

Highlights



Namibia EL 0037 – Drilling Decision Imminent

- » Operator Tullow is due to make a drilling decision by the end of the next quarter; March 2016.
- » Major oil potential recognised during the recent 2D and 3D seismic programmes.

» The four main Prospects which are being prioritised for drilling together have the potential for Prospective Resources of 915 Million Barrels of Oil.* (see Cautionary Statement below) Additional oil potential may be encountered within an additional three key Leads mapped.

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.



Kenya L6 – Onshore

- » Since agreeing to the farmout with Milio International in February 2014, the agreed onshore work programme to be operated by Milio has suffered delays due to land access issues. As a result of these issues, the L6 Joint Venture partners have applied for a twelve-month extension from the Ministry of Energy and Petroleum of Kenya.



Corporate

- » Cash balance of \$1.1 million as at 31 December 2015. (Excludes the \$500,000 placement approved by shareholders).

ASX Code – PCL

Issued shares – 1,335 million

Market Capitalisation - @ 0.4 cps - \$5.3 m

Cash at End of Quarter - \$1.1 million

Overview

Pancontinental is looking positively into the coming 2016 year as an important milestone in its West African exploration journey will come to fruition. Tullow Kudu Limited (“Tullow”), operator of the EL 0037 joint venture is required to make a drilling decision as negotiated in 2013 when Tullow farmed into the Namibian offshore blocks.

To date approximately US \$34 million has been spent on seismic and studies to ascertain if there would be a proven case for future drilling. The results have been encouraging and the final decision whether to proceed with drilling rests with Tullow who are required to advise Pancontinental of their decision prior to 31 March 2016.

On the Eastern side of Africa in Kenya, Milio International as operator of the onshore portion of the L6 block has been pursuing the commencement of seismic operations although significant delays outside the control of the company or joint venture have occurred. As such, a 12 month extension to the work programme has been sought from the Kenyan Ministry of Petroleum and Energy.

Although markets have not yet recovered as some may have expected, Pancontinental was successful in closing the first tranche of its 2015/2016 fundraising effort. AU \$738,000 was raised from a placement during the quarter with a further placement of AU \$500,000 and Share Purchase Plan receipts expected in January 2016.

With lower corporate and overhead costs as well as being free carried in both its exploration permits, the Company’s boost to cash reserves will see it well placed in 2016.

International Projects



Namibia Offshore

Namibia has been an area of interest in Pancontinental's portfolio for over a decade with the latest exploration effort commencing in 2011 with the award of Petroleum Exploration Licence 0037 to the Company and a local partner.

The licence covers three blocks offshore Namibia in the Walvis Basin.

The blocks are adjacent to the 2013 Wingat-1 well which was drilled by Brazil's HRT (now PetroRio). Samples of light oil were recovered after drilling penetrated mature high quality source rocks. Although not commercial the exploration find was very significant for petroleum exploration in the frontier basin.

During early exploration studies, Pancontinental developed the concept of an oil mature fairway and a sweet spot for oil generation. The fairway identified extends through Pancontinental's EL 0037 licence south to the exploration block where Wingat-1 was drilled, with the prime area being within EL 0037. 3D completed by the EL 0037 joint venture found that the oil encountered in Wingat-1 is interpreted to be at the same stratigraphic level as the prospects identified in EL 0037 which is an encouraging result.

As such regional exploration programmes completed to date have added to the theories that Pancontinental has worked on and developed during the time the Company has been present in country.



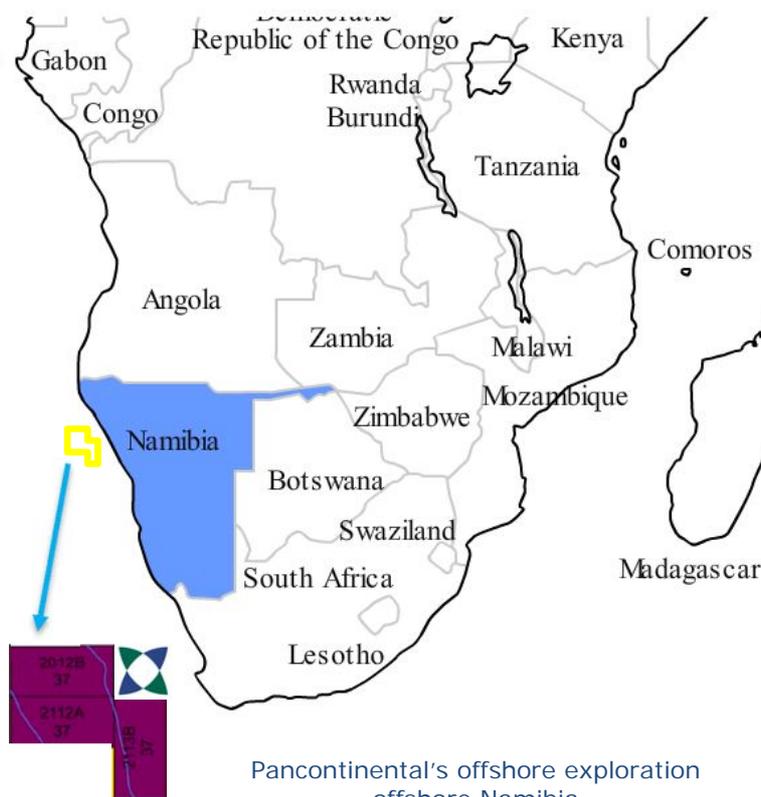
Namibia Offshore EL 0037

Location:	Walvis Basin		
Project Size:	17,295 square kilometres		
JV Partners:	Tullow Kudu Limited (Operator)	65.00%	
	Pancontinental	30.00%	
	Paragon Oil & Gas (Pty) Ltd	5.00%	

Exploration Activity

Pancontinental, an original licence applicant for EL 0037 was awarded the licence along with local partner Paragon Oil & Gas (Pty) Ltd in 2011.

Pancontinental's interest at the time the licence was awarded stood at 85%. Since then, the Company conducted in-house studies and it was decided that an agreement should be entered into for an additional 10% to be purchased from the local partner after the results of the studies came back with further positive results.



In 2013, Pancontinental brought in farminee Tullow Kudu Limited [“Tullow”], a subsidiary of Tullow Oil to join the exploration search within licence EL 0037 and lead an exploration programme estimated to be worth in excess of US \$100 million which would be 100% free carried by Tullow.

3D and 2D seismic as well as processing, interpretation and mapping have been carried out in the licence area to date with a financial investment of approximately US \$34 million borne solely by Tullow.

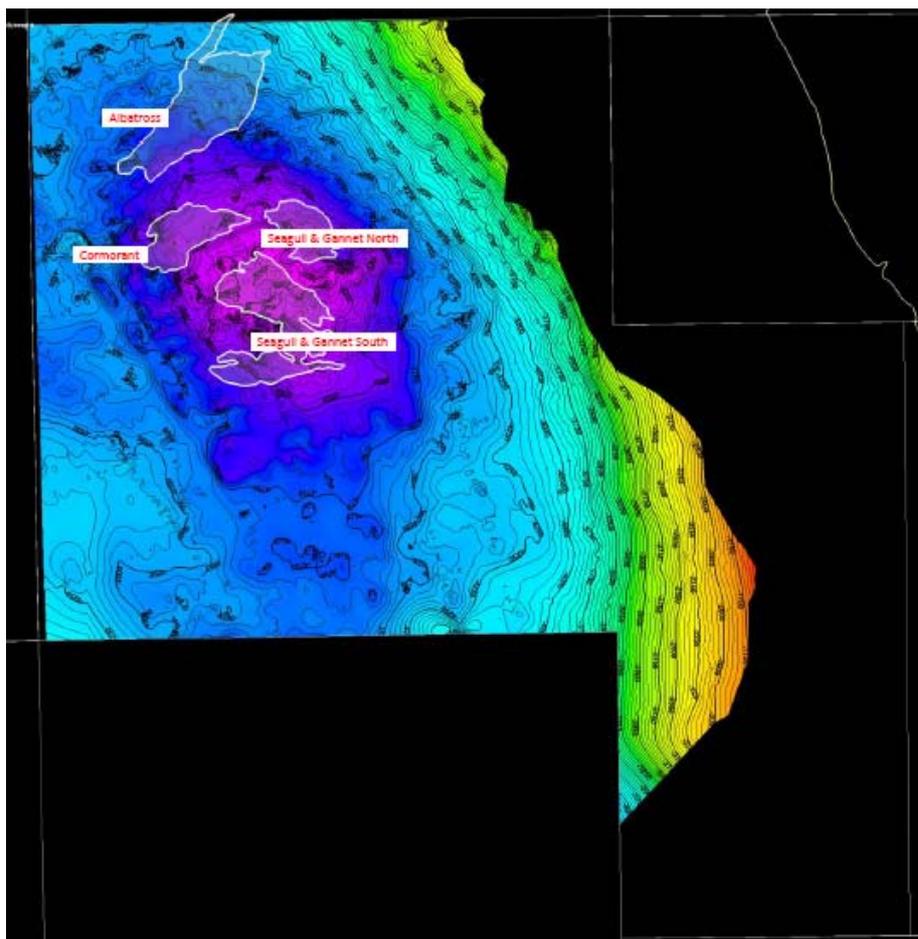
The exploration programme so far has brought with it encouraging results, with Tullow due to provide Pancontinental with a drill or drop decision by the end of the next quarter. Despite the current industry downturn, Pancontinental believes that it is in very favourable position. If Tullow elects to drill, the Company will be free carried for that phase of the exploration programme which has the potential to bring commercial success for the Company, if not Pancontinental will again hold a 95% interest with the added benefit of an extensive seismic exploration programme completed within the Company's offshore blocks.

Prospects

Prospects identified within Exploration Licence 0037 include Albatross, Cormorant, Seagull & Gannet North and South.

Pancontinental has estimated the prospective resource potential of the prospects on a deterministic basis, and no probabilistic estimates of chances of drilling success have therefore been made in this case.

Prospective resources are shown in the table below:



Proximity of prospects to the source kitchen identified in licence 0037

PROSPECT / LEAD	STATUS	AREA (Sq Km)	PROSPECTIVE RESOURCE 100% (MmBbls) *	NET TO JOINT VENTURE (MmBbls)	NET PANCONTINENTAL SHARE (MmBbls)
Albatross	Prospect	293	349	331.6	99.5
Seagull & Gannet S	Prospect	273	338	321.1	96.3
Seagull & Gannet N	Prospect	90	104	98.8	29.6
Cormorant	Prospect	120	124	117.8	35.3
TOTAL (Prospects Only)			915*	869.3	260.7

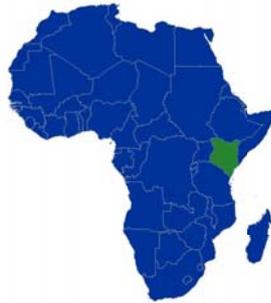
Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal 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

In addition to four prospects detailed above, there are a further three leads which have been recognised for their resource potential; Upper Fan 2, 3 and 4 (not shown in image).

Pancontinental is truly encouraged by the exploration efforts within Exploration Licence 0037.

International Projects



Kenya

Kenya Offshore & Onshore



The geology of the African continent has been of particular interest to Pancontinental over the past decade.

In-depth research has seen oil generation theories formed and pursued.

In earlier years, the Company held an interest in the offshore Kenyan L8 exploration licence. Pancontinental successfully entered a farmout agreement with US major Apache Corporation for entry into the licence and a drilling programme in 2012

where Pancontinental was free carried in the Mbawa-1 well. The well was a geological and historical success as it uncovered Kenya's first offshore hydrocarbon discovery with gas encountered.

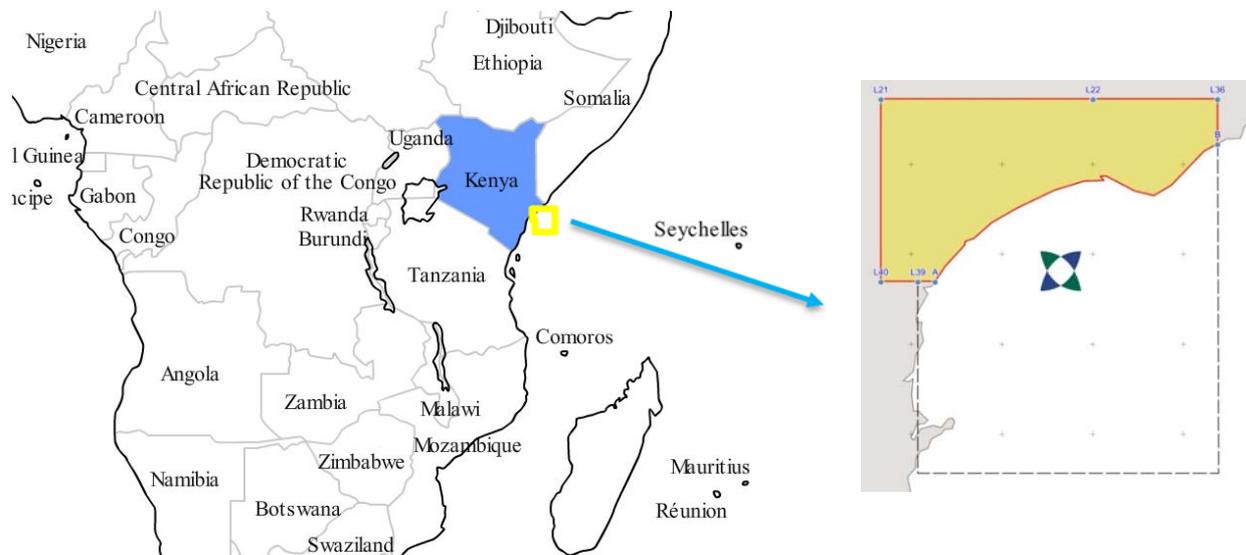
In 2011, Pancontinental and a consortium of companies including operator and UK major BG Group were awarded a Production Sharing Agreement over offshore Kenya block L10A.

Three years later in 2014, the joint venture drilled the Sunbird Prospect which was located within a group of Miocene reefs. The Sunbird-1 well was another geological success not only for Pancontinental and the joint venture but for Kenya, as it was the second offshore hydrocarbon discovery and the first oil find.

Kenya Onshore/Offshore Block L6

Location:	Lamu Basin	
Project Size:	5,010 square kilometres	
JV Partners	FAR Limited (Operator)	60.00%
Offshore:	Pancontinental	40.00%
JV Partners	Milio International (Operator)	60.00%
Onshore:	Pancontinental	16.00%
	FAR Limited	24.00%

Exploration Activity



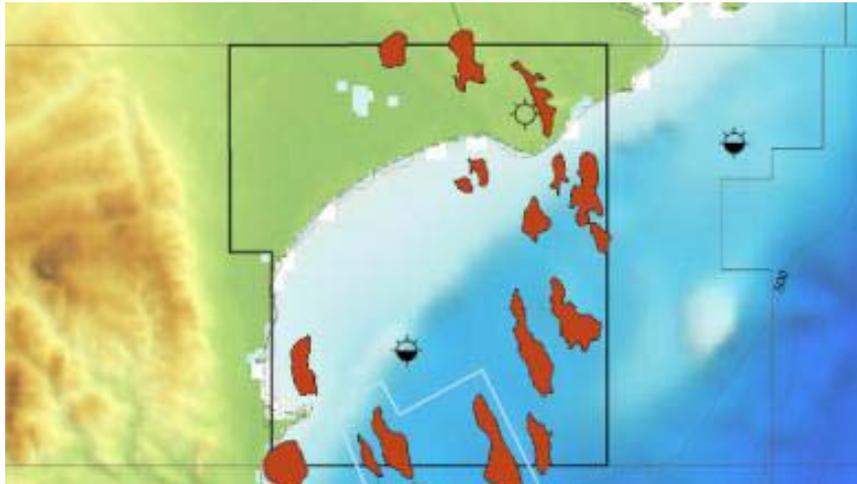
Pancontinental's onshore and offshore exploration area within licence L6

With Pancontinental experiencing early successes within its former offshore Kenyan properties, the Company is optimistic that it can experience similar success with its onshore /offshore L6 licence.

The L6 permit was initially awarded in 2002 with Pancontinental as the original licence applicant. Currently, successful explorer FAR Limited are operators of the offshore portion of the block and Milio International who are experienced Kenyan operators are in control of the work programme for the onshore portion of the block.

The block is located in the Lamu Basin which has proven fruitful for the Company in its past ventures. Now that recent drilling results as referred to above have reversed a previously long held industry misconception that East Africa only had potential for gas Pancontinental is looking forward to further exploration in the area.

Onshore & Offshore



Pancontinental's prospect inventory both onshore and offshore in licence L6
[Source: FAR Limited]

During exploration work programmes on the onshore and offshore areas within exploration block L6, a number of drill-ready prospects have been identified.

Onshore in the north eastern portion of the block, primary prospects include Mamba, Kudu and Boundary Anticline. Operator Milio International has been organising for the commencement of seismic operations in the area to further evaluate the potential of both their own block; L20 as well as the L6 onshore area. A number of delays have been encountered during the process and as such an extension has been sought to cover the time lost outside the control of the joint venture.

Once land access issues are settled, Pancontinental hopes to see the results of the planned exploration programme which includes a 2D seismic survey of not less than 1,000km²; drilling and testing of an onshore exploration well post the 2D seismic; and additional costs such as processing and interpreting of the 2D seismic. Pancontinental will be fully free carried for the process.

Offshore, FAR Limited have led the joint venture which has identified prospects in the central south of the offshore portion of the block. The main prospects include Kifaru and Kifaru West as well as the Tembo prospect.

The prospects are located along the Tembo and Maridadi troughs which are fed sediments from the Tana River. In addition, it is believed that the prospects have access to the same source kitchen as identified in the 2014 Sunbird-1 well results.

The joint venture is now focussed on further exploring the geological environments within the permit with the goal of achieving commercial success.

DISCLAIMERS

Prospective Resource Estimates Cautionary Statement

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Prospective Resources

All Prospective Resource estimates in this report 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 unrisked 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 Oil & Gas NL'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 program 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.

Licence Schedule

Licence Location	Licence Reference	PCL (consolidated) interest at the beginning of the quarter	Movements for the current quarter	PCL (consolidated) interest at the end of the quarter
Kenya	L6 offshore	40.00%	0.00%	40.00%
	L6 onshore	16.00%	0.00%	16.00%
Namibia	EL 0037	30.00%	0.00%	30.00%

Corporate

Cash Position

- » As at 31 December 2015, Pancontinental's cash position was \$1.1 million (excluding the \$500,000 placement recently approved by shareholders);
- » The major items of expenditure during the December 2015 Quarter were:
 - o Exploration and Evaluation \$223,478; and
 - o Administration \$390,045.

Corporate

During the quarter, the Company held its Annual General Meeting which provided the Board with an opportunity to update visitors and Shareholders on Pancontinental's planned activities for the coming 2016 calendar year.

All Shareholders and visitors were encouraged to share their thoughts and ask questions with Board members after the formal business of the meeting was concluded.



Shareholders and the Board at Pancontinental's 2015 Annual General Meeting



Pancontinental's Board of Directors
2015 Annual General Meeting

New Ventures

Pancontinental is constantly referring to its catalogue of exploration data for new ventures that fit in with the Company's current exploration focus at a cost that would be acceptable to the Company and appropriate in today's investment climate.

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