **Consideration of AU \$300,000 and AU \$1,000,000 worth of shares in Raven Energy Limited. In addition, the potential for longer term milestone success payments based on booking of gas reserves and attaining commercial production.**

Pancontinental Oil & Gas NL (ASX:PCL) ("Pancontinental" or "Company") is pleased to announce that subsidiary Bombora Natural Energy Pty Ltd ("Bombora") has executed a binding Share Sale and Purchase Agreement with Raven Energy Limited ("Raven") (ASX:REL) for the sale of its interest in 40% owned US subsidiary, Gas Fields LLC ("Gas Fields").

This transaction will simplify the ownership structure of Gas Fields and allow Raven to focus on unlocking the true potential of the asset as well as continue its strategy of expanding its Californian portfolio. Pancontinental will oversee its investment in Raven by consenting to Mr John Begg providing consultancy assistance to the company for a period of up to 6 months.

The "Cash Consideration" for the sale of the Bombora Shares is:

- the sum of \$25,000 payable to Bombora within fifteen (15) Business Days of the execution of this agreement; and
- the sum of \$275,000 payable to Bombora within seven (7) days of the satisfaction of the "Cash Consideration Condition";

The "Cash Consideration Condition" means Raven raising by debt or equity at least \$1,000,000. If the "Cash Consideration Condition" is not satisfied within six (6) months of the Effective Date (28 June 2018) or such longer period as Bombora allows, then the payment referred to in the second bullet point above must be made within twelve (12) months of the Effective Date and interest at the rate of ten percent (10%) per annum compounding monthly shall be payable on that sum from the Effective Date until the sum is paid.

As well as the cash consideration, Bombora will also be issued "Share Consideration" of 555,555,555 ordinary fully paid shares in the capital of Raven deemed to be issued at an issue price of \$0.0018 per share.

The issue by Raven to Bombora (or its nominee) of the "Share Consideration" is required within fourteen (14) days of the satisfaction of the "Share Consideration Condition". The "Share Consideration Condition" means any and all approvals that Raven needs to obtain, including from its shareholder (if necessary), in order for Raven to issue the "Share Consideration" to Bombora or its nominee in accordance with Law and in particular the ASX Listing Rules (if applicable).

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If however, there is no need under any Law to satisfy the "Share Consideration Condition" prior to issuing the "Share Consideration" to Bombora (or its nominee), then the "Share Consideration" must be issued to Bombora or its nominee within fourteen (14) days of the Effective Date;

If the "Share Consideration Condition" is not satisfied within six (6) months of the Effective Date or such longer period as Bombora allows, then Raven must pay Bombora the sum of \$1,000,000 in lieu of the "Share Consideration", upon the written demand of Bombora.

Bombora has agreed with Raven that it will treat the "Share Consideration" as being restricted securities within the meaning of the ASX Listing Rule for a period of twelve (12) months from the date of the issue and will do all that is reasonably required by Raven or the ASX for those restricted securities to comply with chapter 9 of the ASX Listing Rules.

In addition to the cash and share components of the transaction, Bombora will also receive:

- the sum of \$500,000 payable to Bombora upon the achievement of Tulainyo Milestone TM(a), which is when the Tulainyo Joint Venture determines that the flow of gas to the surface, as part of the Tulainyo Project, is economic to connect into a gas trunkline. The Sale Agreement with Raven does not define economic, but if the Joint Venture elects to connect to a trunkline it would mean that a sufficient quantity of gas is present to enable it to do so; *
- the sum of \$5,000,000 payable to Bombora upon the achievement of Tulainyo Milestone TM(b), which is achieved when, based on the SPE PRMS standard it is determined by a suitably qualified expert that the Tulainyo Project contains a Reserve of at least 500 billion cubic feet of gas gross to the Project; * and
- the sum of \$10,000,000 payable to Bombora on the achievement of Tulainyo Milestone TM(c), but if any payments have been made under the previous bullet point, then those payments will be deducted from the \$10,000,000 payment required under this bullet point. Tulainyo Milestone TM(c) will occur when, based on the SPE PRMS standard it is determined by a suitably qualified expert that the Tulainyo Project contains a Reserve of at least one (1) trillion cubic feet of gas gross to the Project. *

*If achieved within 3 years.

Note 1. Suitably qualified expert is not defined in the Sale Agreement but "suitably qualified" would mean someone with appropriate oil and gas experience and capability. Any determination of such a person, as stated in the Agreement, has to be to SPE PRMS standard.

The parties acknowledge and agree that if Raven is in default of any of its obligations under the agreement, Bombora's sole remedy for that default is in a claim for money and not any claim for the return of the Bombora Shares.

Commenting on the result Pancontinental CEO John Begg said:

"The Tulainyo project continues to hold great potential and this transaction provides a beneficial outcome for both parties. Pancontinental will secure immediate benefits in the form of cash and scrip in Raven, with further exposure to upside via material, success milestone payments. We think this project requires a focussed effort working with a very capable operator (California Resources Production Corporation) and joint venture, and that Raven under the circumstances is best placed to be that vehicle.

For Raven, this transaction is significant in that it provides them with full ownership of the company which strengthens their Californian asset base and provides increased exposure in the prospective Sacramento Basin."

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For and on behalf of
Pancontinental Oil & Gas NL

John Begg - Executive Director and CEO

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