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## ASX Companies Announcement Office

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# MBAWA 1 – FIRST OFFSHORE KENYA GAS DISCOVERY UNLOCKS NEW HYDROCARBON PROVINCE

**~ 52 net metres (~170ft) of natural gas pay**

Pancontinental Oil & Gas NL (“Pancontinental”) is pleased to announce a significant gas discovery in the Mbawa 1 exploration well in the L8 licence area offshore Kenya. Drilling is now continuing towards a deeper exploration target.

### HIGHLIGHTS

- \* **First ever substantive hydrocarbon discovery offshore Kenya**
- \* **Approximately 52 net metres (~170 feet) of natural gas pay encountered so far**
- \* **Drilling has recommenced towards a deeper exploration target**

The Mbawa 1 well has encountered approximately 52 net metres (approx. 170 feet) of natural gas pay in porous Cretaceous sandstones.

The Mbawa 1 exploration well was drilled to a depth of 2,553m RT (below the drill floor), at which point wireline logs, fluid samples and sidewall cores were acquired from the well. Reservoir and fluid parameters will become available as logs and sample analyses are completed.

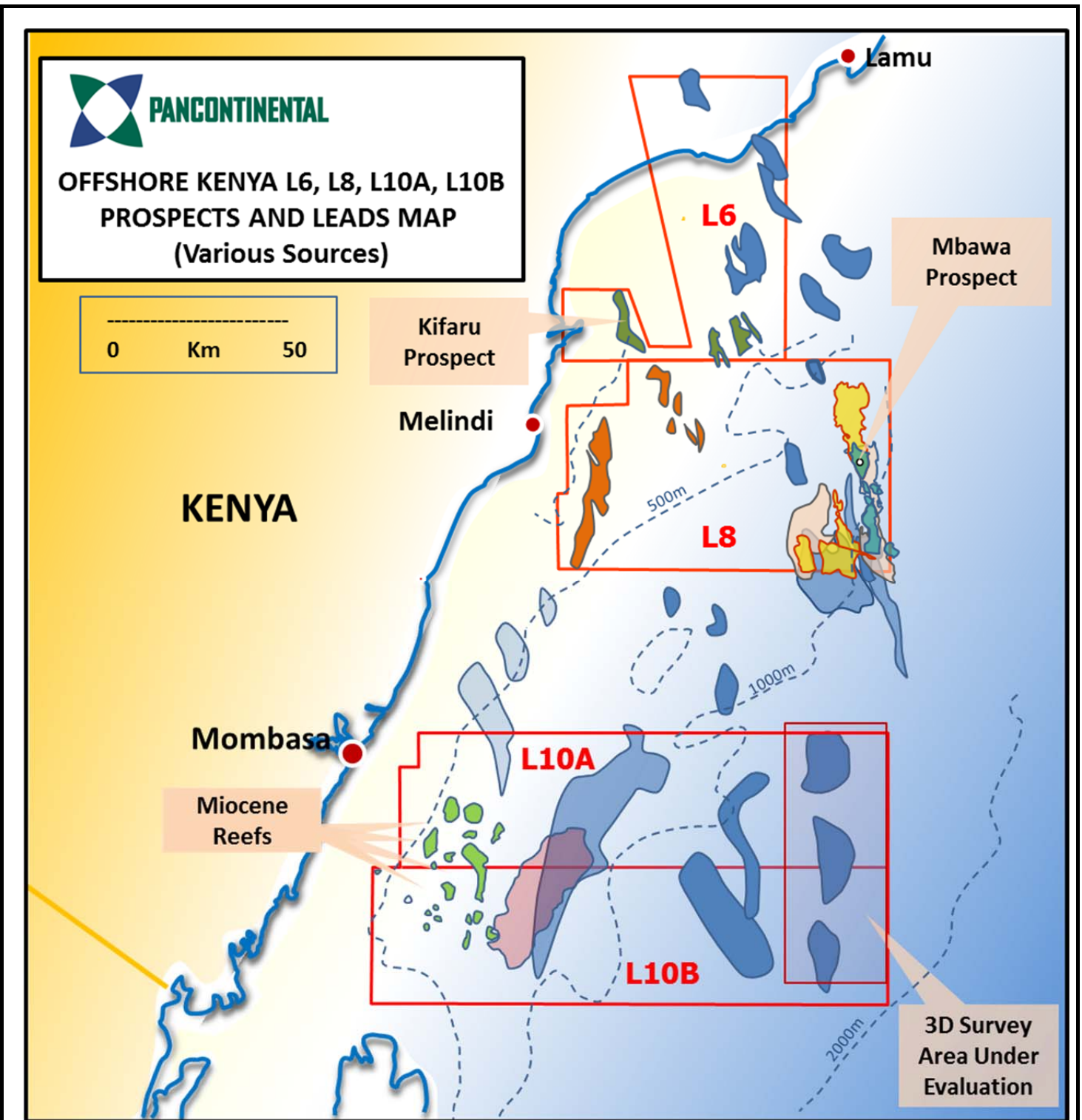
Drilling has recommenced towards the planned TD of 3,275m RT. A secondary exploration target lies above the planned TD.

Barry Rushworth, CEO and Director of Pancontinental said:

*“While we have not finished operations in Mbawa 1, this gas discovery is very promising and it is the first ever substantive hydrocarbon discovery offshore Kenya. We are delighted to prove that there is a working hydrocarbon system offshore Kenya. Further work continues to evaluate the size of the discovery.*”

*We thank the Government of Kenya for its cooperation and support in achieving this very positive initial outcome for the country of Kenya, for the L8 joint venture and for Pancontinental.*

*With drilling continuing to a deeper exploration target, these interim results may be the first part of the story in this well, and they are certainly just the beginning of the main story of oil and gas exploration offshore Kenya.”*



**Figure 1: Pancontinental's Projects Offshore Kenya (L6, L8, L10A, L10B)**

Additional information about Mbawa is available in previous reports issued by Pancontinental and available on the company's website [www.pancon.com.au](http://www.pancon.com.au)

The Kenya L8 Joint Venture consortium consists of-

Apache Corporation (Operator)	50%
Origin Energy Limited	20%
<b>Pancontinental Oil &amp; Gas NL</b>	<b>15%*</b>
Tullow Kenya B.V.	15%

\*Pancontinental's 15% interest is "free-carried" through Mbawa drilling by Tullow Oil plc up to a "cap" of US\$ 9 million (as reduced by other exploration expenditure). After the first earning phase

Tullow has an option to earn a further 5% by providing funding on Pancontinental's behalf to a cap of US\$ 6 million in any second well.

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

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

A handwritten signature in black ink, appearing to read 'B. Rushworth', written in a cursive style.

**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.*