

8 April 2016

ASX Companies Announcement Office

Tullow elects to enter drilling phase of farmin to Namibia PEL 37

Pancontinental Oil & Gas NL ("Pancontinental", "the Company") is pleased to announce that Tullow Kudu Limited, a subsidiary of Tullow Oil ("Tullow"), has elected to continue as a participant in the joint venture in Namibian licence PEL 37 and, as such, is committed to drilling one exploration well subject to identifying a drillable prospect.

To date 4 large turbidite Prospects and 3 large Leads have been mapped in detail. The Prospects have potential for combined Prospective Resources of more than 900 Million Barrels of oil (recoverable).

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 **Prospective Resource Estimates Cautionary Statement set out below** for further information

So far Tullow has spent approximately US \$34 million on the exploration programme, including Pancontinental's share of expenditure carried under farmin.

In 2013, Pancontinental successfully negotiated a farmin agreement with Tullow whereby a 65% interest would be transferred to Tullow in exchange for the following work programme:

- 3,000 km² of 3D seismic;
- 1,000 km of 2D seismic;
- Processing of the seismic acquisition data;
- Interpretation of the data acquired; and
- Fully funding 100% of the costs of one exploration well (with no expenditure 'cap') to not less than 3,500 metres below the sea surface, subject to identifying a drillable prospect.

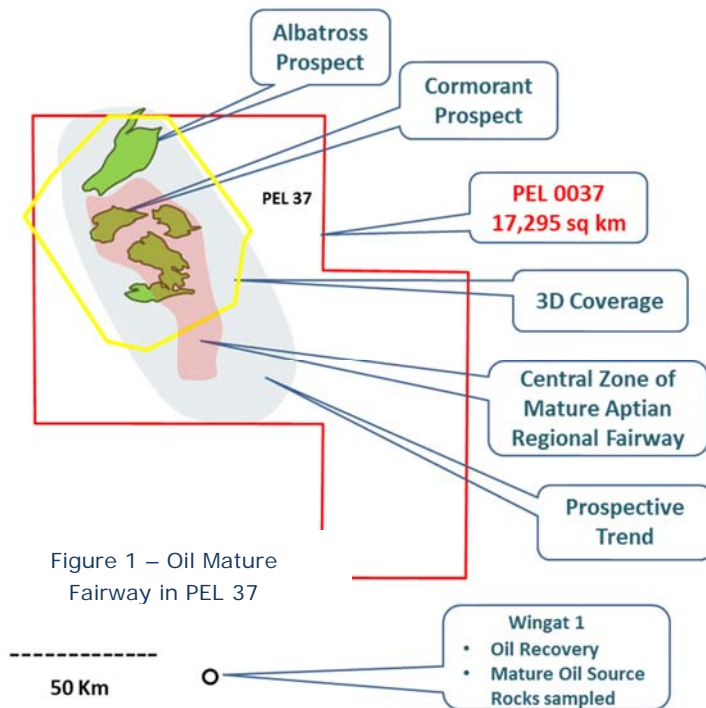
The seismic programme has been completed with the 3D covering approximately 17% of the permit.

7 April 2016 is a significant milestone for the project because Tullow was entitled under the farmin agreement to withdraw from Namibia PEL 37 and re-assign its interest to Pancontinental by giving written notice on or before this date.

Tullow has elected to continue in the joint venture and, as operator, will continue to work towards drilling that is required by 27 March 2017 under the farmout agreement between Pancontinental and Tullow, provided that a drillable prospect is identified from the 2D seismic or 3D seismic.

About Petroleum Exploration Licence 0037

PEL 37 covers three adjacent blocks over some 17,000 sq km in the blocks in the central Walvis Basin offshore Namibia.



PEL 37 covers the central zone of an oil-mature Fairway, an oil generating “sweet spot” where oil prone source rocks are sufficiently buried to generate oil.

Oil source rocks and an oil recovery were made in Wingat-1 on-trend to the south.

Four large turbidite Prospects and 3 large Leads have been mapped so far on 3D seismic in the central part of the Fairway.

The Prospects have cumulative potential exceeding 900 million barrels of potential Prospective Resources*, of which 260.8 million barrels net is attributable to Pancontinental’s 30% share. See Cautionary Statement below.

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*Prospective Resources – Best Estimate, 100% Basis – See **Prospective Resource Estimates Cautionary Statement set out below** for further information

Pancontinental has estimated the Prospective Resource potential using factors including estimates of the area of the Prospects, of to what level the Prospects may be oil filled, the thickness, geometry, porosity and net to gross factors of the potential reservoirs, oil saturations and commercial recovery factors. The estimates have been made on a deterministic basis and no probabilistic estimates or chances of drilling success have therefore been made in this case.

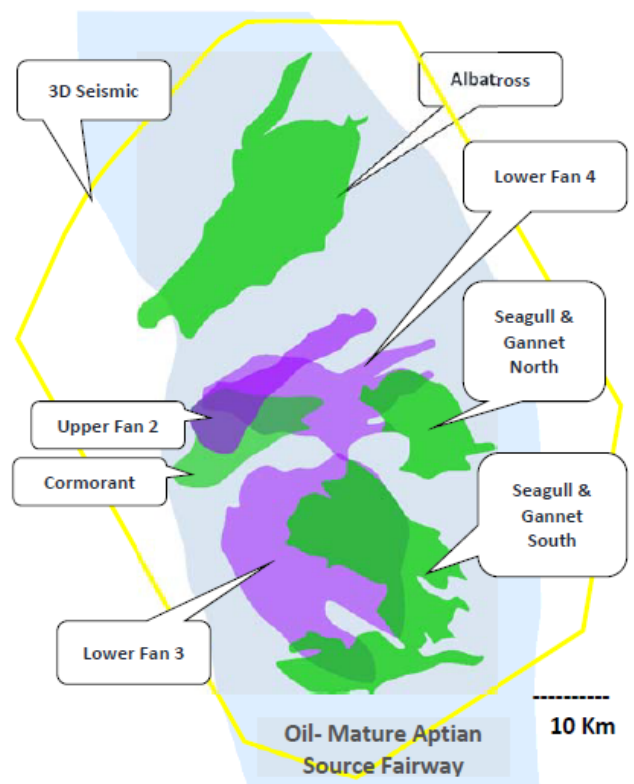


Figure 2 – PEL 37 Prospects and Leads (3D area only)

Going forward, participants in the joint venture will be:

Tullow Kudu Limited [Operator]	65%
Pancontinental Namibia Pty Ltd	30%
Paragon Oil & Gas (Pty) Ltd	5%

Mr Barry Rushworth, CEO and Director of Pancontinental commented-

"Tullow's decision to stay in PEL 37 for drilling is a huge stamp of approval for this project, particularly in the current industry climate.

Tullow is a first-class Operator and we are delighted that Tullow has decided to stay in PEL 37 for drilling.

Offshore Namibia, virtually all of the acreage is taken up under exploration licences. With such a high level of industry interest it is widely thought that offshore Namibia will become a next major focus of African oil exploration.

In PEL 37, Pancontinental has a strong 30% carried interest in a very large licence area in a prime geological setting, with a variety of Prospects already mapped on 3D seismic and more anticipated as exploration continues.

Pancontinental's share of the Prospective Resources identified so far is some 260 Million Barrels of Oil [recoverable].*

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Prospective Resources – Best Estimate, 100% Basis – See **Prospective Resource Estimates Cautionary Statement set out below** for further information

Pancontinental is extremely well placed as the joint venture carries on towards drilling".

For and on behalf of
Pancontinental Oil & Gas NL



Barry Rushworth
CEO and Executive Director

Head Office - Level 1, 10 Ord Street, Perth, Western Australia 6005
Postal Address - PO Box 1154, Perth Business Centre, Western Australia 6872
Telephone +61 8 6363 7090 Facsimile +61 8 6363 7099

ACN 003 029 543
www.pancon.com.au

PROSPECTIVE RESOURCE ESTIMATES CAUTIONARY STATEMENT

The estimated quantities of petroleum in this release 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 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 and 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.

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.