



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

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KENYA L8 - COMPLETION OF PANCONTINENTAL - TULLOW FARMOUT

Tullow and Apache Farmouts

Pancontinental Oil & Gas NL ("Pancontinental") is pleased to announce the completion of a farmout of part of its interest in Kenya licence L8 to Tullow Kenya B.V. a wholly owned subsidiary of Tullow Oil plc ("Tullow"). The farmout was concluded by the signed consent of the Minister of Energy of Kenya and by the satisfaction of all other conditions precedent.

The Kenya L8 consortium now consists of-

Apache Corporation (Operator)	50%
Origin Energy Limited	20%
Pancontinental Oil & Gas NL	15%
Tullow Kenya B.V.	15%

The completion follows the announcement on 7 March 2011 that Pancontinental had signed an agreement with Tullow for Tullow to farmout to a 10% interest in the licence over offshore Kenya Block L8 that contains the giant Mbawa Prospect.

Pancontinental will retain a 15% interest in L8 and after the first earning phase Tullow will have an option to earn a further 5% by providing further funding on its own and on Pancontinental's behalf. Based on current budgets, under the first part of the farmout Tullow will "free carry" Pancontinental through a major portion of the L8 programme that includes drilling the giant Mbawa Prospect.

Tullow is one of the most successful petroleum exploration companies of recent times in Africa, both onshore and offshore.

The Tullow farmouts follow another farmout transaction by Origin and the US major Apache Corporation ("Apache") announced on 16 February. Apache has taken 50% from Origin's interest and has taken over from Origin as L8 operator. Apache is widely regarded in the petroleum industry as one of the most successful, safe and efficient offshore operators.

Mbawa Drilling

Incoming operator Apache is examining the availability of drilling rigs that are suitable for drilling the Mbawa Prospect. A suitable rig and the Mbawa drilling date will be set after further discussion with rig operators.

ABOUT PANCONTINENTAL

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX:PCL) and has a market capitalisation of approximately A\$55 million. Pancontinental has oil and gas ventures in Africa, Australia and the Mediterranean.

Pancontinental has a 15% interest in offshore Kenya licence L8 (reduced from 25% by farmout to Tullow Kenya B.V.) and a 40% interest in the adjacent license L6. The L8 area offshore Kenya holds the giant Mbawa Prospect.

Pancontinental also has a 15% interest in license L10A and L10B offshore Kenya. Co-participants in the L10 licenses are BG Group plc, Premier Oil Limited and Cove Energy plc.

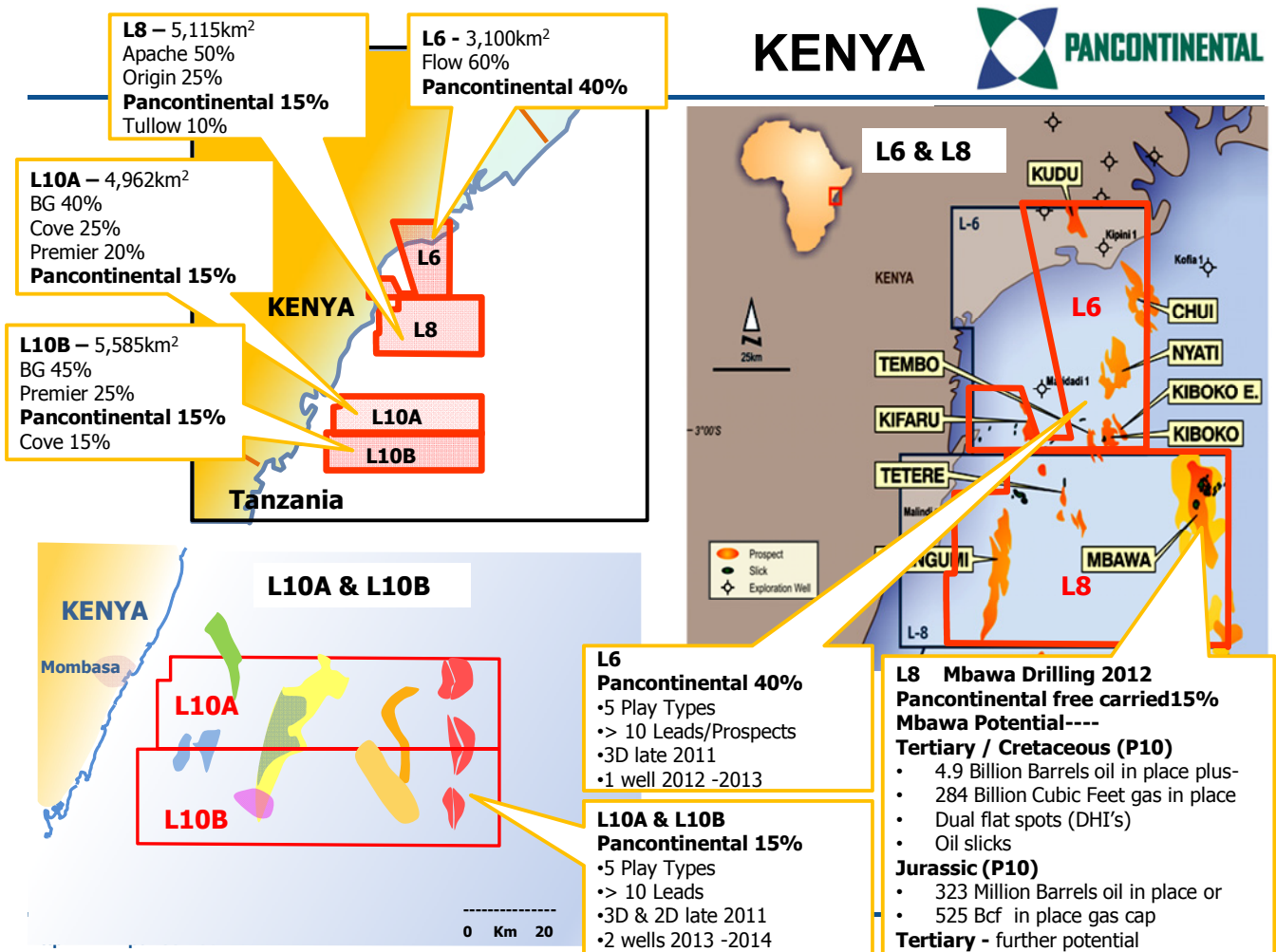
Offshore Namibia, Pancontinental has recently been awarded the 17,000 sq km licence EL 0037. Pancontinental holds 85% and is operator of this licence.

Pancontinental's website is www.pancon.com.au/

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



Barry Rushworth, CEO and Director



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 Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.