

Namibia PEL 37

On 16 December, Pancontinental Namibia ('Pancontinental') received a purported cash call from Tullow in the amount of US \$552,897 claiming to represent 35% of the following costs allegedly incurred by Tullow in the 2014, 2015 and 2016 calendar years:

- Exploration common costs;
- Exploration licence management;
- Tullow's local office costs; and
- Exploration general, non-Project.

Tullow claims to have made an adjustment to the joint venture accounts as a result of conducting an internal review of costs incurred since 2014, thus purporting to give it the right to issue the purported cash call. This claimed adjustment was made without any prior consultation with Pancontinental.

Pancontinental will be seeking full and complete details from Tullow of its claimed adjustment and of its purported cash call, but is of the view that the items, if accurate, are covered by the free carry as defined in the Tullow Farmout Agreement dated Sept 6th, 2013 and as such the cash call is not valid.

Pancontinental will issue a further statement when more information is available.

For and on behalf of
Pancontinental Oil & Gas NL

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