Half Year Report and Accounts

July 2015 to December 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)

Company Secretary
Vesna Petrovic

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Auditors
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ASX Code
PCL

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Pancontinental Oil & Gas NL during the Half Year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Contents

Namibia EL 0037

LOCATION:

Walvis Basin, Offshore Namibia

PROJECT SIZE:

17,295 square kilometres

JOINT VENTURE PARTNERS:

Tullow Kudu Limited (Operator)
65.00%

Pancontinental Oil & Gas Group
30.00%

Paragon Oil & Gas (Pty) Ltd
5.00%

GEOLOGY:

The central part of an oil – mature “Fairway” has been interpreted to extend through EL 0037. Pancontinental believes that EL 0037 covers one of the few areas where an oil generating “sweet spot” of oil prone source rocks are sufficiently buried to generate oil.

A number of slope and basin floor turbidite fans, forming very large Prospects and Leads, have been identified and mapped within the Fairway. The Prospects and Leads are closely associated with the interpreted oil-generating source rocks.

Kenya L6

LOCATION:

Lamu Basin, Onshore /Offshore Kenya

PROJECT SIZE:

5,010 square kilometres

JOINT VENTURE PARTNERS:

Offshore

FAR Limited (Operator)
60.00%

Pancontinental Oil & Gas Group
40.00%

Onshore

Milio International Group (Operator)*
60.00%

Pancontinental Oil & Gas Group
16.00%

FAR Limited
24.00%

*after earn in

GEOLOGY:

A deep central graben in this area is considered to be an oil and gas “source kitchen” and potential hydrocarbon trapping prospects have been identified adjacent to the area.

The Kifaru Prospect and Kifaru West Prospect are interpreted to be large stacked Miocene reefs, with interpreted good lateral and top seals and close proximity to mature Eocene source rocks.

The Tembo Prospect is a large tilted fault block trap, with interpreted sandstone reservoirs at a number of levels.

The Directors present their report on the consolidated entity consisting of Pancontinental Oil & Gas NL ("Pancontinental" or the "Company") and the entities it controlled at the end of or during the half year ended 31 December 2015.

DIRECTORS

The names and details of the company's Directors in office during the half 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 more than 30 years' 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 made 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 resigned as Independent Non-Executive Director during the half year.

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.

REVIEW AND RESULTS OF OPERATIONS

The review of the consolidated entity's operations during the half year ended 31 December 2015 is as follows:

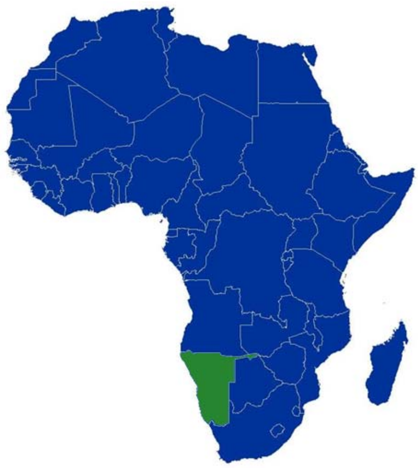
Financial

	$
Revenue	11,571
Expenses	(4,769,493)
Operating Profit /(Loss)	(4,757,922)
Income Tax	-
Operating Profit /(Loss) for the half year *	(4,757,922)

* The operating loss includes a non-cash write off of previously incurred exploration expenditure of $3,867,251. The write down in the carrying value of exploration expenditure reflects the current fall in prices and general industry conditions.

Review of Operations

During the half year Pancontinental maintained its focus on oil and gas exploration in Namibia and Kenya.



Namibia

Pancontinental's acreage in Namibia is located offshore in the Walvis Basin. The Company is eagerly anticipating the outcome of a drilling decision which is due to be made by operator Tullow Oil at the end of the next quarter.

Namibia Offshore EL 0037

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

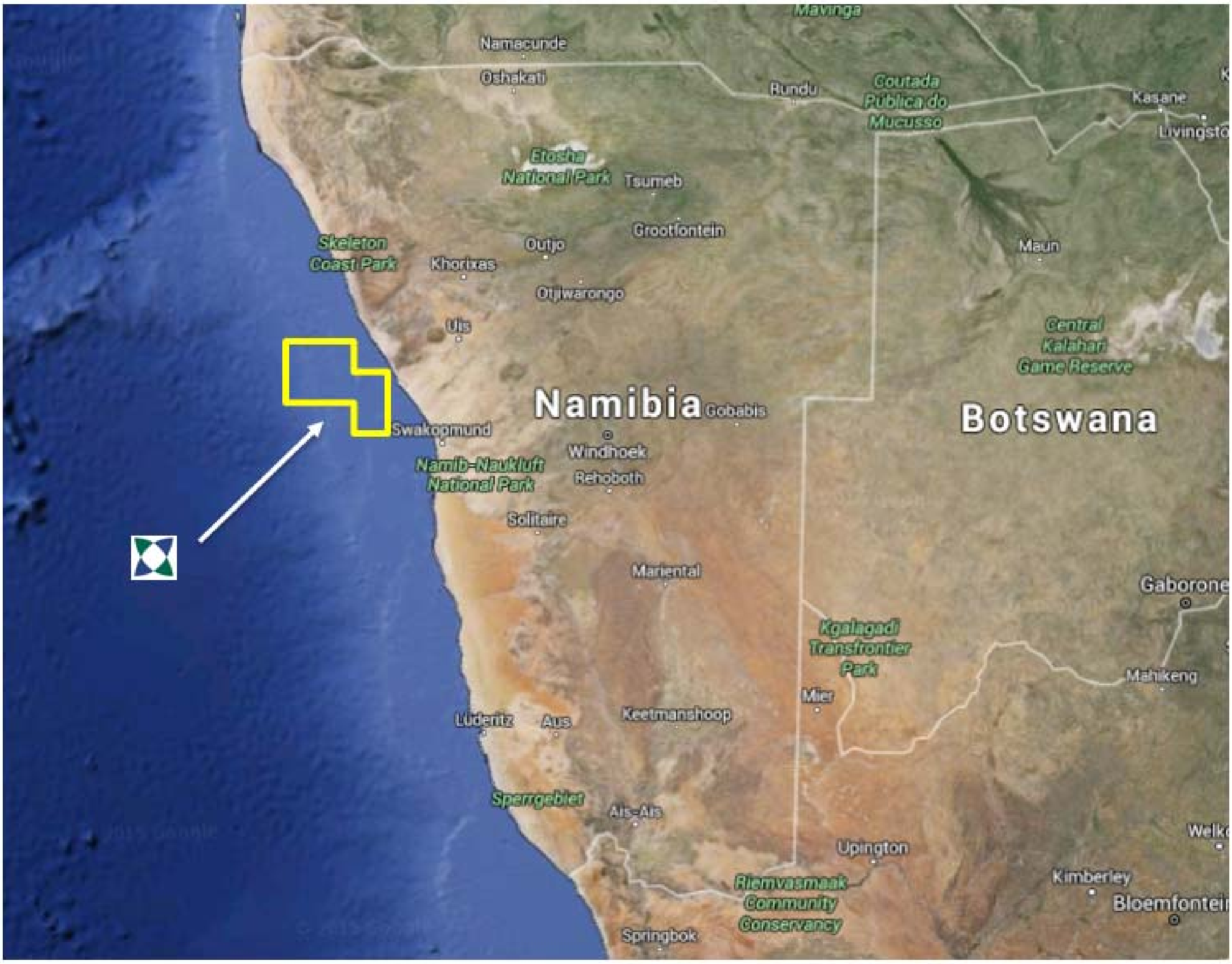
The Company's offshore acreage under Exploration Licence 0037 was awarded in 2011 to Pancontinental and its local partner Paragon Oil & Gas (Pty) Ltd. Detailed in house exploration studies produced positive results and as such Pancontinental approached its local partner to negotiate a deal where the Company would acquire an additional 10%. Armed with a strong 95% interest Pancontinental sought the expertise of a large company which would carry it through the next work programme phase.

In 2013, Tullow Kudu Limited, a subsidiary of Tullow Oil farmed into the exploration licence for 65% on the basis that the following exploration programme would be undertaken:

- 3,000 km2 of 3D seismic;
- 1,000 km of 2D seismic;
- Processing of the seismic acquisition data;
- Interpretation and mapping; and
- Drilling one exploration well.

To date, Tullow has fulfilled the above seismic obligations at a cost in excess of US $34 million which has provided the joint venture with valuable information with regard to the geology in the area.

To retain its 65% interest Tullow must notify the joint venture by the end of March 2016 that it plans to proceed with drilling in the exploration permit. Should Tullow decide to pursue drilling in the offshore acreage, this will be a significant milestone for the Company and this frontier basin.



Pancontinental's Offshore Namibian Exploration Licence

Pancontinental has estimated the Prospective Resource potential of the Prospects mapped to date using factors including estimates of the area of the Prospects, of to what level the Prospects may be oil filled, the thickness, geometry, porosity and net to gross factors of the potential reservoirs, oil saturations and commercial recovery factors. The estimates have been made on a deterministic basis and no probabilistic estimates or chances of drilling success have therefore been made in this case. Details of the Prospects and Leads mapped to date are as follows: (see Cautionary Statement below and Disclaimers).

PROSPECT / LEAD	STATUS	AREA (Sq Km)	PROSPECTIVE RESOURCE 100% (MmBbls)*	NET TO JOINT VENTURE (MmBbls)	NET PANCONTINENTAL SHARE (MmBbls)
Albatross	**Prospect**	293	**349**	331.6	**99.5**
Seagull & Gannet S	**Prospect**	273	**338**	321.1	**96.3**
Seagull & Gannet N	**Prospect**	90	**104**	98.8	**29.6**
Cormorant	**Prospect**	120	**124**	117.8	**35.3**
Upper Fan 2	**Lead**	85			
Lower Fan 3	**Lead**	352			
Lower Fan 4	**Lead**	170			
TOTAL (Prospects Only)			**915***	**869.3**	**260.7**

Table of EL 0037 Prospects and Leads areas and Prospective Resource Volumes evaluated as at 28 September 2015

Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

DISCLAIMERS & NOTES- NAMIBIA

Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum in this report that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Prospective Resources

All Prospective Resource estimates in this report with regard to Namibian operations are prepared as of 28 September 2015. The estimates have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers and have been prepared using deterministic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisked and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the total resource while the Net to Pancontinental basis is adjusted for the Government Royalty of 5% under Production Sharing Contracts and Pancontinental's percentage entitlement under Joint Venture contracts.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas and may be subject to revision if amendments to mapping or other factors necessitate such revision.

Prospects and Leads

The meanings of "Prospects" and "Leads" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target. A Lead is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and / or evaluation to be classified as a Prospect.

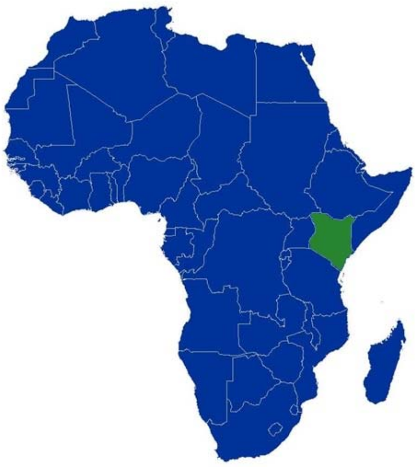
Competent Person Statement Information

The hydrocarbon resource estimates in this report have been prepared by Mr Roy Barry Rushworth the Chief Executive Officer and Executive Director of Pancontinental Oil & Gas NL. Mr Rushworth has more than 30 years' experience in practising petroleum geology and exploration management.

Mr Rushworth consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental's planned operation programme and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Pancontinental believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.



Kenya

Pancontinental has been conducting exploration programmes in Kenya over the past decade. With two recent notable discoveries, the Company is now looking to achieving similar goals in its offshore acreage located in the prospective Lamu Basin.

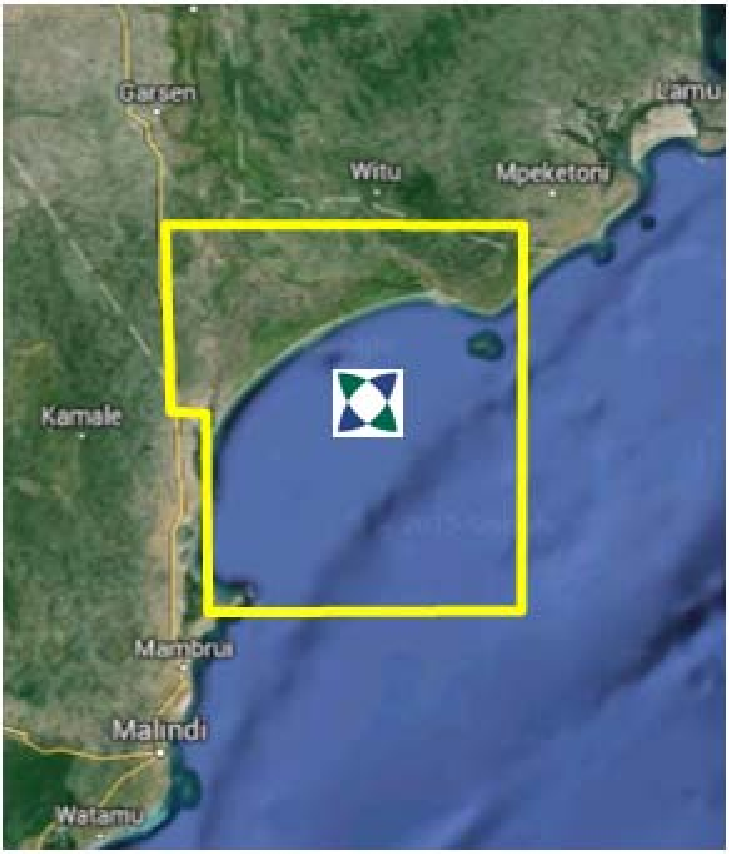
<u>Kenya Onshore / Offshore Block L6</u>

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

Pancontinental was an original applicant in the award of the Kenya L6 licence. The licence is located in the largest basin in Kenya; the Lamu Basin. The basin is the only one of the four basins in Kenya to span both the onshore and offshore. Historically it has been very prospective for the Company and its former joint ventures.

Exploration work programmes to date have been conducted on both the onshore and the offshore portions of the permit. These work programmes have uncovered the prospectivity of the area which is on-trend to the play opening Sunbird-1 oil discovery.

With proven working oil and gas systems, future exploration in the region has great upside potential. Operators of the offshore area are FAR Limited ("FAR") and Milio International ("Milio") operators of the onshore area. With experienced operators and a stake in a highly prospective exploration area, the Company looks forward to forthcoming exploration campaigns.



Pancontinental's Onshore and Offshore Kenyan Exploration Licence

Prospective resources within the permit are as follows:

		Unrisked Prospective Resources					
		Low Estimate		Best Estimate		High Estimate	
Prospect	Play	Oil (mmbbls)	Gas (bcf)	Oil (mmbbls)	Gas (bcf)	Oil (mmbbls)	Gas (bcf)
Prospects defined on 3D seismic							
Kifaru	Miocene reef	34	104	178	517	849	2,321
Kifaru West	Miocene reef	30	87	130	388	545	1,579
Tembo	Eocene clastics	91	227	327	807	1,212	2,907
Prospects defined on 2D seismic							
11 Prospects	Miocene reef	297	821	1,249	3,461	5,194	14,032
13 Prospects	Eocene clastics	451	1,287	1,743	4,515	6,582	16,132
6 Prospects	Late Cretaceous clastics	21	101	126	547	684	2,808
Total Gross		925	2,627	3,754	10,235	15,066	39,779

Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. See Disclaimers and Notes for further details.

DISCLAIMERS & NOTES - KENYA

In respect of the Competent Persons Statement regarding the information contained in preceding pages with regard to Kenya L6 resources, the reader is directed to the announcement of 27 February 2013 by FAR Limited.

Notes to the table

1. The recoverable hydrocarbon volume estimates prepared by FAR Limited and stated in the table above have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineers.

2. The prospective resource estimates have been estimated using probabilistic methods and are dependent upon a hydrocarbon discovery being made.

3. The Low Estimates, Best Estimates and High Estimates represent respectively that there is a 90%, 50% and 10% probability that the actual resource volume will be in excess of these amounts.

4. The estimates for unrisked prospective resources have not been adjusted for both an associated chance of discovery and a chance of development.

5. The Gross (100% working interest) prospective resource estimates include Government share of production applicable under the Production Sharing Contract.

6. The estimates for unrisked Prospective Resources for Kenya Block L6 are reported in oil or gas. There is insufficient geological and engineering data to make an assessment as to the likely ratio of oil or gas in a given discovery in Kenya Block L6, hence the estimates provided are for either all oil or all gas. The oil and gas estimates reported should not be added together.

7. Prospective resources means those quantities of petroleum which are estimated, as of a given date to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

8. bcf means Billion Cubic Feet of gas at standard temperature and pressure conditions.

9. mmbbls means Million Standard barrels of oil or condensate.

Corporate

Since the downturn in the industry, the Company has focused on reducing all non-core corporate expenditure. A detailed review of the corporate costs was undertaken and new terms sought where possible enabling the Company to preserve cash resources wherever possible.

During the half year, Pancontinental conducted fundraising via the following mechanisms:

1) Before the end of the half year, the Company successfully placed shares to sophisticated and professional investors for AU $738,000;
2) Post half year end, a general meeting was conducted where shareholders approved the participation of directors in a placement on the same conditions as sophisticated and professional investors. This placement raised AU $500,000; and
3) Also post half year end, a Share Purchase Plan was offered to existing shareholders so that the fundraising would be fair to all stakeholders. The Share Purchase Plan successfully raised AU $286,000 with positive feedback from shareholders.

CHANGES IN STATE OF AFFAIRS

During the half year ended 31 December 2015, there were no significant change in the entity's state of affairs other than that referred to in the Half Year Financial Statements of Notes thereto.

This report is made in accordance with a resolution of the Directors.

EA Myers
Finance Director
PERTH, 22 February 2016

AUDITOR INDEPENDENCE

The Directors received the following declaration from the auditor of Pancontinental Oil & Gas NL:

Auditor's Independence Declaration to the Directors of Pancontinental Oil & Gas NL

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 review of the 31 December 2015 half year financial statements; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Mr Rolf Garda

Lead Auditor

Rothsay Chartered Accountants

22 February 2016

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2015

The Directors declare that:

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

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

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

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

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

On behalf of the Directors

EA Myers
Director
PERTH, 22 February 2016

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
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Phone (08) 9486 7094 www.rothsayresources.com.au

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

The financial report and directors' responsibility
The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Pancontinental Oil & Gas NL for the half-year ended 31 December 2015.

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

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2015 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pancontinental Oil & Gas NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

- giving a true and fair view of the consolidated financial position as at 31 December 2015 and of the performance for the half-year ended on that date; and

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay Auditing
Dated 22nd February 2016

Garda

Rolf Garda
Partner

Statement of Comprehensive Income

HALF YEAR ENDED 31 DECEMBER 2015	Notes	CONSOLIDATED Half Year to Dec 2015 $	Half Year to Dec 2014 $
OPERATING ACTIVITIES			
Depreciation and amortisation		**(12,679)**	(631)
Director remuneration and benefits		**(285,838)**	(433,251)
Audit fees		**(10,481)**	(37,698)
Exploration – generative & refunds	7	**(4,031,710)**	509,924
Annual report costs		**(13,249)**	(7,454)
ASX fees		**(28,532)**	(34,482)
Administration, accounting and secretarial fees		**(1,957)**	(2,082)
Insurance		**(26,683)**	(19,217)
Legal fees		**(15,812)**	(3,762)
Share registry costs		**(11,707)**	(20,083)
Rent and outgoings		**(60,803)**	(76,500)
Travel		**(12,832)**	(48,047)
Salaries and entitlements		**(172,973)**	(85,738)
Other revenues and expenses		**(98,126)**	(135,703)
TOTAL OPERATING ACTIVITIES		**(4,783,382)**	(394,724)
FINANCING ACTIVITIES			
Financing income		**25,460**	236,531
Financing expense		**-**	-
TOTAL FINANCING ACTIVITIES		**25,460**	236,531
PROFIT / (LOSS) BEFORE INCOME TAX		**(4,757,922)**	(158,193)
Income tax expense		**-**	-
PROFIT / (LOSS) FOR THE PERIOD		**(4,757,922)**	(158,193)
OTHER COMPREHENSIVE INCOME / (LOSS)			
Other comprehensive income		**-**	-
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**(4,757,922)**	(158,193)
Basic earnings per share (cents per share)		**(0.41)**	(1.66)
Diluted earnings per share (cents per share)		**(0.41)**	(1.66)

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

AT 31 DECEMBER 2015	Notes	CONSOLIDATED Dec 2015	Jun 2015
		$	$
CURRENT ASSETS			
Cash assets	3	**1,063,944**	1,345,837
Trade and other receivables		**33,949**	51,839
TOTAL CURRENT ASSETS		**1,097,893**	1,397,676
NON-CURRENT ASSETS			
Property, plant and equipment		**73,178**	83,257
Deferred exploration, evaluation and development costs		**9,168,275**	13,399,620
TOTAL NON-CURRENT ASSETS		**9,241,453**	13,482,877
TOTAL ASSETS		**10,339,346**	14,880,553
CURRENT LIABILITIES			
Trade and other payables		**798,994**	1,248,123
TOTAL CURRENT LIABILITIES		**798,994**	1,248,123
NON-CURRENT LIABILITIES			
Provision for employee entitlements		**12,687**	8,427
TOTAL CURRENT LIABILITIES		**12,687**	8,427
TOTAL LIABILITIES		**811,681**	1,256,550
NET ASSETS		**9,527,665**	13,624,003
EQUITY			
Parent entity interest			
Contributed equity		**100,073,582**	99,411,998
Reserves		**154,000**	154,000
Accumulated losses		**(90,699,917)**	(85,941,995)
Total parent entity interest in equity		**9,527,665**	13,624,003
TOTAL EQUITY		**9,527,665**	13,624,003

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

AT 31 DECEMBER 2015

Consolidated	Share Capital	Retained Earnings	Option Reserve	Total Equity
	$	$	$	$
Balance at 1 July 2015	**99,411,998**	**(85,941,995)**	**154,000**	**13,624,003**
Profit or loss	**-**	**(4,757,922)**	**-**	**(4,757,922)**
Other comprehensive income / (loss)	**-**	**-**	**-**	**-**
Shares issued (net of costs)	**661,584**	**-**	**-**	**661,584**
Share options	**-**	**-**	**-**	**-**
Balance at 31 December 2015	**100,073,582**	**(90,699,917)**	**154,000**	**9,527,665**
Balance at 1 July 2014	99,411,998	(44,254,537)	345,179	55,502,640
Profit or loss	-	(158,193)	-	(158,193)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	-	-	-	-
Share options	-	191,180	(191,179)	1
Balance at 31 December 2014	99,411,998	(44,221,550)	154,000	55,344,448

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

HALF YEAR ENDED 31 DECEMBER 2015	CONSOLIDATED	
	Half Year to Dec 2015 $	Half Year to Dec 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	**(679,282)**	(965,304)
Recharges & refunds of exploration expenditure	**-**	658,580
Expenditure on exploration interests	**(315,053)**	(826,474)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	**(994,335)**	(1,133,198)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,600)**	-
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES	**(2,600)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	**11,771**	193,480
Proceeds from issues of ordinary shares	**738,000**	-
Share issue costs	**(50,034)**	-
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES	**699,737**	193,480
NET INCREASE / (DECREASE) IN CASH HELD	**(297,198)**	(939,718)
Add opening cash brought forward	**1,345,837**	9,665,484
Effects of exchange rate changes	**15,305**	53,198
CLOSING CASH CARRIED FORWARD	**1,063,944**	8,778,964

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

Notes to the Financial Statements

For the Half Year ended 31 December 2015

1. Basis of Preparation of Half Year Financial Statements

This general purpose financial report for the Half Year ended 31 December 2015 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2015 and public announcements made by Pancontinental Oil & Gas NL during the Half Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

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

Principles of Consolidation

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

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

Cash

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

Taxation

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

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use.

Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. The fair value of plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Capitalisation of Exploration and Evaluation Costs

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

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

Significant Accounting Policies & Changes in Accounting Policies

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2015.

Notes to the Financial Statements

For the Half Year ended 31 December 2015

1. Basis of Preparation of Half Year Financial Statements Continued

In the half year ended 31 December 2015, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

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

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2015. As a result of this review the Group has determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Accumulated Losses

	Half Year Ended 31-Dec-15 $	Half Year Ended 31-Dec-14 $
Loss from ordinary activities after related income tax expense	(4,757,922)	(158,193)
Accumulated profits (losses) brought forward	(85,941,995)	(44,254,537)
Adjustment from options (options vesting and expiring)	-	191,180
Accumulated profits (losses) at end of Half Year	**(90,699,917)**	**(44,221,550)**

3. Reconciliation of Cash

Cash at the end of the Half Year as shown in the Statement of Cash Flows is reconciled to the related items in the Financial Statements as follows:	31-Dec-15 $	30-Jun -15 $
Deposits – at call	901,506	998,777
Deposits – security	20,000	180,600
Cash on hand and at bank	142,438	166,460
Cash and Equivalents at 31 December	**1,063,944**	**1,345,837**

Notes to the Financial Statements

For the Half Year ended 31 December 2015

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

Category of Securities	Number Issued	Number Quoted	Exercise	Expiry
Ordinary Shares at 30 June 2015:	1,150,994,096	1,150,994,096		
Issued during Half Year ended 31 December 2015:	184,500,000	184,500,000		
	1,335,494,096	**1,335,494,096**		
Options at beginning of the Half Year	2,750,000	-	$0.12	29 Nov 16
	2,750,000	**-**		
Issued during the Half Year	-	-		
	-	**-**		
Expired during the Half Year	-	-		
	-	**-**		
Options at end of the Half Year	2,750,000	-	$0.12	29 Nov 16
	2,750,000	**-**		

5. Earnings per Share

	Half Year Ended 31-Dec-15	Half Year Ended 31-Dec-14
Basic earnings per share - cents	(0.41)	(0.01)
Diluted earnings per share is not materially different from Basic earnings per share	(0.41)	(0.01)
The weighted average number of ordinary shares outstanding during the Half Year used in the calculation of basic earnings per share	1,335,494,096	1,150,994,096

6. Segmental Information

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

Notes to the Financial Statements

For the Half Year ended 31 December 2015

7. Exploration – Generative & Refunds

	Half Year Ended 31-Dec-15 $	Half Year Ended 31-Dec-14 $
Exploration write offs	(3,867,251)	(14,498)
Generative exploration expenditure	(164,459)	(124,434)
Exploration expenditure refunds	-	648,856
	(4,031,710)	**509,924**

Note December 2015 – exploration expenditure previously incurred of $3,867,251 was written off to reflect the current fall in oil price, slowdown in exploration activity globally and risks associated with funding by joint venture partners.

8. Subsequent Events

No matters or circumstances have arisen since the end of the Half Year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity as reported to the Half Year ended 31 December 2015.

9. Commitments for Expenditure (Contingent Liability)

Oil Leases and Permits

In order to maintain current rights of tenure to permits, the Consolidated Entity is required to perform minimum expenditure requirements of various authorities and pay fees. The Consolidated Entity will not be required to outlay any expenditure in the next year with respect to permit lease rentals and exploration expenditures to meet these minimum expenditure requirements as it is free carried in its two active exploration licences.