



PANCONTINENTAL

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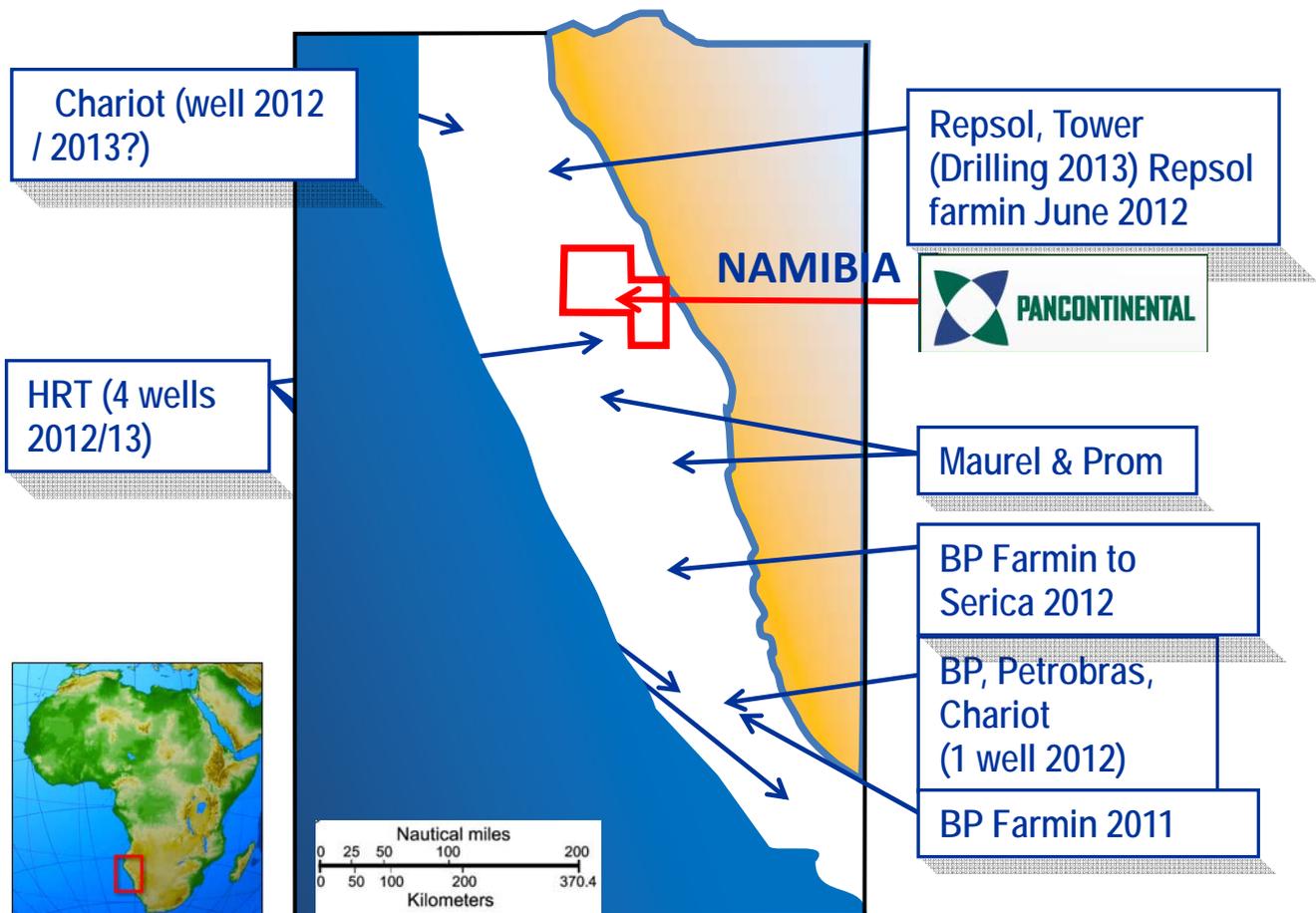
Pancontinental acquires additional 10% in Namibia Licence EL 0037

Pancontinental Oil & Gas NL (“Pancontinental”) is very pleased to announce that it has reached agreement with EL 0037 co-venturer Paragon Holdings Limited (“Paragon”) for Pancontinental to purchase 10% of Paragon’s interest in the EL 0037 licence for US\$4 million.

Pancontinental will now pay Paragon US\$2 million and will pay a further US\$2 million upon the first of (i) Pancontinental farming out any interest in EL 0037; or (ii) 6 months after the effective date of the transaction. Ministerial approval of the transaction has now been granted.

The transaction reduces Paragon’s interest in EL 0037 to 5% and increases Pancontinental’s interest to 95%. Pancontinental is the operator of the EL 0037 Joint Venture.

EL 0037 is an Exploration Licence covering 17,295 sq km in the Walvis Basin offshore Namibia.



Paragon is a prominent diversified Namibian investment company. Paragon’s interest in EL 0037 is “free carried” to the extent of its percentage interest (now 5%) by Pancontinental up to the commencement of the development of any oil or gas discovery.

Pancontinental's CEO and Director Barry Rushworth commented-

"Pancontinental has strategically acquired an additional 10% in licence EL 0037, bringing its holding to 95% over a prospective area of more than 17,000 sq km.

Pancontinental is now one of the largest net acreage holders offshore Namibia amongst companies including Petrobras, BP, Repsol, HRT and Maurel et Prom.

With the exception of Petrobras, Pancontinental is the only company with significant exploration acreage in both East Africa and Namibia. Pancontinental sees these two regions as the most promising exploration frontiers globally.

East Africa is only just starting to show its full potential and exploration offshore Namibia is about one or two years behind.

Pancontinental believes that its Namibian acreage is one of the few areas covering an oil generating "sweet spot" where oil prone source rocks are sufficiently buried to generate oil; similar to its four projects offshore Kenya.

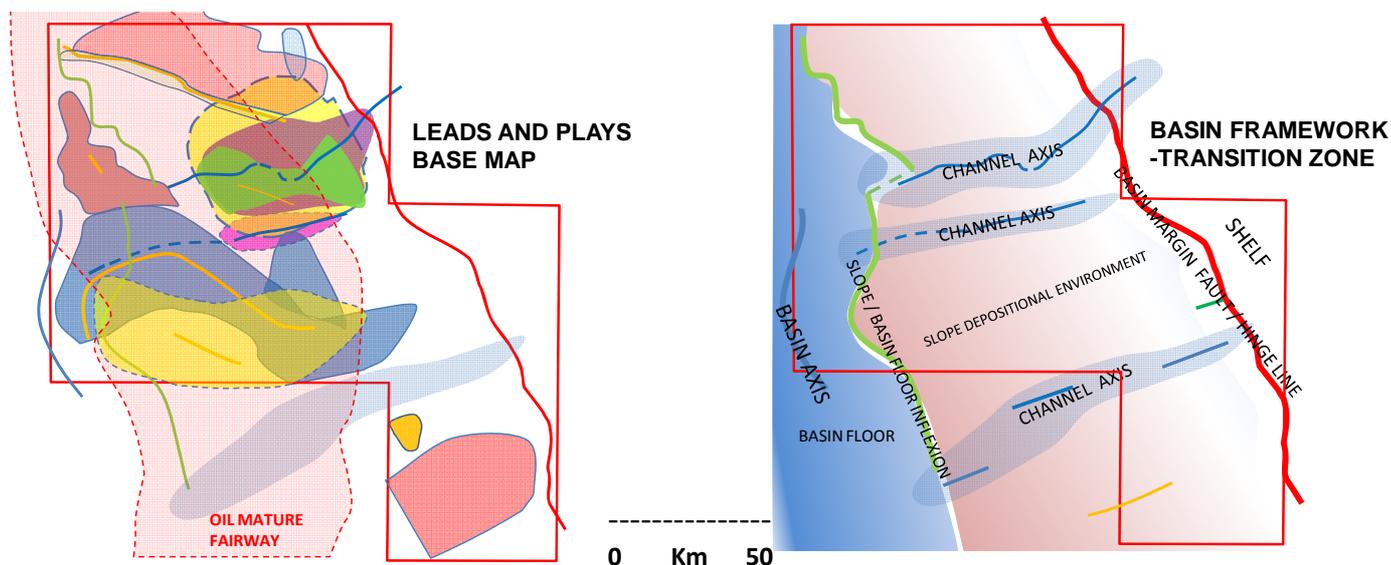
At least six wells are planned offshore Namibia over the next 12 to 18 months. New techniques such as 3D seismic are enhancing exploration in a way never seen before.

While the Company is very pleased to have increased its interest in EL 0037, we are also pleased to retain Paragon as our co-venturer, albeit with a reduced percentage interest".

EL 0037

Exploration Licence (EL) 0037 was awarded in 2011 to a joint venture of Pancontinental and Paragon with an effective date of 28 March 2011. EL 0037 covers 17,295 sq km in the Walvis Basin offshore central- northern Namibia.

EL 0037 covers an extensive part of an "Inner Graben", a geological trough that Pancontinental believes to be one of the limited oil-generating "fairways" offshore Northern Namibia.



Pancontinental has identified and mapped a number of ponded turbidite, slope turbidite, basin floor turbidite fans and channels forming major very large "leads" closely associated with, and within, the Inner Graben in EL 0037.

A number of the leads exceed several hundred square kilometers in area based on current mapping, and detailed mapping will be undertaken to define the full extent of the structural and stratigraphic closures and potential oil-bearing traps.

Exploration Offshore Namibia

Following several 3D seismic surveys in the last two years, a number of the joint ventures along the Namibian coastal margin are now entering drilling phases.

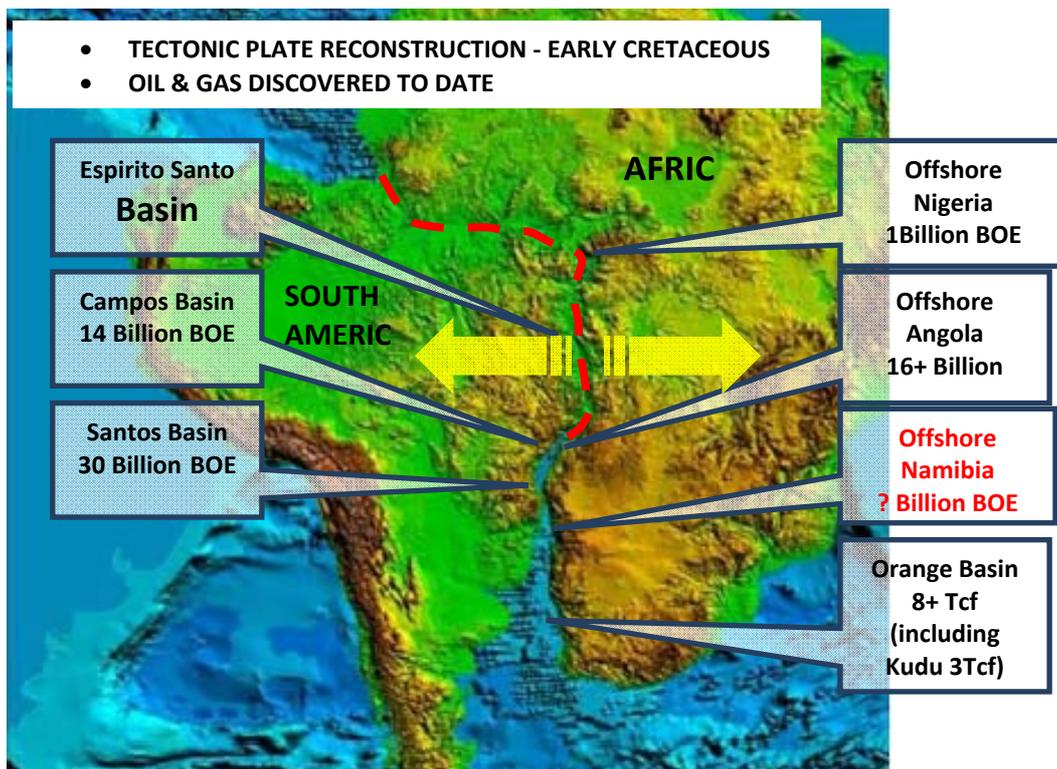
Rigs have been secured and at least six wells will be drilled offshore Namibia in the next 12 to 18 months by operating companies including Chariot, HRT and Petrobras in joint venture groups that include BP and Repsol. At least two wells are anticipated in the vicinity of EL 0037.

Recently the Tapir North well was drilled by Chariot but this proved to be non-commercial. Chariot will shortly commence a second well and, it is understood, will return to another prospect in the Tapir North area later in the year.

Farmout activity offshore Namibia has been active for some time. Most recently, Repsol SA farmed-in for drilling in the EL 0010 area, held by Tower and Arcadia and adjacent to Pancontinental's EL 0037 area.

Also recently, BP announced a farm-in to Serica's licence south of EL 0037, under which BP will carry out more than 4,000 sq km of 3D seismic and then have an option to drill a well.

Offshore Namibia is recognised as the plate tectonic conjugate of offshore Brazil, where numerous world-class oil discoveries have been made in recent years. This geological aspect is now attracting major international attention to oil and gas exploration opportunities offshore Namibia.



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.