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ASX Announcement

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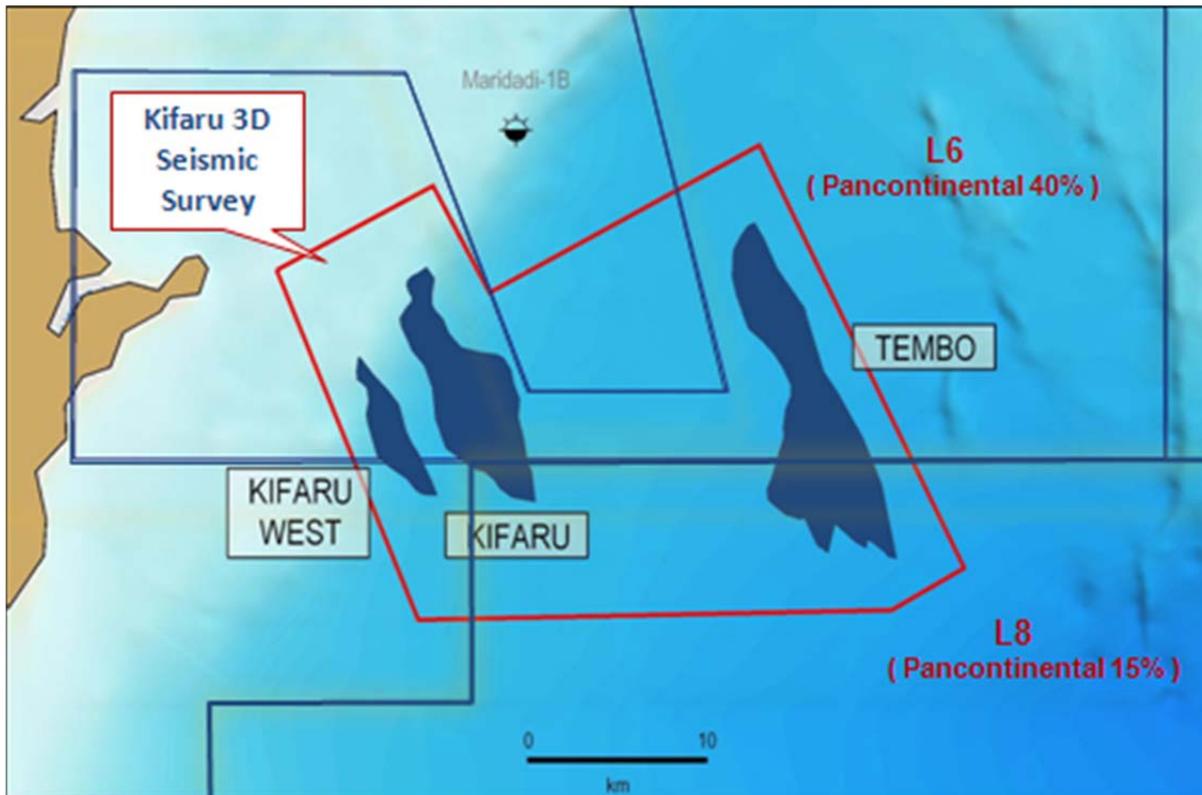
Kenya L6 – Startup of Kifaru 3D Offshore Seismic Survey

Pancontinental Oil & Gas NL (“Pancontinental”) is pleased to announce the commencement of the Kifaru 3D offshore seismic survey in its L6 exploration licence area offshore / onshore Kenya.

The data acquisition will cover about 680 sq km at a budgeted cost of \$13.67 Million (Pancontinental’s share \$5.5 Million) and it is anticipated to finish in early July 2012.

Pancontinental has a 40% interest in the L6 licence, with the remaining 60% held by current operator FAR. FAR attained its interest in the L6 licence through its merger with Flow Energy (“Flow”). Flow’s interest was earned through a farmin to Pancontinental’s 100% interest in L6 by Gippsland Oil and Gas and the subsequent renaming of Gippsland to Flow Energy.

The 3D seismic will be carried out under contract to Fugro-Geoteam AS, using its specialised vessel Fugro Geomariner.



Licence area L6 off the Kenyan coast lies in the Lamu Basin and within the Tana River delta, north of recent world-scale natural gas discoveries off the coasts of Mozambique and Tanzania.

Modern high quality 3D seismic surveying is now able to provide high-definition images of sub-

surface structures and this has proven to be highly successful in finding the continuing series of large gas discoveries offshore Mozambique and Tanzania.

The forthcoming Kifaru 3D seismic is expected to greatly enhance the chance of success of the L6 drilling planned for the 2013 licence year.

Pancontinental is the longest standing oil and gas explorer in Kenya, onshore or offshore, and it participated (with its subsequent merger partner Afrex Limited) in originating the L6 and the L8 projects. In the L8 project the Mbawa well will be drilled in Q3 this year by operator Apache Corporation on behalf of the L6 Joint Venture (Pancontinental 15%).

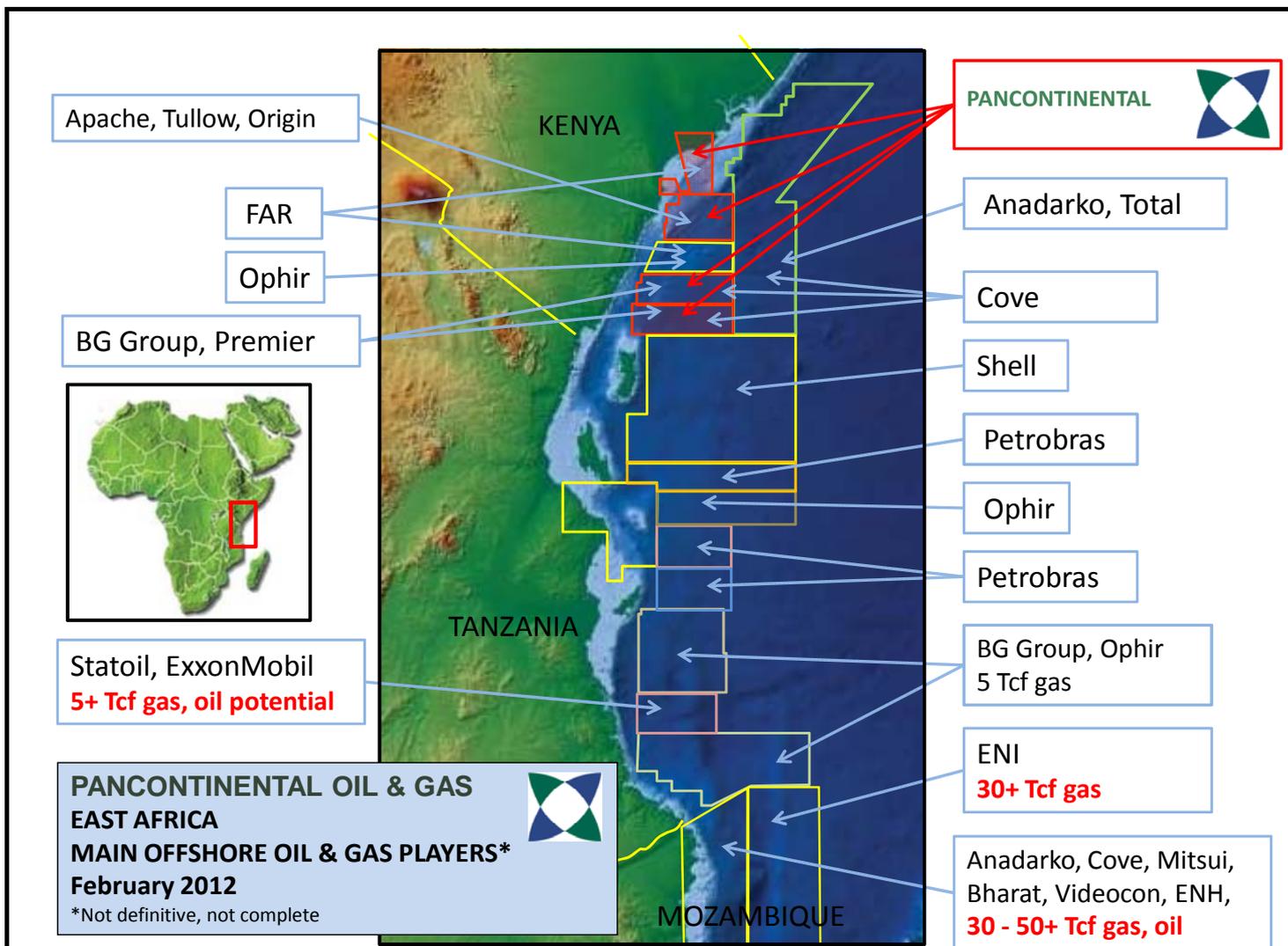
The East African margin has become a focus for oil and gas exploration. South of Kenya, offshore Tanzania and Mozambique, world-class gas discoveries continue to be made by Anadarko Corporation, ENI, Statoil and BG Group in joint ventures including Cove Energy and others.

Corporate activities are also attracting international attention with the current vying between Royal Dutch Shell and PTTEP of Thailand to acquire Cove Energy. Cove holds an interest in the Anadarko discoveries and also interests in licence areas offshore Kenya, including the L10A and L10B licences alongside Pancontinental, BG Group and Premier.

The first well to be offshore Kenya in the current period of exploration will be the high-impact well on the Mbawa Prospect in Block L8 by Apache Corporation in Q3 this year (Pancontinental 15%).

In L10A and L10B (Pancontinental 15%) the Joint Venture led by BG Group is interpreting 3D data in anticipation of identifying a number of prospects for drilling.

In deep water offshore Kenya Anadarko Petroleum Corporation has announced plans to drill the first of its wells before year end.



Mr Barry Rushworth, CEO and Executive Director of Pancontinental commented-

“Offshore East Africa has the potential to become one of the world’s foremost LNG producing regions.

Offshore Kenya we are aiming for oil rather gas in our four licences in the northern part of the East African margin. We are pursuing a somewhat different oily “play” to the large gas discoveries in the south part of the margin off Mozambique and southern Tanzania.

We predict that offshore Kenya will prove to be oil-prone rather than gas- prone. We see oil as the first prize, in a commercial sense, for companies like Pancontinental.

New techniques, particularly 3D seismic, have immensely enhanced the explorer’s ability to find oil and gas.

The high success rates in Mozambique and Tanzania prove that these techniques are extremely effective offshore East Africa. We believe that 3D seismic should prove to be equally as effective in our Kenyan areas.

Pancontinental has already participated in three 3D surveys as preliminaries to drilling in our other Kenyan areas and we look forward to the fourth, which will be the new Kifaru 3D survey in L6.

Pancontinental’s recent capital raising allows the company to fund increased activity and to retain significant equity in its various projects, both in Kenya and offshore Namibia.”

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.