

PANCONTINENTAL OIL & GAS NL

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ASX Companies Announcement Office

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KENYA L10A & L10B - COMPLETION OF 3D AND 2D SEISMIC ACQUISTION

Completion of Major 3D and 2D Surveys

Pancontinental Oil & Gas NL ("Pancontinental") is pleased to announce that the 3D and 2D seismic survey acquisition has been completed in offshore Kenya licence areas L10A and L10B.

The 3D seismic survey was carried out in the eastern portion of the areas commencing mid-November 2011 and this was followed by a 2D survey in the western portion of the areas.

The surveys cover ten strong "leads" identified under a "fast track" exploration programme by project operator BG Group. The leads are in diverse geological "play" types and some of the leads are on-trend and similar to the giant Mbawa Prospect to the north in licence area L8 (Pancontinental 15%).

The L10A and L10B licences were awarded to Pancontinental and other joint venture members on 17 May 2011, with an effective date of 15 August 2011.

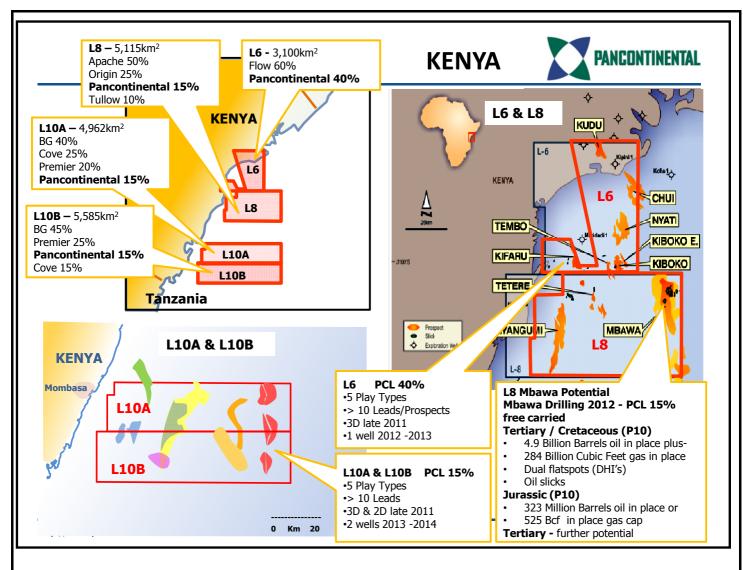
It is anticipated that the seismic data will be fully processed by mid 2012 and interpretation and mapping will be completed later in the year. The aim of the survey is to fully map a number of prospects prior to drilling.

The L10A and L10B joint ventures consist of-	<u>L10A</u>	<u>L10B</u>
BG Group plc (Operator)	40%	45%
Premier Oil plc	20%	25%
Cove Energy plc	25%	15%
Pancontinental Oil & Gas NL	15%	15%

Offshore Kenya Prospectivity and Pancontinental Activities

The offshore East African margin, including Kenya, has become an international "hot spot" for oil and gas exploration. A number of recent major gas discoveries offshore Mozambique and Tanzania have led to a manyfold increase in exploration activity.

Along the East African margin the geological sequence is relatively continuous, although depositional environments have varied over time as well as location. From the number of recent major gas discoveries, it is beginning to appear that deeper water locations may prove to be "gas prone" along the margin.



Pancontinental believes that it has identified an oil- prone "sweet spot" offshore Kenya and this will first be tested by drilling planned for mid 2012 on the giant Mbawa Prospect in L8.

Pancontinental has a free-carried 15% interest in the Mbawa well and was one of the originating companies of the project alongside its then co -venture partner and subsequent merger partner Afrex Limited. Mbawa has potential to contain more than 4.9 billion barrels of oil, although this can only be verified by drilling.

Using the "sweet spot" concept, Pancontinental has acquired four licences offshore Kenya, L6, L8, L10A and L10B covering more than 18,000 square kilometres.

Yours sincerely for and on behalf of Pancontinental Oil & Gas NL

West wat

Barry Rushworth, CEO and Director

The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, MPESA, Chief Executive Officer of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 30 years.

Mr Rushworth is a Director of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.