

## **GAS FIELDS LLC - TULAINYO PROJECT OVERRUNS**

On 29 June 2018, Pancontinental Oil & Gas NL ("Pancon") announced that it had divested its forty percent (40%) interest in US subsidiary Gas Fields LLC ("Gas Fields") to Raven Energy Limited ("Raven"). Gas Fields, a wholly owned subsidiary of Raven, has been earning an interest in the Tulainyo Gas Project in California.

At the time of the divestment, the Operator of the Tulainyo project claimed that Gas Fields (via Raven) owed it US\$321,353.

The Operator is now claiming that:

- 1 Gas Fields has failed to provide the required completion funds for costs allegedly incurred by the Operator in the drilling of Tulainyo #2;
- 2 that the sum allegedly owed by Gas Fields has now increased to US\$1,738,273; and
- 3 as Bombora had guaranteed the obligations of Gas Fields in the original Farmin Agreement between Gas Fields, Bombora and Cirque of 21 March 2017, the Operator would look to Bombora to make that payment in the event that Gas Fields failed to pay it.

To the extent that this claim by the Operator is valid (which is denied by Bombora), to the extent that Gas Fields fails to pay it and if Bombora is called upon to pay it, then it should be understood that the only "assets" available to Bombora to satisfy any such claim are its shareholding in Bombora Natural Gas, LLC which is the US entity with rights to the Dempsey and Alvares gas projects. Bombora is also earning a seventy percent (70%) interest in the West Australian exploration permit EP447 by acquiring 3D seismic at an estimated cost of \$1.8 - \$2.0 million.

**Pancon, itself, has no liability in relation to this matter.**

On 2 September 2018, Bombora wrote to the Operator denying liability for the claims referred to above and sought further information about them. It also sought a meeting with the Operator which is expected to take place sometime this week. The market will be informed as further developments occur.

For and on behalf of  
**Pancontinental Oil & Gas NL**

**John Begg**  
**Executive Director & CEO**

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