

## **Chairman's Address to 2018 Annual General Meeting of Pancontinental Oil & Gas NL**

GOOD MORNING SHAREHOLDERS AND GUESTS, AND WELCOME TO THE 2018 ANNUAL GENERAL MEETING OF PANCONTINENTAL OIL AND GAS.

OUR FISCAL YEAR 2018 WAS HIGHLIGHTED BY:

- PARTICIPATION IN THREE DRILLING PROGRAMMES;
- NEGOTIATING AN ASSET SALE WHICH PROVIDED A SIGNIFICANT CASH INJECTION; AND
- SECURING EXCITING NEW EXPLORATION ACREAGE.

DURING, AND SINCE THE END OF THE FINANCIAL YEAR, THE COMPANY HAS FACED CHALLENGES, BUT NEVERTHELESS IS NOW IN A STRONG FINANCIAL POSITION, WITH ASSETS HAVING THE POTENTIAL TO DRIVE LONG TERM GROWTH FOR THE COMPANY AND ITS SHAREHOLDERS.

THE BEST POTENTIAL VALUE-PRODUCING ACTIVITY FOR 2018 WAS IN PETROLEUM EXPLORATION LICENCE 37, OFFSHORE NAMIBIA, WHERE WE PARTICIPATED IN DRILLING THE LONG AWAITED CORMORANT-1 WELL. THIS WAS A PROJECT THAT PANCONTINENTAL GENERATED IN 2012. ALTHOUGH THE WELL DID NOT PRODUCE THE RESULT THAT THE COMPANY AND JOINT VENTURE HAD HOPED FOR, THE PROJECT DID PROVIDE THE COMPANY WITH APPROXIMATELY AUD \$10 MILLION BY THE PARTIAL SALE OF THE SUBSIDIARY WHICH HOLDS THE PEL 37 ASSET. THE DRILLING RESULTS ARE NOW BEING ANALYSED AND THEY ARE PROVIDING VALUABLE INFORMATION FOR FUTURE EXPLORATION IN THE LICENCE.

THE ACQUISITION OF BOMBORA NATURAL ENERGY IN JULY LAST YEAR WAS ANTICIPATED TO BRING PRODUCING CALIFORNIAN ASSETS TO THE COMPANY'S PORTFOLIO. HOWEVER, RESULTS OF THE WELLS DRILLED WERE NOT SATISFACTORY, AND THE COMPANY HAS NOW DIVESTED ALL ITS USA INTERESTS AND BOMBORA ITSELF. WHILE THESE EVENTS IMPACTED OUR OPERATIONS, IT HAS NOT DIMINISHED OUR ENTHUSIASM TO INVEST IN NEW VENTURES, AND THE COMPANY HAS BEEN ACTIVELY ASSESSING, AND ACQUIRING, INTERESTING NEW PROJECTS AND OPPORTUNITIES.

THE COMPANY HAS CHOSEN TO RETAIN THE VERY INTERESTING WALYERING GAS PROJECT IN THE PERTH BASIN FROM THE BOMBORA ASSETS, AND THIS IS FULLY IN LINE WITH OUR POLICY OF ACQUIRING WORTHWHILE NEW VENTURES.

PANCONTINENTAL IS RETURNING TO ITS ROOTS OF INVESTING IN FRONTIER, UNDEREXPLORED AREAS AS OPERATOR. AS SUCH, IT APPLIED FOR ADDITIONAL ACREAGE OFFSHORE NAMIBIA THIS YEAR, AND WAS SUCCESSFUL IN SECURING A MAJOR NEW PROPERTY AMID INTERNATIONAL COMPETITION. THE NEW LICENCE, PEL 87, IS IN THE ORANGE BASIN, WHICH IS SOME DISTANCE SOUTH OF OUR PEL 37 LICENCE AREA IN THE WALVIS BASIN.

THE JOINT EFFORTS OF DIRECTORS BARRY RUSHWORTH AND ERNIE MYERS BROUGHT THE PEL 37 PROJECT TO THE COMPANY IN 2012. THIS PROJECT WAS THEN FARMED OUT AND MORE THAN US \$70 MILLION HAS BEEN SPENT ON SEISMIC AND DRILLING, WITH PANCONTINENTAL FREE-CARRIED AT 30%, AND ABOUT 10 MILLION AUSTRALIAN DOLLARS IN CASH BROUGHT TO THE COMPANY THROUGH THE SALE OF 10% OUT OF THAT 30%.

THE TEAM HAS DONE IT AGAIN WITH THE AWARD OF PEL 87 OFFSHORE NAMIBIA, A PROJECT THAT HOLDS TRUE WORLD CLASS OIL POTENTIAL.

IN PEL 87, THE SATURN SUPERFAN TURBIDITE COMPLEX CONTAINS A NUMBER OF INDIVIDUAL LEADS, AND THE WHOLE STRUCTURE ITSELF APPEARS TO BE ENCLOSED IN SEALING SHALES WITH THE POTENTIAL TO BE ONE HUGE SINGLE OIL TRAP.

THE SUPERFAN LIES IMMEDIATELY ON TOP OF RICH OIL SOURCE SHALES WHICH ARE MATURE FOR OIL GENERATION. THIS IS A HUGE AND HIGHLY PROSPECTIVE PLAY TYPE THAT HAS BEEN VERY SUCCESSFULLY TESTED IN ANALOGUE BASINS BUT NEVER DRILLED IN NAMIBIA.

THIS REGION IS A REAL HOTSPOT, WITH SHELL, TOTAL, AND OTHERS DRILLING VERY SIMILAR PROSPECTS ON-TREND IN THE NEXT TWO YEARS.

THE COMPANY IS VERY ACTIVELY SETTING THE PACE OF THIS PROJECT, ALONGSIDE OUR SUPER-MAJOR NEIGHBOURS. THE MORE WE FIND OUT ABOUT THIS AREA, THE MORE EXCITED WE ARE ABOUT THE TRULY VAST POTENTIAL WE HAVE THERE.

INDUSTRY INTEREST CONTINUES TO INCREASE OFFSHORE NAMIBIA, WITH THE RECENT ENTRY OF EXXONMOBIL, TOTAL, KOSMOS AND SHELL. PANCONTINENTAL BELIEVES THE TIME IS RIGHT TO HOLD AN EXPANDED EXPLORATION PORTFOLIO IN THIS COUNTRY, WHICH WE HAVE FOUND TO BE STABLE AND TRANSPARENT.

CLOSER TO HOME, IN WESTERN AUSTRALIA, THE MANAGEMENT TEAM, SPEARHEADED BY MARIE MALAXOS IN THIS CASE, HAS BEEN MAKING GOOD PROGRESS ON THE WALYERING CONVENTIONAL GAS FIELD PROJECT. THE COMPANY IS CURRENTLY EARNING A 70% INTEREST AND OPERATORSHIP. AN APPLICATION TO CONDUCT 3D SEISMIC ACQUISITION IS IN THE PROCESS OF BEING APPROVED.

DURING THE FINANCIAL YEAR PANCONTINENTAL RAISED AUD \$2.0 MILLION THROUGH PLACEMENTS AND AUD \$1.6 MILLION VIA THE ISSUE OF CONVERTIBLE NOTES. THIS IS IN ADDITION TO ABOUT AUD \$10 MILLION BROUGHT TO THE COMPANY'S COFFERS BY SALE OF THE INTEREST IN PANCONTINENTAL NAMIBIA PTY LTD.

THE COMPANY HAS MADE IMPORTANT CHANGES TO BEST POSITION ITS BOARD FOR THE FUTURE. EXECUTIVE DIRECTOR ERNIE MYERS IS NOW RESPONSIBLE FOR THE OVERALL MANAGEMENT OF THE COMPANY, SUPPORTED BY THE EXISTING TECHNICAL TEAM OF NON-EXECUTIVE DIRECTORS; BARRY RUSHWORTH, MARIE MALAXOS AND JOHN BEGG, AS WELL AS NEWLY RE-APPOINTED EXECUTIVE DIRECTOR VESNA PETROVIC ON THE FINANCIAL SIDE.

IN CONCLUSION, PANCONTINENTAL, TODAY, IS IN A SOLID FINANCIAL POSITION. IT HOLDS A PORTFOLIO WHICH INCLUDES WORLD CLASS ASSETS, AND IT IS MANAGED BY A BOARD OF DIRECTORS WITH THE UNIQUE, AND PROVEN, SKILLS REQUIRED TO FULFILL THE COMPANY'S GROWTH STRATEGY.

PANCONTINENTAL STANDS OUT AS AN AUSTRALIAN JUNIOR VERY SUCCESSFULLY COMPETING WITH, AND ENGAGING WITH, SOME OF THE WORLDS BIGGEST OIL COMPANIES.

I THANK YOU FOR YOUR PRESENCE AT THIS YEAR'S ANNUAL GENERAL MEETING.

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

**HD Kennedy,  
Chairman**

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](http://www.pancon.com.au)