Pancontinental Oil & Gas NL

ACN 003 029 543

Financial Report

for the

Half-Year ended 31 December 2013

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Pancontinental Oil & Gas NL during the Half-Year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Directors' Report
31 December 2013

The Directors present their Report on the consolidated entity consisting of Pancontinental Oil & Gas NL ("Pancontinental" or "the Company") and the entities it controlled at the end of or during the Half-Year ended 31 December 2013.

The names and particulars of Directors and Officers of the Company during the whole of the Half-Year and up to the date of this Report are:

Name	**Particulars**
Henry David Kennedy	Chairman
Geologist and Company Director with extensive commercial and technical experience in resource companies.	
Appointed 31 August 1999	
Roy Barry Rushworth	Chief Executive Officer
Petroleum Geologist with extensive experience and involvement in the oil and gas exploration industry.	& Executive Director
Appointed 10 August 2005 (as Director)	
Ernest Anthony Myers	Finance Director
Certified Practicing Accountant with over 30 years management, financial and	
administration experience in the resources industry.	
Appointed 5 January 2009	
Anthony Robert Frederick Maslin	Non-Executive Director
Stockbroker with corporate experience in both management and promotion, along with an extensive understanding of financial markets.	
Appointed 17 December 2010	
Vesna Petrovic	Company Secretary
Certified Practicing Accountant with experience in the resources sector, particularly with companies involved in Africa. Appointed 16 April 2010	

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Directors' Report
31 December 2013

Review and Results of Operations

The review of the Consolidated Entity's operations during the Half-Year ended 31 December 2013 is as follows.

Financial

	$
Revenue	907,704
Expenses	(9,674,384)
Operating profit/(loss)	(8,766,680)
Income Tax	-
Operating profit/(loss) for Half-Year	(8,766,680)

Review of Operations

During the Half-Year Pancontinental maintained its focus on oil and gas exploration in Kenya and Namibia.

The activities undertaken during the period are detailed as follows:

KENYA OFFSHORE BLOCK L8

Until recently the Production Sharing Contract (PSC) participants in Kenya Offshore Block L8 consisted of Apache Corporation as operator ("Apache") 50%, Origin 20%, Pancontinental 15% and Tullow Oil 15%.

The expiry date of the Block was 21 January 2014. Unfortunately Apache, having decided not to carry out further exploration under the PSC, would not participate in any further discussions and the Kenyan Ministry considers that the PSC has now expired.

Pancontinental has had initial scoping talks with the Ministry and has requested to enter into negotiations with the Ministry and a potential co-venturer for the grant of a new PSC in respect of Block L8.

KENYA OFFSHORE BLOCK L10A

Pancontinental Oil & Gas NL – 18.75%

Kenya Offshore Block L10A has an area of 4,962.03 sq km in water depths of 200 to 1,900m**.**

During the half-year the main focus and activity was on planning and preparing for the drilling of the Sunbird-1 Well over a Miocene Pinnacle Reef. Sunbird is about 50km from the port of Mombasa and in relatively shallow water. The well is managed by Joint Venture operator BG Group, using the drillship Deepsea Metro 1. Sunbird-1 was spudded on 6 January 2014 and is expected to take 50 to 60 days to drill to 3,000m below sea level, with an option to extend to 3,700m. Water depth is 723m. Drilling operations are ongoing at the date of this report.

The participants in the joint venture are:

BG Group (Operator)	50.00%
PTTEP	31.25%
Pancontinental	18.75%

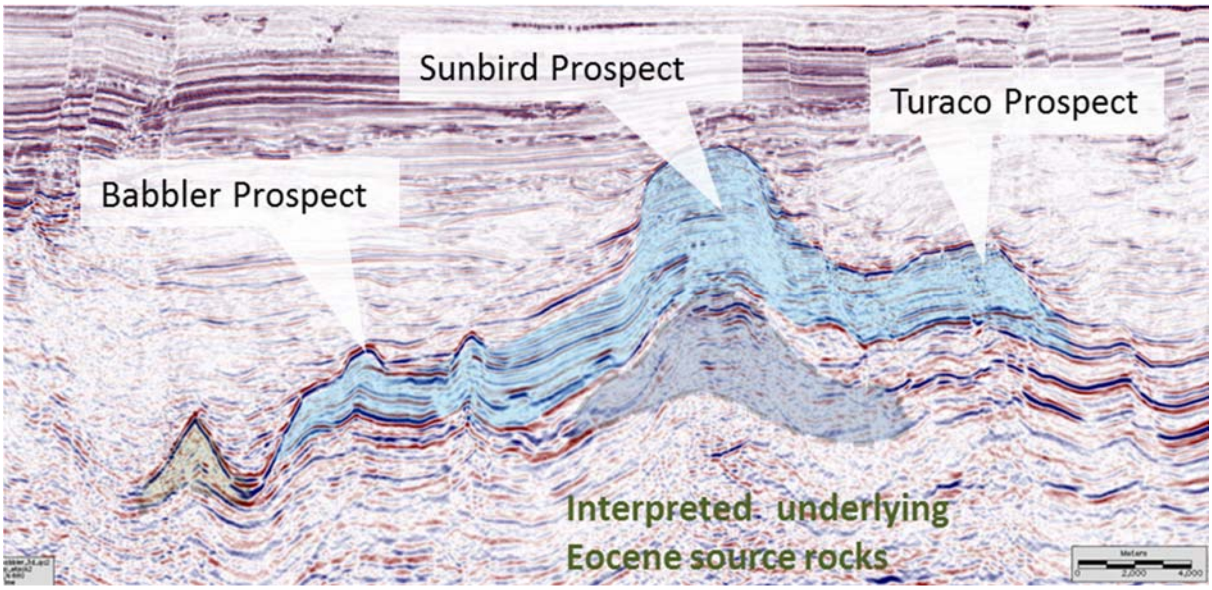

Figure 1: Seismic Cross Section through L10A / L10B Miocene Reef Prospects

KENYA OFFSHORE BLOCK L10B

Pancontinental Oil & Gas NL – 15%

Kenya Block L10B has an area of 5,585.35 sq km in water depths of 200 to 1,900m**.**

BG Group, as operator of the Block, continued to map Prospects and Leads using the 4,800 sq km of high-quality 3D seismic data acquired over the past two years.

The participants in the joint venture are:

BG Group (Operator)	45%
PTTEP	15%
Premier Oil	25%
Pancontinental	15%

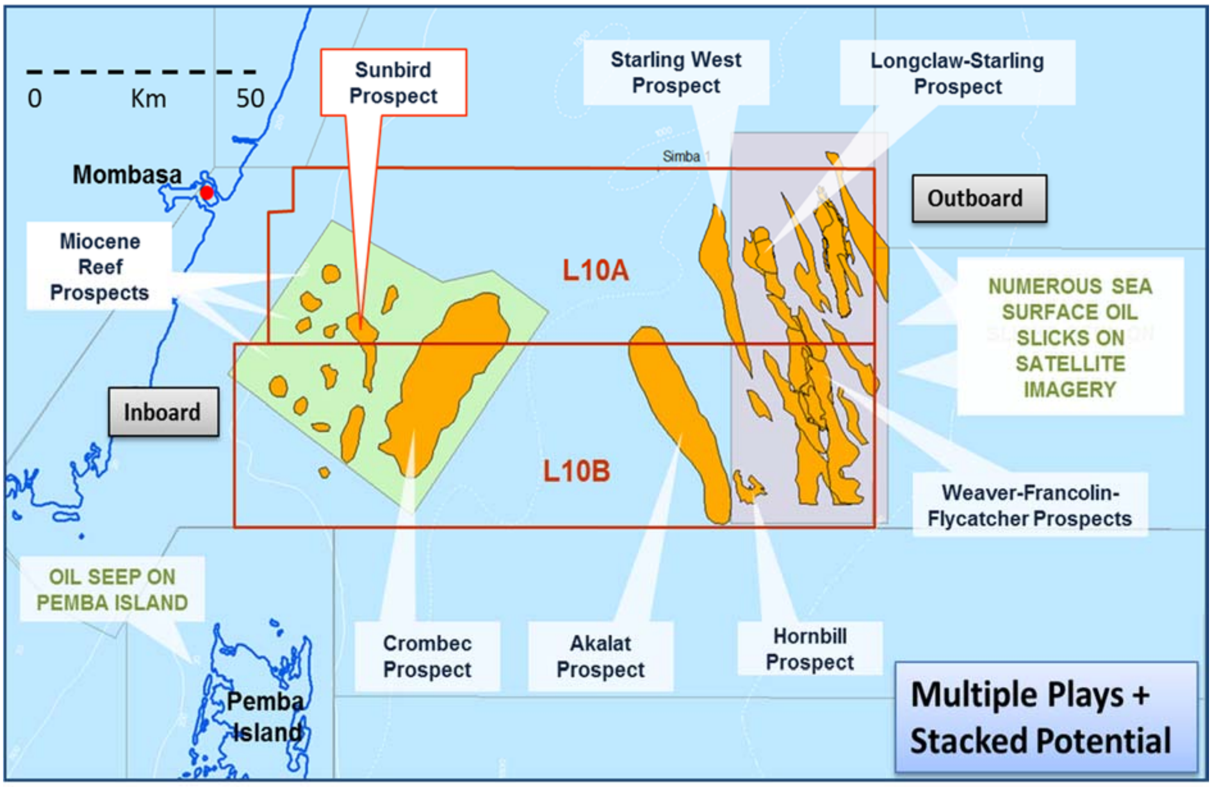

Figure 2: Map of L10A and L10B Prospects and Leads

KENYA OFFSHORE BLOCK L6

Pancontinental Oil & Gas NL – 40% Offshore

The L6 licence covers approximately 5,010 sq km, with about one quarter onshore and the rest offshore to 400 meters water depth. L6 is areally and geologically continuous to L8.

Area L6 off the Kenyan coast lies in the Lamu Basin and within the Tana River delta, north of recent world-scale natural gas discoveries off the coasts of Mozambique and Tanzania.

The L6 joint venture is operated by FAR Limited (ASX: FAR), with a 60% interest and is currently seeking a farminee.

KENYA ONSHORE BLOCK L6

Pancontinental Oil & Gas NL – 16% Onshore

In early February 2014 the Joint Venture entered a farm-in agreement for the onshore portion of Kenyan exploration area Block L6 in the Lamu Basin. Block L6 is partly onshore and partly offshore.

Under the terms agreed with farminee Milio E&P Limited (“Milio”) and Milio International, the current joint venture parties including Pancontinental will be fully funded through drilling and testing an onshore exploration well in Block L6 with an expected spud date in early 2015.

In addition, before the well, the current joint venture parties will be fully funded through the acquisition, processing and interpretation of a regional 1,000km of 2D seismic survey aimed to confirm at least three prospects as drilling targets. The seismic programme is expected to commence in April 2014.

In consideration of Milio funding that work, Milio will earn a sixty percent (60%) participating interest in the onshore portion of Block L6. Milio will not earn any interest in the offshore portion of Block L6. Milio will become the Operator of the onshore portion.

The participants in the joint venture are:

Milio (Operator)	60%
FAR	24%
Pancontinental	16%

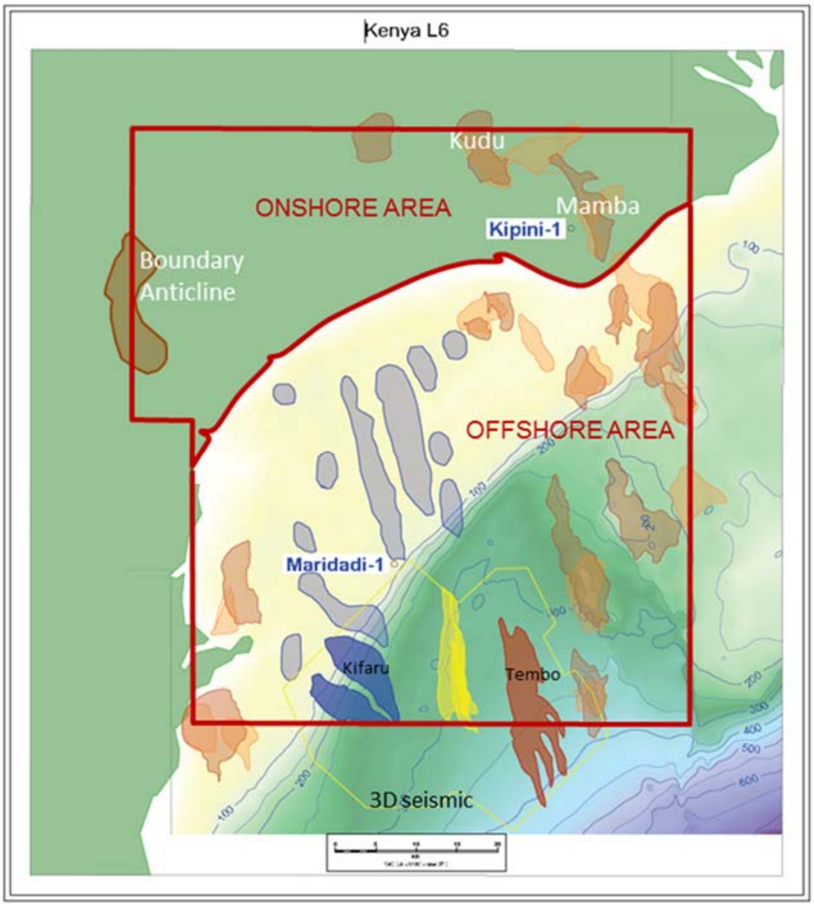

Figure 3: Map of Prospects and leads in L6 Licence Area

NAMIBIA

OFFSHORE WALVIS BASIN EL 0037

Pancontinental Oil & Gas NL - 30%

Petroleum Exploration Licence No. 0037 ("EL 0037") covers approximately 17,295 sq km in the Walvis Basin offshore northern Namibia.

The Namibia EL 0037 consortium consists of -

Tullow Kudu Limited[1] (Operator)	65%
Pancontinental Namibia (Pty) Ltd[2]	30%
Paragon Oil & Gas (Pty) Ltd[3]	5%

1 Tullow Kudu Limited is a wholly owned subsidiary of Tullow Oil plc
2 Pancontinental Namibia (Pty) Ltd is a wholly owned subsidiary of Pancontinental Oil & Gas NL
3 Paragon Oil & Gas (Pty) Ltd is a wholly owned subsidiary of Paragon Investment Holding's (Pty) Ltd

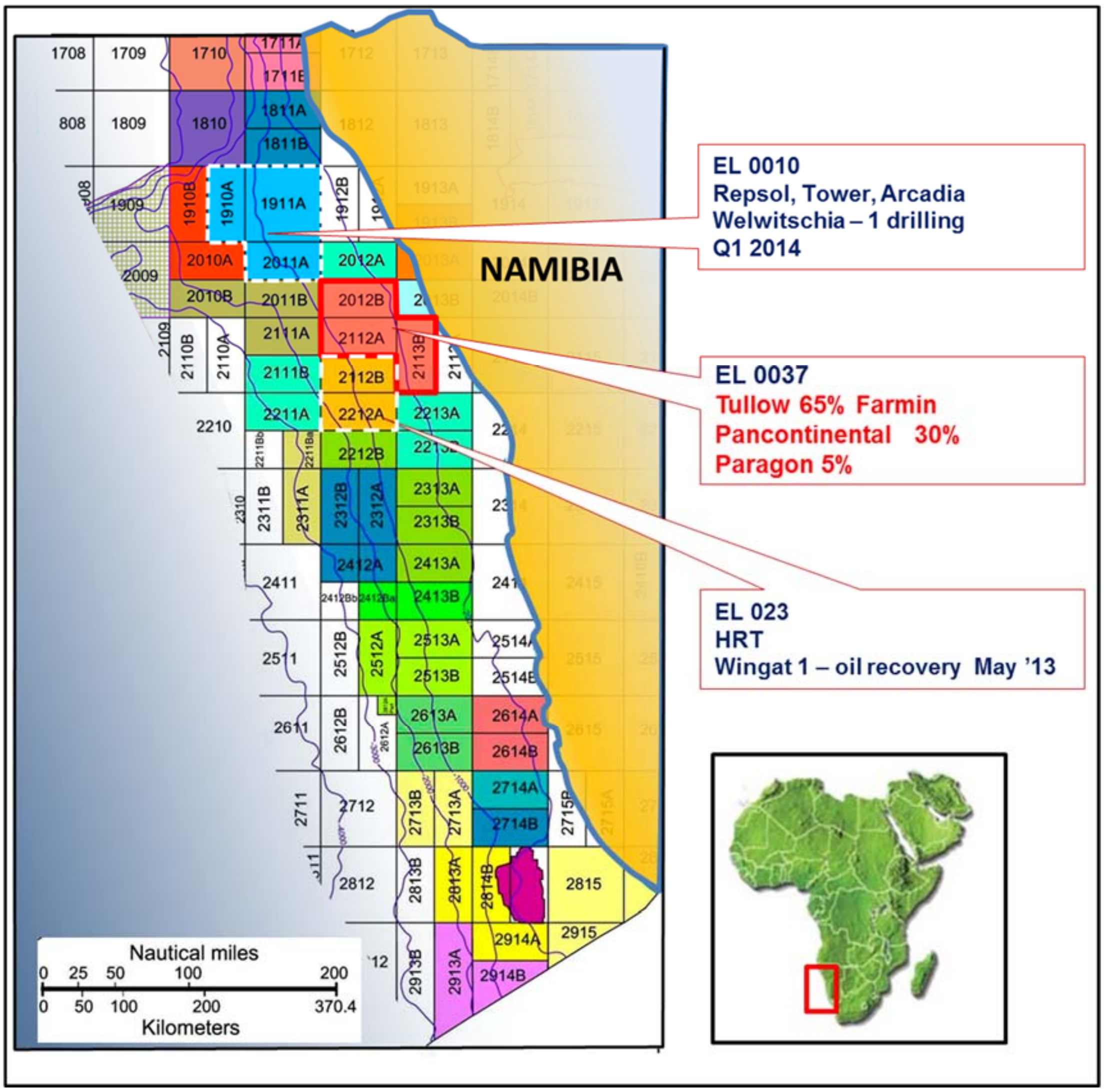

Figure 4 - Licence areas offshore Namibia

Commencement of 3D and 2D Seismic Acquisition under Farmin by Tullow Oil
On 17 January 2014 Tullow commenced a 3D seismic survey in Licence area EL 0037 offshore Namibia.

The 3D acquisition will cover approximately 3,000 sq km and a second acquisition phase of 2D data will cover approximately 1,000 line km. The total acquisition is expected take up to 120 days. The survey is using the seismic acquisition vessel Polarcus Asima (see Figure 5).

Tullow Oil farmed-in to EL 0037 in September 2013 and subsequently identified a number of geological Leads to be covered by the 3D survey. Pancontinental retains a 30% free-carried interest through the surveys and one optional well to be drilled by Tullow, for Tullow to retain its 65% interest. Pancontinental estimates that Tullow's farmin expenditure may be up to US$130 million (100% basis) for the full work programme.

Figure 5 - Seismic Survey Vessel Polarcus Asima

AUSTRALIAN PROJECTS

EP 104 / R1 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 11.11%

No work was carried out during the half-year.

L15 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 12%

Pancontinental and its co-venturers have been granted Petroleum Production Licence L15 over the West Kora-1 oil discovery well in the Canning Basin of Western Australia. The licence is for 21 years commencing 1 April 2010.

West Kora-1 was drilled in 1984 and produced some 20,000 Barrels of oil during an extended production test, commencing at a rate of 350 BOPD.

The L15 Joint Venture is considering the viability of upgrading the existing production facility to restore oil production from West Kora -1.

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 38.462%

EP 424 contains the Baniyas prospect which straddles the adjoining acreage. Commercial negotiations to gain access to the entire Baniyas prospect have reached a point where there is little likelihood that the adjoining acreage can be secured. This project is under review.

The EP 424 joint venture consists of:

Strike Energy (Operator)	61.538%
Pancontinental Oil & Gas NL	38.462%

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 38.462%

This permit is operated in conjunction with EP-424. The parties in EP-110 have identical equities to those in permit EP-424.

FINANCIAL

Kenya L8 write off
As Kenya Block L8 expired on 21 January 2014 and negotiations for a new Production Sharing Contract over the Permit have not yet been concluded, all accumulated exploration expenditure on the Block has been written off.

Changes In State of Affairs

During the Half-Year ended 31 December 2013, there was no significant change in the entity's state of affairs other than that referred to in the Half-Year Financial Statements or Notes thereto.

This Report is made in accordance with a Resolution of the Directors.

E.A. Myers

E A Myers
Director
PERTH, 12th day of March 2014

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Pancontinental Oil & Gas NL
PO Box 8260
Perth Business Centre
Perth WA 6849

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 31 December 2013 interim financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GR Swan

Graham Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 12 March 2014

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

Independent Review Report to the Members of Pancontinental Oil & Gas NL

The financial report and directors' responsibility
The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Pancontinental Oil & Gas NL for the half-year ended 31 December 2013.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2013 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pancontinental Oil & Gas NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Pancontinental Oil & Gas NL is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2013 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

G R Swan

Graham R Swan
Partner

Dated 12 March 2014

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Directors' Declaration
For The Half-Year Ended 31 December 2013

The Directors declare that:

(a) The attached Financial Statements and Notes thereto comply with Accounting Standards;

(b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

(c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act, 2001; and

(d) In the Directors' opinion, there are reasonable grounds to believe that Pancontinental Oil & Gas NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors pursuant to section 303(5) of the Corporations Act, 2001.

On behalf of the Directors

E A Myers
Director
PERTH, 12th day of March 2014

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Condensed Consolidated Statement of Comprehensive Income
For the Half-Year Ended 31 December 2013

Continuing Operations	Note	Half-Year Ended 31-Dec-13 $	Half-Year Ended 31-Dec-12 $
Operating Activities			
Depreciation		(744)	(851)
Director remuneration and benefits expense		(230,117)	(278,768)
Audit fees		(4,500)	(4,500)
Generative exploration expenditure		(8,855,174)	(12,526)
Annual report costs		(7,770)	(16,591)
ASX fees		(39,433)	(54,004)
Administration, accounting and secretarial fees		(159,685)	(151,546)
Insurance		(22,784)	(1,566)
Legal fees		(27,576)	(16,420)
Share registry costs		(13,584)	(42,625)
Rent and outgoings		(48,610)	(40,280)
Travel		(87,871)	(50,079)
Other		(169,915)	(157,605)
Total Operating Activities		**(9,667,763)**	**(827,361)**
Financing Activities			
Financing income		907,704	545,395
Financing expenses		(6,621)	(192,869)
Total Financing Activities		**901,083**	**352,526**
Profit/(Loss) before Income Tax Expense		**(8,766,680)**	**(474,835)**
Income Tax Expense		-	-
Profit/(Loss) for the Period		**(8,766,680)**	**(474,835)**
Other Comprehensive Income /(Loss)			
Other comprehensive income		-	-
Other Comprehensive Income/(Loss) for the Period, Net of Income Tax		-	-
Total Comprehensive Income/(Loss) for the Period		**(8,766,680)**	**(474,835)**
Basic Loss per share (cents per share)	**5**	(0.76)	(0.04)
Diluted loss per share (cents per share)		(0.76)	(0.04)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Condensed Consolidated Statement of Financial Position
As at 31 December 2013

	Note	Half-Year Ended 31-Dec-13 $	Annual Report 30-Jun-13 $
Current Assets			
Cash and cash equivalents	**3**	34,481,376	33,821,848
Trade and other receivables		22,806	1,930,056
Total Current Assets		**34,504,182**	**35,751,904**
Non-Current Assets			
Plant and equipment		2,060	2,804
Deferred exploration and evaluation expenditure		31,489,433	38,938,195
Total Non-Current Assets		**31,491,493**	**38,940,999**
Total Assets		**65,995,675**	**74,692,903**
Current Liabilities			
Trade and other payables		190,718	121,266
Total Current Liabilities		**190,718**	**121,266**
Total Liabilities		**190,718**	**121,266**
Net Assets		**65,804,957**	**74,571,637**
Equity			
Contributed equity	**4**	99,411,998	99,411,998
Reserves		345,179	345,179
Accumulated losses	**2**	(33,952,220)	(25,185,540)
Total Equity		**65,804,957**	**74,571,637**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Consolidated Statement of Changes in Equity
For the Half-Year ended 31 December 2013

Consolidated	**Share Capital $**	**Retained Earnings $**	**Option Reserve $**	**Total Equity $**
Balance at 1 July 2012	95,132,106	(24,630,494)	298,956	70,800,568
Profit or loss	-	(474,835)	-	(474,835)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	4,279,892	-	-	4,279,892
Share options	-	107,776	46,224	154,000
Balance at 31 December 2012	**99,411,998**	**(24,997,553)**	**345,180**	**74,759,625**
Balance at 1 July 2013	99,411,998	(25,185,540)	345,179	74,571,637
Profit or loss	-	(8,766,680)	-	(8,766,680)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	-	-	-	-
Share options	-	-	-	-
Balance at 31 December 2013	**99,411,998**	**(33,952,220)**	**345,179**	**65,804,957**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Consolidated Statement of Cash Flows
For The Half-Year Ended 31 December 2013

	Half-Year Ended 31-Dec-13 $	**Half-Year Ended 31-Dec-12 $**
Cash Flows from Operating		
Payments to suppliers and employees	(911,447)	(932,431)
Interest received	907,704	545,395
Other *(Refund of Joint Venture Contributions)*	2,266,032	2,173,171
Net Cash from Operating Activities	**2,262,289**	**1,786,135**
Cash Flows from Investing		
Acquisition of plant & equipment	-	(794)
Exploration expenditure	(1,598,734)	(12,814,494)
Net Cash from Investing Activities	**(1,598,734)**	**(12,815,288)**
Cash Flows from Financing		
Issue of shares	-	4,267,344
Net Cash from Financing Activities	**-**	**4,267,344**
Net Increase (Decrease) In Cash and Cash Equivalents	663,555	(6,761,809)
Cash and Cash Equivalents at beginning of Half-Year 1 July	33,821,848	47,722,233
Exchange rate adjustments	(4,027)	3,395
Cash and Cash Equivalents at end of Half-Year	**34,481,376**	**40,963,819**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the Half-Year ended 31 December 2013

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the Half-Year ended 31 December 2013 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half-Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2013 and public announcements made by Pancontinental Oil & Gas NL during the Half-Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Pancontinental Oil & Gas NL and the companies it controlled from time to time during the half-year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the company had control. All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full.

Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Taxation

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use.
Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Capitalisation of Exploration and Evaluation Costs

The Company complies with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area that is abandoned are written off in the year which the decision to abandon is made.

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Notes to the Financial Statements
For the Half-Year ended 31 December 2013

1. Basis of Preparation of Half-Year Financial Statements Continued

Significant Accounting Policies & Changes in Accounting Policies
The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2013.

In the half-year ended 31 December 2013, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Group has determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Accumulated Losses

	Half-Year Ended 31-Dec-13 $	Half-Year Ended 31-Dec-12 $
Loss from ordinary activities after related income tax expense	(8,766,680)	(474,835)
Accumulated profits (losses) brought forward	(25,185,540)	(24,630,494)
Adjustment from options (options vesting and expiring)	-	107,776
Accumulated profits (losses) at end of Half-Year	**(33,952,220)**	**(24,997,553)**

3. Reconciliation of Cash

Cash at the end of the Half-Year as shown in the Statement of Cash Flows is reconciled to the related items in the Financial Statements as follows:	31-Dec-13 $	30-Jun -13 $
Deposits – at call	32,042,067	31,396,462
Deposits – security	2,288,112	2,288,112
Cash on hand and at bank	151,197	137,274
Cash and Equivalents at 31 December 2013	**34,481,376**	**33,821,848**

Notes to the Financial Statements
For the Half-Year ended 31 December 2013

4. Issued and Quoted Securities at end of current Half-Year

Category of Securities	Number Issued	Number Quoted	Exercise	Expiry
Ordinary Shares at 30 June 2013:	1,150,994,096	1,150,994,096		
Issued during Half-Year ended 31 December 2013:	-	-		
	1,150,994,096	**1,150,994,096**		
			Exercise	**Expiry**
Options at beginning of the Half-Year				
	2,250,000	-	$0.13	28 Nov 14
	2,750,000	-	$0.12	29 Nov 16
	5,000,000	-		
Issued during the Half-Year				
	-	-	$0.00	29 Nov 16
	-	-		
Exercised during the Half-Year				
	-	-	$0.00	28 Nov 12
	-	-		
Options at end of the Half-Year				
	2,250,000	-	$0.13	28 Nov 14
	2,750,000	-	$0.12	29 Nov 16
	5,000,000	-		

5. Earnings per Share

	Half-Year Ended 31-Dec-13	Half-Year Ended 31-Dec-12
Basic earnings per share - cents	(0.76)	(0.04)
Diluted earnings per share is not materially different from Basic earnings per share	(0.76)	(0.04)
The weighted average number of ordinary shares outstanding during the Half-Year used in the calculation of basic earnings per share	1,150,994,096	1,133,678,204

6. Segmental Information

The Company operates in Australian and African regions, however internal reporting is conducted on an entity wide basis.

Notes to the Financial Statements
For the Half-Year ended 31 December 2013

7. Subsequent Events

Kenya L6

The Company entered a farm-in agreement for the onshore portion of Kenyan exploration area Block L6 in the Lamu Basin. Block L6 is partly onshore and partly offshore. Under the terms agreed with farminee Milio E&P Limited and Milio International the current joint venture parties including Pancontinental will be fully funded through drilling and testing an onshore exploration well in Block L6 with an expected spud date in early 2015.

In addition, before the well, the current joint venture parties will be fully funded through the acquisition, processing and interpretation of a regional 1,000km of 2D seismic survey aimed to confirm at least three prospects as drilling targets. The seismic programme is expected to commence in April 2014.

In consideration of Milio funding that work, Milio will earn a sixty percent (60%) Participating Interest in the onshore portion of Block L6. Milio will not earn any interest in the offshore portion of Block L6. Milio will become the Operator of the onshore portion and FAR will remain the Operator of the offshore portion of the Block.

Under the agreement Pancontinental will retain a 16% working interest in the onshore part of Block L6.

Kenya L8
On 21 January 2014, the Production Sharing Contract for Kenya Block L8 expired. Negotiations for a new Production Sharing Contract over the Block are ongoing.

Kenya L10A
In early January 2014, Exploration Well Sunbird-1 commenced drilling in licence area L10A offshore Kenya. The Sunbird-1 well is planned to take 50 to 60 days to drill to 3,000m below sea level, with an option to extend to 3,700m. The well is managed by the L10A Joint Venture operator BG Group, using the drillship Deepsea Metro 1.

Namibia EL 0037

On 17 January 2014, the Company advised that a 3D seismic survey had commenced in Licence area EL 0037 offshore Namibia. The 3D acquisition will be of approximately of 3,000 sq km and a second acquisition phase will cover approximately 1,000 km of 2D data. The total acquisition is expected take up to 120 days. The survey is managed by the EL0037 Joint Venture operator Tullow Oil, using the seismic acquisition vessel Polarcus Asima.

Apart from the above, no matters or circumstances have arisen since the end of the Half-Year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity as reported to the Half-Year ended 31 December 2013.

8. Commitments for Expenditure (Contingent Liability)
Oil Leases and Permits

In order to maintain current rights of tenure to permits, the Consolidated Entity is required to perform minimum expenditure requirements of various authorities and pay fees. The Consolidated Entity may be required to outlay an amount of approximately $14,873,778 in the next year with respect to permit lease rentals and exploration expenditures to meet these minimum expenditure requirements. The balance of these obligations will be fulfilled in the normal course of operations, which may include farmout, joint venture and direct exploration expenditure.