



PANCONTINENTAL

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ASX Announcement

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Sunbird-1 intersects hydrocarbon zone offshore Kenya

Analysis of the Sunbird-1 discovery is ongoing

- Sunbird-1 has intersected a gross hydrocarbon column of approximately 44m in the Sunbird Miocene Reef
- Recovered Gas and Liquids samples continue to be analysed and assessment of the discovery zone is ongoing
- Results highlight the strong potential of Pancontinental's extensive offshore Kenyan acreage

Pancontinental Oil and Gas NL (ASX: PCL) is pleased to advise that the Sunbird-1 well off the southern Kenyan coast has been completed and the well has intersected a hydrocarbon-bearing zone in the top of the Sunbird Miocene Pinnacle Reef. Analysis of the zone itself and recovered hydrocarbon samples are continuing.

Analysis of the wireline log data and the fluid samples recovered from the limestone reservoir is complex due to the large volume of drilling fluid, seawater and cement lost to highly porous and permeable zones in the Sunbird Reef, including into the hydrocarbon bearing zone.

Both gas and liquid samples have been recovered. In addition to the recovered gas, the nature of the liquid samples and whether or not these contain naturally occurring hydrocarbon liquids (oil or condensate) remains to be determined by further analysis.

The top of the Sunbird Miocene Pinnacle Reef was reached at 1,583.7m subsea. The water depth is 723m.

The 43.6m gross hydrocarbon bearing zone is currently assessed to contain a net pay thickness of 27.8m. In this case, net pay is defined as the cumulative thickness of zones having porosity of 10% or greater. Zones with porosity lower than 10% are not included in the net pay assessment.

At this stage, due to its estimated size, the Sunbird discovery itself is considered unlikely to be commercial.

Pancontinental has an 18.75 percent interest in the well and block L10A.

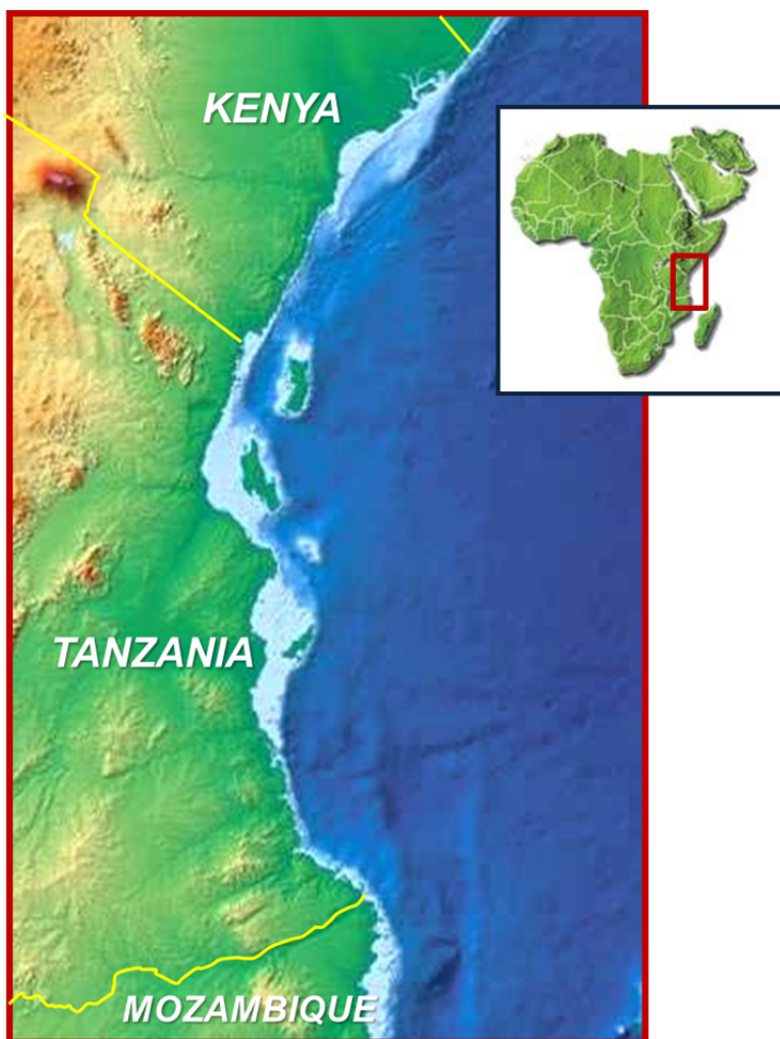
The Operator of the Block L10A Petroleum Sharing Contract, BG Group, is continuing to assess the results for the L10A consortium and will recommend a follow-up program.

A further statement regarding the discovery will be made once the remaining analyses have been completed.

Sunbird-1 has now been “plugged and abandoned” in accordance with the planned drilling program, meaning that the well has been made safe in such a way that it can be left permanently without further intervention. These measures are designed to ensure that there is no danger of leakage of oil or gas within the well or to the sea floor.

Pancontinental’s Chief Executive Officer Barry Rushworth said the implications for regional exploration were very positive.

“The drilling operation using the Deepsea Metro 1 drillship has been completed, with the well drilling into a hydrocarbon-bearing carbonate reef reservoir that was highly porous and permeable” Mr Rushworth said.



“We await the results of the continuing analysis of the data acquired from the well”.

“We encountered a thick and effective seal over the top of the Sunbird Reef, which was an initial risk for us, and the regional follow-on implications are truly great. Porosity, permeability and seal for the reservoir were all better than Pancontinental expected”.

“While the high quality of parts of the reservoir, in terms of porosity and permeability, resulted in the loss of quantities of drilling fluids and consequently the analysis of the hydrocarbon column has been made difficult, we expect to have a conclusive result after further analysis”.

“We look forward to receiving the full and final Sunbird results and we believe that we are now in an excellent position to explore for larger volumes of gas and oil over our very extensive portfolio of prospects and leads offshore Kenya”.

Figure 1: L10A Location Map

Future Exploration

The L10A joint venture is considering follow-up exploration activities after the Sunbird-1 discovery.

The Sunbird discovery is expected to yield important details of the hydrocarbon system in the Lamu Basin, including the age of the source rock and the timing of generation.

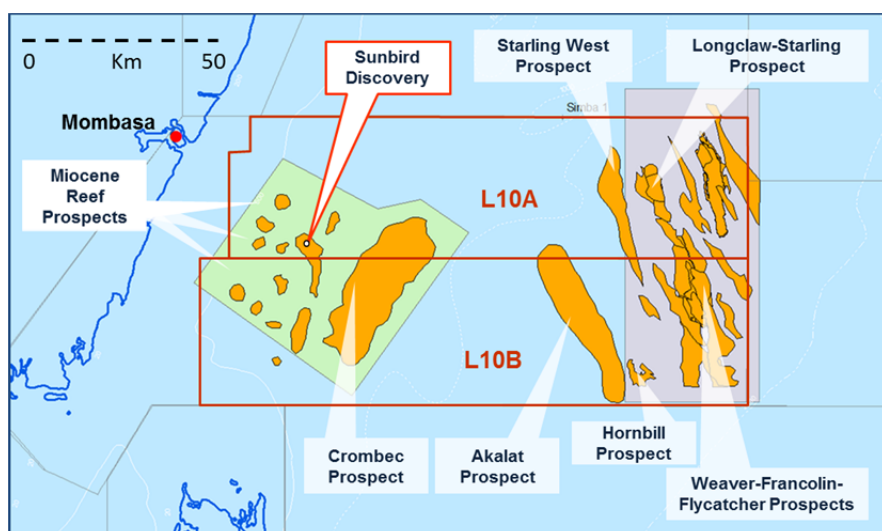


Figure 2: Prospects and Leads Map

L10A covers a variety of play types, prospects and leads. Many of the prospects have been defined using the two 3D seismic surveys carried out by the joint venture (see Fig. 2).

The Sunbird Prospect is one of an inboard cluster of Miocene reefs. Outboard prospects include Tertiary and Cretaceous channels, large anticlinal complexes and series of Cretaceous and Tertiary fault bounded prospects.

Other offshore Kenyan activity includes an exploration well to be drilled by Anadarko, as recently announced for later in 2014.

L10A Consortium

The Kenya L10A consortium consists of:

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

About Pancontinental

Pancontinental Oil & Gas is a petroleum (oil and gas) exploration company based in Perth, Western Australia and listed on the Australian Securities Exchange (ASX: PCL).

With a focus on Africa and Australia, it has excellent exposure to a range of high-potential oil and gas targets.

High levels of project equity, together with Pancontinental's modest market capitalisation, mean that the Company is very well leveraged in the event of exploration success.

Pancontinental has interests in three exploration licences offshore Kenya: L10A, L10B and L6. Pancontinental has a 40% interest in the offshore section of licence L6 and 16% in the onshore portion, an 18.75% interest in Kenya licence L10A (Sunbird) and 15% in L10B.

Co-venturers in these three Kenyan licences (although not in each licence) are BG Group PTTEP, Premier Oil and FAR Limited.

Pancontinental holds a 30% free-carried interest in offshore Namibia licence EL0037, where Tullow Oil has recently completed a 3D seismic program as part of its farm-in agreed in September 2013.

Pancontinental's website is www.pancon.com.au/

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



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 to the inclusion of the information stated in the form and context in which it appears.

Disclaimers

Any 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.

This document may include forward looking statements. Forward looking statements include, and are not necessarily limited to, statements concerning Pancontinental'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.