

Highlights

Namibia EL 0037 – Planned Exploration Programme Continues

- » Exploration activity continued during the quarter. Key focus for potential drilling includes the large Albatross Prospect
- » Operator Tullow Kudu Limited has to date spent in excess of US \$30 million on the exploration programme as part of its farm-in to Exploration Licence 0037;
- » 3D seismic, 2D seismic, processing and initial interpretation managed by Operator Tullow have confirmed four main prospects which will be further analysed and graded in deciding the optimum location for drilling;
- » Pancontinental's financial exposure is zero for the forward programme, worth in excess of an estimated US \$80 million. The Company has a 30% free carried interest for the next phase of exploration and is very encouraged by the Operator's results to date.

Kenya L6 – Onshore Operator Milio Continues Seismic Planning

- » Onshore operator Milio International is continuing with planning for the seismic acquisition proposed during farm-out negotiations, although a number of delays have been experienced during preparations;
- » Pancontinental's financial exposure on this work programme is also zero with Milio free carrying the Company's 16% interest through seismic and an onshore well.

Corporate

- » Cash balance of \$1.3 million as at 30 June 2015.

Overview

Under the current low price regime in the oil industry, Pancontinental believes that the international exploration setting brings potential for low-cost, high-benefit shorter-term opportunities.

As such, the Company has conducted a comprehensive review of its asset base and made the decision to withdraw from the Kenya L10 blocks during the quarter.

The Pancontinental group holds two core assets in Kenya and Namibia where the Company is fully carried for the next phase of exploration in both areas. This is a notable achievement particularly during challenging times in the oil and gas industry.

Upcoming exploration programmes in the two regions include:

Namibia – Finalising the detailed mapping of prospects which were confirmed by 3D seismic in Exploration Licence 0037. The results will provide the optimal locations for the planned exploration well.

Kenya – Pre seismic planning is underway for the onshore portion of the Exploration Licence L6.

Active measures have been taken to preserve the Company's cash balances and the Company is confident its free carried exploration in Namibia and Kenya will lead to drilling highly prospective targets in the near term.

The company is considering additional low cost /high reward opportunities with a near-term focus to add to its significant existing portfolio.

International Projects



Kenya Offshore & Onshore

Pancontinental has been present in Kenya’s oil and gas industry for over a decade. During this time the Company has enjoyed a number of successful partnerships exploring various areas within the country’s offshore and coastal exploration regions.

As a long time participant in the industry, Pancontinental has experienced all facets of the exploration cycle; negotiating the award of prospective areas, financing early stage exploration programmes, drawing highly respected companies into its ventures and participating in two successful drilling campaigns which were recognised as Kenya’s first and second offshore hydrocarbon discoveries.

External factors as well as internal evaluation of the Company’s exploration portfolio saw the Company withdraw from its two L10 blocks in Kenya during the quarter. The issue concerning the overheads and costs being claimed by the Operator of the L10B Block, referred to in the first paragraph of the section headed “Exploration Activity” in the Company’s Quarterly Activities Report March 2015, has not yet been resolved, but discussions with the Operator are ongoing. Pancontinental retains a strong belief in the prospectivity of the area and the Company will now focus on achieving exploration success in its onshore and offshore block L6.

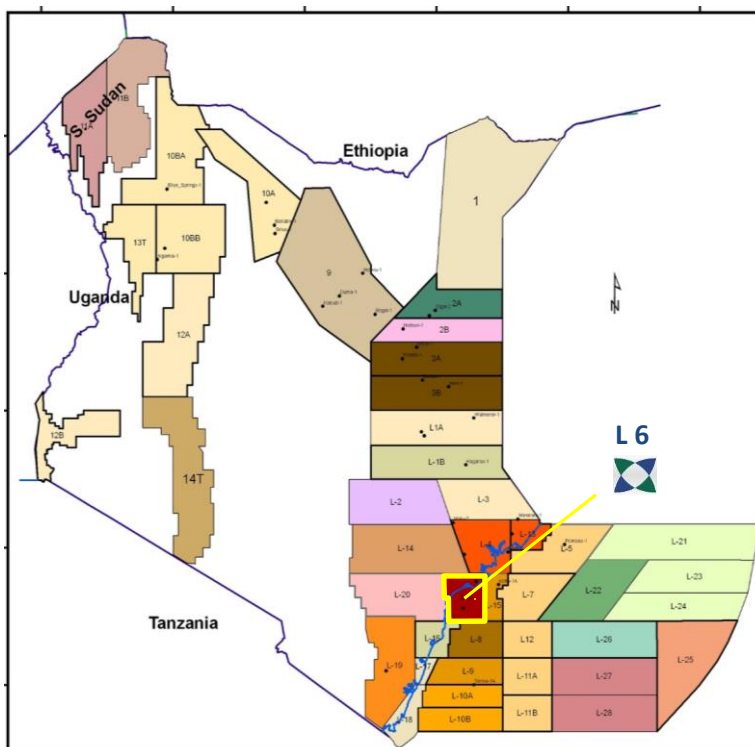


Figure 1 –Petroleum Exploration Blocks in Kenya

Kenya Onshore/Offshore Block L6

Location:	Lamu Basin	
Project Size:	5,010 square kilometres	
JV Partners	FAR Limited (Operator)	60.00%
Offshore:	Pancontinental	40.00%
JV Partners	Milio International (Operator)	60.00%
Onshore:	Pancontinental	16.00%
	FAR Limited	24.00%

Exploration Activity

Block L6 is divided into offshore and onshore regions. Exploration partners in the two areas include FAR Limited (onshore and offshore) and Milio International (onshore only). FAR Limited is the operator of the offshore portion of the block and Milio International is undertaking exploration of the onshore section.

Pancontinental has been a participant in Kenya Block L6 from its initial award. Since then, a number of offshore 2D programmes and interpretation have been carried out as well as Falcon airborne gravity and magnetics surveys. 3D seismic was also shot and evaluated offshore in recent years leading to a greater understanding of the geological environment over which Block L6 is situated.

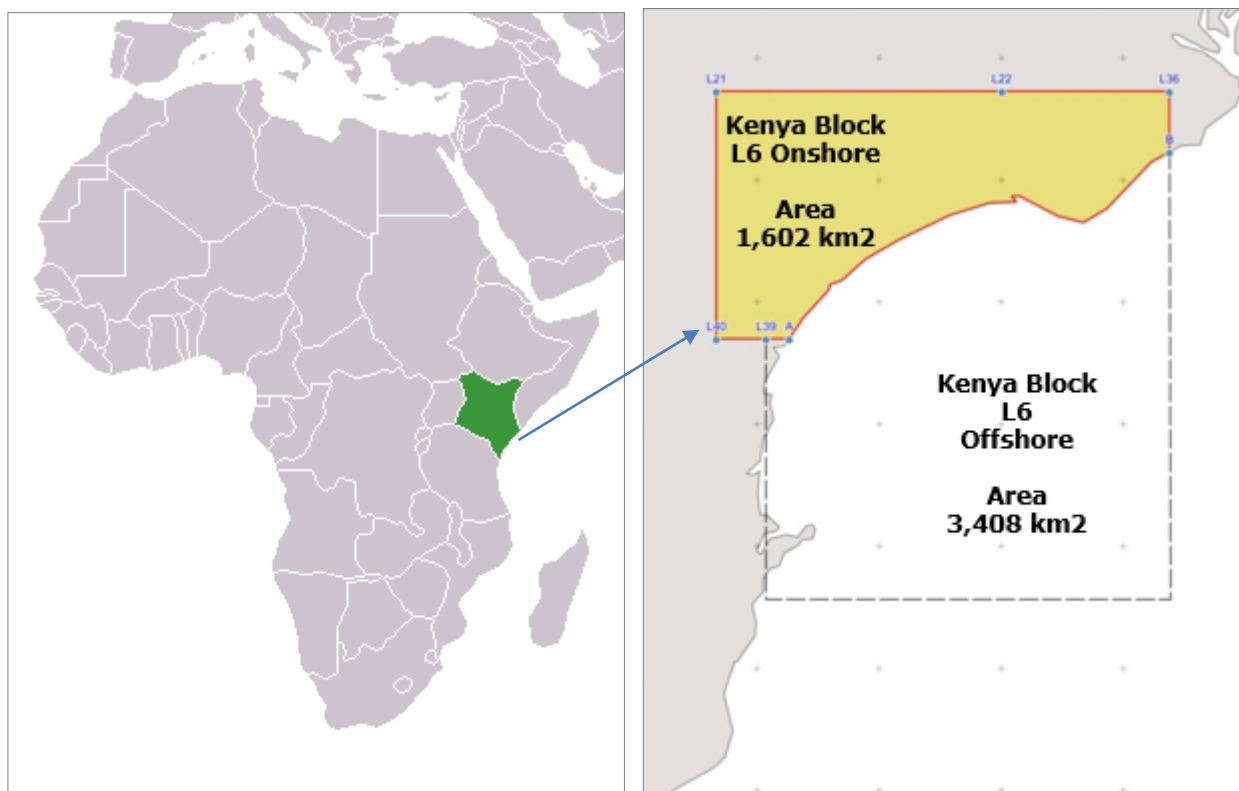


Figure 2 – Pancontinental’s Onshore and Offshore L6 Areas in Kenya

Block L6 is located in the Lamu Basin. The basin covers both an offshore and onshore area and forms part of the Kenyan passive continental margin. At 261,000km² the Lamu Basin is the largest of the four basins in Kenya and from the four has seen the most exploration activity.



Figure 3 – Kenya's four Sedimentary Basins

East Africa's hydrocarbon potential has been defined by large discoveries in Tanzania and Mozambique as well as heavy oil deposits in Madagascar. Similar structural and stratigraphic characteristics can be found in the Lamu Basin which is relatively underexplored compared to its neighbouring regions.

Pancontinental and its L8 joint venture partners uncovered the presence of an active petroleum system with the first ever gas discovery at Mbawa-1 in 2012. This confirmed the prospectivity of the area and provided positive feedback for future exploration campaigns in the area including Pancontinental and its L10A joint venture partners with the first ever oil discovery in 2014.

Onshore

Dubai-based Milio International [“Milio”] are operators of onshore permit L20 west of Pancontinental’s L6 permit. During exploration work on L20, Milio recognised the potential in block L6 and sought to enter into the L6 joint venture with Pancontinental and its partner FAR Limited [“FAR”].

Milio International entered the L6 project on favourable terms for Pancontinental and FAR. It is planned that the two companies will be fully carried by Milio for 2D seismic, interpretation, mapping and an onshore exploration well. In addition, no financial obligation will revert back to the companies as Milio will carry the cost of the programme with “no caps”. The planned programme will satisfy the work commitments of the permit.

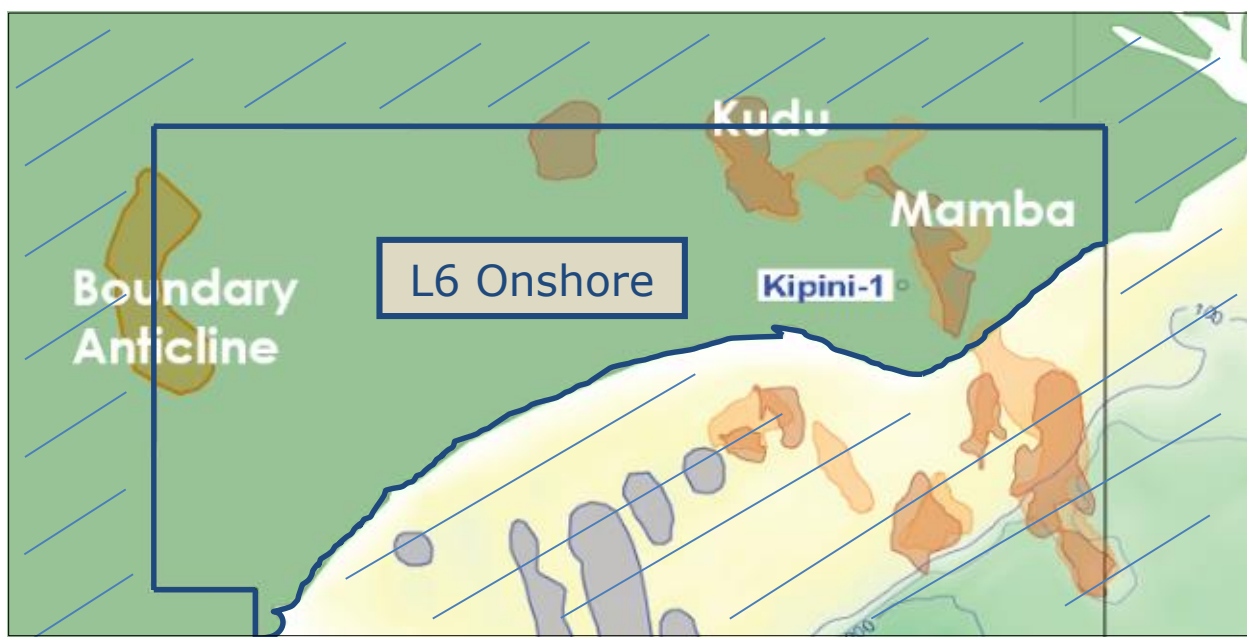


Figure 4 – Kenya Block L6 Onshore Prospects

Exploration findings over the term of the permit have found that the Mamba, Kudu and Boundary Anticline prospects are the most prospective. The prospects are a combination of Eocene and Cretaceous clastics (sandstones).

The joint venture has conducted work to date on preparing for the upcoming seismic operations which will provide valuable information on geology in the area and will assist in determining the prime locations for drilling.

Pancontinental is encouraged by the work programme set out by Milio and looks forward to results from the exploration campaign which it will amalgamate with its large catalogue of Kenyan exploration data.

Offshore

Pancontinental is in a favourable position of being free carried for the next phase of exploration in the onshore portion of Block L6. Further exploration efforts can be concentrated on the offshore area.

Since the award of the permit the following surveys have been conducted offshore:

- 2D seismic acquisition 308km;
- 2D seismic acquisition 1,235km; and
- 3D seismic acquisition 778 km².

The surveys have provided the joint venture with a deeper understanding of the geological environments present in the offshore Lamu Basin as well as defining a number of drill-ready prospects which are believed to have the same oil source as that discovered by the 2014 Sunbird-1 well. Kifaru and Kifaru West (Figure 5) are closer onshore and are reef prospects whereas Tembo is further outboard and is described as an Eocene sand play.

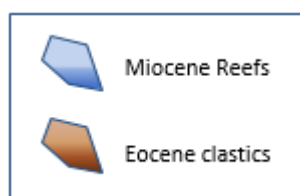
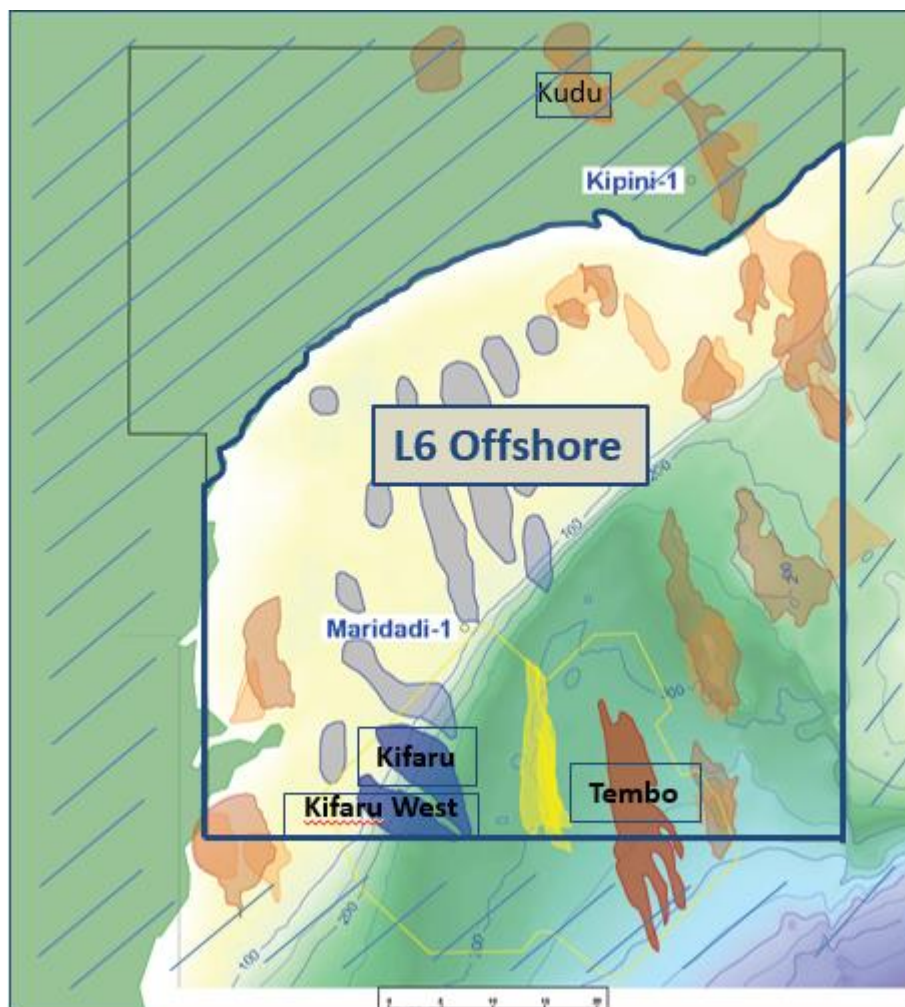


Figure 5 – Kenya Block L6 Offshore Prospects

International Projects



Namibia Offshore

Pancontinental has been involved in Namibia’s oil and gas industry for over a decade. The Company’s current campaign with Exploration Licence 0037 commenced in 2011 when Pancontinental and its local partner Paragon Oil & Gas (Pty) Ltd [“Paragon”] applied for three blocks offshore Namibia in the Walvis Basin. The blocks were granted and a joint venture formed.

After further in-house exploration work, Pancontinental acquired an additional percentage from Paragon giving the Company a large 95% interest. With a sizeable percentage and initial exploration work programme underway, Pancontinental was in a prime position to attract a reputable company to join in its exploration efforts. It was then that Tullow Kudu Limited entered Licence 0037 and commenced its exploration programme worth in excess of an estimated \$100 million, all free carried for Pancontinental.

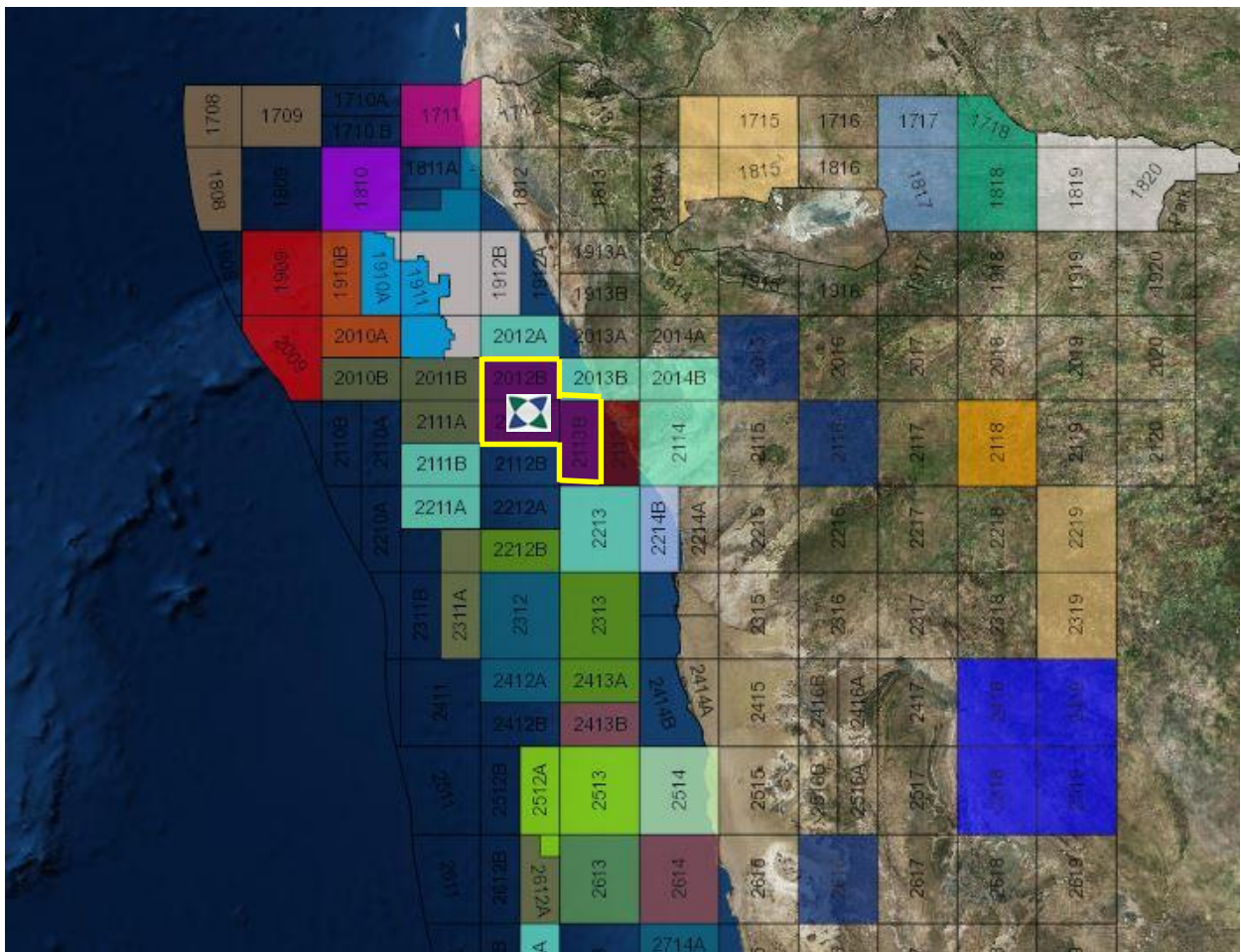


Figure 6 – Pancontinental’s Offshore Namibian Exploration Licence 0037
[Source: Ministry of Mines & Energy Namibia]

Namibia Offshore EL 0037

Location:	Walvis Basin		
Project Size:	17,295 square kilometres		
JV Partners:	Tullow Kudu Limited (Operator)	65.00%	
	Pancontinental	30.00%	
	Paragon Oil & Gas (Pty) Ltd	5.00%	

Exploration Activity

Exploration licence 0037 covers three exploration blocks; 2012B, 2112A and 2113B which are adjacent to each other in the Walvis Basin. Joint venture partners are Paragon Oil & Gas (Pty) Ltd [“Paragon”] and Tullow Kudu Limited [“Tullow”] who are the Operator of the licence.

Pancontinental was one of the original applicants to this licence alongside Paragon prior to the entry of Tullow in 2013.

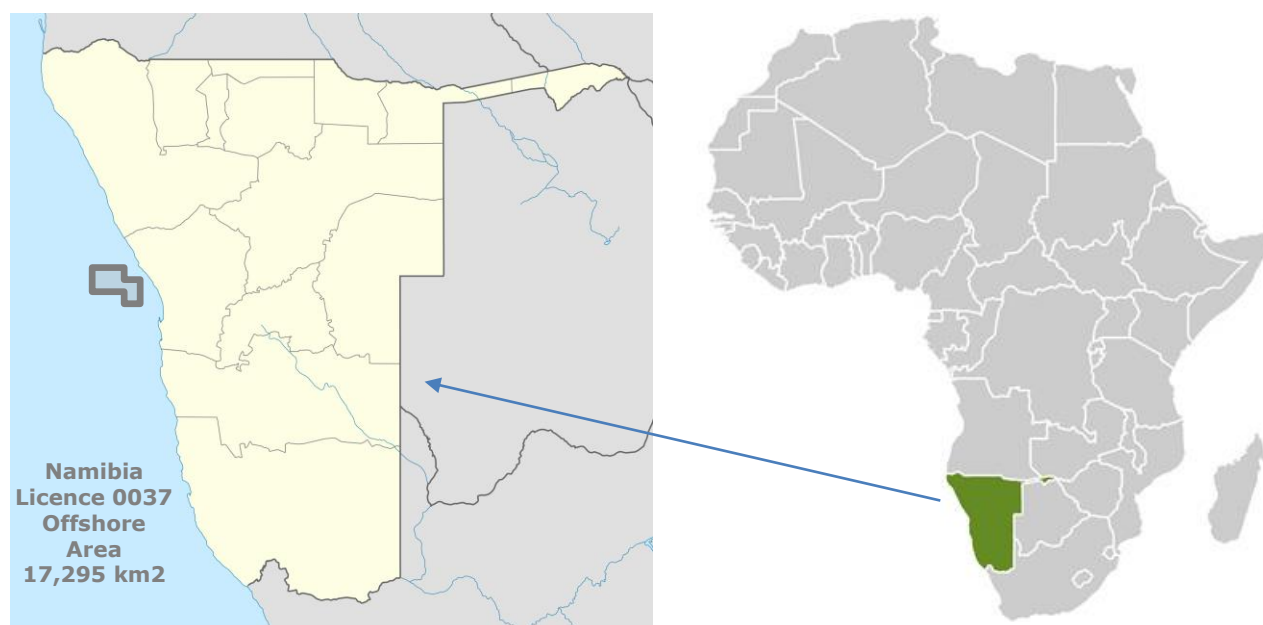


Figure 7 – Pancontinental’s Offshore Namibian Exploration Licence 0037

Under farm-in and at a cost in excess of US \$30 million, Tullow has free carried Pancontinental and Paragon for:

- 3,000 km² of 3D seismic which covered some 17% of the entire licence;
- 1,000 km of 2D seismic;
- Processing of the seismic acquisition data; and
- Initial interpretation.

The joint venture has mapped a number of large turbidite “fan” prospects which will be rated for drilling. Once a decision on drilling location has been made, it is expected that costs associated with drilling the exploration well will be borne by Tullow without any financial contributions required from Pancontinental as per the farm-out agreement.



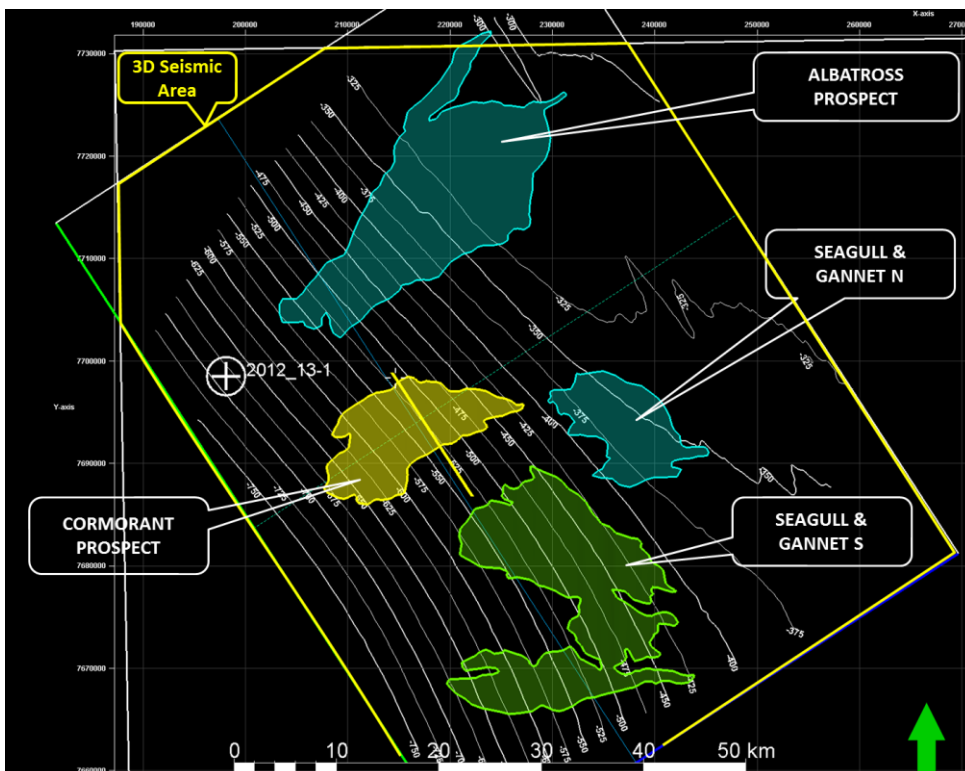
Figure 8 – Namibia's Offshore Sedimentary Basins

Exploration licence 0037 is located offshore in the Walvis Basin. The Walvis Basin is one of four basins offshore Namibia and is an elongated SSE-NNW basin which is adjacent to the Walvis Ridge and just north of the Lüderitz Basin.

Although the level of exploratory work conducted within the basin is not comparable to other advanced basins, the findings to date have been very encouraging in proving the necessary elements of a working petroleum system.

The 2013 Wingat-1 well, drilled in block 2212A just south of Pancontinental's three blocks, penetrated mature high quality source rocks and recovered samples of light oil. The interpreted oil source rocks are of the same age as other proven source rocks in West Africa.

3D seismic conducted to date within exploration licence 0037 has confirmed four main prospects; Albatross, Seagull, Gannet and Cormorant.



The prospects mapped to date are of a similar geological type found in other West African oil discoveries.

Mapping of the prospects is ongoing so that a suitable site can be found for a future proposed well.

Figure 9 – EL 0037 Prospects covered by 3D Seismic

Licence Schedule

Licence Location	Licence Reference	PCL (consolidated) interest at the beginning of the quarter	Movements for the current quarter	PCL (consolidated) interest at the end of the quarter
Kenya	L6 offshore	40.00%	0.00%	40.00%
	L6 onshore	16.00%	0.00%	16.00%
	L10A	18.75%	(18.75)%	0.00%
	L10B	25.00%	(25.00)%	0.00%
Namibia	EL 0037	30.00%	0.00%	30.00%

Corporate

Cash Position

- » As at 30 June 2015, Pancontinental's cash position was \$1.3 million;
- » The major items of expenditure during the June 2015 Quarter were:
 - Exploration and Evaluation \$1.5m; and
 - Administration \$436k

New Ventures

Historically, Pancontinental has been known for its strategic model of entering early stage low cost projects with strong technical and commercial potential, with a strong percentage well in advance of industry focus.

The Company continues to believe that this model is the most effective and has been looking at favourable new projects, in under explored countries and regions which will not only be prospective but provide a safe, stable and productive working environment.

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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, are not necessarily limited to, statements concerning Pancontinental's planned operation program 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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