



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

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ASX Companies Announcement Office

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PANCONTINENTAL GRANTED LICENCE OFFSHORE NAMIBIA

- **The Ministry of Mines and Energy of Namibia has signed a Petroleum Agreement and granted an Exploration Licence to Pancontinental over a large area offshore Northern Namibia**
- **The PA and EL cover 17,295 sq km over prospective trends in the Walvis Basin**
- **Pancontinental holds 85% and is Operator under a Joint Venture Agreement with Namibian co-venturer Paragon Holdings (Pty) Ltd (15%)**

Petroleum Agreement and Petroleum Exploration Licence

Pancontinental Oil & Gas NL ("Pancontinental") is very pleased to announce that late on 4 July 2011 it received a signed Petroleum Agreement ("PA") and Petroleum Exploration Licence No. 0037 ("EL") from the Ministry of Mines and Energy of the Republic of Namibia, effective 28 June 2011. The PA and EL area is located in the Walvis Basin offshore northern Namibia.

The location of the PA and EL was selected over approximately 17,295 sq km covering Blocks 2012B, 2112A and 2113B after an earlier Reconnaissance Licence held by Pancontinental.

The EL gives exclusive rights to the holders for a first exploration period of four years followed by two additional periods of two years each and also provisions for the continuation of the exclusive rights under any oil or gas development.

Pancontinental holds the PA and EL 85% with Namibian participant Paragon Holdings (Pty) Ltd ("Paragon") 15%. In exchange for certain rights under the Joint Venture Agreement with Paragon signed on 28 March 2011 ("JVA"), Pancontinental has agreed to "free carry" Paragon until the commencement of the development of any oil or gas discovery.

Prospectivity offshore Namibia

Offshore Namibia is attracting significant international interest as an emerging oil and gas province in southwest Africa.

In Pancontinental's' opinion offshore Namibia has the potential to hold very large oil and gas reserves and it is significantly under-explored. The very large Kudu Gas Field offshore Namibia is under development by Tullow Oil plc, and other companies are actively exploring the margin for oil.

Offshore Namibia is the plate tectonic "conjugate" of offshore Brazil, where world-scale oil and gas discoveries have been made in recent years and it lies on the West African continental margin adjacent to Angola, where there have also been major oil discoveries.

The explorations "plays" in the Blocks are similar to some of those containing large oil and gas

reserves offshore Angola and elsewhere in West Africa.

Pancontinental will explore the ponded basin floor turbidites, slope fans and channels seen under the company's earlier Reconnaissance Licence. These targets are associated with a restricted graben trough interpreted to hold the rich and mature oil source rocks identified in regional wells. The potential reservoir rocks lay close to the oil source rocks.

Pancontinental's CEO and Director Mr Barry Rushworth commented-
"Pancontinental has been watching and waiting on the unfolding exploration scene in Namibia and we are now very pleased to secure what we believe to be a prime exploration area.

Following a number of exciting discoveries offshore Brazil, we can geologically link our Namibian area to offshore Brazil and we are also on the same West African margin as the prolific oil areas of Angola and Nigeria.

Pancontinental's 85% in the new Blocks sees it well placed amongst some major players. We now look forward to exploring this large and highly prospective area".

About Paragon

Paragon is a company based in the Namibian capital Windhoek. It has diversified mining, retail and media interests. Pancontinental is very pleased to be associated with this successful and energetic Namibian company.

About Pancontinental

Pancontinental is listed on the Australian Securities Exchange under code ASX: PCL. The company has a market capitalisation of about A\$ 85 million.

Pancontinental has exploration ventures offshore East Africa, Australia and the Mediterranean as well as Namibia.

Offshore East Africa, in Kenya, Pancontinental holds a 40% interest in Block L6 and a 15% interest in Block L8 that holds the giant Mbawa Prospect. Recent farminees in Block L8 are Apache and Tullow, and Origin Energy is a previous farminee to Pancontinental's interest. Tullow will "free carry" Pancontinental through an exploration programme including most of Mbawa drilling based on current budgets.

Also offshore Kenya, Pancontinental (15%) has recently been awarded two new exploration areas L10A and L10B over approximately 10,000 sq km with co-venturers BG Group, Premier Oil and Cove Energy.

Pancontinental's website is www.pancon.com.au

Yours sincerely for and on behalf of
Pancontinental Oil & Gas NL



Barry Rushworth, CEO and Director

The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, MPESA, Chief Executive Officer of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 30 years. Mr Rushworth is a Director of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.

