



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

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KENYA L8 CLARIFICATION

Pancontinental notes media reports that Bob Dye, Apache's senior vice president of corporate affairs, has stated that Apache is withdrawing from the L8 licence, offshore Kenya.

Apache has not yet given written notification of its withdrawal to the L8 Joint Venture participants under Article 13.1(A) of the L8 Joint Operating Agreement ("JOA"), nor has it given written notice of its resignation as Operator under the JOA. Withdrawal from the JOA requires 60 days' written notice, and resignation as Operator requires 90 days' notice; however Pancontinental expects Apache to give these notices shortly.

The media report of Apache's withdrawal from L8 (its only venture in Sub-Saharan Africa) follows other Apache divestments around the globe, including Apache's divestment of projects in the Gulf of Mexico (announced 18 July 2013), in Alberta, Canada (announced 15 August 2013) and in Egypt (announced 1 September 2013). The series of withdrawals are consistent with Apache's announcement in May 2013 that it planned to divest \$4 billion in assets by year-end 2013.

The L8 Joint Venture will discuss the best way forward and determine the new operator of the Licence after it has been formally notified by Apache of its intention to withdraw.

Subject to ministerial consent Pancontinental expects to increase its interest in the L8 licence on a pro-rata basis, at no material cost.

The current participants in the L8 licence are -

Apache Corporation	50%
Origin Energy Limited (ASX: ORG)	20%
Pancontinental Oil & Gas NL (ASX: PCL)	15%
Tullow Oil plc	15%

Pancontinental considers, while it is unfortunate to see Apache's strategic withdrawal, that this provides an opportunity to increase its interest in what it regards as a very worthwhile exploration area offshore East Africa.

Kenya L8 Licence Potential

Including L8, Pancontinental holds interests in four licences over 20,000 sq km offshore Kenya.

L8 contains numerous Prospects and Leads to pursue for oil and Pancontinental is now looking forward to a new Operator and a re-formed Joint Venture.

Following the Mbawa 1 gas discovery, it is interpreted that there is a major, deeper opportunity to discover oil in strata that have not yet been tested in L8. A number of Prospects have been mapped out as potential future drilling targets to test this concept.

Pancontinental continues to regard Kenya as one of the best and most stable business environments in Sub-Saharan Africa.

About Pancontinental Oil & Gas NL

Pancontinental Oil & Gas NL is an independent oil and gas exploration company listed on the Australian Securities Exchange (ASX: PCL).

Pancontinental's focus is on exploring for oil in new frontiers in Africa and surrounding regions and it currently holds interests in four licences over 20,000 square kilometres in East Africa offshore Kenya, and the EL0037 licence over 17,000 square kilometres offshore Namibia.

Pancontinental is one of the few small-cap junior companies amongst an increasing number of much larger companies offshore East Africa and Namibia.

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.