



PANCONTINENTAL

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ASX Companies Announcement Office

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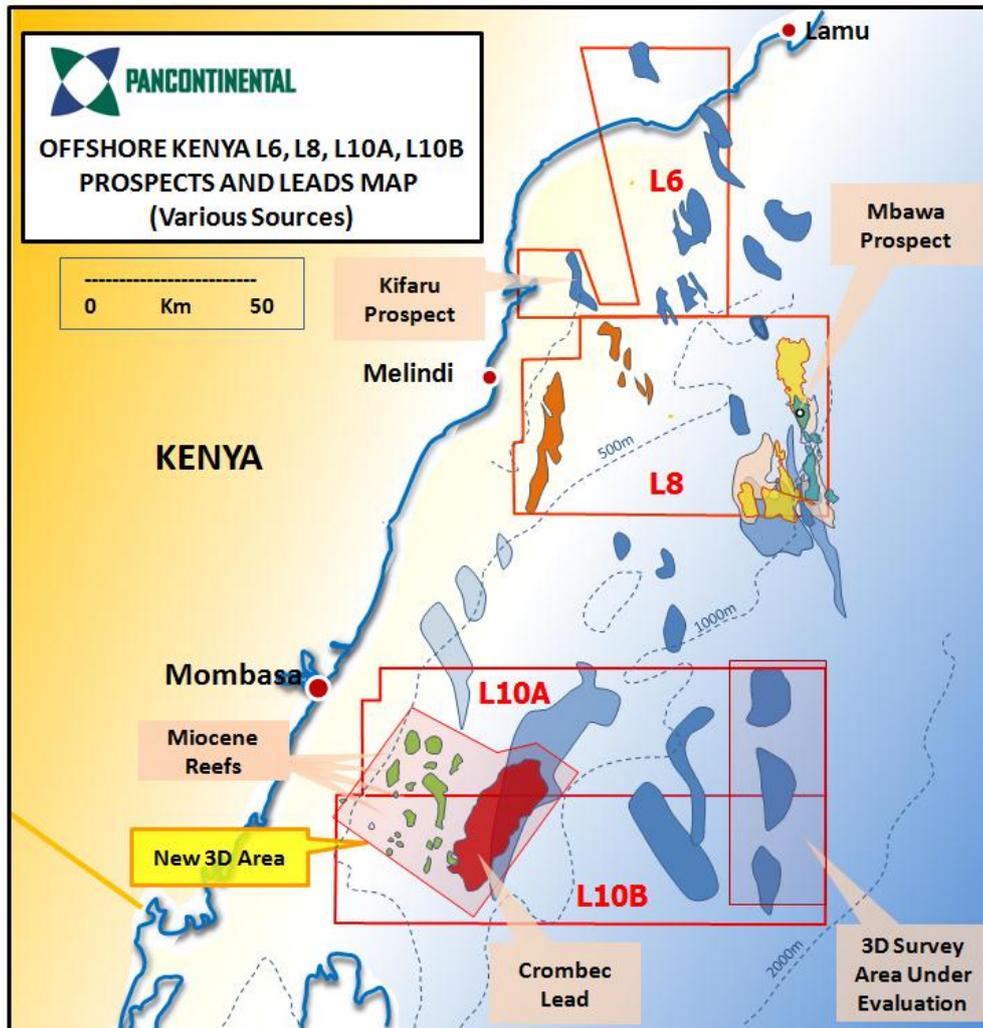
KENYA L10A & L10B – EXPLORATION UPDATE

- * Ongoing 3D and 2D mapping identifies a number of high priority prospects
- * New 3D survey planned over Miocene Reef cluster and other key leads
- * Joint Venture working towards commencing drilling operations in 2013

Pancontinental Oil & Gas NL (“Pancontinental”) is pleased to provide an update of the exploration activities in offshore Kenya licence areas L10A & L10B (Pancontinental 15%).

New 3D Seismic Survey – November 2012

Following the 2D and 3D seismic surveys completed in early 2012 (see Exploration Update below), the L10A and L10B joint venture plans to carry out a new 3D survey of 2,280 sq km in the western portion of the licence areas.



The new 3D survey will cover a cluster of large Miocene reefs and the large Crombec Lead (see figure adjacent).

These leads are possible drilling targets and the joint venture has scheduled the new 3D survey to start as soon as possible, allowing for any equipment or planning constraints.

The new 3D survey is planned to commence in November 2012.

Full interpreted results are expected Q2 2013.

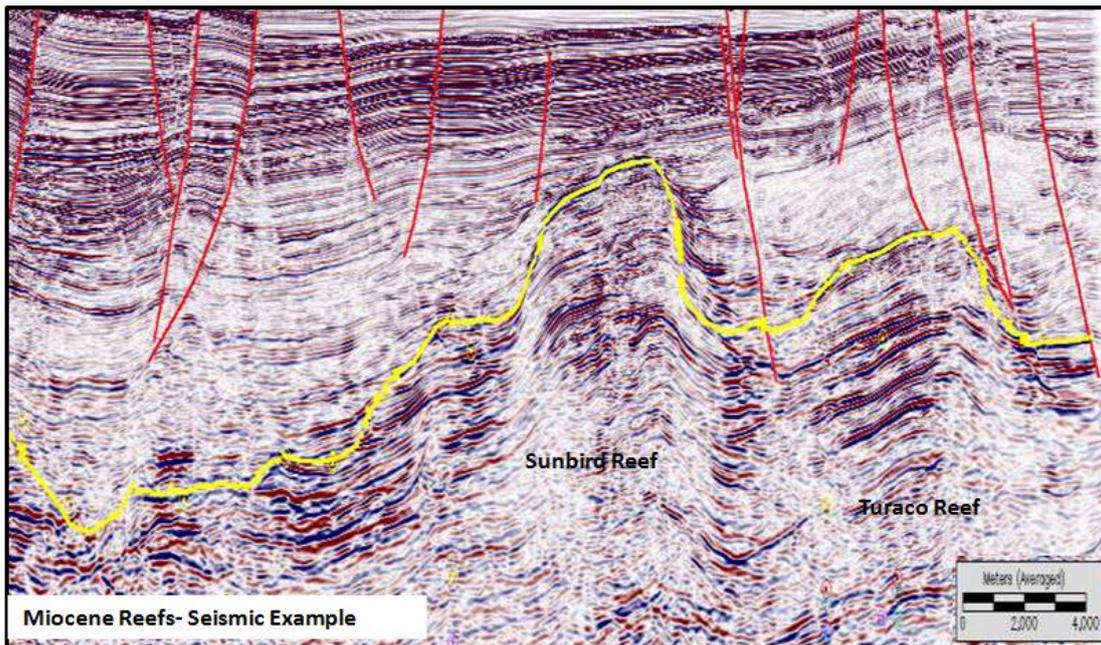
Exploration Update - Current Mapping Work

Processing and interpretation of the 2D and 3D data acquired late in 2011 and early in 2012 is ongoing and preliminary results are very encouraging.

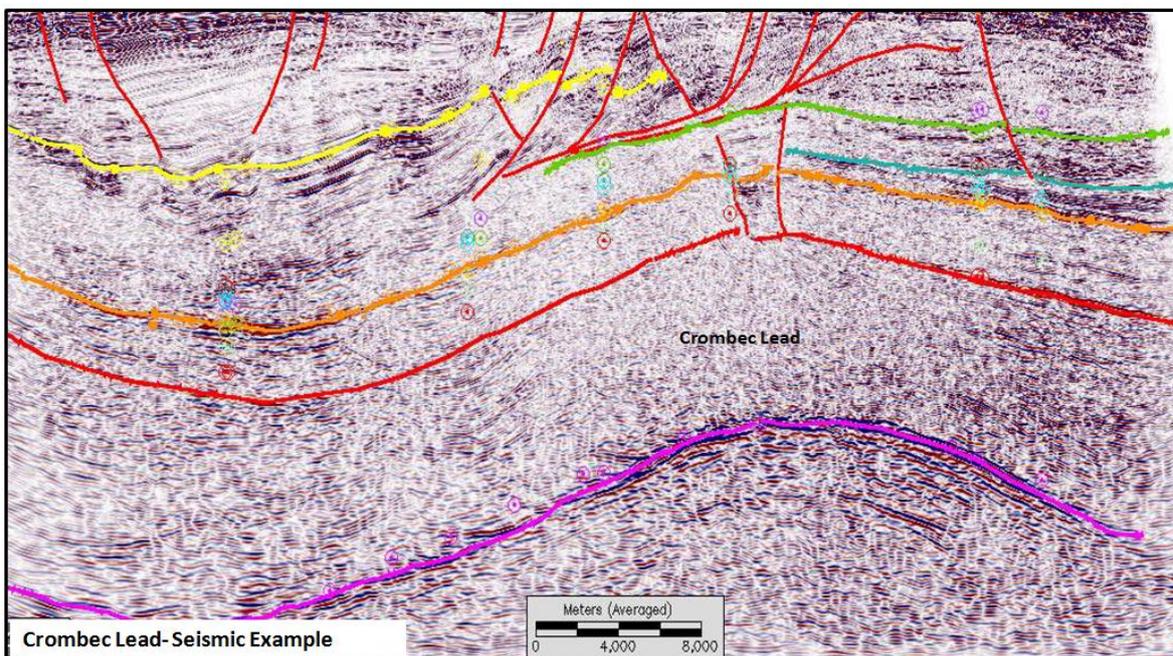
Current Mapping - Western Area 2D

The L10A and L10B operator BG Group has mapped a number of leads for further work and possible drilling. These will be covered by the new 3D survey. The largest leads to be targeted by the new 3D survey are –

- (i) A cluster of more than 10 potential **Miocene Reefs** that appears to be mainly restricted to the L10 areas. Miocene reefs are known globally to have very high per-well oil and gas production potential. The potential Miocene reefs are in water depths of approximately 500m and within 50km of the major Kenyan port of Mombasa.



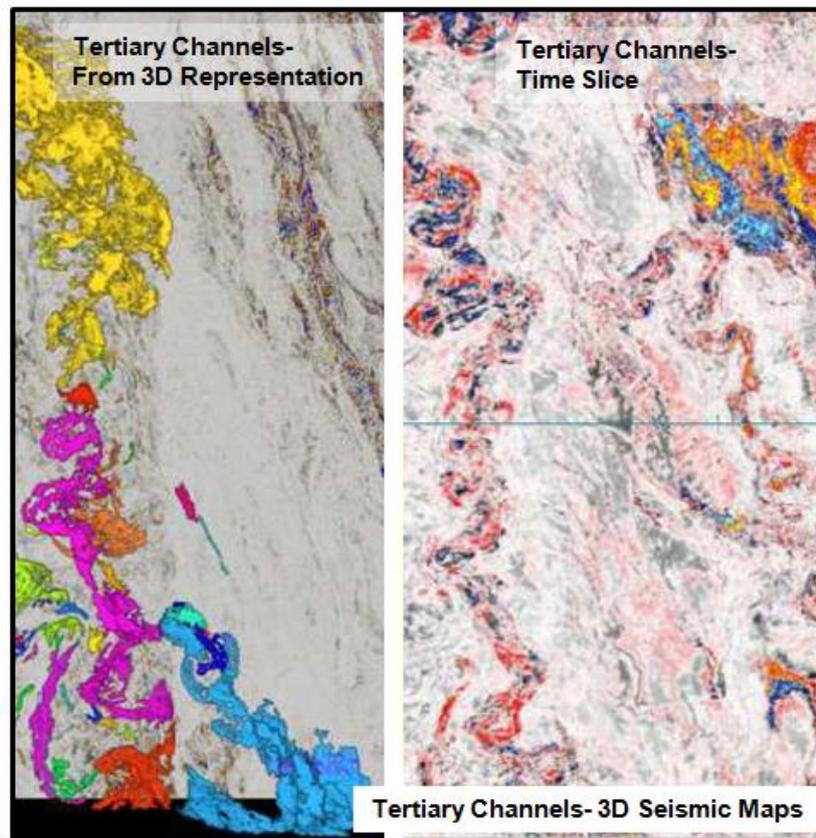
- (ii) The **Crombec Lead** is a large anticline in the western portion of the licence areas. Crombec has apparent four-way dip closure from the Lower Jurassic to the Tertiary. It has sands onlapping the crest, indicating a likely growth structure. A possible geological analogue is the Songo-Songo field in Tanzania.



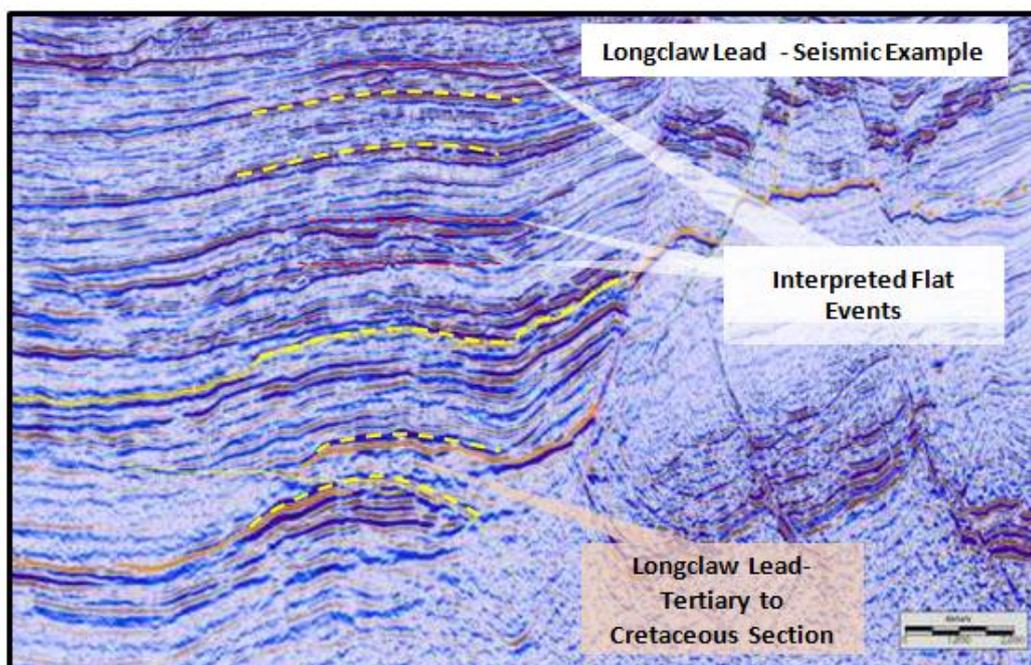
Current Mapping - Eastern Area 3D

Mapping continues on a number of Prospects and Play Types in the 3D data set acquired late in 2011 and early in 2012. Two examples of the diverse play types are -

- (i) **An extensive system of Tertiary channels.** The Tertiary section holds most of the gas discovered to date offshore Mozambique and Tanzania. The channels in L10A & L10B may be gas charged, possibly representing a large gas resource.



- (ii) **Structural Leads in the Tertiary to Cretaceous section.** The Longclaw Lead is an example of a dip reversal associated with a fault. It shows stacked potential within the Tertiary (stacked channels) and Cretaceous (thrust and sub-thrust) plays. There is evidence of amplitude anomalies and “Flat Spots”, supporting an interpretation of gas charging. Indications of hydrocarbons (gas flags) on highs give positive indications of charge.



Exploration Update – Forward Programme

Modern high quality 3D seismic surveying is now able to provide high-definition images of subsurface structures and this has proven to be highly successful in the discoveries offshore Mozambique, Tanzania and now Kenya.

In addition, while the results of the recent Mbawa 1 discovery well offshore Kenya (Licence L8) are still being evaluated, the Mbawa 1 gas discovery proves there is a working hydrocarbon system offshore Kenya and provides significant encouragement for future exploration in L10A and L10B.

The Joint Venture is considering the commencement of drilling operations on L10A and L10B in 2013. Final drilling decisions will be made as work proceeds on the existing 3D and 2D data and the new planned 3D seismic survey. The Joint Venture is pursuing both oil and gas opportunities in the L10 blocks.

ABOUT PANCONTINENTAL

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX: PCL).

Pancontinental is included in the S&P ASX 300 list.

Pancontinental has a 15%* interest in offshore Kenya licence L8 (operated by Apache Corporation), a 40% interest in the adjacent licence L6 and a 15% interest in Kenya licences L10A and L10B, operated by BG Group.

Co-venturers in these four Kenyan licences (although not in each licence) are Apache Corporation, Tullow Oil, Origin Energy, Cove Energy (PTTEP), Premier Oil, BG Group and FAR Limited.

The L8 licence area contains the recent Mbawa gas discovery, the first ever substantive hydrocarbon discovery offshore Kenya.

Offshore Namibia, Pancontinental was awarded the 17,000 sq km licence EL 0037 in 2011. Pancontinental holds 95% and is the operator of this licence.

* Tullow Oil has an option to earn a further 5%.

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.