

## **Namibia PEL 37**

Pancontinental refers to the ASX releases dated 30 November 2016 headed "Africa Energy Corp. Farms into Namibia PEL37" ("AEC" Farmin Release), its announcement headed "Namibia PEL37" released on 19 December 2016 concerning Tullow's purported cash calls ("Tullow Cash Call Release") and Pancontinental's release dated 5 January 2017 concerning Tullow's acceptance of a staged payment plan of Tullow's purported cash calls.

On 16 January 2017 Pancontinental received advice from Africa Energy Corp. ("AEC") that it wanted to restructure the AEC Farmin Agreement reported in the AEC Farmin Release, to accommodate the issue raised by Tullow's purported cash calls referred to in the Tullow Cash Call Release. The restructure proposed by AEC is to reduce the upfront payment of US\$1.7 million by an amount that takes into account the likely exposure of AEC (bearing in mind that its Participating Interest will be 10%) to cash calls that may be issued by Tullow for expenditures allegedly incurred but which may not be covered by the Carry referred to in the Tullow Farmin Agreement with Pancontinental.

Pancontinental is confident of reaching a sensible outcome with AEC in the near term, and will report the outcome of those negotiations when completed.

For and on behalf of  
**Pancontinental Oil & Gas NL**

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