



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

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ASX Announcement

17 March 2014

SUNBIRD-1 DRILLING UPDATE

Pancontinental Oil and Gas NL ("Pancontinental") (ASX: PCL) is pleased to provide an update regarding the Sunbird-1 exploration well in area L10A (Pancontinental 18.75%) offshore southern Kenya.

As advised in Pancontinental's ASX release on 6th January 2014, Pancontinental was not intending to provide any information concerning the progress of the drilling of the Sunbird-1 well until the well had been completed and it was in a position to provide information that was not considered speculative or incomplete. However, due to the news media reports over the weekend stating that the Sunbird-1 exploration well had discovered oil and natural gas, Pancontinental provides the following clarification:

Sunbird-1 Drilling

The Sunbird-1 well operated by BG Group ("Operator"), using the drillship Deepsea Metro-1, has reached a final depth of 2,850 metres below the drill floor. The water depth is 723 metres.

The top of the Sunbird Miocene Pinnacle Reef was penetrated at 1,583.7 metres subsea.

The Sunbird Miocene Reef has been found to contain a hydrocarbon column, however the vertical extent of the hydrocarbon column has not yet been determined due to the difficulty of assessing wireline logs in the upper section of the reef where there were extensive losses of drilling fluid into highly porous and permeable parts of the reservoir.

Hydrocarbon samples have been recovered for detailed analyses. The full nature of the hydrocarbons will not be known until geochemical and other analyses have been completed.

At this early stage of results interpretation, the Operator has advised Pancontinental that it is not yet in a position to properly and fully estimate the vertical extent of the hydrocarbon column, the potential volumes of hydrocarbons, or to provide an accurate assessment of the nature of the hydrocarbons; nor is it in a position to comment on whether the volumes of hydrocarbons discovered appear to be commercial or sub-commercial.

Recent and current activities include wireline logging, formation and fluid sampling and preparations for completing the well.

It is intended that Sunbird-1 will be "plugged and abandoned" in accordance with the planned drilling programme and industry best practice, meaning that the well will be made safe in such a way that it can be left permanently without further intervention. These measures are designed to ensure that there is no leakage of hydrocarbons within the well, or to the sea floor.

Pancontinental will provide further information regarding the well results and a forward work programme when the fully assessed results have been provided by the Operator in the coming weeks.

The Kenya L10A consortium consists of –

BG Group (Operator)	50%
PTTEP	31.25%
Pancontinental	18.75%

About Pancontinental

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX: PCL).

Pancontinental has interests in three exploration licences offshore Kenya, L10A, L10B and L6.

Pancontinental has a 40% interest in the offshore section of licence L6 and a 16% interest in the onshore portion of L6. Pancontinental also has a 18.75% interest in Kenya licence L10A (Sunbird) and 15% in L10B.

Co-venturers in these three Kenyan licences (although not in each licence) are BG Group, PTTEP, Premier Oil and FAR Limited.

Pancontinental holds a 30% interest in offshore Namibia licence EL0037, where Tullow Oil is currently undertaking a 3D seismic programme as part of its farm-in agreement in September 2013.

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.

Disclaimers

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

This document may include forward looking statements. Forward looking statements include, and are not necessarily limited to, statements concerning Pancontinental's planned operation programme and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Pancontinental believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.