

Chairman's Address to 2015 Annual General Meeting of Pancontinental Oil & Gas NL

30 November 2015

Ladies and Gentlemen, on behalf of the Board of Directors, I am pleased to welcome you to the 2015 Annual General Meeting of Pancontinental Oil & Gas NL.

I am sure that you are all aware of the decline in both the mining and oil sectors over the last year, as reduced demand and a small but important oil oversupply has bitten hard into prices and, consequently, investment and industry activity.

The oil and gas business has always been cyclical and we cannot foretell when we will see a return to higher prices, however any of a number of political and economic factors could spark the commencement of the next oil price cycle at any time.

At present, the virtual halving of the oil price has drastically reduced investment in oil exploration by companies, both large and small, as well as by investors in the broader market. Pancontinental has responded by making some major adjustments to its immediate strategy as well as reforming its forward plans to meet these unforeseen new challenges.

With considerable regret Pancontinental withdrew from its L10A and L10B projects offshore Kenya. Despite the undeniable technical merit of these projects, the company decided to forego the very high expenditures required to continue exploration of these blocks.

The company has strategically decided to retain the two projects in which it is free carried. The L6 project in Kenya and the EL 37 project offshore Namibia are excellent projects, the latter being widely regarded as a world-class frontier opportunity.

The Namibian project encompasses a very large area that is regarded in the industry as a key location for oil exploration offshore Namibia. This project in itself would be regarded as a highly desirable standalone venture for any junior company, and I remind you that Pancontinental retains a very healthy 30% free carried interest here.

In Namibia, the company is reaping the rewards of the 2013 farmout to a subsidiary of international explorer Tullow Oil. Successful 3D and 2D programmes have been completed, including processing, interpretation and mapping having cost in excess of US \$30 million. The seismic mapping shows very considerable potential for oil in a number of prospects, and there is a variety of prospects and other leads that can be drilled if the first well is successful.

Pancontinental estimates that the best 4 of these prospects and leads have potential to hold more than 900 million barrels* of oil on a best estimate basis. This is effectively 260 million barrels* net potential to Pancontinental.

Regarding these estimated prospective resources, please refer to the cautionary statements that you will find appended to this address as it appears on the ASX and Pancontinental's websites.

***Cautionary Statement**

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. Prospective resources – best estimate, 100% basis – see disclaimers for further information.

The project operator Tullow is negotiating with a farminee for drilling in EL 37 and Pancontinental itself is seeking to divest part of its interest for cash. Such divestments are normal and are used in the industry to manage risk, as is particularly necessary in the current industry climate.

In EL 37 the joint venture will continue the process of selecting a drilling site from the various prospect alternatives, and we expect that drilling planning will commence in 2016 with a well in that year or early 2017. Tullow needs to exercise its option to drill by end-March 2016 and we fully expect that this will happen.

In our L6 project in Kenya, we have agreed to an onshore farm in by neighbouring operator Milio International.

Planning for seismic and a well here has been drawn out unfortunately, due to local issues, and we hope to see some activity "on the ground" in the coming year. Offshore, we have a number of prospects mapped on 3D seismic, and here we hope to see renewed interest as the industry pulls out of the current trough.

Turning to the funding aspects of Pancontinental's activities, you will be aware that the company had its last capital raising from equity markets in 2012. We are very fortunate that this raising preceded the slump in oil prices. Since then the company has self-funded exploration and corporate expenditure.

Prudent management of funds and resources has helped to maintain cash reserves, however the Board is now looking at all options to improve the company's capital position, and we will report on this at the appropriate time.

Pancontinental is now considering divesting a small percentage of the company's project holdings, while maintaining a meaningful equity interest. Despite the current industry climate, there is sufficient interest in those projects to make such a divestment worthwhile.

Your company is respected amongst its peers as an insightful explorer that has the proven capability to secure high quality projects and to leverage these by successful farmouts. Pancontinental will continue to seek out high quality new projects in the anticipation of an inevitable industry revival.

Meanwhile, with drilling expected to be planned in EL 37, the financial year ahead promises to be exciting, even if current market conditions persist.

Pancontinental's small team has continued to work its way through this challenging period, and I sincerely thank all members for their efforts. As always, I also thank you, the company's Shareholders for your continuing support.

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

**HD Kennedy,
Chairman**

DISCLAIMERS & NOTES

Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum in this report 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.

Prospective Resources

All Prospective Resource estimates in this report with regard to Namibian operations are prepared as of 28 September 2015. The estimates have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers and have been prepared using deterministic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisks and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the total resource while the Net to Pancontinental basis is adjusted for the Government Royalty of 5% under Production Sharing Contracts and Pancontinental's percentage entitlement under Joint Venture contracts.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas NL and may be subject to revision if amendments to mapping or other factors necessitate such revision.

Prospects and Leads

The meanings of "Prospects" and "Leads" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target. A Lead is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and / or evaluation to be classified as a Prospect.

Competent Person Statement Information

The hydrocarbon resource estimates in this report have been prepared by Mr Roy Barry Rushworth the Chief Executive Officer and Executive Director of Pancontinental Oil & Gas NL. Mr Rushworth has more than 30 years' experience in practising petroleum geology and exploration management.

Mr Rushworth consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental Oil & Gas NL'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.

Head Office – Level 1, 10 Ord Street, West Perth, Western Australia 6005

Postal Address - PO Box 1154, West Perth, Western Australia 6872

Telephone +61 8 6363 7090

Facsimile +61 8 6363 7099

ACN 003 029 543

www.pancon.com.au