



PANCONTINENTAL

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ASX Companies Announcement Office

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Namibia EL 0037 – Mean Prospective Resource Estimate of 8.2 Billion Barrels of Oil (Net)

- Leading independent consulting firm DeGolyer and MacNaughton (“D&M”) has prepared an independent estimate of the resource potential of Pancontinental’s licence area EL 0037 offshore Namibia
- D&M has provided estimates for 11 oil leads in the EL 0037 licence area of **total mean prospective resources of 8.7 billion barrels of oil – 8.2 billion barrels net to Pancontinental’s 95% interest (not adjusted for geologic or economic risk)**
- Several of the 11 leads have been attributed a mean prospective resource estimate each in excess of 1.5 billion barrels of oil
- **The recovery of first oil** and confirmation of the presence of high quality source rocks within the oil-generating window has been announced by HRT Participações (“HRT”) in the **Wingat-1 well** in Licence PEL-23, immediately adjacent to Pancontinental’s EL 0037

Pancontinental Oil and Gas NL (“Pancontinental”) (ASX: PCL) is pleased to announce the findings of a report by leading independent consultant D&M estimating the resource potential of the Company’s EL 0037 licence, offshore Namibia (95% Pancontinental, 5% Paragon).

D&M has provided estimates for 11 oil leads in the EL 0037 licence area of total mean prospective resources of 8.7 billion barrels of oil – 8.2 billion barrels net to Pancontinental’s 95% interest (see **Independent Resource Estimate Overview** and **About D&M** below; *these volumes are not adjusted for geologic and/or economic risk*). D&M are recognised as the leader in resource estimation for the petroleum industry and have extensive international experience with a diverse range of clients in a diverse range of regions, including onshore and offshore East and West Africa.

In addition, Pancontinental is pleased to note that light oil has been recovered in HRT’s Wingat-1 well drilled in PEL- 23 immediately adjacent to EL 0037 (see **HRT’s Activity in Adjacent Licence Area** and **About HRT** below).

Barry Rushworth, CEO and Executive Director of Pancontinental commented –

“The Wingat-1 oil find is a turning point in oil exploration offshore Namibia.

Pancontinental’s concept that oil can be generated in deeper parts of the Walvis Basin has been verified and it now remains for Pancontinental and other explorers to find suitable traps of commercial size.

The Wingat oil is reported to be reservoired in oil-saturated thin sandy reservoirs. In EL 0037 we have interpreted very large “leads” that appear to be extensive channel and basin-floor turbidite sand accumulations. In an initial interpretation these appear to be at about the same stratigraphic level as the Wingat oil.

The D&M report, while it assesses leads and not yet drillable prospects, provides a significant yardstick of the potential of EL 0037.

Pancontinental is well positioned to take advantage of the developing oil story now established by the HRT oil find. EL 0037 contains a significant number of leads which Pancontinental is moving to high-grade to prospect status.”

Namibia EL 0037 Exploration

Pancontinental has been working in the Walvis Basin for some years and holds a 95% interest in EL 0037. The licence covers a very extensive area of some 17,000 sq km adjacent to the licence where Wingat-1 was drilled (Figure 1).

Pancontinental believes that a critical factor for oil exploration offshore Namibia is oil maturity-where source rocks are sufficiently buried to generate oil - within the “Oil Window”.

Pancontinental has interpreted an “Oil Mature Fairway” that extends through EL 0037 and into HRT’s PEL 23 area (Figure 2).

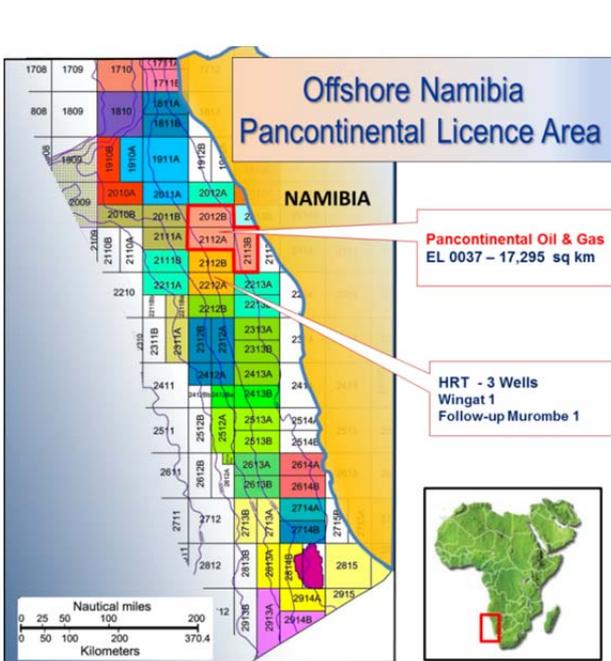


Fig. 1 – Licence areas offshore Namibia

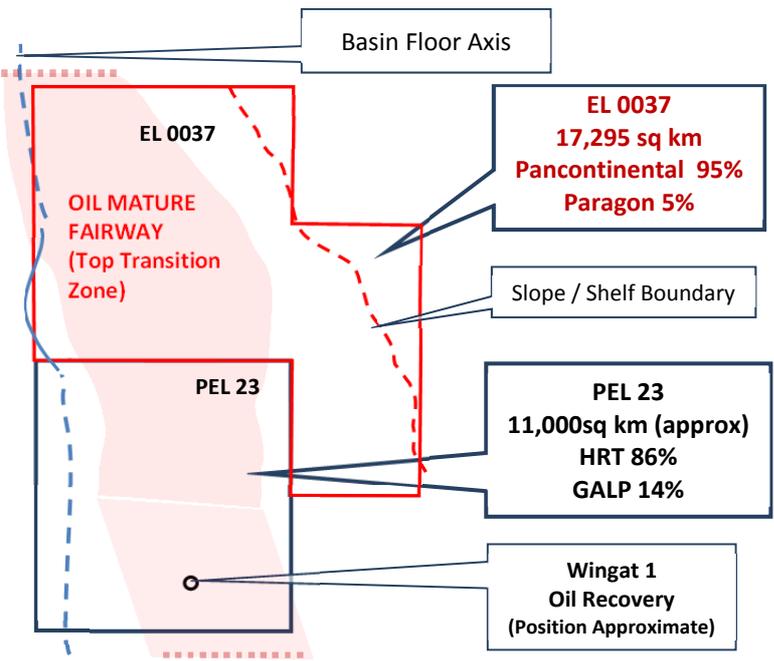


Fig. 2 – Interpreted Oil Mature Fairway

Independent Resource Estimate Overview

D&M has prepared the assessment in accordance with the Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

D&M's resource estimates recognise large stratigraphic leads in potential clastic turbidite targets. These targets appear to be in the oil window. These potential accumulations are categorized as "leads" based on the available seismic and geologic data. *The potential accumulations are not yet classified as "prospects" that are available for drilling.*

The summary potential volumetric findings of the report are reproduced in the table below; the details of each lead are given in Appendix 1.

Estimate of Gross Prospective Oil Resources

	Low Estimate (10 ³ bbl)	Best Estimate (10 ³ bbl)	High Estimate (10 ³ bbl)	Mean Estimate (10 ³ bbl)	Probability Of Geological Success (P _g)	P _g -Adjusted Mean Estimate (10 ³ bbl)
Statistical Aggregate	4,591,213	7,817,133	13,913,089	8,706,734	0.050	435,337

1. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
2. Low, best, high, and mean estimates in this table are P₉₀, P₅₀, P₁₀, and mean respectively.
3. P_g is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
4. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
5. Recovery efficiency is applied to prospective resources in this table.
6. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.
7. Leads are features that are not sufficiently well defined to be drillable, and need further work and/or data. In general, Leads are significantly more risky than Prospects and therefore volumetric estimates for Leads are only indicative of relative size.

HRT's Activity in Adjacent Licence Area

HRT has recently completed its first exploration well, Wingat-1, in a multi-well programme offshore Namibia. Wingat-1 is located in Petroleum Exploration Licence 23 ("PEL-23"), in the Walvis Basin. In an announcement on 20 May 2013, HRT stated –

- The Wingat-1 well, spudded on March 25, was drilled in a water depth of approximately 1,005 meters and reached a final depth of 5,000 meters;
- Oil was found although not in commercial volumes; 4 samples of oil of 450cc each were recovered
- The recovered oil is Light Oil (38° to 42° API), with minimal contamination;
- Two well-developed source rocks, rich in organic carbon, have been penetrated and both are within the oil-generating window;
- Several thin-bedded sandy reservoirs that are saturated by oil were encountered and no water saturated zones were encountered in the drilled section;
- The well commenced encountering increasing concentrations of hydrocarbon shows below 1,500m; and

A second well, Murombe-1, will now be drilled approximately 15km from Wingat-1. Pancontinental's EL 0037 area is immediately on-trend and is geologically continuous to the PEL- 23 area. Pancontinental has mapped a number of large "leads" of which some are interpreted to be at approximately the same stratigraphic level as the oil found in Wingat-1, as well as close vertically to the interpreted oil source rocks (Figure 3 and 4).

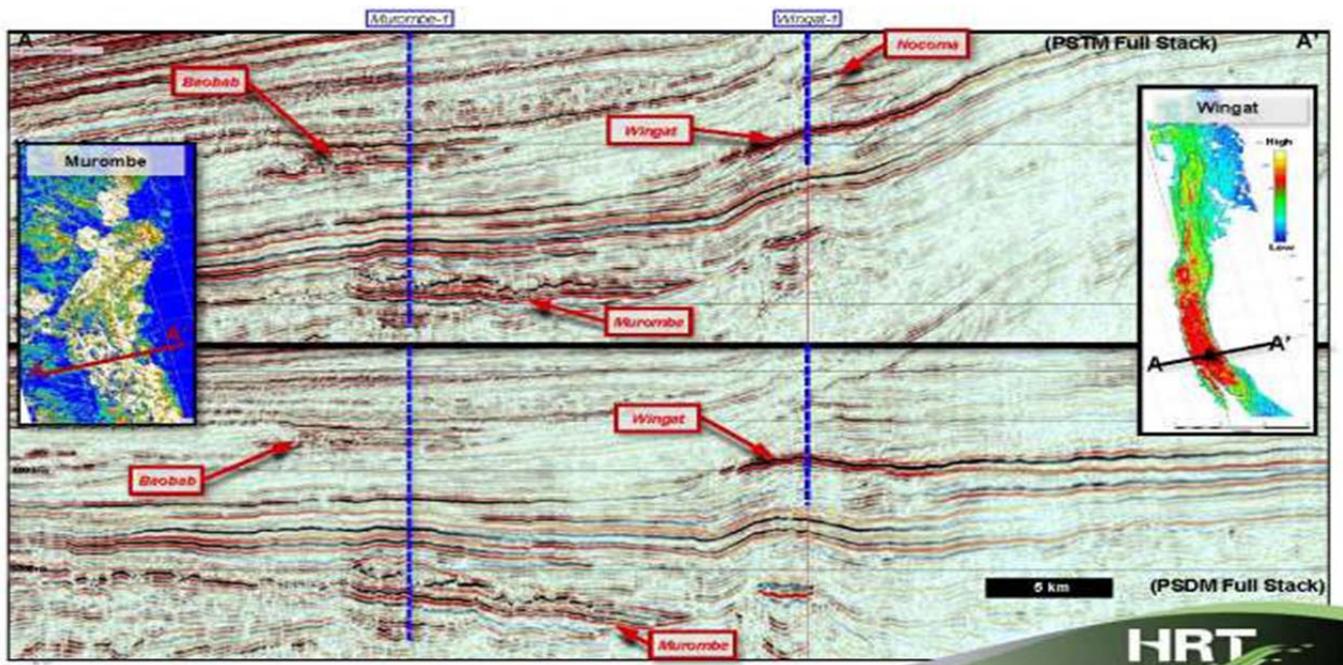


Fig. 3 – HRT Seismic section through Wingat-1 and proposed Murombe-1 (PEL-23)

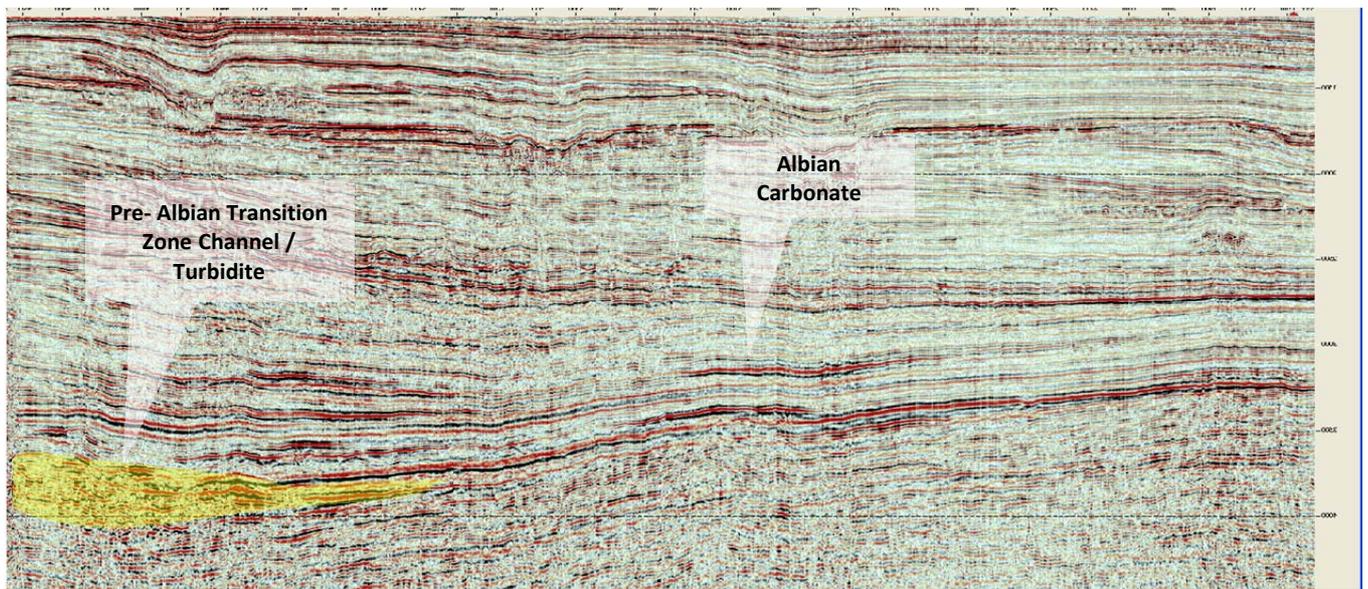


Fig. 4 – Pancontinental interpreted seismic section analogue (EL 0037) on trend to Fig. 3

The Namibia EL 0037 Joint Venture consortium consists of –

Pancontinental (Operator)	95%
Paragon Oil & Gas (Pty) Ltd	5%

About HRT

HRT is one of the largest independent oil and gas exploration and production companies in Brazil. HRT retains a 55% interest in 21 exploratory blocks in the Solimões Basin. HRT also operates ten exploratory blocks off the Namibian coast: eight blocks in the Orange Sub-basin and two blocks in the Walvis Sub-basin. HRT's team includes PhDs and masters in geochemistry, geophysics, biology and engineering, most of them former employees of Petrobras and ANP (Brazil petroleum agency).

About DeGolyer and MacNaughton

DeGolyer and MacNaughton is a United States based corporation, which has been providing petroleum consulting services throughout the world for more than 75 years. The firm's professionals are engaged in the independent appraisal of oil and gas properties, basin evaluations, equity studies, probabilistic estimation of resources, and comprehensive field studies. DeGolyer and MacNaughton is a recognized industry leader in the estimation and valuation of prospective resources. It has quantified thousands of exploration prospects in more than 100 countries. These analyses have varied in scope from large portfolio level appraisals encompassing many countries and basins to volumetric estimates of prospects and leads in one license block.

About Pancontinental

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

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

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

Offshore Namibia, Pancontinental holds a 95% interest in the 17,295 sq km licence EL 0037 and is licence operator.

*Pancontinental's interest in L8 may be reduced to 10% by farmout to Tullow Oil plc

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.

Appendix 1 Follows

Appendix 1
Details of leads assessed by DeGolyer and MacNaughton

ESTIMATE of the GROSS PROSPECTIVE OIL RESOURCES

as of

DECEMBER 31, 2012

in

CERTAIN OIL LEADS

LICENSE BLOCK EL 0037

NAMIBIA

Gross Prospective Oil Resources Summary

Lead	Low Estimate (10³bbl)	Best Estimate (10³bbl)	High Estimate (10³bbl)	Mean Estimate (10³bbl)	Probability of Geologic Success, P_g (decimal)	P_g-Adjusted Mean Estimate (10³bbl)
Lead A/B	100,754	471,465	1,767,865	782,830	0.050	39,141
Lead C	77,922	364,152	1,398,649	610,195	0.050	30,510
Lead D	49,375	231,202	900,066	388,194	0.050	19,410
Lead E	221,141	1,057,906	4,171,052	1,770,034	0.050	88,502
Lead F	36,401	167,857	653,538	280,450	0.050	14,023
Lead G	8,868	38,364	146,140	63,781	0.050	3,189
Lead H	5,627	26,069	99,830	43,074	0.050	2,154
Lead K	22,677	102,985	408,135	174,238	0.050	8,712
Lead M	143,600	702,891	2,700,271	1,165,192	0.050	58,260
Lead N	239,962	1,097,327	4,345,222	1,875,898	0.050	93,795
Lead O	200,231	942,684	3,560,946	1,552,849	0.050	77,642
Statistical Aggregate	4,591,213	7,817,133	13,913,089	8,706,734	0.050	435,337
Arithmetic Summation	1,106,560	5,202,902	20,151,715	8,706,734	0.050	435,337

Notes:

1. Low, best, high, and mean estimates follow the PRMS guidelines for prospective resources.
2. Low, best, high, and mean estimates in this table are P₉₀, P₅₀, P₁₀, and mean respectively.
3. P_g is defined as the probability of discovering reservoirs which flow petroleum at a measurable rate.
4. P_g has been rounded for presentation purposes. Multiplication using this presented P_g may yield imprecise results. Dividing the P_g-adjusted mean estimate by the mean estimate yields the precise P_g.
5. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves.
6. Recovery efficiency is applied to prospective resources in this table.
7. Arithmetic summation of probabilistic estimates produces invalid results except for the mean estimate.
Arithmetic summation of probabilistic estimates is presented in this table in compliance with PRMS guidelines.
8. Summations may vary from those shown here due to rounding.
9. There is no certainty that any portion of the prospective resources estimated herein will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources evaluated.