

## Summary

### Namibia - Offshore

#### PEL 87

- Pancontinental has held the PEL 87 licence for just over a year and within that time has fast-tracked an exploration programme which has yielded impressive results to date.
- The Company has focused its resources on working up the oil potential of this area and has already spent over US \$1 million on seismic data acquisition alone.
- The largest of the prospective Plays identified so far is a Cretaceous (Late Aptian) turbidite fan system known as the "Saturn Superfan". This fan system is interpreted to contain a number of individual Leads whilst also having the potential to be one, vast, single oil trap due to the structure being overlaid by sealing shale.
- The oil potential in the licence area has been independently assessed and Pancontinental is currently seeking farminees for an accelerated 3D seismic and drilling programme.

#### PEL 37

- Pancontinental and its joint venture partners in Namibia, drilled the Cormorant-1 well last quarter. The drilling results are now being analysed and will provide valuable information for future exploration in the licence.
- A number of other major Turbidite Prospects including Albatross are closer to the oil source rocks than Cormorant. The merits of each of these Prospects, in combination with the drilling results, will be assessed going forward.

### Western Australia – Onshore

#### Walyering

- The Company is preparing for a 3D seismic survey over the Walyering Conventional Gas Field in the onshore Perth Basin. Consideration is being given to introducing a farmin partner.

### USA California - Onshore

- During the Quarter, Pancontinental and Raven Energy Limited signed a binding sale and purchase agreement for the disposal of Bombora Natural Energy Pty Ltd. This transaction completes the Company's plan of exiting from the Californian onshore gas scene.

### Corporate

- Executive Director Ernie Myers became CEO during November 2018, replacing John Begg who stepped down from the role. Mr Begg remains a Non-Executive director.
- Barry Rushworth has taken on the role of Technical Director.
- Cash balance of AUD \$4.8 million as at 31 December 2018.

## Projects

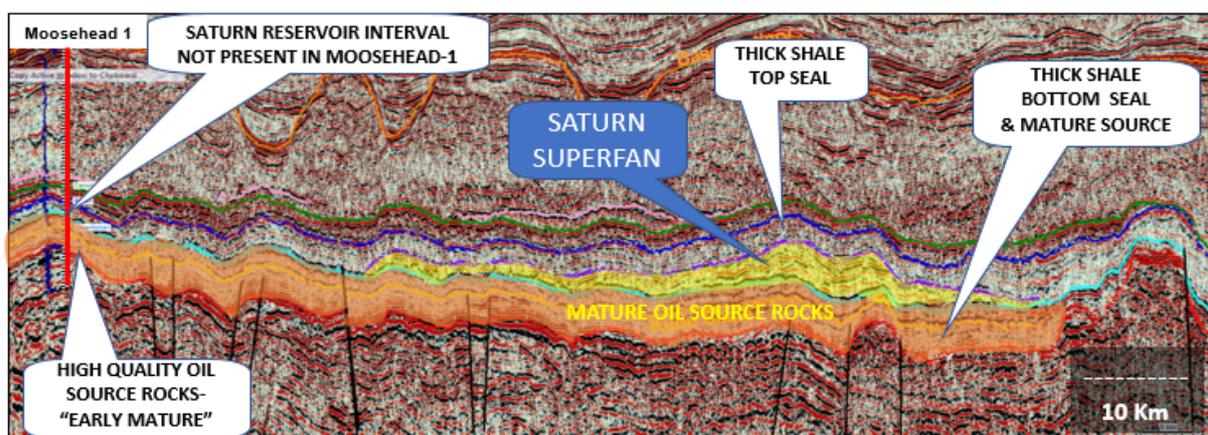
### Namibia Offshore PEL 87

Location:	Orange Basin	
Project Size:	10,947 square kilometres	
JV Partners:	Pancontinental (Operator)	75.00%
	Custos Investments (Pty) Ltd	15.00%
	NAMCOR*	10.00%
	*National Petroleum Corporation of Namibia	

Pancontinental's most successful projects have originated from investing in frontier, underexplored areas as operator. In recent years, the exploration team identified and pursued an area to the south of the Company's Namibian PEL 37 licence. The licence is in a sought after area and the Company faced international competition for the bid. Petroleum Exploration Licence 87 in the Orange Basin offshore Namibia was issued to Pancontinental in January 2018.

A fast track work programme commenced thereafter and has so far returned exciting results. Prospective trends have been identified within the licence including a very large submarine fan complex of Aptian Age that the Company has named the "Saturn Superfan". The fan complex is an older feature than the submarine fan drilled in PEL 37 to the north in the Walvis Basin and lies directly above rich oil source shales which are mature for oil generation. While both PEL 37 and PEL 87 projects share some geological characteristics, different oil source kitchens, oil migration and charge mechanisms are accessed in each area.

This huge and highly prospective play type has never been drilled in Namibia but encouragingly has been successfully tested in analogue basins around the world. This region is a real hotspot and hosts super-major companies as operators, some of who, such as Shell and Total are drilling in the near term.



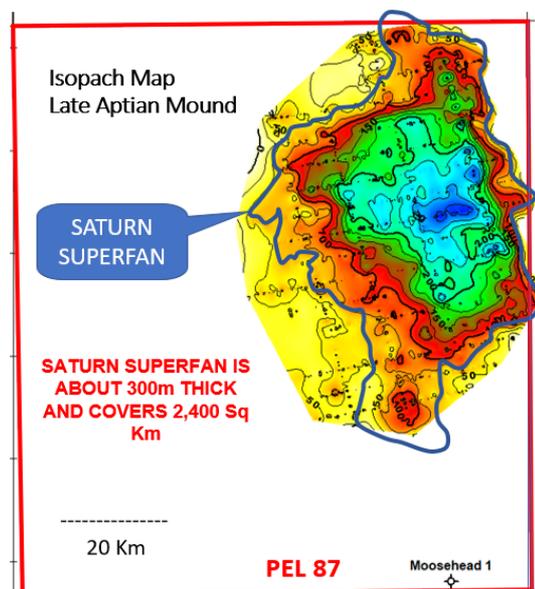
Seismic Section through the Saturn Superfan showing a large closed anticlinal-drape Lead

## Prospective Resources

Independently assessed potential for giant scale (over 500MMBbls\* recoverable) oil resources is indicated with a range of large sub leads of this play.

The “Saturn” Superfan is made up of a number of discrete internal geological Play types but could itself be a vast single oil trap on a global scale.

This is an exploration project that holds true world class potential.



## TABLE OF UNRISKED BEST ESTIMATE RECOVERABLE VOLUMES

PLAY TYPE	GROSS BEST ESTIMATE PROSPECTIVE RESOURCES POTENTIAL*	LEAD
Aptian Depositional Wedge	<b>1.3 Billion Bbls</b>	Saturn Superfan**
Mounded Facies	<b>152</b> Million Bbls	A
Structural (4 way rollover)	<b>73</b> Million Bbls	C1
Structural / Stratigraphic	<b>345</b> Million Bbls	D
First Turbidite lobe/Sheet sand	<b>349</b> Million Bbls	G
Structural/Mound (4 way rollover)	<b>40</b> Million Bbls	H

The oil volumes shown are gross volumes.

\*A Giant field has at least 500 MMBOE recoverable potential

\*\* The overall Saturn Superfan incorporates all of the other Leads, but with different risk inputs

### \*Cautionary Statement

The potential recoverable oil resources, classified as Prospective Resources, have been estimated probabilistically on an unrisked, Best Estimate basis.

These were announced on 11 September, 2018.

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 potentially moveable hydrocarbons.

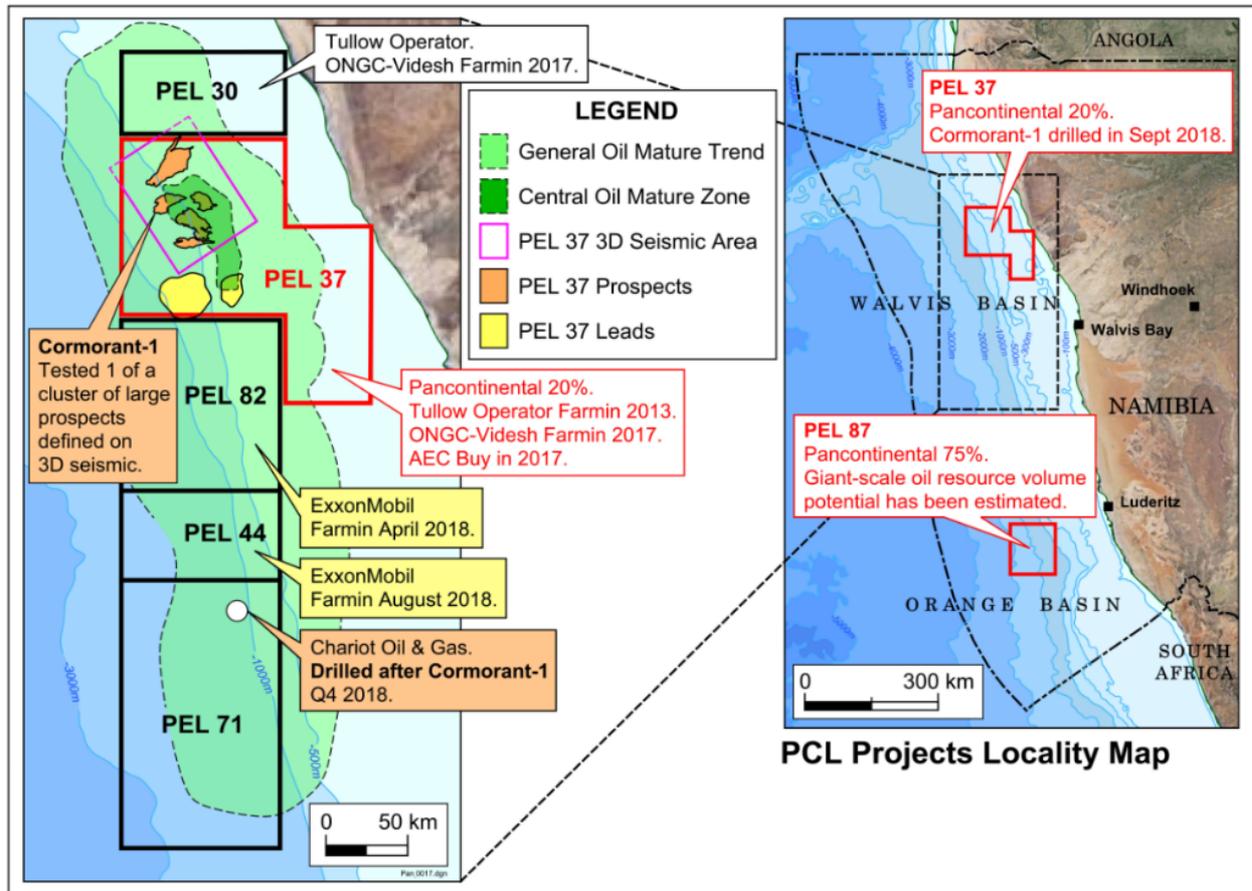
The company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## Namibia Offshore PEL 37

Location:	Walvis Basin		
Project Size:	17,295 square kilometres		
JV Partners:	Tullow Namibia Limited (Operator)	35.00%	
	Pancontinental Namibia Pty Ltd	30.00%	* Ownership of Pancontinental Namibia Pty Ltd: Pancontinental Oil & Gas NL 66.67% Africa Energy Corp. 33.33%
	ONGC Videsh Limited	30.00%	
	Paragon Oil & Gas (Pty) Ltd	5.00%	

During the previous Quarter, the long awaited Cormorant-1 well was drilled offshore Namibia by the PEL 37 joint venture. This was a project that Pancontinental generated in 2011, and, post farm out to Tullow Namibia Limited in 2013, more than US \$70 million has been spent on seismic and drilling, with minimal financial impact on the Company.

The well unfortunately did not find accumulated hydrocarbons and the drilling results are now being analysed and will provide valuable information for future exploration in the licence.



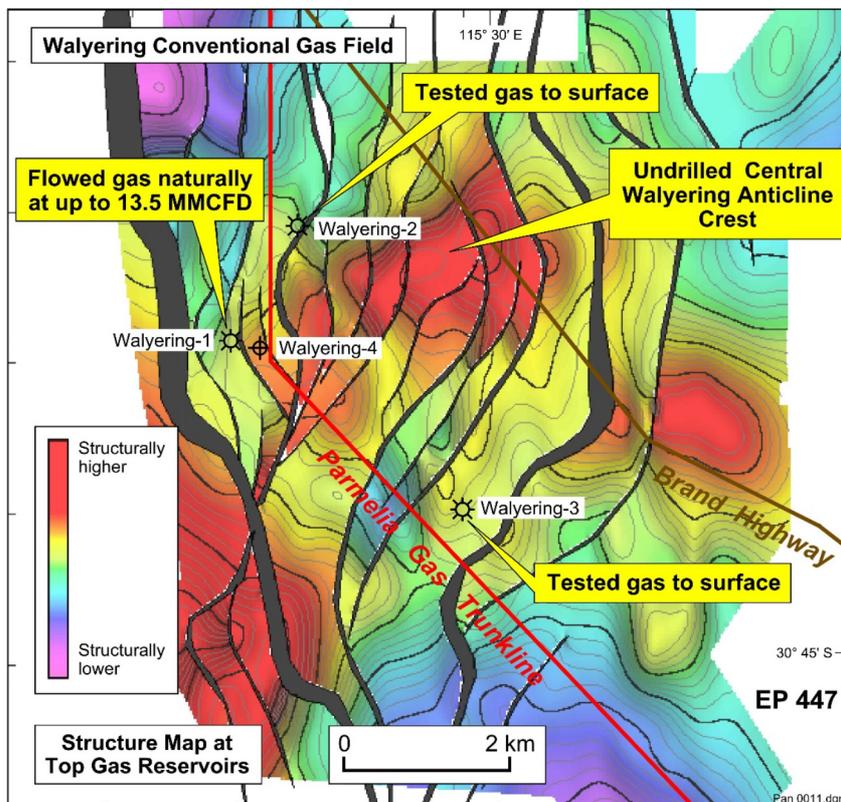
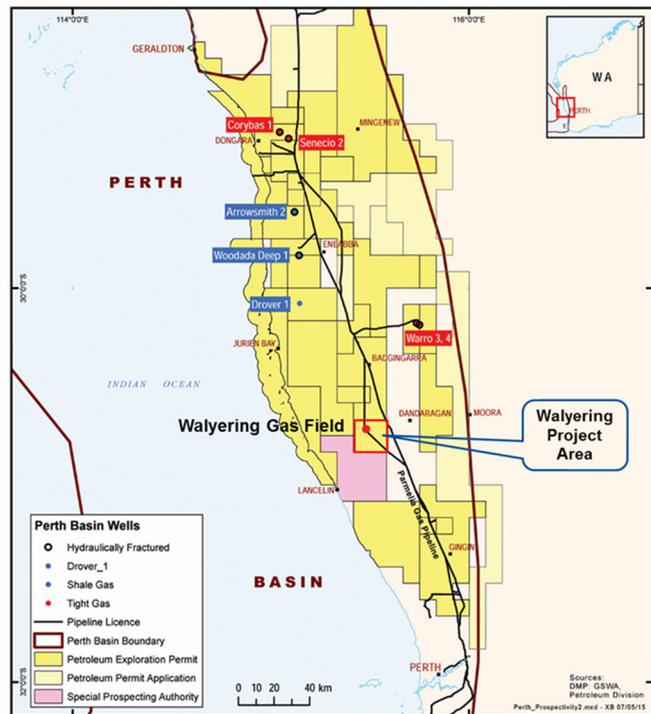
## Western Australia – Perth Basin Walyering

Location:	Perth Basin		
Project Size:	120 square kilometres		
JV Partners:	UIL Energy Ltd (Operator)	(ASX:UIL)	30.00%
	Pancontinental Oil & Gas NL	(ASX:PCL)	70.00%*
			*earning

Under a farmin with UIL Energy Ltd, who have been recently taken over by Strike Energy Limited, Pancontinental can earn a 70% operated interest in the Walyering Conventional Gas Field by acquiring 3D seismic.

The Company believes that by better definition of the area with 3D seismic combined with modern drilling techniques, the Walyering Gas Field could provide gas to the Western Australian market.

The Walyering Gas Field is one of a number of early gas discoveries by basin pioneer WAPET in the late 1960's and early 1970's.



Walyering-1 flowed conventional gas on natural flow at up to 13.5 MMCFD and was produced for a time into the Parmelia Gas Pipeline supplying domestic customers in Perth. However, the central largest compartment of the Walyering Gas Field was not drilled and this is the area of interest for the joint venture.

The Company is currently working towards obtaining approval to conduct a 3D seismic survey of approximately 90

km<sup>2</sup>. This is quite a complex process involving environmental, safety, heritage and landowner approvals prior to the issue of a permit by the DMIRS.

## **USA California**

The Company had anticipated that through the acquisition of Bombora Natural Energy Pty Ltd ("Bombora") it would have added producing Californian assets to its portfolio. However, after drilling two wells which did not produce adequate results, the Company resolved to exit from California completely.

The last step in this process occurred during the quarter with Pancontinental signing a binding sale and purchase agreement with Raven Energy Limited to acquire 100% of Bombora.

This will free up the Company's time and capital to focus on its core projects in Namibia and Australia.

## **New Ventures**

The Company continues to evaluate suitable new venture opportunities that could add value and activity during 2019.

## **Management Changes**

The Company has made important changes to best position it's Board for the future.

Ernie Myers now leads the Company as CEO and Executive Director. He is supported by Technical Director; Barry Rushworth, and Non-Executive Directors John Begg and Marie Malaxos, as well as Director Vesna Petrovic on the financial side.

## **Annual Report and General Meeting**

The Company's annual report was lodged during the quarter. A copy of the report can be found following the below link:

<https://pancon.com.au/wp-content/uploads/2018/11/2018-10-30-PCL-ASX-Annual-Report.pdf>

The Company also held its Annual General Meeting during the quarter where all resolutions put to the meeting were passed on a poll.

Results can be found following the below link:

[http://clients2.weblink.com.au/news/pdf\\_2%5C02055156.pdf](http://clients2.weblink.com.au/news/pdf_2%5C02055156.pdf)

## Licence Schedule

<b>Licence Location</b>	<b>Licence Reference</b>	<b>PCL (consolidated) interest at the beginning of the quarter</b>	<b>Movements for the current quarter</b>	<b>PCL (consolidated) interest at the end of the quarter</b>
Namibia	PEL 37	20.00%	0.00%	20.00%
Namibia	PEL 87	75.00%	0.00%	75.00%
USA California	Dempsey	10.00%	-10.00%	0.00%
USA California	Alvares	*15.00%	-15.00%	0.00%
Kenya	L6 offshore	40.00%	0.00%	40.00%
Kenya	L6 onshore	16.00%	0.00%	16.00%
Australia	Walyearing	*70.00%	0.00%	*70.00%

\*earning

## **DISCLAIMERS & NOTES**

### **Prospective Resource Estimates Cautionary Statement**

The estimated quantities of petroleum in this report 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 potentially moveable hydrocarbons.

### **Prospective Resources**

Prospective Resource estimates in this report have been prepared as at the date disclosed under the prospective resource numbers. The estimates have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers and have been prepared using deterministic methods and probabilistic methods depending on the project and this is disclosed under the prospective resource numbers. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisks and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the total resource while the Net to Pancontinental basis is adjusted for Pancontinental's percentage entitlement under Joint Venture contracts and adjusted for applicable royalties.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas NL and may be subject to revision if amendments to mapping or other factors necessitate such revision.

### **Prospects and Leads**

The meanings of "Prospects" and "Leads" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target. A Lead is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and / or evaluation to be classified as a Prospect.

### **Competent Person Statement Information**

The hydrocarbon resource estimates in this report have been compiled by Mr Brian Diamond. Mr Diamond holds a BSc Geology and an MSc in Geophysics and has over 20 years of experience in petroleum exploration, development and production. Mr Diamond consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

### **Forward Looking Statements**

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental Oil & Gas NL's planned operation programme and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Pancontinental believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.

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