



**PANCONTINENTAL**

**PANCONTINENTAL OIL & GAS NL**

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## ASX Companies Announcement Office

17 November 2011

### **KENYA L10A AND L10B - STARTUP OF 3D SEISMIC ACQUISITION**

Pancontinental Oil & Gas NL ("Pancontinental") is pleased to announce that 3D seismic acquisition has commenced on its offshore Kenya licence areas L10A and L10B.

After completion of the 3D, the vessel will be reconfigured and will commence 2D seismic acquisition in the western portion of the areas.

The L10A and L10B licences were awarded to Pancontinental and other joint venture members listed below on 17 May 2011, with an effective date of 17 August 2011.

The joint venture has been pursuing a "fast track" exploration programme and on behalf of the joint venture the operator BG Group has already mapped ten strong "leads" and five diverse "play types" using existing seismic data. Most of the leads will be covered by the new seismic surveying.

It is anticipated that the seismic data will be fully processed by mid 2012 and interpretation and mapping will be completed later that year. The aim of the survey is to fully map a number of prospects prior to drilling.

The L10A and L10B joint ventures consist of-	<u>L10A</u>	<u>L10B</u>
BG Group plc	40%	45%
Premier Oil plc	20%	25%
Cove Energy plc	25%	15%
<b>Pancontinental Oil &amp; Gas NL</b>	<b>15%</b>	<b>15%</b>

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The offshore East African margin, including Kenya, has become an international "hot spot" for oil and gas exploration. A number of recent major gas discoveries offshore Mozambique and Tanzania has led to a significant increase in exploration activity.

Along the East African margin the geological sequence is relatively continuous, although depositional environments have varied over time as well as location. From the number of recent major gas discoveries, it is beginning to appear that deeper water locations may prove to be "gas prone" along the margin.

Pancontinental believes that it has identified an extensive oil-prone "sweet spot" offshore Kenya and the company has acquired four licences covering much of this area. The first well in the licence areas is planned for mid 2012 on the giant Mbawa Prospect in L8. Pancontinental has a free-carried 15% interest (capped at US\$ 9 million) in the Mbawa well and was one of the two originating companies of the project, alongside its then co-venture partner and subsequent merger partner Afrex Limited. Mbawa has potential to contain more than 4.9 billion barrels of oil, although this can only be verified by drilling.

Pancontinental holds interests in four licences offshore Kenya; L6, L8, L10A and L10B covering more than 18,000 square kilometres. Co-venturers in these licences are Apache Corporation, Tullow Oil, Origin Energy, Cove Energy, Premier Oil, BG Group and FAR/ Flow.

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

A handwritten signature in black ink, appearing to read 'B. Rushworth', written in a cursive style.

**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.*