

## Summary

### COVID-19

#### **PANCONTINENTAL'S RESPONSE**

- Pancontinental's response has been in line with the responses of most oil and gas companies and that is to ensure the safety of its workforce and continuity of operations.
- CEO and Non-Executive Directors have volunteered a 50% reduction in salary and fees.
- Executive Director and Staff have also volunteered a 25% reduction.
- Consultancy engagements have been suspended.
- A detailed budgetary review has been undertaken and where possible corporate and exploration expenditure reduced.

### Namibia - Offshore

#### **PEL 87 & PEL 37**

- During the current state of affairs globally, Pancontinental has continued to carry out the reporting and minimum work programme requirements in Namibia.
- In the Company's PEL 87 licence, Pancontinental as Operator has analysed costs and sought the necessary reductions to see the Joint Venture through this period of constant change and uncertainty.
- As for PEL 37, for the exploration period ended 31 March 2020, the Joint Venture has met all of the exploration programme objectives set by the Ministry of Mines and Energy and has now entered the one year extension period.
- Namibia has joined a host of other countries that have taken strict measures to prevent the spread of the COVID-19 with the purpose of protecting the health, security and safety of its people.

### Queensland – Onshore

#### **ATP 920 & 924 – Cooper Basin**

- Operations on the Cooper Basin licences have been delayed due to Covid-19 restrictions.

### Corporate

- Cash balance of AUD \$1.2 million as at 31 March 2020.

**ASX Code** – PCL

**Issued shares** – 5,406 million

**Market Capitalisation** - @ 0.01cps - \$5.4 m

**Cash at End of Quarter** - \$1.2 million

## COVID-19 Response

The Company has been and continues to work through the challenges posed by the COVID-19 pandemic. The Board and Management were required to make rapid decisions and take immediate actions, to ensure the continuity of the business during these trying times and also protect and support their workers.

The CEO and Non-Executive Directors have offered a 50% reduction in their salary and fees while the Executive Director and the remaining Staff member have a 25% reduction. Corporate and exploration expenditure has been reduced to a minimum and all consultant engagements suspended. Of the material expenses that remain, the Company has contacted service providers to negotiate varied terms during this period. All travel has ceased for the Company's personnel and they are encouraged to work from home and take advantage of digital communications whenever possible.

Pancontinental's operating costs run on a low overhead basis and as such the Company is in a good position to continue until better times present themselves. It is the Company's belief that through adversity comes opportunity so it is always on the lookout for potential transactions that could be of benefit to the Company.

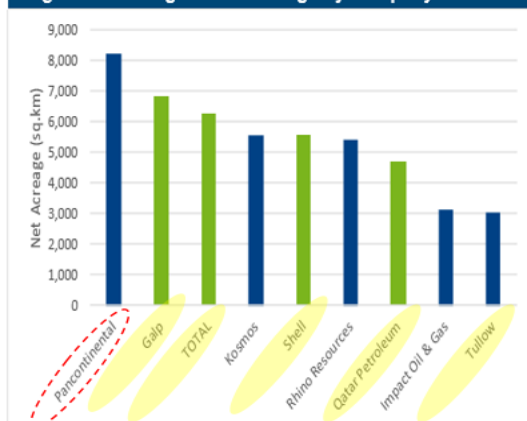
## Projects

### Namibia

Pancontinental holds exploration properties in both the Orange and Walvis Basins, Offshore Namibia. As per the charts below, which are compliments of finnCap Limited in London, it shows that Pancontinental is the largest acreage holder in the Namibian sector of the Orange Basin and is also one of the top acreage holders in the Walvis Basin.

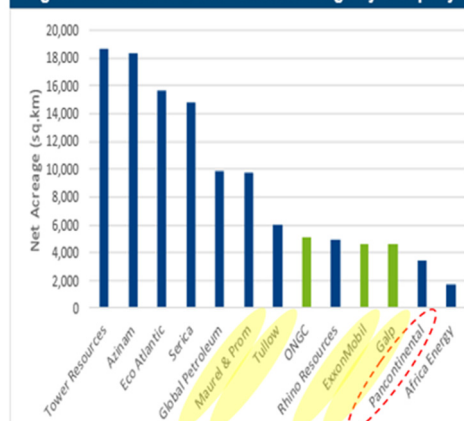
**\*finnCap Energy Quarterly Sector Note Q4 2019 offshore Namibia**

**Figure 16: Orange basin acreage by company**

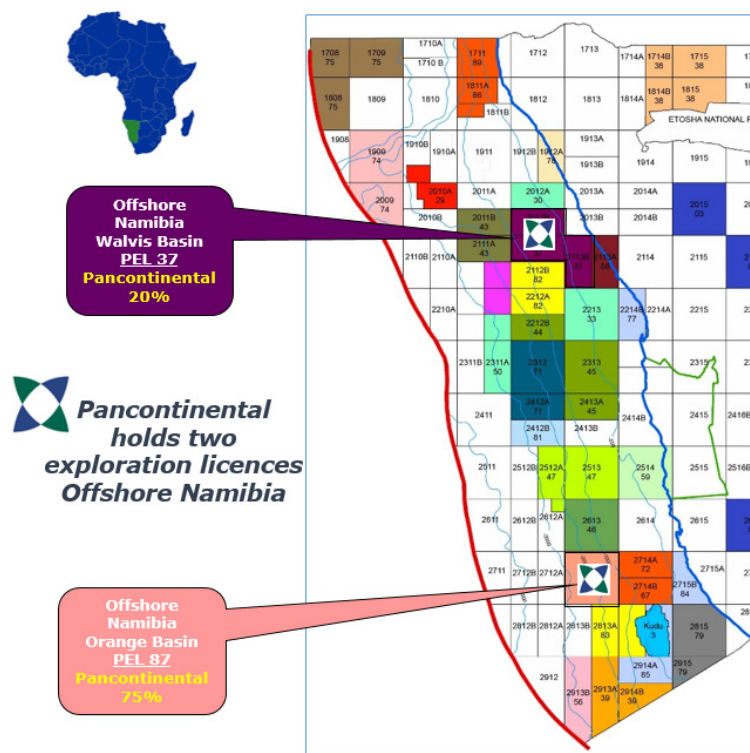


Source: Company reports

**Figure 15: Walvis/Luderitz basin acreage by company**



Source: Company reports



The Company has positioned itself in two prospective basins offshore Namibia.

Both basins had planned drilling programmes for 2020/2021 however it is not yet clear how the global COVID-19 situation will impact the intended drilling campaigns.

Namibia is taking COVID-19 precautions seriously and has implemented various measures to ensure the safety of its people which will assist with the swift return to business as normal once lockdowns are lifted.

## **Namibia Offshore PEL 87**

|               |  |        |
|---------------|--|--------|
| Location:     | Orange Basin                               |        |
| Project Size: | 10,947 square kilometres                   |        |
| JV Partners:  | Pancontinental (Operator)                  | 75.00% |
|               | Custos Investments (Pty) Ltd               | 15.00% |
|               | NAMCOR*                                    | 10.00% |
|               | *National Petroleum Corporation of Namibia |        |

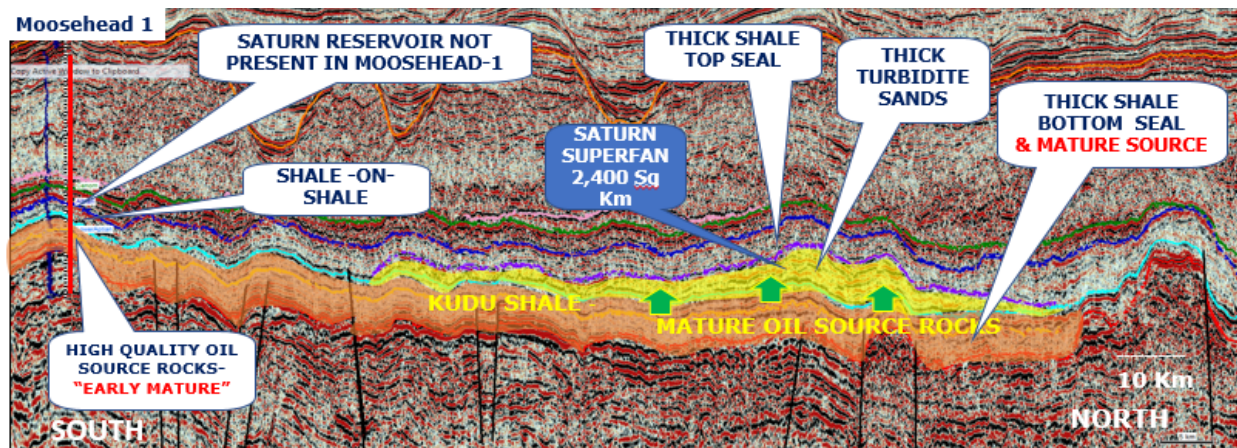
Pancontinental holds a strong 75% interest in Petroleum Exploration Licence 87, offshore Namibia. The Company along with local Namibian partners; Custos Investments (Pty) Ltd and the National Petroleum Corporation of Namibia are partners in the exploration venture.

The joint venture was awarded the exploration licence in December 2017. Pancontinental, as operator has worked through exploration programme objectives as detailed in the licence conditions. 2D seismic was acquired as well as various drilling and processing reports. These were used to complete initial studies, mapping and assessment of the geological conditions within PEL 87.

A Turbidite Fan complex of Aptian Age, holding a number of leads that, based on Pancontinental's interpretation is encased in sealing shales has been uncovered in exploration carried out to date. The fan complex has been named the Saturn Superfan, with highlights of the structure including:

- \* 2,400 Km<sup>2</sup>, c 300m thick
- \* Located directly on Mature Oil Source

- \* High Quality Seals
- \* Independent Closures



### **Saturn Superfan - 2D Seismic Section**

The Joint Venture has concentrated on working up areas of interest within the licence and from this has compiled a farmout package for prospective farminees. While farmout efforts continued during the quarter, the current global situation has had an effect on interest due to restrictions on discretionary exploration expenditure.

Early in the Quarter and prior to any travel restrictions, technical director Barry Rushworth travelled to Windhoek, Namibia to attend a Technical Advisory Committee meeting for Petroleum Exploration Licence 87. The meetings are held with the Ministry of Mines and Energy and joint venture partners to discuss the progress of the planned work programme for the licence. Pancontinental presented the meeting with details of the data purchased to date for the project along with reports and studies extracted from the data and used in the Company's geological modelling.

Pancontinental has reviewed the exploration costs and sought reductions where possible to see the Joint Venture through this time of constant change and uncertainty.

### **Prospective Resources**

Independently assessed potential for giant scale (over 500MMBbls\* recoverable) oil resources is indicated with a range of large sub leads of this play. The "Saturn" Superfan is made up of a number of discrete internal geological Play types but could itself be a vast single oil trap on a global scale.

## TABLE OF UNRISKED BEST ESTIMATE RECOVERABLE OIL VOLUMES

| PLAY TYPE                         | GROSS BEST ESTIMATE PROSPECTIVE RESOURCES POTENTIAL* | LEAD              |
|-----------------------------------|--|-------------------|
| Aptian Depositional Wedge         | <b>1.3 Billion Bbls</b>                              | Saturn Superfan** |
| Mounded Facies                    | <b>152</b> Million Bbls                              | A                 |
| Structural (4 way rollover)       | <b>73</b> Million Bbls                               | C1                |
| Structural / Stratigraphic        | <b>345</b> Million Bbls                              | D                 |
| First Turbidite lobe/Sheet sand   | <b>349</b> Million Bbls                              | G                 |
| Structural/Mound (4 way rollover) | <b>40</b> Million Bbls                               | H                 |

The oil volumes shown are gross volumes.

\*A Giant field has at least 500 MMBOE recoverable potential

\*\* The overall Saturn Superfan incorporates all of the other Leads, but with different risk inputs

### \*Cautionary Statement

The potential recoverable oil resources, classified as Prospective Resources, have been estimated probabilistically on an unrisked, Best Estimate basis.

These were announced on 11 September, 2018.

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.

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.

### Namibia Offshore PEL 37

|               |                                   |          |
|---------------|-----------------------------------|----------|
| Location:     | Walvis Basin                      |          |
| Project Size: | 17,295 square kilometres          |          |
| JV Partners:  | 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%

During 2011, Pancontinental founded the PEL 37 joint venture and has worked with its joint venture partners since then to complete a number of exploration campaigns resulting in drilling the Cormorant-1 well in 2018. The drilling of the well satisfied the last of the licence conditions and the joint venture was well placed at the end of the term to secure an addition year's extension from the Ministry.

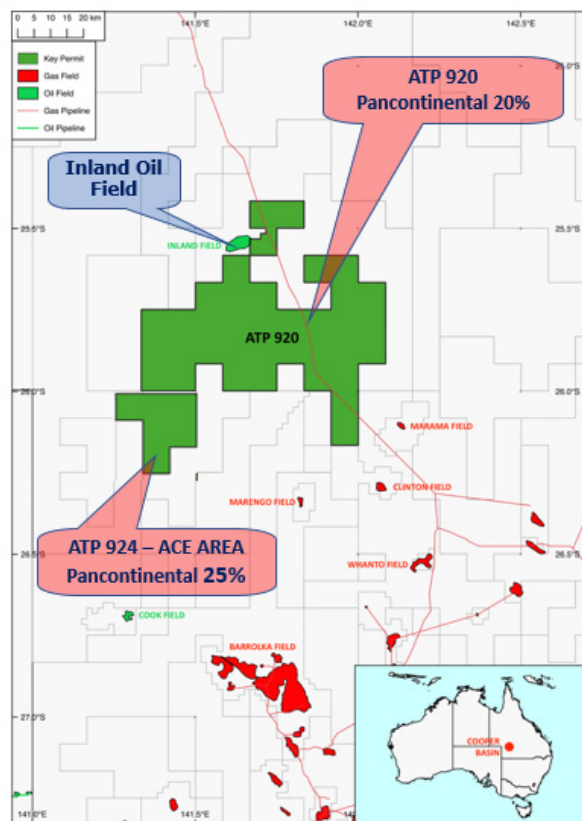


The joint venture will use this time to look at what its next exploration steps will be. There are a number of prospects in addition to Cormorant which are closer to source rocks and may be chosen as the next exploration path.

## **Queensland, Australia Onshore ATP 920 & ATP 924 [Ace Area]**

|               |   |          |  |
|---------------|---|----------|--|
| Location:     | Cooper Eromanga Basin   |          |  |
| Project Size: | ATP 920 - 2,337 km <sup>2</sup> ATP 924 - 2,220 km <sup>2</sup> |          |  |
| JV Partners:  | ATP 920 Key Petroleum Limited (Operator)                        | 80.00%   |  |
|               | ATP 920 Pancontinental Oil & Gas NL                             | 20.00%** |  |
|               | ATP 924* Key Petroleum Limited (Operator)                       | 75.00%   |  |
|               | ATP 924* Pancontinental Oil & Gas NL                            | 25.00%** |  |
|               | * Ace Area  |          |  |
|               | **earning   |          |  |

### **ATP 920 and ATP 924 onshore Queensland**



During 2019, Pancontinental formalised the farmin to the Meeba Project, Onshore Queensland. The farmin will provide the Company with an interest in two Authorities to Prospect – 920 and the Ace Area of 924 and the possibility of near term drilling. The ATPs have recently been renewed for four years to 2023 which provides the joint venture ample time to seek out the objectives planned.

The Eastern States of Australia were recently affected by the natural disasters including record temperatures, severe flooding and general devastation. This occurred prior to the COVID-19 pandemic.

Key Petroleum, the operator of the ATP's has advised that it continues to monitor the weather conditions and

Government directives within the State of Queensland during this period of uncertainty. With significant flooding at Windorah and with the Queensland border restrictions, activities have ceased.

## Prospective Resources

| INLAND TREND        |       |          | Probabilistic Prospective Resource OIL |        |        | Probabilistic Prospective Resource OIL |      |      |
|---------------------|-------|----------|--|--------|--------|--|------|------|
| Prospect Name       | Block | Levels   | 1U                                     | 2U     | 3U     | 1U                                     | 2U   | 3U   |
|                     |       |          | mm bls                                 | mm bls | mm bls | bcf                                    | bcf  | bcf  |
| Teddy               | 920_2 | Hutton   | 0.29                                   | 0.81   | 2.29   | <b>Inland Trend</b>                    |      |      |
| Teevee              | 920_2 | Hutton   | 0.05                                   | 0.19   | 0.71   |  |      |      |
| Delta               | 920   | Hutton   | 0.47                                   | 1.35   | 3.58   |  |      |      |
| Cuddapan UD         | 920   | Hutton   | 0.30                                   | 0.79   | 2.18   |  |      |      |
| Granita             | 920   | Hutton   | 0.31                                   | 0.93   | 2.53   |  |      |      |
| Granita NE          | 920   | Hutton   | 0.28                                   | 0.76   | 2.25   |  |      |      |
| Hobnob              | 920   | Hutton   | 0.92                                   | 2.33   | 5.78   |  |      |      |
| Jaffa               | 920   | Hutton   | 0.73                                   | 1.95   | 4.73   |  |      |      |
| Jumbles             | 920   | Hutton   | 0.83                                   | 2.39   | 6.41   |  |      |      |
| Macaron             | 920   | Hutton   | 0.45                                   | 1.19   | 3.67   | <b>Meeba Trend</b>                     |      |      |
| Macaron Sth         | 920   | Hutton   | 0.36                                   | 1.09   | 2.93   |  |      |      |
| Malto               | 920   | Hutton   | 1.52                                   | 4.01   | 11.02  |  |      |      |
| Malto Sth           | 920   | Hutton   | 0.52                                   | 1.47   | 3.95   |  |      |      |
| Marie               | 920   | Hutton   | 0.57                                   | 1.44   | 4.40   |  |      |      |
| Marie Nth           | 920   | Hutton   | 0.35                                   | 1.10   | 2.92   |  |      |      |
| Meeba Sth           | 920   | Hutton   | 0.14                                   | 0.39   | 1.37   |  |      |      |
| Ace Nth             | 920   | Hutton   | 0.29                                   | 0.82   | 2.06   |  |      |      |
| Ace                 | 924_1 | Hutton   | 2.9                                    | 10.7   | 21.0   |  |      |      |
|                     | 924_1 | Arrabury |  |        |        | 14.6                                   | 39.6 | 72.7 |
| ATP-920 Sum Totals  | 920   |          | 8.4                                    | 23.0   | 62.8   |  |      |      |
| ATP 920 Total + Ace |       |          | 11.3                                   | 33.7   | 83.7   |  |      |      |

**Cautionary Statement:** The estimates quoted here were announced to the ASX on 14 July 2019 (ATP 920 & ATP 924 conventional gas prospective resources) and 30 October 2019 (ATP 920 & ATP 924 oil prospective resources) by Operator Key Petroleum Limited.

The prospective resource parameters for the prospects were combined probabilistically.

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.

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.

See Disclaimers for further information.

## **New Ventures**

Pancontinental continues to look at new projects or opportunities to add value for shareholders.

## **Licence Schedule**

| <b>Licence Location</b> | <b>Licence Reference</b> | <b>PCL (consolidated) interest at the beginning of the quarter</b> | <b>Movements for the current quarter</b> | <b>PCL (consolidated) interest at the end of the quarter</b> |
|-------------------------|--------------------------|--|--|--|
| Namibia                 | PEL 87                   | 75.00%   | 0.00%                                    | 75.00%   |
| Namibia                 | PEL 37                   | 20.00%   | 0.00%                                    | 20.00%   |
|                         |                          |  |  |  |
| Kenya                   | L6 offshore              | 40.00%   | 0.00%                                    | 40.00%   |
| Kenya                   | L6 onshore               | 16.00%   | 0.00%                                    | 16.00%   |
|                         |                          |  |  |  |
| Australia               | ATP 920                  | *20.00%  | 0.00%                                    | *20.00%  |
| Australia               | ATP 924 - Ace            | *25.00%  | 0.00%                                    | *25.00%  |

\*earning

## **Appendix 5B Commentary**

As required by the 1 December 2019 amendments to the Appendix 5B, the Company advises that the amounts shown in Item 6 - Payments to related parties of the entity and their associates of \$150k relates to Chairman, CEO, Executive and Non-Executive Director salary and fees. Note that the Company utilised the services of Non-Executive Directors as necessary during the quarter for geological, project management and technical consulting. The activities carried out were at commercial rates.

As announced to the ASX on 9 April 2020 and referred to above, the CEO and Non-Executive Directors will reduce their salary and fees by 50% while the Executive Director and remaining Staff Member will reduce their salaries by 25%. All Directors' remuneration for consulting has now ceased.

**Authorised for release by the Board of Pancontinental Oil & Gas NL**

**For further information please contact:**

**Ernie Myers**  
**CEO & Executive Director**  
**info@pancon.com.au**



## **DISCLAIMERS & NOTES**

### **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**

Prospective Resource estimates in this report have been prepared as at the date disclosed under the prospective resource numbers. 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 and probabilistic methods depending on the project and this is disclosed under the prospective resource numbers. 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 Pancontinental's percentage entitlement under Joint Venture contracts and adjusted for applicable royalties.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas NL 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 compiled by Mr Brian Diamond and reviewed to the satisfaction of Mr Roy Barry Rushworth the Technical Director of Pancontinental Oil & Gas NL. Mr Rushworth has more than 30 years' experience in practising petroleum geology and exploration management. Mr Diamond holds a BSc Geology and an MSc in Geophysics and has over 20 years of experience in petroleum exploration, development and production. Mr Diamond 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 Oil & Gas NL'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.

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