

## **HIGHLY ANTICIPATED SPUD OF CORMORANT-1 WELL APPROACHING**

### **Pancontinental, Tullow Oil, ONGC Videsh, Paragon and Namibian Ministry visit drill ship in Namibia ahead of drilling**

- **Members of the Ministry of Mines and Energy of Namibia and Company representatives of the PEL 37 JV made a site visit to the Ocean Rig Poseidon, currently in the port of Walvis Bay, Namibia.**
- **Cormorant-1 drilling is on track for September 2018.**
- **Pancontinental will be carried for its 20% interest and upon spud will receive AU \$7.3 million from Africa Energy Corp.**
- **Pancontinental estimates that Cormorant-1 has the potential to contain Prospective Resources of 124 MMbbl\* of recoverable oil on an un-risked Best Estimate basis.**
- **Multiple follow-up opportunities already identified after Cormorant.**

Commenting on the progress toward drilling, Pancontinental CEO John Begg said:

*The Cormorant-1 well in PEL 37 (PCL 20%) will test one of a series of very large, 3D seismic defined, oil prospects in the licence. Cumulatively the best four prospects have potential to contain Prospective Resources of 915 MMbbls\* of recoverable oil on an un-risked, Best Estimate basis. It will be a highly watched test of the Walvis Basin, that is one of two, separate oil prone regions offshore Namibia in which Pancontinental has material acreage and ownership positions.*

*Early work by the Company in PEL 87 (PCL 75%) to the south in the Orange Basin, is also showing similar, very large scale, potential traps for oil.*

*It is these broad ingredients, combined with a pragmatic fiscal and regulatory regime, that has also attracted some of the world's largest oil and gas players into these same Basins offshore Namibia over the past 12 months".*

**\*The resources referred to above were announced on 28 September 2015.** The company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Pancontinental Oil & Gas NL ("Pancontinental" or "Company") is pleased to announce that the Honourable Minister Tom Alweendo, with members of the Ministry of Mines and Energy of Namibia, and representatives of Tullow Namibia Limited, ONGC Videsh Limited, Paragon Oil & Gas (Pty) Ltd and Pancontinental Director Barry Rushworth toured the Ocean Rig Poseidon, contracted to drill the highly anticipated Cormorant-

1 well in September 2018. Poseidon is a Generation 6 dynamically positioned drillship, currently anchored in the port of Walvis Bay, Namibia.



**July 2018 Ocean Rig Poseidon visit:**

- Members of the Ministry of Mines and Energy in Namibia including the Honorable Minister Tom Alweendo; and
- Company representatives from Tullow Namibia Limited, ONGC Videsh Limited, Paragon Oil & Gas (Pty) Ltd and Pancontinental.

**Pancontinental Director Barry Rushworth who founded the PEL 37 project is seventh from the left aboard the Ocean Rig Poseidon.**

Cormorant-1 is recognised as one of the most significant offshore exploration wells to be drilled globally in 2018, with the potential to contain Prospective Resources of 124 MMbbl\* of recoverable oil on an un-risked Best Estimate basis.

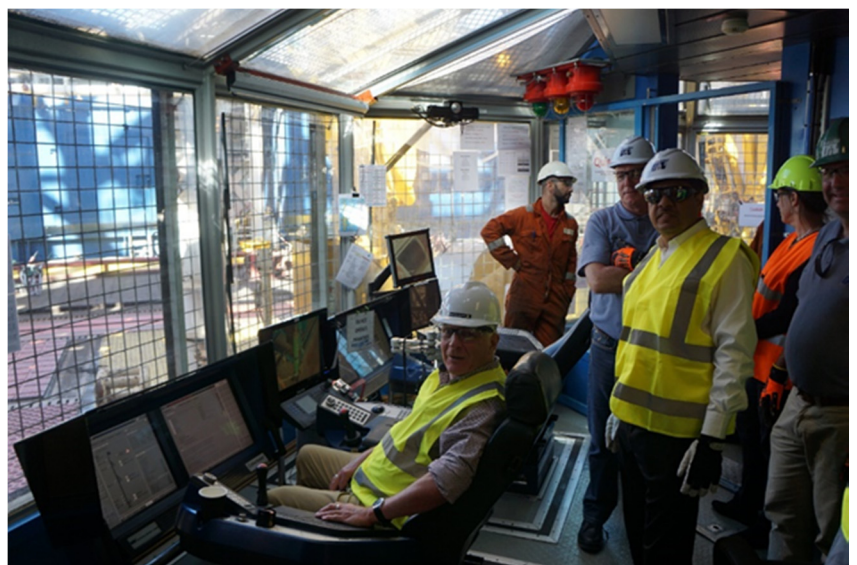
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Cormorant-1, which is on track for a spud in September 2018, will be drilled in a water depth of 545m and is expected to take 34 days to reach Total Depth.

Pancontinental's exploration team, led by Barry Rushworth identified the prospectivity of the Walvis Basin licence area and Pancontinental was the original licence applicant for PEL 37 alongside its local partner Paragon Oil & Gas (Pty) Ltd in 2011. Mr Rushworth remains a key Pancontinental Director for African exploration.

On award, Pancontinental's interest in the licence was 85%. The Company then conducted in-house studies and after the results of the studies came back with positive results it was decided that an agreement should be entered into for acquiring an additional 10% from the local partner Paragon.

Pancontinental Director Barry Rushworth (seated) on board the drillship



In 2013, Pancontinental brought in farminee Tullow Namibia Limited ("Tullow"), a subsidiary of Tullow Oil plc, to join the exploration search and to lead an exploration programme then estimated to be worth in excess of US \$100 million, to be free carried by Tullow. 3D and 2D seismic as well as processing, interpretation and mapping with a financial investment exceeding US \$34 million by Tullow have been carried out in the licence area to date. The upcoming well will cost a further US \$30 to \$40 million and again will have no financial impact on Pancontinental.

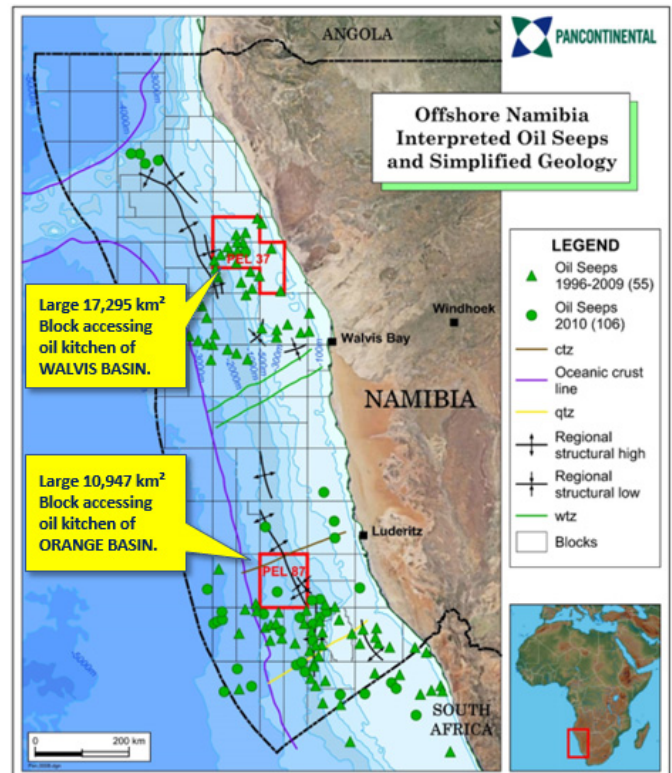
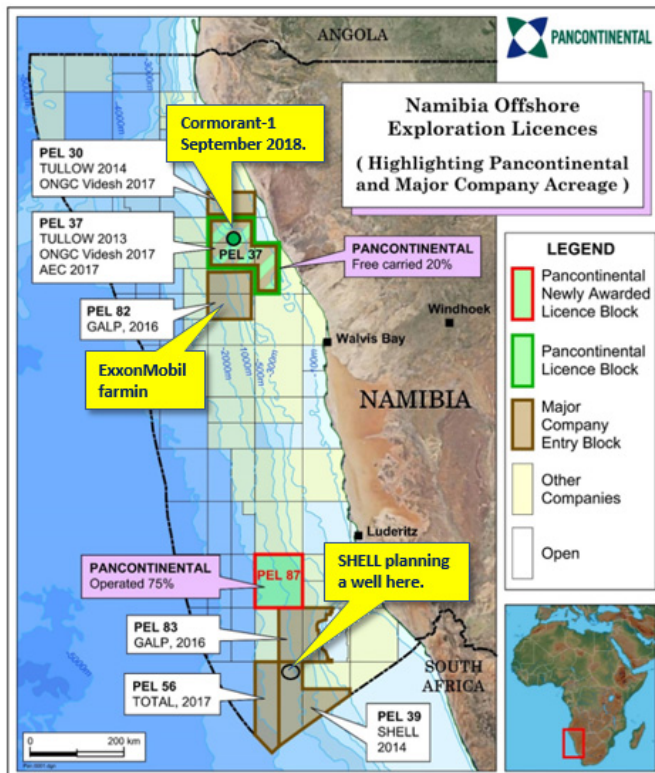
ONGC, India's largest public company, producing 70% of India's oil and employing 33,000 people, then farmed in to Tullow's interest.

Subsequently, in September 2017, Pancontinental and Africa Energy Corp. ("AEC") closed negotiations for an AEC investment in Pancontinental's subsidiary holding the asset in PEL 37. The deal worth US \$7.7 million provides AEC with a 33.33% holding in the subsidiary, leaving Pancontinental with a majority interest of 66.67%. The first tranche payment of US \$2.2 million in respect of the transaction was received from AEC at closing and a second payment of US \$5.5 million is due at the commencement of drilling Cormorant-1 (expected September 2018).



Ocean Rig Poseidon - Contracted to drill Cormorant-1 in September 2018





At drilling, the PEL 37 joint venture will consist of:

Tullow Namibia Limited (Operator)	35.00%
Pancontinental Namibia Pty Ltd	30.00% *
ONGC Videsh Limited	30.00%
Paragon Oil & Gas (Pty) Ltd	5.00%

\* Ownership of Pancontinental Namibia Pty Ltd:

Pancontinental Oil & Gas NL	66.67%
Africa Energy Corp.	33.33%

Pancontinental has interests in two offshore Licences in Namibia-

\*PEL 37 / Cormorant (effective 20%)

\*PEL 87 (75%), Operator

For and on behalf of

**Pancontinental Oil & Gas NL**

**John Begg**

**Executive Director & CEO**

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