



**PANCONTINENTAL**

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## **ASX Companies Announcement Office**

**29 August 2011**

### **Kenya L10A & L10B- Prospectivity Review and Exploration Plans**

- **An initial L10A & L10B review by operator BG Group has identified more than ten strong “leads” for follow-up by 3D and 2D seismic surveys**
- **The leads are geologically varied, with six “play types” identified**
- **Extensive 3D and 2D seismic surveys are planned for later in 2011 and 2012**

#### **Initial Prospectivity Review**

Offshore East Africa has become an industry focus through major deepwater gas discoveries and an oil discovery offshore Tanzania and Mozambique. Pancontinental Oil & Gas NL (“Pancontinental”) has interests in four exploration blocks in East Africa, offshore Kenya.

In Kenya Blocks L10A and L10B (PCL 15%) the operator BG Group has carried out a review of existing seismic and other data and identified a number of strong geological “leads” for further work.

Several of the leads have a similar character and are on-trend south of the giant Mbawa Prospect in L8 (Pancontinental 15%). These leads are large anticlinal features.

A number of other leads have potential in different parts of the geological section, including a large Upper Jurassic “reef”, Cretaceous and Tertiary channel and turbidite sands and Miocene reefs.

A number of the leads have been selected for further early work including seismic coverage commencing later in 2011 with the aim of bringing these to Prospect status.

#### **Forward Work Programme**

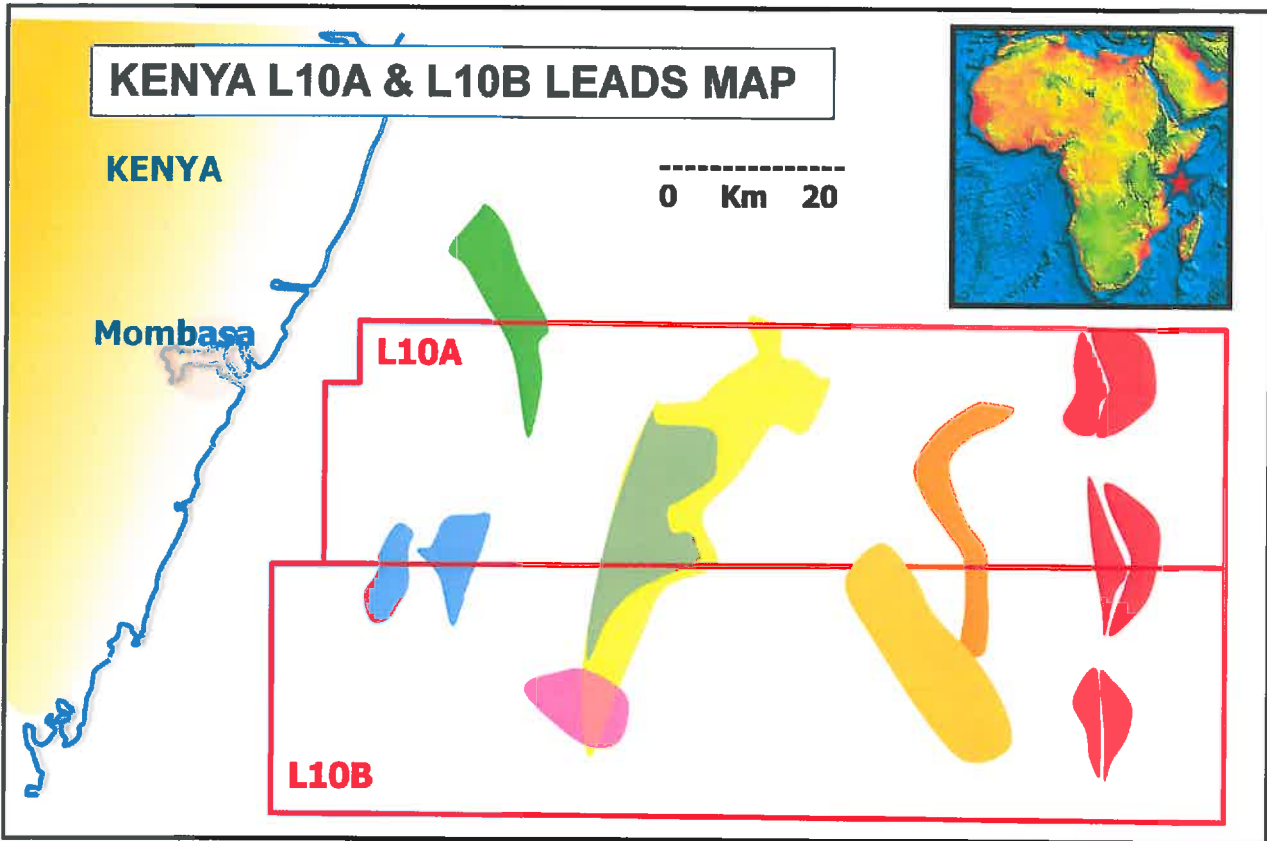
Following the prospectivity review the joint venture has commenced planning for extensive 3D and 2D marine seismic surveys over the main leads. The project operator is currently seeking a seismic vessel for the data acquisition and the general locations of the surveys have been determined. While the 3D acquisition is planned for the east of the areas and 2D in the west, precise locations will be determined in due course.

On current planning the seismic acquisition will commence in late 2011 and processing and should be completed mid 2012.

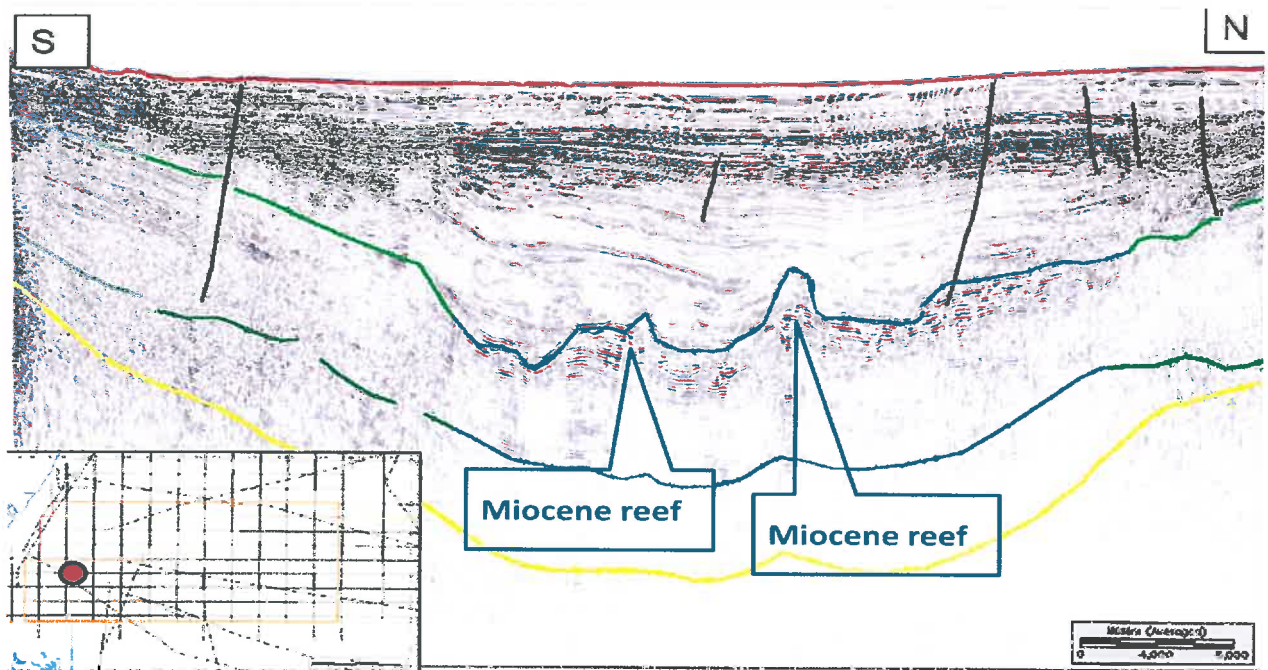
The 3D survey of approximately 2,200 sq km will cover 6 leads in the eastern part of the Blocks, while the 2D survey of 970 linear km will cover other leads, including a Miocene reef trend in the western part of the Blocks. The aim of the surveys is to identify the most

prospective prospects for drilling. Two wells are required under the licences in the second exploration period commencing in August 2013.

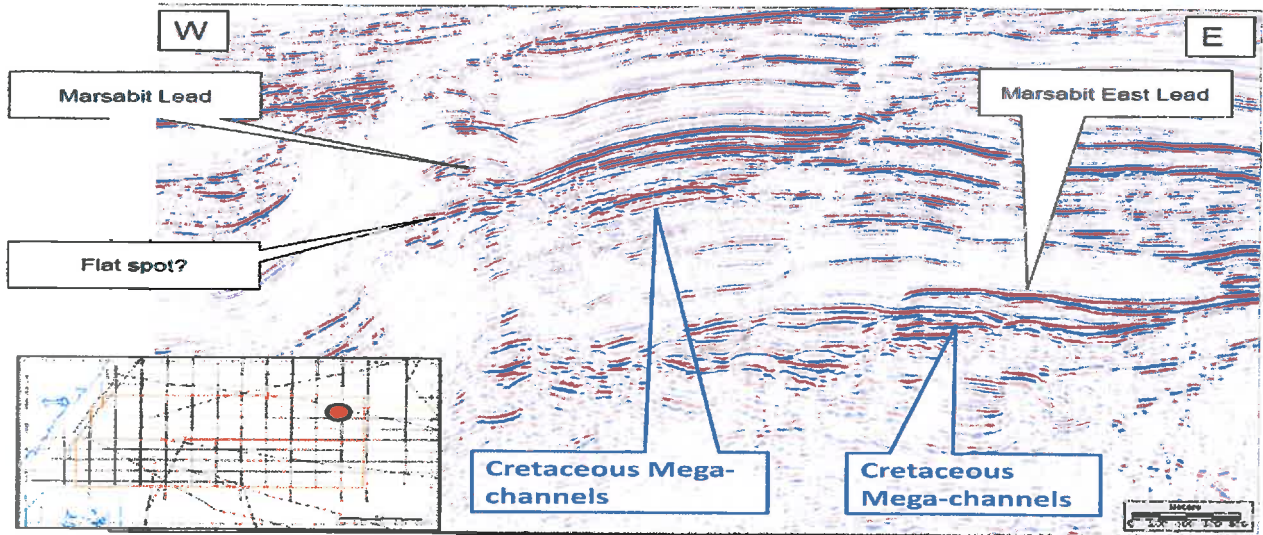
Other planned work includes geological field sampling, gravity field attribute studies, heat flow modelling, seismic test reprocessing, basin modelling and seismic attribute studies.



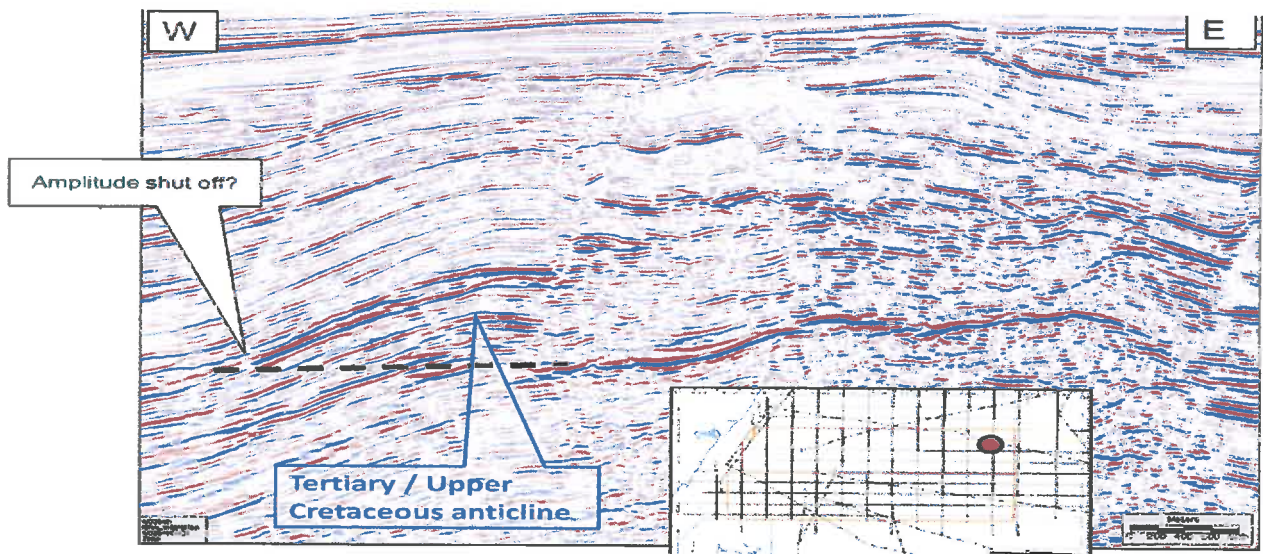
### Namarunu Lead



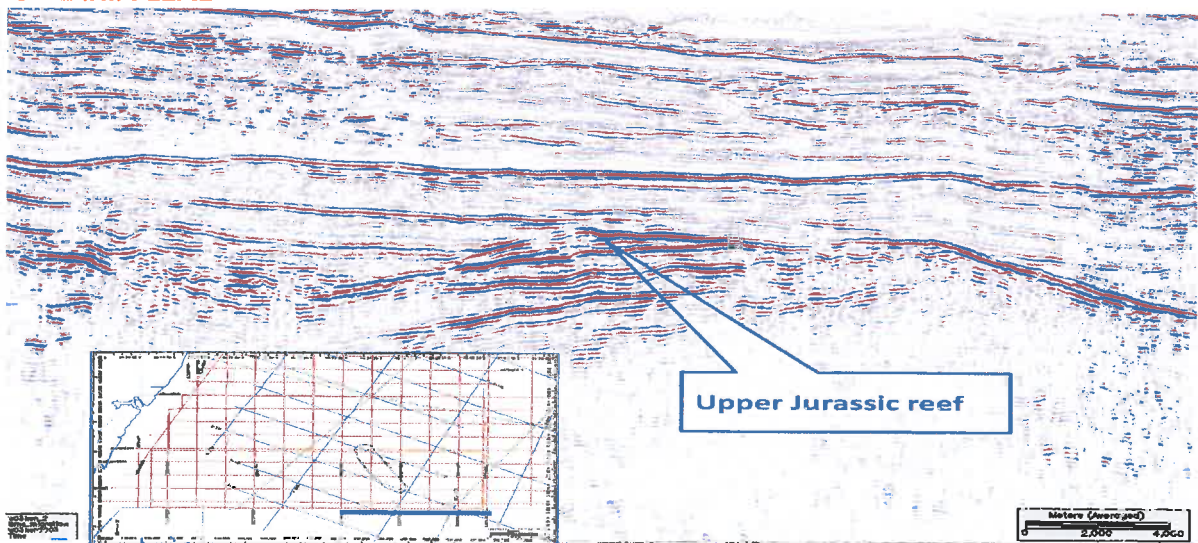
## Marsabit and Marsabit East Lead



## Likaiu Lead



## OLKARIA LEAD



### L10A & L10B Joint Ventures

The L10A and L10B joint ventures consist of-

BG Group plc

Premier Oil Investments Limited

Cove Energy plc

Pancontinental Oil & Gas NL

**L10A**

40%

20%

25%

15%

**L10B**

45%

25%

15%

15%

L10A and L10B have respective areas of 4,962.03 sq km and 5,585.35 sq km and water depths of 200 to 1,900m, well within the reach of modern engineering technology.

Mr Barry Rushworth, CEO and Director of Pancontinental commented-

"We have been surprised by the diversity and size of the leads and plays identified in the operator's initial review of L10A and L10B.

Under the "fast track" concept for the Blocks, the locations for the 3D and 2D seismic surveys have been set by the Joint Venture for acquisition later in 2011.

The surveys aim to identify Prospects for drilling in the 2013 licence year and with such a diversity of leads we are very likely to have several attractive candidates for drilling.

We will be reporting on the seismic and other technical work in the coming months".

#### **ABOUT PANCONTINENTAL-**

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX:PCL) and has a market capitalisation of approximately A\$ 70 million. Pancontinental has exploration ventures offshore East Africa, Namibia the Mediterranean and Australia.

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 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.

Offshore northern Namibia, Pancontinental has recently been awarded an Exploration Licence over 17,295 sq km of prospective acreage in the Walvis Basin. Pancontinental is the licence operator and has an 85% interest in the project.

Offshore Malta, Pancontinental (80% and operator) is negotiating the reinstatement of an Exploration Licence currently suspended under Force Majeure a border dispute between Malta and Libya.

Pancontinental's website is [www.pancon.com.au](http://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.*