FULL YEAR STATUTORY ACCOUNTS 2015

PANCONTINENTAL

ABN 95 003 029 543

Directors

Henry David Kennedy	(Non-Executive Chairman)
Roy Barry Rushworth	(Executive Director & Chief Executive Officer)
Ernest Anthony Myers	(Executive Finance Director)
Anthony Robert Frederick Maslin	(Non-Executive Director)

Company Secretary
Vesna Petrovic

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Share Register
Advanced Share Registry Services
PO Box 1156
Nedlands WA 6909
Telephone: +61 8 9389 8033

Auditors
Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
West Perth WA 6005

Internet Address & Contact
www.pancon.com.au
info@pancon.com.au

ASX Code
PCL

Contents

Your Directors submit their report for the year ended 30 June 2015.

DIRECTORS

The names and details of the company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Henry David Kennedy MA (Geology), SEG (Non-Executive Chairman)

Mr Kennedy is a Geologist with an extensive history in the Australian and New Zealand oil and gas industries. As Technical Director, Mr Kennedy led the establishment and development of a number of successful companies who were involved in numerous discoveries in Western Australia and New Zealand. Mr Kennedy has been a Director of Pancontinental since August 1999, with the Company benefiting from Mr Kennedy's broad knowledge base through ongoing support in achieving the Company's strategic goals.

Mr Kennedy is currently a Non-Executive Director of Norwest Energy NL (since April 1997) and was an East Africa Resources Limited Non-Executive Director (since March 2013) but resigned from the position in April 2015.

Roy Barry Rushworth, BSc (Executive Director, Chief Executive Officer)
Mr Rushworth is a Geologist with vast experience in petroleum exploration. Commencing with positions in exploration operations, Mr Rushworth then accepted the role as Chief Geologist and Exploration Manager for an Australian listed company. The Company discovered a number of oil and gas finds during Mr Rushworth's leadership.

More recently for Pancontinental, Mr Rushworth has been responsible for identifying, negotiating and acquiring international new venture opportunities in Kenya, Namibia and elsewhere in Europe and Africa. In addition, he has a track record of working closely with international government bodies and attracting blue chip joint venture partners to Pancontinental's projects. Mr Rushworth has been a Director of Pancontinental since August 2005 and Chief Executive Officer since November 2008.

Ernest Anthony Myers CPA (Executive Finance Director)

Mr Myers, an Accountant by profession, experienced many years in ASX listed companies from positions in senior management and executive capacities to board participation roles. During his career he has been instrumental in the capital raisings and financial management of these companies. With skills and knowledge gained from vast experiences in corporate, exploration and operational areas, Mr Myers has played a key role in maintaining the Company's financial stability. Mr Myers joined Pancontinental in March 2004 as Company Secretary and was appointed Finance Director in January 2009.

Mr Myers has been an alternate Director of East Africa Resources Limited since June 2010, although he resigned from the position during the financial year (April 2015).

Anthony Robert Frederick Maslin BBus (Independent Non-Executive Director)

Mr Maslin is an ex-Stockbroker with a broad knowledge base of financial markets. Prior experience has included capital raising and the promotion of several development companies as well as consulting to a number of ASX listed companies on corporate matters. Mr Maslin has had the responsibility of managing people as well as projects which has provided him with an understanding of the exploration industry in addition to his corporate background. Mr Maslin has been a Director of Pancontinental since December 2010.

Mr Maslin is also a Non-Executive Director of Buxton Resources Ltd (Executive and Non-Executive roles since November 2010).

COMPANY SECRETARY

Vesna Petrovic, BComm, CPA

Mrs Petrovic is an Accountant who holds a Bachelor of Commerce, Major in Accounting and Business Law and has completed the Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Public listed company involvement, particularly those involved in the African continent, have provided Mrs Petrovic a base from which to contribute to the accounting and governance functions at Pancontinental. Mrs Petrovic was appointed Company Secretary in April 2010.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options of the Company as at 30 June 2015 is as follows:

	Ordinary Shares	Options over Ordinary Shares
Henry David Kennedy	141,351,602	500,000
Roy Barry Rushworth	36,835,610	1,000,000
Ernest Anthony Myers	400,715	750,000
Anthony Robert Frederick Maslin	14,583	500,000

DIRECTORS' MEETINGS

The numbers of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings
Number of meetings held:	4
Number of meetings attended:	
Henry David Kennedy	4
Roy Barry Rushworth	4
Ernest Anthony Myers	4
Anthony Robert Frederick Maslin	0

Notes
The Directors discussed and agreed various matters throughout the financial year which were resolved by circular resolution; 7 matters were dealt with in such a manner during the year.

CORPORATE INFORMATION

Corporate structure
Pancontinental Oil & Gas NL is a no liability company incorporated and domiciled in Australia. The Company's CAN is 003 029 543.

Nature of operations and principal activities
The principal activity during the year of entities within the consolidated entity was exploration for oil and gas.

There have been no significant changes in the nature of those activities during the year.

Objectives
Objectives of the group include:
- Continued exploration on the company's current portfolio of permits;
- Seek new ventures suitable for inclusion in the group's asset structure;
- Manage risks involved in the exploration industry; and
- Maintain liquidity.

The group's targets and strategies for meeting the above objectives include:
- Approve work programmes best suited for exploration success which are within the Company's financial capacity;
- Consider strategic alliances through joint ventures to minimise risks to the group;
- Focus on cost cutting in all non-essential areas; and
- Review appropriate fundraising proposals.

	Cents
Earnings (loss) per share	
Basic earnings (loss) per share	(3.64)
Diluted earnings (loss) per share	(3.64)

The main contributing factor to the Earnings per Share result this financial year was the write off of exploration licences Kenya L10A, Kenya L10B and the Company's former non-core Australian assets.

Employees
The consolidated entity had five employees as at 30 June 2015, (2014: no employees). Pancontinental previously employed the services of a management company for its administration and accounting services whereas during the 2015 financial year, individuals were employed in place of the management services company. In addition, the consolidated entity employs the services of specialised consultants where and when needed.

OPERATING AND FINANCIAL REVIEW

Review of Operations

Kenya L6 [40% offshore, 16% onshore]

Under the farmout secured with Milio International in recent years, Pancontinental is to be fully carried with no cap for; 2D seismic, interpretation, mapping and an onshore well. The work programme would satisfy the work commitments on the permit. Although a number of delays have been experienced, Operator Milio International is continuing with planning for the seismic acquisition proposed as part of the farmout agreement.

Kenya L10A [18.75%] & Kenya L10B [25%]

Due to current market conditions, the Company conducted internal evaluation of its exploration portfolio and as a result withdrew from the L10A and L10B blocks during the year. The Company is still of the belief that the area is prospective and is looking forward to the planned exploration programme in its Kenya L6 area.

Namibia EL 0037 [30%]

Pancontinental was successful in securing Tullow Oil as a joint venture partner in its EL 0037 licence, Namibia, with a planned exploration programme worth in excess of US$100 million. Seismic operations to date worth over US $30 million have been carried out with no cost to Pancontinental. The initial exploration programme has revealed four main prospects which will be further analysed before a drilling site can be chosen. The forward exploration programme is also free carried, with the Company encouraged by the results received from the Operator so far.

Group Overview

Pancontinental Oil and Gas NL was incorporated in 1985 and listed on the Australian Securities Exchange in 1986.

Dynamics of the Business

The company continues to look for new opportunities, particularly in Africa. Whilst the company is committed to further developing existing projects, emerging opportunities are reviewed on a timely basis.

Performance Indicators

The Board closely monitors and discusses the group's operating plans, financial budget and overall performance as well as the company's share price.

The underlying drivers which contribute to the company's performance and can be managed internally include a disciplined approach to reducing the group's non-essential costs and allocating funds to those areas which will add shareholder value. The company's share price is often influenced by factors outside the control of Management and the Board, such as market conditions; however through effective communication between the company and all of its Stakeholders the company can provide assurance that there are regular reviews in place to determine actions which should be implemented to mitigate risk and increase performance.

Operating Results for the Year

Summarised operating results are as follows:

	2015	
	Revenues	**Results**
	$	**$**
Non-segment and unallocated revenues and results	328,058	(41,878,638)
Consolidated entity revenues and results from ordinary activities before income tax expense	328,058	(41,878,638)

The main contributing factor to the Earnings per Share result this financial year was the write off of exploration licences Kenya L10A, Kenya L10B and the Company's former non-core Australian assets.

Shareholder Returns

The group is in the exploration phase and so returns to Shareholders are primarily measured through capital growth.

	2015	**2014**	**2013**	**2012**	**2011**	**2010**
Basic earnings per share (cents)	**(3.64)**	(1.66)	(0.06)	(0.23)	(0.16)	(0.32)

Risk Management

Risk management is the process by which an organisation identifies, analyses, responds, gathers information about and monitors strategic risks that could actually or potentially impact the organisation's ability to achieve its mission and objectives. The Board and Management assess risk as part of the ordinary course of business activities such as strategic planning, promotion, budgets, mergers and acquisitions, strategic partnerships, legislative changes and conducting business abroad.

The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The group believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that its objectives and activities are aligned with the risks identified. These include the following:

- Implementation of operating plans and cash flow budgets by Management and Board monitoring of progress against these budgets.
- Ongoing analysis of business risks specific to the exploration industry.
- The group has advised each Director, Manager and Consultant that they must comply with a set of ethical standards maintaining appropriate core company values and objectives. Such standards ensure shareholder value is delivered and maintained. Standards cover legal compliance, conflict resolution, privileged information and fair dealing.
- The Board provides Shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters which have a material effect on the underlying security price. ASX announcements, the web page of the company and other media resources are used to convey such information. The Board encourages full participation by Shareholders at the AGM and Shareholders are requested to vote on Board and Executive remuneration aggregates as well as Employee Incentive Schemes.

The risk assessment process takes into account the following steps:

- Condition – What is the particular problem that has been identified?;
- Criteria – What is the standard that was not met? This may be an internal benchmark or industry standard;
- Cause – Why did the problem occur?;
- Consequence – What is the risk, negative outcome or opportunity foregone due to the finding?; and
- Corrective action – What should Management and the Board do to correct the finding and implement procedures for the continued monitoring of the risk?.

The continued monitoring of risk within the group is directed at evaluating:

- The effectiveness and efficiency of operations;
- The reliability of financial and management internal processes and reporting; and
- Compliance with laws and regulations

to enable that the group to safeguard its assets.

Review of Financial Condition

Capital Structure

The group has a sound capital structure from which to continue its development programmes. During the year, the company maintained sufficient cash reserves and as such there was no requirement for any fundraising activities.

Share Capital	Number of shares	$
Beginning of the financial year	**1,150,994,096**	**99,411,998**
Issued during the year:	**-**	**-**
End of the financial year	**1,150,994,096**	**99,411,998**

All options currently on issue were granted in previous financial years. No options have been granted since the end of the previous financial year.

2,250,000 options of the company expired during the year:

Option Reserve	Number of options	Weighted average exercise price
Balance at beginning of year	**5,000,000**	**0.12**
– expired	**(2,250,000)**	**0.13**
Balance at end of year	**2,750,000**	**0.12**

Treasury policy

The Board has not considered it necessary to establish a separate treasury function because of the size and scope of the group's activities.

Liquidity and Funding

The Company conducted its last significant fundraising in 2012. Since then, the Group has maintained adequate cash reserves to fund ongoing operations including paying its own way through a drilling programme. Going forward the Board recognises that there will be a need for the Company to review fundraising options in order to progress operations into the future.

Statement of Compliance

The above report is based on the guidelines in The Group of 100 Incorporated publication Guide to the Review of Operations and Financial Condition.

SHARE OPTIONS

Unissued shares

At the date of this report there were 2,750,000 unissued ordinary shares under options. Refer to the notes for further details on the options outstanding.

During the year, 2,250,000 options expired.

Shares issued as a result of the exercise of Options

There were no shares issued as a result of the exercise of options during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The economic entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Pancontinental is committed to complying with any requirement for environmental management in any jurisdiction and country that it operates.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Since the end of the previous financial year the company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors and officers and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract. The premiums were paid in respect of the following officers of the company and its controlled entities:

HD Kennedy, RB Rushworth, EA Myers, ARF Maslin and V Petrovic.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and Executives of Pancontinental Oil & Gas NL ("the company").

Remuneration philosophy

A description of the remuneration structures in place is as follows: The Non-Executive Directors received a fixed fee for their services, they do not receive performance based remuneration. The Chief Executive Officer received a fixed fee for his respective executive services (with no bonus or other performance-based remuneration). Directors do not receive any termination or retirement benefits.

Remuneration committee

The full Board carries out the role of the remuneration committee.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive and Executive remuneration is separate and distinct.

Non-Executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 29 November 2007 when Shareholders approved an aggregate remuneration of $400,000 per year. The amount of aggregate remuneration sought to be approved by Shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external sources as well as the fees paid to Non-Executive Directors of comparable companies when undertaking reviews. The Non-Executive Directors of the Company can participate in Employee Option Incentive Schemes with Shareholder approval. The remuneration of Executive and Non-Executive Directors for the period ending 30 June 2015 is detailed in Table 1 of this report.

Senior Management and Executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Executives of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

Structure

In determining the level and make up of Executive remuneration, the Board may take independent advice from external sources when necessary. Details of the CEO's contract are as follows:

Basic Sum:	$750,000 (actual payments reduced to $375,000)
Capacity:	Chief Executive Officer
Commencement	1 July 2012
Termination Period:	6-12 months

The Board regularly reviews compensation levels to take into account market-related factors such as cost of living changes, any change to the scope of the role performed and any other relevant factors of influence. As such Executive Director remuneration was reduced by $435,000pa during the year.

Fixed remuneration

Objective

The level of fixed Directors' fees is set so as to provide a base level which is both appropriate to the position and is competitive in the market.

Structure

Fixed primary remuneration is paid on a cash basis and there are no fringe benefits or other costs incurred by the company.

Table 1: Director remuneration for the year ended 30 June 2015

	Primary benefits		Post Employment	Equity	Total	Value of options as proportion of Revenue
	Salary & Fees	Cash STI	Super-annuation	Options (Issued)		
Henry David Kennedy (Non-Executive Chairman)						
2015	**50,000**	**-**	**-**	**-**	**50,000**	**0.0%**
2014	50,000	-	-	-	50,000	0.0%
Roy Barry Rushworth (Executive Director, Chief Executive Officer)						
2015	**643,750**	**-**	**-**	**-**	**643,750**	**0.0%**
2014	750,000	-	-	-	750,000	0.0%
Ernest Anthony Myers[1] (Executive Finance Director)						
2015	**245,000**	**-**	**-**	**-**	**245,000**	**0.0%**
2014	48,000	-	-	-	48,000	0.0%
Anthony Robert Frederick Maslin (Non-Executive Director)						
2015	**48,000**	**-**	**-**	**-**	**48,000**	**0.0%**
2014	48,000	-	-	-	48,000	0.0%
Total Current Year Remuneration	**986,750**	**-**	**-**	**-**	**986,750**	**-**

Note 1 – During the 2014 financial year, Mr Myers held a 50% interest in a consulting company which provided staff, accounting and administrative services to listed companies, including Pancontinental. Mr Myers was paid a salary from that company. The same company also paid the staff who provided company secretarial, accounting and administrative services to Pancontinental. In the 2015 financial year, the contract for services came to an end and Pancontinental sought the employment of individuals to fulfil the roles previously carried out by the consulting company.

Table 2: Options granted as part of remuneration for the year ended 30 June 2015 (as approved by Shareholders)

There were no options granted as part of remuneration for the year ended 30 June 2015 (30 June 2014: Nil).

Over the past five years options granted as part of Director and Management remuneration have been valued using an appropriate option pricing model, in which the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying shares, the current market price of the underlying shares and the expected life of the options are taken into account. See following table for further details.

Fair values of options:

The fair value of each option is estimated on the date of grant using an appropriate option pricing model.

	2015	2014	2013	2012	2011	2010
Expected volatility	-	-	**110%**	120%	-	-
Risk-free interest rate	-	-	**2.74%**	3.57%	-	-
Expected life of option	-	-	**4 years**	3 years	-	-

Total number of options:

Number of options	Grant date	Vesting date	Weighted average fair value
2,750,000	30 Nov 12	30 Nov 12	0.06

Company Performance

Company performance can be reflected in the movement of the company's share price over time. As the company is in an exploration phase, returns to Shareholders will primarily come through share price appreciation. The Board's strategy in achieving this aim is to acquire early stage projects which can attract quality joint venture partners.

The company has developed skills in the acquisition of quality projects and has also built strategic alliances with other companies to further develop its project portfolio.

Consequences of Performance on Shareholder Wealth

Return on Equity	2015	2014	2013	2012	2011
Share price at 30 June	**$0.006**	$0.023	$0.050	$0.175	$0.110
Average equity	**34,563,322**	65,037,139	72,686,103	43,124,939	13,566,697
Net Profit /(Loss)	**(41,878,638)**	(19,068,997)	(662,822)	(1,805,773)	(967,031)
Return on Equity in %	**(121.16)%**	(29.32)%	(0.91)%	(4.19)%	(7.13)%

END OF REMUNERATION REPORT

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor independence declaration is set out on the following page and reviews part of the Directors' Report for the year ended 30 June 2015.

NON-AUDIT SERVICES

Rothsay did not receive any payment for non-audit services during the year.

Signed in accordance with a resolution of the Directors.

Ernest Anthony Myers
Director

Perth 30 September 2015

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 1154
West Perth WA 6872

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 30 June 2015 financial statements; and

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

Rolf Garda (Lead auditor)

Rothsay Chartered Accountants

Dated 30 September 2015

The Company's 2015 Corporate Governance Statement is presented below and can also be accessed at http://pancon.com.au/about-us/corporate-governance/. The Statement has been approved by the Board of Pancontinental Oil & Gas NL and is current as at 30 September 2015.

Pancontinental's Corporate Governance Statement outlines the Company's governance practices throughout the financial year and the extent of the Company's compliance, as at 30 June 2015 with the ASX Corporate Governance Council's third edition of Corporate Governance Principles and Recommendations.

The Company will regularly review its current practices to ensure they evolve with good practice methods recommended by regulatory bodies while taking into account factors such as the size, nature and activities of the Company.

<table>
<tr><th colspan="2">Corporate Governance Council Recommendation followed by Pancontinental Oil & Gas NL
Corporate Governance Comments</th></tr>
<tr><td colspan="2">PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</td></tr>
<tr><td rowspan="2">1.1</td><td>A listed entity should disclose:
(a) the respective roles and responsibilities of its board and management; and
(b) those matters expressly reserved to the board and those delegated to management.</td></tr>
<tr><td>Adopted - Pancontinental has adopted a Board Charter which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Charter outlines the roles and responsibilities of Board and Management including the responsibilities for not only the Board as a whole but also the Chairman, Chief Executive Officer and Non-Executive / Independent Directors.
The Charter contains a list of responsibilities for the Board which cannot be directly delegated to Senior Management, however day-to-day activities required to fulfil those responsibilities may be assigned to Senior Management.</td></tr>
<tr><td rowspan="2">1.2</td><td>A listed entity should:
(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</td></tr>
<tr><td>Adopted – The Company's Nomination Committee Charter which has been disclosed on the Pancontinental website http://pancon.com.au/about-us/corporate-governance/ outlines the role of the Nomination Committee including the oversight of the Company's selection and appointment practices for Directors.
As part of its Corporate Governance Manual the Company has also adopted a Policy and Procedure for Selection and (Re)Appointment of Directors which can be found at http://pancon.com.au/about-us/corporate-governance/ The Policy and Procedure outlines the process for the evaluation and appointment of new Board members, as well as listing information that is required to be provided to Shareholders so that they may make an informed decision regarding the election of a proposed candidate.
The Nomination Committee Charter empowers the Directors to engage external consultants such as Employment Screening Australia who are a CrimTrac accredited information agent that adheres to the Australian Standard AS 4811-2006 Employment Screening.</td></tr>
<tr><td>1.3</td><td>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</td></tr>
<tr><td></td><td>Adopted – Each Director is in possession of a written agreement setting out the terms of their appointment including their right to independent professional advice if required to fulfil their capacity as Director.
Material terms of any employment, service or consultancy agreement are disclosed.</td></tr>
<tr><td rowspan="2">1.4</td><td>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</td></tr>
<tr><td>Adopted – The Company Secretary is accountable to the Board through the Chairman on matters relating to the proper functioning of the Board.</td></tr>
</table>

	The Company Secretary completes and circulates board papers, records minutes of the business discussed at Board Meetings and communicates with the Board on: governance matters, application of the Company's Constitution, the ASX Listing Rules and other relevant laws. They are a point of reference between the Board and Management.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.
	Adopted – Pancontinental has formally adopted a Diversity Policy which can be found at http://pancon.com.au/about-us/corporate-governance/ **Diversity – Board Composition** The mix of skills and diversity for which the Company is looking to achieve in membership of the Board is one that is as diverse as practical given the size and scope of the Company's operations. In considering new member appointments, the Board evaluates the candidate's ability to actively participate in Board matters by exercising sensible business judgement and committing the time required to fulfil the role effectively so that the Company can move towards achieving its strategic goals. **Diversity – Measurable Objectives** The main objectives with regard to diversity include: • The Company's composition of Board, Executive, Management and Employees to be as diverse as practicable; • To provide equal opportunities for all positions within the Group and continue the Group's commitment to employment based on merit; • Periodic review of the Group's workforce structure and assessment of where and how improvements can be implemented incorporating greater diversity. The above objectives set by the Company with regard to diversity have been met, as described below: • Blend of skills – wide range of backgrounds; geology, petroleum exploration, finance and corporate experience; • Cultural backgrounds – Australian, American, English and European; • Gender – both male and female; and • Age – the age range spans over 40 years. **Diversity – Annual Reporting**

	2015	2014
Board & Company Secretary	20%	20%
Employees	67%	N/A [no employees]
Total Workforce	**37%**	**20%**

The Australian Government's Workplace Gender Equality Agency periodically releases statistics with regard to the gender composition of the Australian workforce by industry. With reference to the latest publication in April 2015, Pancontinental far exceeds the industry average of 16.1% of women.

1.6	A listed entity should: a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
	Adopted – The Company's website includes a policy with regard to the Process for Performance Evaluation which can be found at http://pancon.com.au/about-us/corporate-governance/ During the reporting period a formal evaluation of the Board and its members was not carried out however the composition of the Board, its suitability to carry out the Company's objectives and remuneration levels are reviewed on an as required basis. For example, during the financial year market conditions dictated the oil and gas environment prompting companies to review expenditures in order to preserve cash balances. As such, Pancontinental reduced Executive Director salaries by $435,000 per annum to adapt to market circumstances. Although the instability in the oil and gas industry is not attributable to the Directors it does show the willingness of the Board to put requisite measures in place when industry settings change.
1.7	A listed entity should: a) have and disclose a process for periodically evaluating the performance of its senior executives; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
	Adopted – The Company's website includes a policy with regard to the process for performance evaluation which can be found at http://pancon.com.au/about-us/corporate-governance/ With regard to the current financial reporting period, a formal evaluation of the performance of Senior Executives was not carried out as the suitability and size of the Company's workforce is reviewed by the Board on an as required basis.

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE	
2.1	The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.
	Not Adopted – The full Board fulfils the role of the Nomination Committee. The Board considers those matters that would ordinarily be the responsibility of a Nomination Committee and no separate meetings were held as the Nomination Committee during the year. The Board has adopted a Nomination Committee Charter which is disclosed on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Charter as well as the Company's Policy and Procedure for Selection and (Re) Appointment of Directors http://pancon.com.au/about-us/corporate-governance/ and Succession Plan Policy are applied when convening to discuss Nomination Committee matters. In assessing the Company's diversity objectives, the composition of the Board is considered with regard to blend of skills, experience, independence and diversity. The Directors consider that the current Board has the appropriate balance to successfully carry out the duties required of them as Officers of the Company.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.
	Adopted – The Board is seeking Directors who collectively have the skills, knowledge and experience to govern and direct the Company effectively. The below table shows the key skills and experience the Board as a whole possess.

Board Expertise		Board Experience	
Commercial	•	Capital Raisings	•
Compliance	•	Company Promotion	•
Corporate	•	Financial Management	•
Ethics	•	Former Board Experience	•
Exploration	•	International Business	•
Finance	•	Listed Company Management	•
Geology	•	Mergers & Acquisitions	•
Governance	•	Mineral Exploration	•
Risk	•	Mineral Production	•
Strategy	•	Oil & Gas Exploration	•

Details of each of the Director's qualifications are set out in the Directors' Report. All of the Directors have substantial industry experience and consider themselves to be financially literate. Mr Myers, is a Certified Practicing Accountant and therefore meets the tests of financial expertise.

	Pancontinental acknowledges that the skills, knowledge and experience required on the Board will change as the Organisation evolves however under the current circumstances, the mix of expertise and experience identified above is beneficial in meeting the current challenges faced by the Group.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.
	Adopted – see table below.

Director	Position	Tenure	Independent
HD Kennedy	Non-Executive Chairman	16 years	No - Substantial Shareholder
RB Rushworth	Executive Director, Chief Executive Officer	10 years	No - Executive Director
EA Myers	Executive Finance Director	6 years	No - Executive Director
ARF Maslin	Independent Non-Executive Director	4 years	Yes

	In considering the independence of Directors, the Board refers to the criteria for independence as set out in Box 2.3 of the ASX Corporate Governance Council's third edition of Corporate Governance Principles and Recommendations. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed on the Company's website. Box 2.3's independence criteria has been applied in the above table and although the only Director considered to be independent is Mr Maslin, the Board believes its current composition is in line with the long term interests of Shareholders. The Board also acknowledges the need for independent judgement on all Board decisions, irrespective of each individual Director's independence and as such has implemented a Policy on Independent Professional Advice.
2.4	A majority of the board of a listed entity should be independent directors.
	Not Adopted – Currently the only Director considered independent is Mr Maslin. The Board acknowledges Recommendation 2.4 in that the majority of the Board of a listed entity should be independent Directors, however the Board is of the belief that each area of expertise required for a Company of Pancontinental's size is well represented and that there are long term benefits to be gained from the current combination of Directors' skills, experience and expertise. Although the Board of Directors are able to exercise objective business judgement, a Policy on Independent Professional Advice has been implemented to assist if required. If a Director considers it necessary to obtain professional advice to properly discharge the responsibility for their office as a Director, then the Company will pay reasonable expenses associated with obtaining such advice.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.
	Not Adopted – As recommended, the Chairman and the CEO are not the same person, however the Chairman of the Board is Mr Kennedy, who is not independent by virtue of this substantial shareholding in the Company. Leadership of the Board rests with the Chairman who oversees its operation ensuring that it is run effectively. The Board believes Mr Kennedy's interests are aligned with the long term interests of Shareholders and given his extensive experience and qualifications, believes Mr Kennedy is the most appropriate Director to carry out the role of the Chairman.

2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.
	Adopted – The Company has devised an Induction Programme for new Directors, Executives and Employees. The goal of the Induction Programme is to assist new Directors in participating fully and actively in Board decision making at the earliest opportunity by providing them with the necessary Company knowledge as well as information pertaining to the industry within which it operates. A Directors' Pack is made available which includes key information on Board Members, Board Charters, Duties Imposed on Directors of Public Companies, Directors' Disclosure Obligations, Declaration of Interest Forms and Overall Responsibility amongst other Policies and Procedures implemented by the Company. New Directors are given the opportunity to review the Company's operations and meet with key Executives in the Exploration, Geology, Finance and Corporate areas. Professional development opportunities arise when there are new corporate, legal, tax, accounting or geological developments within Australia or in overseas countries where the Company operates. The Board is briefed by Management on any new standards or matters of interest that are relevant in the Company continuing its business effectively. In addition, a number of professional bodies with which the Company is associated run regular seminars or conferences at which attendance is encouraged.
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY	
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.

	Adopted – A summary of the Company's Code of Conduct can be found at http://pancon.com.au/about-us/corporate-governance/ The Company's Code of Conduct sets out the principles and standards which the Board, Management and employees of the Company are encouraged to strive towards when dealing with each other, Shareholders, Stakeholders and the broader community. The Code of Conduct covers the Company's core values and beliefs including the following: • Integrity and Honesty • Responsibility to Shareholders • Respect for the Law • Conflicts of Interest • Protection of Assets • Confidential Information • Employment Practices • Responsibility to the Community • Responsibility to the Individual • Obligations Relative to Fair Trading and Dealing • Financial and other Inducements • Compliance with the Code of Conduct In addition, a Whistleblower Policy forms part of the Company's Corporate Governance Manual. The Policy covers the following: • Reporting and Investigating Officers • Reporting Responsibility • No Retaliation • Reporting Violations • Accounting and Auditing Matters • Acting in Good Faith • Confidentiality • Handling of Reported Violations The Policy was adopted so that any concerns regarding contraventions of the Code of Conduct could be addressed in a safe and formal manner without fear of reprisal.

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING	
4.1	The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.
	Not Adopted – The full Board fulfils the role of the Audit Committee. The Board considers those matters that would ordinarily be the responsibility of an Audit Committee and no separate meetings were held as the Audit Committee during the year. The Board has adopted an Audit Committee Charter which is disclosed on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Charter as well as the Company's Procedure for the Selection, Appointment and Rotation of External Auditor http://pancon.com.au/about-us/corporate-governance/ is applied when convening to discuss Audit Committee matters. An External Auditor is appointed to independently verify and safeguard the integrity of the Company' corporate reporting, in addition when discussing Audit Committee matters, the Board reviews annual action points such as: • Review of financial statements • Assess Management's selection of accounting policies and principles • Consider the external audit report and whether it is consistent with the Board's information and knowledge • Consider the Company's internal controls • Assess if the external audit report is adequate for Shareholder needs • Discuss any significant findings with the External Auditor • Confirm the independence of the External Auditor • Ensure that the External Auditor is requested to attend the Annual General Meeting The Board in conjunction Management's input, review the suitability of existing audit arrangements and the scope of the audit on a periodic basis. The Board is responsible for the appointment of a new external auditor should a vacancy arise, however the appointment must be ratified by Shareholders at the next Annual General Meeting. The Board of Directors also review the current circumstances in light of Section 324D(1) and (2) of the Corporations Act 2001 which stipulates that an individual may not play a significant role in the audit of a listed entity for more than five out of seven successive financial years.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
	Adopted – A Directors' Declaration under Subsection 295(4) of the Corporations Act 2001 is only made after each person who performs: a) A Chief Executive Officer function; or b) A Chief Financial Officer function in relation to the Company, has given the Directors a declaration whether, in their opinion: a) The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

	b) The financial statements and notes for the financial year comply with the accounting standards; c) The financial statements and notes for the financial year five a true and fair view; d) Any other matters that are prescribed by the regulations in relation to the financial statements and notes for the financial year are satisfied. In addition, that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively. The declaration is made: a) In writing; b) Specifying the date the declaration is made; c) Specifying the capacity in which the person is making the declaration; and d) Signed by the person making the declaration.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.
	Adopted – During Annual General Meeting planning, the External Auditors are consulted to ensure that they are available to attend the meeting and answer questions from Shareholders with regard to the conduct of the audit and the Auditor's Report.
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.
	Adopted – A summary of the Company's Policy on ASX Listing Rule Compliance can be found at http://pancon.com.au/about-us/corporate-governance/ As a Company listed on the Australian Securities Exchange, Pancontinental is obliged to disclose certain information under a continuous disclosure regime to keep the market informed of events and developments as they occur. The Company promotes timely and balanced disclosure of all material matters concerning the Company. All Investors should have equal and timely access to material information. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer for ensuring the procedures are complied with. The Policy sets out details with regards to: • The Responsible Officer • Types of information that needs to be disclosed • The concept of timely announcements • Board Notification – informing the Board and ongoing monitoring • Avoiding a false market • Safeguarding confidentiality of corporate information to avoid premature disclosure • Media contact and comment • External communications such as analyst briefings and responses to Shareholder questions • Reporting • Required actions in the case of non-compliance • Updating compliance procedures • Guide to drafting company announcements
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS	
6.1	A listed entity should provide information about itself and its governance to investors via its website.
	Adopted – The Company's website includes a Corporate Governance landing page which can be found at http://pancon.com.au/about-us/corporate-governance/ The Corporate Governance page shows an introduction to the Corporate Governance of the Company by referring to the Corporate Governance Manual adopted, in addition, Investors can find Board Charters as well as an extract of Policies and Procedures included in the manual.

	Links to the Investor Centre can also be opened from the Corporate Governance page where ASX releases, the Company's share price, financial reports, broker reports, media coverage and company presentations can be accessed. Subscriptions to the Company's mailing list can also be submitted from this page. Furthermore, general and detailed project information is available for the Investor's perusal from the Corporate Governance page.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.
	Adopted – The Company has adopted a Shareholder Communication Policy which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Policy aims to ensure that Shareholders are informed of all major developments affecting the Company and that there are means available to facilitate two-way communication. If Investors have a greater understanding of the business they are able to make informed investment decisions. Information is communicated to Investors by: • Company announcements • Information briefings to media and analysts • Notices of Meeting and explanatory material • Financial information including annual reports • Website updates • Board and Management addresses and presentations at meetings Investors can express their views or present queries to the Company by: • Utilising the Contact Us section of the website http://pancon.com.au/contact-us to send direct communications to the Company • The Contact Us section http://pancon.com.au/contact-us as well as any ASX or media updates include the contact details of the Company such as address and telephone number. These details can be used to initiate written or verbal contact with the Company • The Company provides Shareholders with a Notice of Meeting detailing matters such as the agenda, location and time of the meeting so that Shareholders can make arrangements to attend and speak to Company representatives. Notices of Meeting are available on the ASX platform under the code PCL or the Company website so that Investors who are not currently Shareholders can also attend the meeting
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.
	Adopted – The Company has adopted a Shareholder Communication Policy which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Policy covers the Company's belief that general meetings are an effective means of communicating with Shareholders. The Company provides information in the Notice of Meeting that is presented in a clear, concise and effective manner. Meetings are held during business hours, at a central location convenient for the largest number of Investors to attend. Shareholders are encouraged to attend and take note of the Chairman's address as well as vote on the resolutions presented to the meeting. Upon completion of formal matters, the Chief Executive Officer provides attendees with an update of activities via a company presentation. This provides Investors with an opportunity to ask questions, express their views or just meet the Company representatives.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.
	Adopted – Security holders have the option of receiving communications from the Company and its Share Registry electronically. The Contact Us section of the Company's website http://pancon.com.au/contact-us provides an opportunity for security holders to send communications to the Company electronically. The website has been specifically designed so that it is user friendly on all devices from laptops to phones. Electronic communication is not only cost effective, it provides Investors with real time updates on the activities of the Company. The Company's website provides a tab where Stakeholders can join the Company's mailing list which will enable them to receive electronic communication each time the Company lodges an announcement on the ASX or provides a media update.

	Advanced Share Registry and the Company review and monitor opportunities to increase the use of electronic communication with its Shareholders.
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.
	Not Adopted - The full Board fulfils the role of the Risk Committee. The Board considers those matters that would ordinarily be the responsibility of a Risk Committee and no separate meetings were held as the Risk Committee during the year. The Company's Risk Management Policy (a summary of which can be found at http://pancon.com.au/about-us/corporate-governance/) is applied when reviewing and discussing risk management matters. In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. The Company's Risk Management Policy sets out the Company's risk management system and processes as well as the Company's Risk Profile. The Policy covers the following risk related points and is used as a means to assess the Company's risk management structure: • The role of the Board and delegated responsibility – ultimate responsibility rests with the Board, however day to day management of risk is the responsibility of the CEO with the assistance of Senior Management • The role of the CEO and accountabilities • Authority of the CEO • Risk Profile • Audit Committee Charter • Regular budgeting and financial reporting • Clear limits and authorities for expenditure levels • Procedures for compliance with continuous disclosure obligations under the Listing Rules • Procedures to assist with establishing and administering corporate governance systems and disclosure requirements • Responsibility to Stakeholders • Continuous improvement
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.
	Adopted – The Board and Management assess risk as part of the ordinary course of business activities such as strategic planning, promotion, budgets, mergers and acquisitions, strategic partnerships, legislative changes and conducting business abroad. Each Board Meeting is used as a platform for the review and assessment of the Company's risk profile.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

	Adopted – The Company discloses that it does not have an internal audit function. The Company's risk management system is overseen by Management who ensure that the identification, monitoring and response of business risks. The Board reviews Management's assessment of the efficiency of the system and according to the Risk Management Policy is required to satisfy itself that Management has developed and implemented a sound system of risk management and internal control.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.
	Adopted – The Company values economic, environmental and social sustainability in areas within which it operates. The Company has adopted a Corporate Governance Manual which sets outs the policies and procedures in place which apply to the Board, Management, Employees and the entire business. The policies and procedures are designed to assist in identifying relevant risks and having processes in place to mitigate if not eliminate the risk. • Economic sustainability refers to the ability of a listed entity to continue operating at a particular level of economic production over the long term. • Environmental sustainability refers to the ability of a listed entity to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term. • Social sustainability is the ability of a listed entity to continue operating in a manner that meets accepted social norms and needs over the long term. Risks identified that may have a material effect on the Company include: • Oil price volatility as well as currency fluctuations in the Australian and United States dollars. The state of the oil and gas industry has been affected by the uncertainty in the oil price. Although the Company is not in production and there is not a material business risk in that regard, the Company's operations are affected due to reduced exploration budgets and reduced overall activity in the exploration sector; • Currently all of Pancontinental's assets are managed by Joint Venture Operators who are responsible for the day to day operations of the permits. As such, regular review of the Joint Venture activities is crucial in safeguarding the assets of the Company. Technical and financial Executives review the work programmes and budgets in place to ensure compliance with approved documents. Updates on operational activities are provided by the Joint Venture partners on a regular basis and will include any environmental operational issues if applicable; • Conducting business in foreign jurisdictions carries with it a risk of change in business, legal, tax, accounting, political, environmental and technical practices for example, which may have a material effect on the Company. Pancontinental monitors joint venture partners working in those jurisdictions as well as local news developments to ensure that if a risk presents itself the Company is well equipped with sufficient time to decide on a course of action; • The Company is committed to providing all Employees, Executives and Directors with a safe and productive work environment. There are environmental and location risks that the Company may face, however the Corporate Governance Manual and the procedures and policies within it should assist in assessing the best course of action to mitigate or eliminate the risk; • For expenditure that the Company has control of, it will endeavour to use sustainable and ethically sourced products that have little or no impact on the environment.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY	
8.1	The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.
	Not Adopted – The full Board fulfils the role of the Remuneration Committee. The Board considers those matters that would ordinarily be the responsibility of a Remuneration Committee and no separate meetings were held as the Remuneration Committee during the year. The Board has adopted a Remuneration Committee Charter which is disclosed on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Charter as well as the Company's Remuneration Policy is applied when convening to discuss Remuneration Committee matters. Emoluments of Directors and Senior Executives are set by reference to payments made by other companies of a similar size and industry, and by reference to the skills and experience of the Directors and Executives. Details of the nature and amount of emoluments of each Director of the Company are disclosed annually in the Company's annual report. Should circumstances arise where the Board needs assistance on a remuneration matter, the Board after requisite approval may engage a remuneration consultant to ensure the level of remuneration in the Company is appropriate for its size, level of activity and industry.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.
	Adopted - The Company has adopted a Remuneration Committee Charter which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/ The Charter separately discloses the processes regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other Senior Executives. Executive Remuneration In considering the level of remuneration for Executives, the matters that are taken into account include: • Remuneration which motivates Executives to pursue the long term growth and success of the Company within an appropriate control framework; • A clear correlation between performance and remuneration; • Align the interests of key leadership with the long term interests of the Company's Shareholder; and • Prohibit Executives from entering into transactions which limit the economic risk of participating in unvested entitlement. Non-Executive Remuneration Matters of consideration include: • Fees paid to Non-Executive Directors are within the aggregate amount approved by Shareholders; • Non-Executive Directors to be remunerated by way of fees; • Non-Executive Directors are not provided with retirement benefits other than statutory superannuation; and • Non-Executive Directors are not entitled to participate in equity-based remuneration schemes designed for Executives without due consideration and appropriate disclosure to the Company Shareholders.
8.3	A listed entity which has an equity-based remuneration scheme should:

	(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.
	Adopted - The Company has adopted a Policy for Trading in Company Securities which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/ Directors, Officers and Employees who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act 2001 dealing with insider trading, in conjunction with the Company's Policy for Trading in Company Securities. The policy has been developed so that all Company employees and representatives are clear as to their obligations with regard to trading while in possession of insider information.

YEAR ENDED 30 JUNE 2015	Notes	CONSOLIDATED 2015 $	2014 $
OPERATING ACTIVITIES			
Depreciation and amortisation expenses	2, 6	**(8,354)**	(1,416)
Salaries, fees and benefits		**(1,021,183)**	(724,368)
Audit fees		**(81,337)**	(23,582)
Generative exploration expenditure and write off	2	**(40,492,415)**	(17,846,392)
Annual report costs		**(7,454)**	(7,770)
ASX fees		**(36,144)**	(43,751)
Administration, accounting and secretarial fees		**(3,108)**	(2,432)
Insurance		**(31,502)**	(40,885)
Legal fees		**(10,023)**	(49,073)
Share registry costs		**(31,873)**	(29,067)
Rent and outgoings		**(194,908)**	(119,661)
Travel		**(61,579)**	(91,182)
Other revenues and expenses		**(226,261)**	(267,367)
TOTAL OPERATING ACTIVITIES		**(42,206,141)**	(19,246,946)
FINANCING ACTIVITIES			
Financing income		**328,058**	1,090,608
Financing expense		**(555)**	(912,659)
TOTAL FINANCING ACTIVITIES		**327,503**	177,949
PROFIT/(LOSS) BEFORE INCOME TAX		**(41,878,638)**	(19,068,997)
Income tax expense	3	**-**	-
PROFIT/(LOSS) FOR THE PERIOD		**(41,878,638)**	(19,068,997)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	10	**(41,878,638)**	(19,068,997)
Basic earnings per share (cents per share)	15	**(3.64)**	(1.66)
Diluted earnings per share (cents per share)		**(3.64)**	(1.66)

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

AT 30 JUNE 2015	Notes	CONSOLIDATED 2015 $	2014 $
CURRENT ASSETS			
Cash assets		**1,345,837**	9,665,484
Trade and other receivables	4	**51,839**	45,055
TOTAL CURRENT ASSETS		**1,397,676**	9,710,539
NON-CURRENT ASSETS			
Property, plant and equipment	6	**83,257**	1,388
Deferred exploration, evaluation and development costs	7	**13,399,620**	45,950,928
TOTAL NON-CURRENT ASSETS		**13,482,877**	45,952,316
TOTAL ASSETS		**14,880,553**	55,662,855
CURRENT LIABILITIES			
Trade and other payables	8	**1,248,123**	160,215
TOTAL CURRENT LIABILITIES		**1,248,123**	160,215
NON-CURRENT LIABILITIES			
Provision for employee entitlements		**8,427**	-
TOTAL CURRENT LIABILITIES		**8,427**	-
TOTAL LIABILITIES		**1,256,550**	160,215
NET ASSETS		**13,624,003**	55,502,640
EQUITY			
Parent entity interest			
Contributed equity	9a	**99,411,998**	99,411,998
Reserves	10	**154,000**	345,179
Accumulated losses	10	**(85,941,995)**	(44,254,537)
Total parent entity interest in equity		**13,624,003**	55,502,640
TOTAL EQUITY		**13,624,003**	55,502,640

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

AT 30 JUNE 2015

Consolidated	Share Capital	Retained Earnings	Option Reserve	Total Equity
	$	$	$	$
Balance at 1 July 2014	**99,411,998**	**(44,254,537)**	**345,179**	**55,502,640**
Profit or loss	**-**	**(41,878,638)**	**-**	**(41,878,638)**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**
Shares issued (net of costs)	**-**	**-**	**-**	**-**
Share options	**-**	**191,180**	**(191,179)**	**1**
Balance at 30 June 2015	**99,411,998**	**(85,941,995)**	**154,000**	**13,624,003**
Balance at 1 July 2013	99,411,998	(25,185,540)	345,179	74,571,637
Profit or loss	-	(19,068,997)	-	(19,068,997)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	-	-	-	-
Share options	-	-	-	-
Balance at 30 June 2014	99,411,998	(44,254,537)	345,179	55,502,640

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

YEAR ENDED 30 JUNE 2015	Notes	CONSOLIDATED 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(1,735,302)**	(1,583,303)
Recharges & refunds of exploration expenditure		**948,392**	2,266,032
Expenditure on exploration interests		**(7,964,324)**	(25,090,575)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	11(a)	**(8,751,234)**	(24,407,846)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(90,509)**	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(90,509)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		**249,959**	1,089,388
Proceeds from issues of ordinary shares		**-**	-
Share issue costs		**-**	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**249,959**	1,089,388
NET INCREASE/(DECREASE) IN CASH HELD		**(8,591,784)**	(23,318,458)
Add opening cash brought forward		**9,665,484**	33,821,848
Effects of exchange rate changes		**272,137**	(837,906)
CLOSING CASH CARRIED FORWARD	11(b)	**1,345,837**	9,665,484

The above Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
This financial report was authorised for issue by the Directors on 30 September 2015.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), including Australian interpretations adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the consolidated entity and company also complies with IFRSs and interpretations adopted by the International Accounting Standards Board.

Basis of preparation

The report has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuation of non-current assets. The accounting policies adopted are consistent with those of the previous year. The following specific accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(b) Exploration Expenses
Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Such costs are carried forward where they are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale, or where activities in the area of interest have not yet reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

(c) Principles of consolidation
The consolidated financial statements are those of the consolidated entity, comprising Pancontinental Oil & Gas NL (the parent entity) and all entities which Pancontinental Oil & Gas NL controlled from time to time during the 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 the part of the reporting period during which the parent company has control.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(d) Foreign currencies
Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

(e) Cash and cash equivalents
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Interest expense is charged as an expense as it accrues.

(f) Receivables
Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(g) Investments
Investments in controlled entities are carried in the company’s financial statements at the lower of cost and recoverable amount.

(h) Recoverable Amount
The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs.

(i) Property, plant and equipment
Cost and valuation
Property, plant and equipment is measured at cost.

Depreciation
Depreciation is provided on a diminishing value basis on all property, plant and equipment.

Major depreciation rates are:

	2015	2014
Plant and equipment:	**30%**	**30%**

(j) Joint ventures
Interests in the joint venture operations are brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

In the company’s financial statements, investments in joint venture operations were carried at the lower of cost and recoverable amount.

(k) Going concern
The Directors consider that the going concern basis for the consolidated entity is appropriate and recognise that additional funding is required to ensure the consolidated entity can continue its operations for the twelve month period from the date of this financial report and to fund the continued development of the consolidated entity’s exploration assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2001, if required, by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of the consolidated entity’s exploration projects; and
- The ability, if required to dispose of interests in exploration and development assets.

Accordingly, the Directors believe that the consolidated entity will obtain sufficient cash inflows to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial statements.

(l) Payables
Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(m) Provisions
Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(n) Contributed equity
Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services
Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.
Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Interest Revenue
Control of the right to receive the interest payment. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(p) Taxes
Tax-effect accounting is applied using the income statement liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.
Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Employee benefits
Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Employee benefit expenses and revenues arising in respect of the following categories:
- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits

are charged against profits on a net basis in their respective categories.

(r) Earnings per share
Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:
- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Comparatives
Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(t) Financial Instruments
See financial instruments note for compliance notes with *AASB 7*, financial instruments: disclosures.

(u) New accounting standards and interpretations
The financial report is presented in Australian dollars which is the company's functional currency. A number of new standards, amendments to standards and interpretations are effective for the current annual report period; however, none have been applied in preparing these consolidated financial statements. The standards are not expected to have a material impact on the accounting policies or consolidated financial statements of the group.

2. DEPRECIATION AND WRITE OFF

	Notes	CONSOLIDATED 2015 $	2014 $
Expenses			
Depreciation of non-current assets:			
Office furniture and equipment		**8,354**	1,416
Generative exploration and write off:			
Exploration, evaluation and development costs		**40,492,415**	17,846,392

3. INCOME TAX

	CONSOLIDATED 2015 $	2014 $
(a) Income Tax (Benefit)/Expense		
The prima facie tax, using tax rates applicable in the country of operation, on profit and extraordinary items differs from the income tax provided in the financial statements as follows:		
Prima facie tax on profit from ordinary activities	**(12,563,591)**	(5,721,273)
Tax effect of permanent differences:		
Other items (net)	**-**	-
Amount not brought to account as a carried forward future income tax benefit	**12,563,591**	5,721,273
Income tax expense attributable to ordinary activities	**-**	-

(b) Future Income Tax Benefit not taken into account

The potential future income tax benefit calculated at 30% in respect of:

	2015	2014
Adjustments to carry forward tax losses	-	-
Tax Losses not brought to account	**6,706,042**	6,245,263
Total	**6,706,042**	6,245,263

This future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The recognition and utilisation of losses is subject to the loss recoupment rules being satisfied.

4. RECEIVABLES (CURRENT)

	CONSOLIDATED 2015 $	2014 $
Sundry receivables	**51,839**	45,055
Total	**51,839**	45,055

(a) Terms and conditions

(i) Trade debtors are non-interest bearing and generally on 30 day terms.

(ii) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.

5. INTERESTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2015	2014	2015	2014
		%	%	$	$
Euro Pacific Energy Pty Ltd	Australia	**100**	100	**2**	2
Provision for diminution in value of investment				**(2)**	(2)
Loan to Euro Pacific Energy Pty Ltd				**(155,180)**	(161,423)
Provision for loss on loan to Euro Pacific Energy Pty Ltd				**-**	-
Pancontinental Namibia Pty Ltd*	Australia	**100**	100	**1**	1
Provision for diminution in value of investment				**(1)**	(1)
Loan to Pancontinental Namibia Pty Ltd				**4,511,137**	5,009,288
Provision for loss on loan to Pancontinental Namibia P/L				**(47,150)**	(12,479)
Afrex Ltd *	Saint Lucia	**100**	100	**10,584,107**	10,584,107
Provision for diminution in value of investment				**(10,584,107)**	(10,584,107)
Loan to Afrex Ltd				**6,681,913**	7,263,753
Provision for loss on loan to Afrex Ltd				**(2,955,144)**	(2,927,448)
Starstrike Resources Ltd *		**100**	100	**380,000**	380,000
Provision for diminution in value of investment	British Virgin Islands			**(380,000)**	(380,000)
Loan to Starstrike Resources Ltd				**73,995**	66,535
Provision for loss on loan to Starstrike Resources Ltd				**-**	-
Total				**8,109,571**	9,238,226

*Indicates companies not audited by Rothsay Chartered Accountants.

**Australian entity audited by Rothsay, branch operation by Ernst & Young Namibia.

6. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2015	2014
	$	$
Office equipment		
At cost	**91,364**	29,559
Less: Accumulated depreciation	**(8,107)**	(28,171)
Total written down amount	**83,257**	1,388

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment

	2015	2014
Office equipment		
Carrying amount opening balance	**1,388**	2,804
Additions	**90,980**	-
Write offs	**(757)**	-
Depreciation expense	**(8,354)**	(1,416)
Total written down amount	**83,257**	1,388

7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

	CONSOLIDATED 2015 $	2014 $
Exploration, evaluation and development costs carried forward		
Pre-production:		
exploration and evaluation phases:		
Carrying amount at 1 July	**45,950,928**	38,938,195
Expenditure & acquisitions during the year	**8,661,655**	25,080,520
Exploration expenditure written off	**(40,492,415)**	(17,752,562)
Exploration expenditure written off – direct to P&L	**177,868**	-
Disposal of Australian assets	**50,000**	-
Recovery and refunds of exploration expenditure *	**(948,416)**	(315,225)
Carrying amount at 30 June	**13,399,620**	45,950,928

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

* For the year ended 30 June 2014, the credit relates to refunds of past expenditure, for the year ended 30 June 2015 the credit relates to refunds of joint venture contributions and reimbursement of past costs.

8. TRADE and OTHER PAYABLES (CURRENT)

	CONSOLIDATED 2015 $	2014 $
Trade creditors, accruals and provisions	**1,248,123**	160,215
Total	**1,248,123**	160,215

A portion of the amount shown above relates to a cash call from BG Group, some of which goes back to 2013. Pancontinental disputes the amount claimed and continues to defend its rights in this matter.

9. CONTRIBUTED EQUITY

	CONSOLIDATED 2015 $	2014 $
(a) Issued and paid up capital		
Ordinary shares fully paid	**99,411,998**	99,411,998
Total	**99,411,998**	99,411,998

(b) Movements in shares on issue

	2015		2014	
	Number of shares	$	Number of shares	$
Beginning of the financial year	**1,150,994,096**	**99,411,998**	1,150,994,096	99,411,998
Issued during the year:				
– Placement (net of costs)	**-**	**-**	-	-
– Exercise of Options (net of costs)	**-**	**-**	-	-
End of the financial year	**1,150,994,096**	**99,411,998**	1,150,994,096	99,411,998

10. RESERVES AND ACCUMULATED LOSSES	CONSOLIDATED	
	2015	2014
	$	$
Reserves		
Beginning of the financial year	**345,179**	345,179
Options expired	**(191,179)**	-
End of the financial year	**154,000**	345,179
Accumulated losses		
Beginning of the financial year	**(44,254,537)**	(25,185,540)
Net loss attributable to members of Pancontinental Oil & Gas NL	**(41,878,638)**	(19,068,997)
Share options expired	**191,180**	-
Total available for appropriation	**(85,941,995)**	(44,254,537)
End of the financial year	**(85,941,995)**	(44,254,537)

11. STATEMENT OF CASH FLOWS	CONSOLIDATED	
	2015	2014
	$	$
(a) Reconciliation of the net loss after tax to the net cash flows from operations		
Net loss	**(41,878,638)**	(19,068,997)
Non-Cash Items, Non-Operating Items		
Depreciation of non-current assets	**8,354**	1,416
Financing expense	**555**	912,659
Financing income	**(328,058)**	(1,090,608)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(6,784)**	1,885,001
(Increase)/decrease in property, plant & equipment	**(81,869)**	1,416
(Increase)/decrease in exploration, evaluation & development	**32,551,308**	(7,012,733)
(Increase)/decrease in interests in subsidiaries	**-**	-
(Decrease)/increase in trade and other payables	**1,087908**	38,949
(Decrease)/increase in employee entitlements	**-**	-
Other non-cash	**(104,010)**	(74,949)
Net cash flow from operating activities	**(8,751,234)**	(24,407,846)
(b) Reconciliation of cash		
Cash balance comprises:		
– cash assets	**1,345,837**	9,665,484
Closing cash balance	**1,345,837**	9,665,484

12. EXPENDITURE COMMITMENTS	CONSOLIDATED	
	2015	2014
	$	$
Capital expenditure commitments		
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:		
not later than one year		
– other	-	342,718
later than one year and not later than five years		
– other	-	14,892,810
later than five years		
Total	-	15,235,528

13. EMPLOYEE BENEFITS

Employee Share Scheme
Information with respect to the number of options under the employee share incentive scheme is as follows:

	2015		2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	**5,000,000**	**0.12**	5,000,000	0.12
– expired	**(2,250,000)**	**0.13**	-	-
Balance at end of year	**2,750,000**	**0.12**	5,000,000	0.12

Options held at the end of the reporting period
The following table summarises information about options held as at 30 June 2015. All options outstanding were issued to Directors.

Number of options	Grant date	Expiry date	Weighted average exercise price
2,750,000	30 Nov 12	29 Nov 16	0.1230

14. SUBSEQUENT EVENTS

There were no significant events after balance date.

15. EARNINGS PER SHARE	CONSOLIDATED	
	2015	2014
	$	$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	**(41,878,638)**	(19,068,997)
Adjustments:		
Earnings used in calculating basic and diluted earnings per share	**(41,878,638)**	(19,068,997)

	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,150,994,096**	1,150,994,096
Effect of dilutive securities:		
Share options	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**1,150,994,096**	1,150,994,096

16. AUDITORS' REMUNERATION	**CONSOLIDATED**	
	2015	**2014**
	$	**$**
Amounts received or due and receivable by Rothsay for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	**55,500[1]**	18,500
– other services in relation to the entity and any other entity in the consolidated entity	**-**	-
Amounts received or due and receivable by Ernst and Young Namibia for:		
– an audit or review of the financial report of Pancontinental Namibia Pty Ltd	**25,837[2]**	5,082
– other services in relation to the entity		
	81,337	23,582

[1] $19,000 of the current year audit fee relates to the 2014 financial year.
[2] $15,198 of the current year audit fee relates to previous financial years.

17. DIRECTOR AND EXECUTIVE DISCLOSURES
(a) Details of Specified Directors and Specified Executives
(i) Specified Directors

Henry David Kennedy	Non-Executive Chairman
Roy Barry Rushworth	Executive Director, Chief Executive Officer
Ernest Anthony Myers	Executive Finance Director
Anthony Robert Frederick Maslin	Non-Executive Director
(ii) Specified Executives	
Vesna Petrovic	Company Secretary

Total remuneration for all Non-Executive Directors, last voted upon by Shareholders at the 2007 AGM, is not to exceed $400,000 per annum and is set with reference to fees paid to other Non-Executive Directors of comparable companies.

Non-Executive and Executive Directors do not receive performance related remuneration but they are eligible to participate in Employee Option Schemes approved by Shareholders.

Directors do not receive any termination or retirement benefits.

(b) Remuneration of Specified Directors /Officers

	Primary			Post Employment		Equity	Other	Total
	Salary & Fees	Cash Bonus	Non Monetary benefits	Super-annuation	Retirement benefits	Options	Bonus	
Specified Directors/Officers								
Henry David Kennedy								
2015	**50,000**	**-**	**-**	**-**	**-**	**-**	**-**	**50,000**
2014	50,000	-	-	-	-	-	-	50,000
Roy Barry Rushworth								
2015	**643,750**	**-**	**-**	**-**	**-**	**-**	**-**	**643,750**
2014	750,000	-	-	-	-	-	-	750,000
Ernest Anthony Myers								
2015	**245,000**	**-**	**-**	-	**-**	**-**	**-**	**245,000**
2014	48,000	-	-	-	-	-	-	48,000
Anthony Robert Frederick Maslin								
2015	**48,000**	**-**	**-**	-	**-**	**-**	**-**	**48,000**
2014	48,000	-	-	-	-	-	-	48,000
Vesna Petrovic								
2015	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**
2014	-	-	-	-	-	-	-	-
Total Remuneration: Specified Directors /Officers								
2015	**1,136,750**	**-**	**-**	**-**	**-**	**-**	**-**	**1,136,75**
2014	896,000	-	-	-	-	-	-	896,000

During the 2014 financial year, Mr Myers held a 50% interest in a consulting company which provided staff, accounting and administrative services to listed companies, including Pancontinental. Mr Myers was paid a salary from that company. The same company also paid the staff who provided company secretarial, accounting and administrative services to Pancontinental. In the 2015 financial year, the contract for services came to an end and Pancontinental sought the employment of individuals to fulfil the roles previously carried out by the consulting company.

(c) Remuneration options: Granted and vested during the year

There were no grants of remuneration options during the year.

(d) Option holdings of specified Directors and specified Executives

2015

	Balance at beginning of period	Granted as Remuneration	Options Exercised/ (Expired)	Net Change Other	Balance at end of period
	1 July 2014				**30 June 2015**
Specified Directors					
Henry David Kennedy	1,250,000	-	(750,000)	-	**500,000**
Roy Barry Rushworth	2,500,000	-	(1,500,000)	-	**1,000,000**
Ernest Anthony Myers	750,000	-	-	-	**750,000**
Anthony Robert Frederick Maslin	500,000	-	-	-	**500,000**
Total	**5,000,000**	**-**	**-**	**-**	**2,750,000**

2014

	Balance at beginning of period	Granted as Remuneration	Options Exercised/ (Expired)	Net Change Other	Balance at end of period
	1 July 2013				**30 June 2014**
Specified Directors					
Henry David Kennedy	1,250,000	-	-	-	**1,250,000**
Roy Barry Rushworth	2,500,000	-	-	-	**2,500,000**
Ernest Anthony Myers	750,000	-	-	-	**750,000**
Anthony Robert Frederick Maslin	500,000	-	-	-	**500,000**
Total	**5,000,000**	**-**	**-**	**-**	**5,000,000**

(e) Shareholdings of Specified Directors and Specified Executives

2015

Ordinary Shares held in Pancontinental Oil & Gas NL	**Balance 1 July 2014**	**Acquisitions (Disposals)**	**Balance 30 June 2015**
Specified Directors			
Henry David Kennedy	141,351,602	-	141,351,602
Roy Barry Rushworth	36,835,610	-	36,835,610
Ernest Anthony Myers	400,715	-	400,715
Anthony Robert Frederick Maslin	14,583	-	14,583
Total	**178,602,510**	**-**	**178,602,510**

2014

Ordinary Shares held in Pancontinental Oil & Gas NL	**Balance 1 July 2013**	**Acquisitions (Disposals)**	**Balance 30 June 2014**
Specified Directors			
Henry David Kennedy	134,051,602	7,300,000	141,351,602
Roy Barry Rushworth	36,835,610	-	36,835,610
Ernest Anthony Myers	400,715	-	400,715
Anthony Robert Frederick Maslin	14,583	-	14,583
Total	**171,302,510**	**7,300,000**	**178,602,510**

18. SEGMENT INFORMATION

Segment accounting policies
The group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the group that are reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance.

The Board of Pancontinental reviews internal reports prepared as consolidated financial statements and strategic decisions of the group are determined upon analysis of these internal reports. During the period the group operated predominately in one business segment, being the oil and gas sector. Accordingly, under the management approach outlined only one operating sector has been identified and no further disclosures are required in the notes to the consolidated financial statements.

19. FINANCIAL INSTRUMENTS

Financial risk management

Overview:

The company and group have exposure to the following risks from their use of financial instruments:

(a) credit risk

(b) liquidity risk

(c) market risk

This note presents information about the company's and group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(a) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In this industry, it arises principally from the receivables of joint venture re-charges and recuperations of cost. For the group, it arises from receivables due from subsidiaries and re-charges to joint venture partners.

(i) Trade and other receivables:

The group operates predominantly in the oil and gas exploration sector; it does not ordinarily have material trade receivables and is therefore not ordinarily exposed to credit risk in relation to trade receivables.

The company's and group's exposure to credit risk is influenced directly and indirectly by the individual characteristics of each joint venture.

(ii) Loans to subsidiaries:

The company has provided funding to its subsidiaries by way of loans. Based on Management's review of the subsidiaries net tangible asset position and cash flow projections, the current carrying value of the loans have been assessed to be fully recoverable. Repayment of these loans will occur through future business activities of each respective entity.

Exposure to credit risk

The carrying amount of the company's and group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Consolidated	Note	Carrying amount 2015	2014
		$	$
Trade and other receivables	4	**51,839**	45,055
Cash and cash equivalents		**1,345,837**	9,665,484
Total		**1,397,676**	9,710,539

Impairment losses:

None of the company's or group's receivables are past due at 30 June 2015, (2014: nil).

An impairment write down in respect of inter-group loans and shares was recognised during the current year from an analysis of the subsidiaries respective financial positions. The total impairment write down recognised through impairment of loans to subsidiaries and shares held in subsidiaries during the current period was $62,367 (2014: $8,978,003).

Whilst the loans were not payable at 30 June 2015 a provision for impairment based on the subsidiaries financial position was carried forward from previous periods. The balance of this provision may vary due to performance of a subsidiary in a given year.

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages liquidity risk by maintaining adequate cash reserves through continuously monitoring forecast and actual cash flows.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk:

The group is from time to time exposed to currency risk on investments, and foreign currency denominated purchases in a currency other than the respective functional currencies of group entities, primarily the Australian dollar (AUD). The other material currency that these transactions are denominated in is the (USD).

The group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

Exposure to currency risk:
The group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2015			30 June 2014		
AUD	**AUD**	**USD**	**Total**	**AUD**	**USD**	**Total**
Cash & cash equivalents	**1,052,933**	**292,904**	**1,345,837**	7,036,895	2,628,589	9,665,484
Trade & other receivables	**51,839**	**-**	**51,839**	45,055	-	45,055
Trade and other payables	**(1,256,550)**	**-**	**(1,256,550)**	(160,215)	-	(160,215)
Net balance sheet exposure	**(151,778)**	**292,904**	**141,126**	6,921,735	2,628,589	9,550,324

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2015	2014	**2015**	2014
AUD : USD	**0.837**	0.918	**0.765**	0.942

Sensitivity analysis:
A 10 percent strengthening of the Australian dollar against the USD at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014.

Effect in AUD	Consolidated	
	Equity	**Profit or loss**
30 June 2015		
10% strengthening	**32,545**	**32,545**
30 June 2014		
10% strengthening	64,610	64,610

A 10 percent weakening of the Australian dollar against the USD at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis only had an effect on the equity or profit and loss of the company in relation to the USD bank account as the other bank transactions in foreign currencies are predominately guarantees for exploration expenditure and would not have an effect on the financial position of the company until their maturity date and only then, if the guarantee is to be extended and that extension is at a different AUD to USD rate.

Interest rate risk:
At balance date the group had exposure to interest rate risk, through its cash and equivalents held within financial institution.

	Consolidated Carrying Amount	
	30 June 2015	**30 June 2014**
Variable rate instruments		
Cash and cash equivalents	**1,345,837**	9,665,484

Fair value sensitivity analysis for fixed rate instruments:

The company and group do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit or loss or equity.

Fair values:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	**30 June 2015**		**30 June 2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Trade and other receivables	**51,839**	**51,839**	45,055	45,055
Cash and cash equivalents	**1,345,837**	**1,345,837**	9,665,484	9,665,484
Trade and other payables	**(1,256,550)**	**(1,256,550)**	(160,215)	(160,215)
	141,126	**141,126**	9,550,324	9,550,324

The basis for determining fair values is disclosed in note [1].

Capital Management:

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total Shareholders' equity, excluding non-redeemable preference shares and minority interests.

	2015	**2014**
Equity attributable to Shareholders of the Company		
Minorities	**-**	-
Equity	**13,624,003**	55,502,640
Total assets	**14,880,553**	55,662,855
Equity ratio in %	**91.56%**	99.71%
Average equity	**34,563,322**	65,037,139
Net Profit	**(41,878,638)**	(19,068,997)
Return on Equity in %	**(121.16)%**	(29.32)%

There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

20. RELATED PARTY

(a) During the year the company paid fees to Resource Services International Limited, a company in which Mr Kennedy has a financial interest, for consulting services. The amount paid to was $50,000 (2014: $50,000). Refer note 17.

(b) The company has effected Directors and Officers Liability Insurance.

21. PARENT INFORMATION

The Group has applied amendments to the Corporations Act (2001) which remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures below.

AT 30 JUNE 2015

	2015 $	2014 $
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(Loss) for the period	**(41,865,729)**	(19,062,522)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(41,865,729)**	(19,062,522)

	2015 $	2014 $
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	**1,389,518**	8,884,363
TOTAL ASSETS	**14,784,486**	55,567,964
Liabilities		
Current liabilities	**1,232,154**	158,330
TOTAL LIABILITIES	**1,240,581**	158,330
Equity		
Contributed equity	**99,411,998**	99,411,998
Reserves	**154,000**	345,179
Accumulated losses	**(86,022,093)**	(44,347,543)
TOTAL EQUITY	**13,543,905**	55,409,634

In accordance with a resolution of the Directors of Pancontinental Oil & Gas NL, I state that:

(1) In the opinion of the Directors:

(a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards including International Financial Reporting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2015.

On behalf of the Board

Ernest Anthony Myers
Director

Perth 30 September 2015

ROTHSAY

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PANCONTINENTAL OIL & GAS NL

Report on the financial report

We have audited the accompanying financial report of Pancontinental Oil & Gas NL "(the Company") which comprises the balance sheet as at 30 June 2015 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) 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. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Pancontinental Oil & Gas NL is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Pancontinental Oil & Gas NL for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rolf Garda
Partner

Dated 30 September 2015

Chartered Accountants