



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

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ASX Companies Announcement Office

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TULLOW NAMIBIA EL 0037 FARMIN COMPLETE

- **Documentation and approvals for Tullow to farmin to Namibia Licence EL 0037 have been completed**
- **A formal notice of Closing has now been accepted by Tullow and Pancontinental**
- **The farmin programme includes Tullow fully funding extensive 3D and 2D seismic and, subject to identifying a drillable prospect, drilling an exploration well to maintain a 65% interest**
- **A 3D seismic survey is expected to commence in 2014**
- **Pancontinental estimates farmin expenditure of potentially up to US\$130 million (100% basis) for the full work programme**

Pancontinental Oil & Gas NL ("Pancontinental") is pleased to announce that the legal process of the previously announced Tullow Kudu Limited ("Tullow") farmin to licence EL 0037 offshore Namibia has now been completed and both parties have accepted Closing of the farmin agreement. Tullow is a wholly owned subsidiary of Tullow Oil plc.

Ministerial approval and Joint Venture considerations regarding the farmin have now been satisfied and Tullow has now been assigned a 65% interest in EL 0037. Pancontinental will retain a free-carried 30% interest out of its previous 95% interest.

Pursuant to the Farmout Agreement Tullow has taken over as Operator from Pancontinental and will commence extensive programmes of 2D seismic and 3D seismic and, subject to identifying a drillable prospect, fully carry Pancontinental through an exploration well. Paragon Oil & Gas (Pty) Ltd's 5% free-carried interest will be included in the Tullow farmin expenditure.

Pancontinental estimates that Tullow's total farmin expenditure may be up to US\$130 million (100% basis).

The Farmout Agreement provides for Tullow-

- Taking over as Operator of Licence EL 0037 from Pancontinental;
- Funding 100% of the costs of a 3D seismic survey of not less than 3,000 km² commencing before 31 December 2014;
- Funding 100% of the costs of a 2D seismic survey of not less than 1,000 km (either coincident or possibly later than the 3D seismic survey);

- Subject to identifying a drillable prospect, fully funding 100% of the costs of one exploration well to not less than 3,500 metres below the sea surface (see Tullow's Rights and Obligations);
- Reimbursing Pancontinental for 65% of past expenditures incurred;
- Purchasing, interpreting and mapping existing seismic data; and
- Paying 100% of any other costs and expenses during the farmin period.

Tullow's Rights and Obligations

Under the terms of the Farmout Agreement, Tullow will pay 65% of back costs and 100% of forward costs during the farmin period and complete the 2D and 3D seismic surveys outlined above. Should the 2D and 3D seismic not deliver a suitable drilling target, Tullow shall be entitled to withdraw from its commitment to drill the well outlined above by giving written notice to Pancontinental not later than 16 months after the date of the completion of the acquisition of the 3D seismic or 13 months prior to the expiry of the First Renewal Exploration Period whichever is the earlier. Commencement of the acquisition phase of the 3D seismic is required by 31 December 2014, and may possibly occur as soon as early-2014 depending on seismic vessel availability and other factors. Should Tullow withdraw after fulfilling its 2D and 3D seismic commitments it must re-assign its 65% interest back to Pancontinental, at no cost to Pancontinental.

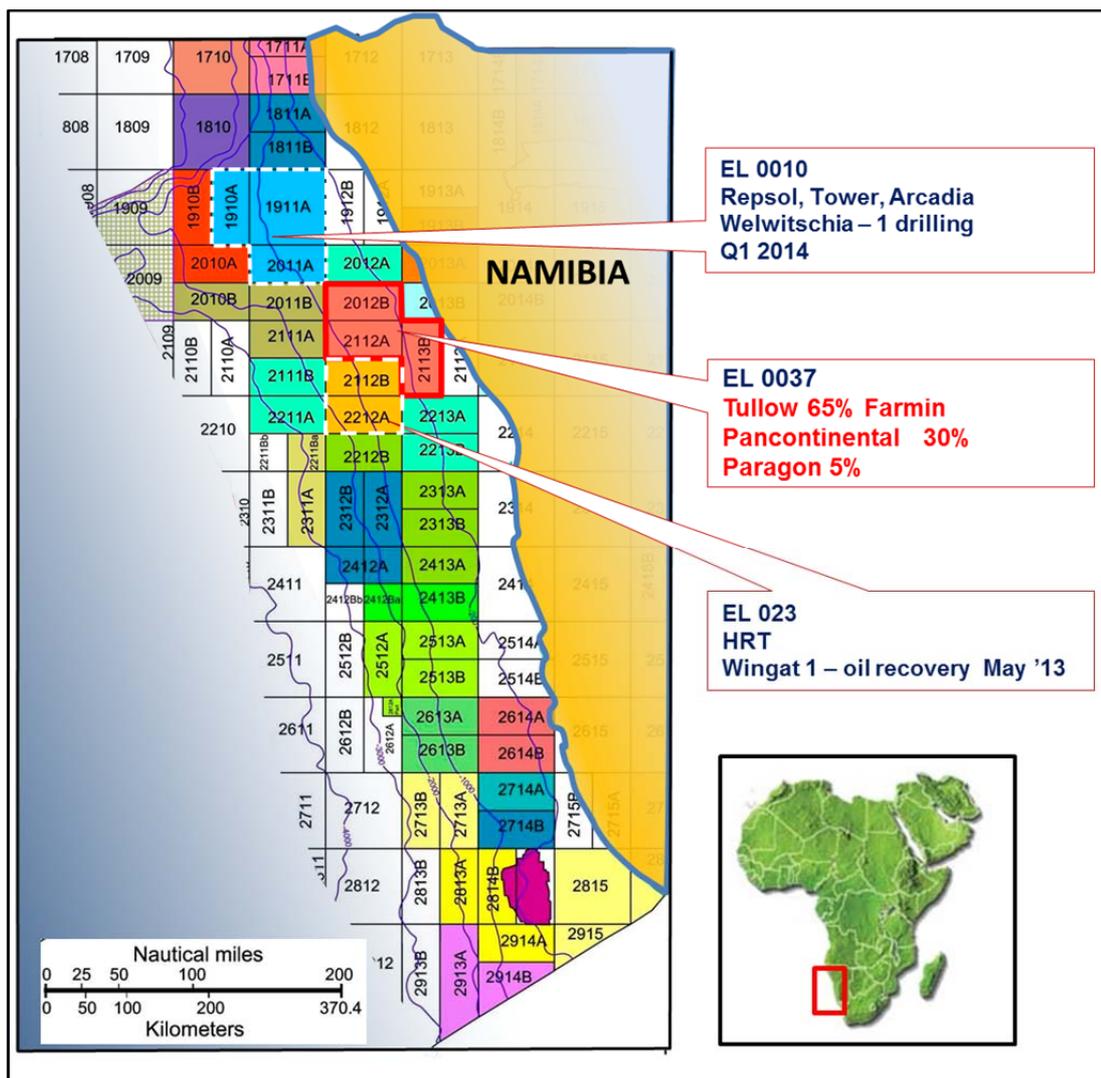


Figure 1- Licence areas offshore Namibia

The Namibia EL 0037 consortium consists of -

Tullow Kudu Limited ¹ (Operator)	65%
Pancontinental Namibia (Pty) Ltd ²	30%
Paragon Oil & Gas (Pty) Ltd ³	5%

1 Tullow Kudu Limited is a wholly owned subsidiary of Tullow Oil plc

2 Pancontinental Namibia (Pty) Ltd is a wholly owned subsidiary of Pancontinental Oil & Gas NL

3 Paragon Oil & Gas (Pty) Ltd is a wholly owned subsidiary of Paragon Investment Holding's (Pty) Ltd

About Tullow

Founded in 1985, Tullow is now Africa's leading independent oil company, and one of the largest independent oil and gas companies in Europe.

Amongst Tullow's key achievements is the 2007 discovery and subsequent development of the Jubilee Oil Field offshore Ghana.

In the East African Rift Basins, Tullow's successes include major oil discoveries in Uganda and recent significant oil discoveries in the South Lokichar Basin in Kenya. To date, in Uganda, Tullow estimates gross recoverable resources of 1.7 billion barrels of oil.

Tullow is developing the Kudu Gas Field offshore southern Namibia and farmed-in to Pancontinental's EL 0037 licence in Namibia in September 2013.

About Pancontinental

Pancontinental Oil & Gas NL is an independent oil and gas exploration company listed on the Australian Securities Exchange (ASX: PCL).

Pancontinental's focus is on exploring for oil in new frontiers in Africa and surrounding regions and it currently holds interests in four licences over 20,000 square kilometres in East Africa offshore Kenya, and the EL 0037 licence over 17,000 square kilometres offshore Namibia.

Pancontinental is one of the few junior companies remaining amongst an increasing number of much larger companies offshore East Africa and Namibia.

About Paragon

Paragon Holdings is a successful diversified investment and development company based in Windhoek, Namibia. Paragon's activities range from property development to retail and publishing, mining and oil investments.

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.