

## **Pancontinental Awarded Second Large Block in Namibian Exploration Trends targeted by Oil Majors**

- **Pancontinental has signed a Petroleum Agreement with the Ministry of Mines and Energy of Namibia (Ministry) and Namibian partners for Block 2713 offshore Namibia.**
- **Pancontinental is the project Operator, with a 75% interest. Block 2713 is a large, 10,947 km<sup>2</sup> area on trend where industry giants Shell, GALP (Portugal) and Total (in 2017) have acquired interests. It is Pancontinental's second Block award offshore Namibia.**
- **The Company has already mapped a number of leads with very large oil volume potential.**
- **The Block has an initial period of 4 years, and an innovative exploration program is planned.**
- **The Petroleum Agreement is subject to standard fiscal terms in Namibia that are considered excellent by world standards.**
- **In PEL 37, the Company's first Namibian project that is operated by Tullow Oil, the joint venture has recently approved drilling of the Cormorant Prospect in 2018. Pancontinental will have an effective free carried 20% interest through the well.**

Commenting on the new opportunity, Pancontinental CEO John Begg said:

*"We are delighted that the Ministry has granted Pancontinental this new area. We believe that offshore Namibia is one of a select few areas around the world with the potential for large oil discoveries in modest to deep water that can be profitable at prevailing oil prices, and highly profitable at better prices.*

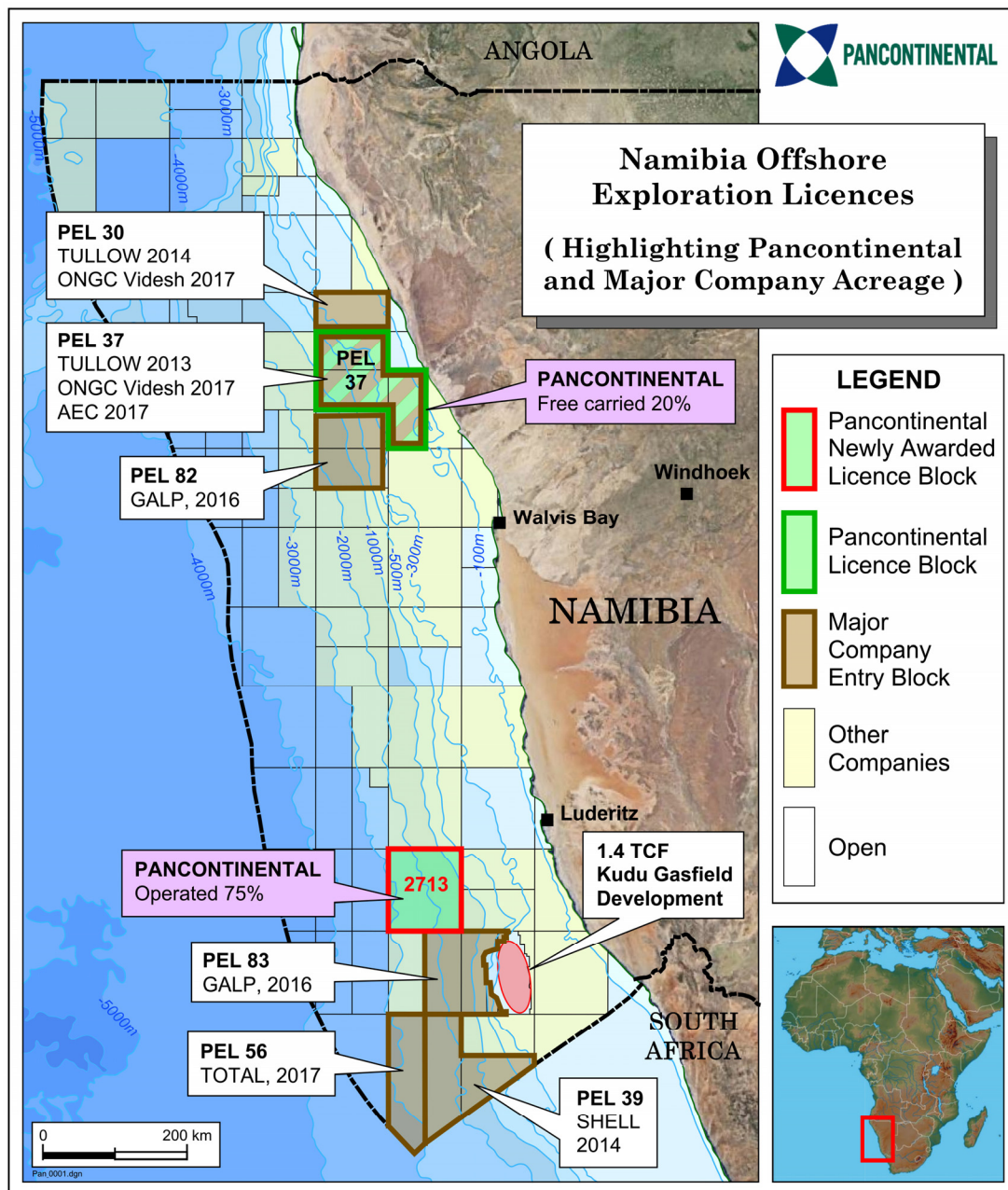
*It is clear from recent activity that some of the world's pre-eminent oil companies agree with us.*

*Namibia offers a stable, pragmatic and complementary fiscal regime with the potential for large oil traps and high quality reservoirs. Our mapping already shows leads in play trends with very large oil volume potential. So we have taken a majority, 75% operated position in the new project with cost exposure within our capabilities. Further, we plan to apply our proven skills to bring the oil potential of this project into an up-to-date context that is attractive to wider industry investment.*

*The new Licence complements our existing strong position in PEL 37 in Namibia that is operated by Tullow and where ONGC Videsh and African Energy Corp have also recently invested with us. The PEL 37 joint venture has committed to drill a well in PEL 37 timed for Q3 next year".*

## The New Block

Pancontinental Oil & Gas NL ("Pancontinental") is pleased to announce that it has signed a Petroleum Agreement ("PA") over a large exploration area of 10,947 km<sup>2</sup> in the Orange Basin offshore Namibia. A new Petroleum Exploration Licence (PEL) will be issued over the area.



## About Block 2713

Pancontinental believes that Block 2713 is highly prospective for oil, with high quality mature oil source rocks and the potential for very large oil traps. Water depths are between 500m and 3,200 m and the area is on trend with the actively explored Total / Impact Oil and Gas deepwater block, the subject of a farmin by Total in October 2017. The new Pancontinental project area is in a region where high-capacity oil prospects, such as large turbidites, have been identified.

Pancontinental signed the new PA with the Ministry of Mines and Energy of the Republic of Namibia alongside Namibian partners Custos Investments (Pty) Ltd (15%) and Namcor, the National Petroleum Corporation of Namibia (10%). Pancontinental has a 75% interest and is the project Operator.

Pancontinental's commitments to Block 2713 for at least the first two years are amply within the Company's financial capabilities. The introduction of aligned industry partners will be considered as the project progresses, in keeping with the Company's proven strategies and expertise as evidenced by the structure of the PEL 37 joint venture. The Namibian partners will be carried through the exploration phase of the Licence.

Exploration activity has already commenced on the new PA area including data acquisition, initial geological and geophysical mapping and compilation of leads and prospects. Prospective "fairways" and potential traps covering large areas adjacent to mature oil prone source rocks have already been identified and will be the subject of ongoing exploration work.

Interests in the new project are:

<b>Pancontinental Orange Pty Ltd*</b>	75% (Operator)
<b>Custos Investments (Pty) Ltd</b>	15%
<b>National Petroleum Corporation of Namibia (Namcor)</b>	10%

\*A wholly owned subsidiary of Pancontinental Oil & Gas NL

### **Activity in Pancontinental's PEL 37**

The new award adds to Pancontinental's activities in PEL 37 further to the north offshore Namibia, a project it generated in 2011. PEL 37 is operated by Tullow Namibia Limited (subsidiary of Tullow Oil plc) following a farmin to Pancontinental in 2013. More recently, ONGC Videsh of India and Africa Energy Corp ("AEC"), a subsidiary of Lundin Group, have invested in the project. Pancontinental, with an effective 20% interest, will participate in drilling the Cormorant Prospect in PEL 37 in Q3 2018 under a farmin "carry" by Tullow Oil.

In September 2017 in PEL 37, Pancontinental reached agreement with AEC for payment of US\$7.7 million to Pancontinental in two stages in return for AEC taking a 33.33% shareholding in the Pancontinental subsidiary that holds a 30% interest in PEL 37. This means that Pancontinental and AEC have effective 20% and 10% carried interests respectively in PEL 37.

For and on behalf of  
**Pancontinental Oil & Gas NL**

**John Begg**  
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