



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

ACN 003 029 543 ASX : PCL

Ground Floor
288 Stirling Street, Perth
Western Australia 6000

P O Box 8260
Perth Business Centre
Western Australia 6849

Tel: (61 8) 9227 3220
Fax: (61 8) 9227 3211
Email: info@pancon.com.au
Web: www.pancon.com.au

ASX Companies Announcement Office

22 November 2013

CHAIRMAN'S ADDRESS TO AGM

Ladies and gentlemen, I am very pleased to welcome shareholders and friends to the 2013 Annual General Meeting of Pancontinental Oil and Gas NL.

The Company is planning for an active forthcoming year of 3D seismic and offshore drilling.

Based on extensive interpretation of recent 3D seismic data, we will start drilling early in 2014 in the L10A area offshore Kenya, operated by BG Group.

The L10A drill target is the very interesting Sunbird Miocene reef prospect. Miocene reefs like Sunbird are amongst the most prolific oil and gas fields around the world, and Sunbird is the first real test of this play type offshore Kenya. If Sunbird is successful we have numerous follow-up reef targets in our four Kenyan licenses.

The L10 Joint Ventures are also considering a second well later in 2014.

As part of Apache Corporation's global project reduction strategy announced earlier in 2013, we have been advised of the withdrawal of Apache as the operating partner in our Kenyan L8 area. This is disappointing, however the Apache strategy is at odds with the enthusiasm that other large companies have for East Africa, in general, and for Kenya, in particular.

Amongst the other large players offshore Kenya we count Anadarko, Total, BG Group, ENI and PTTEP. These are among the most impressive oil and gas companies on the world scene. To the south of us in East Africa we also have Shell, Petrobras, Ophir, and Statoil, to name a few.

The Apache withdrawal in no way affects the prospectivity of the area, and Australia's own Origin Energy has taken up the reins as Operator in L8. Origin is Australia's foremost electricity generation and distribution expert and we believe that this expertise will be very welcome in Kenya, which has only a nascent energy generation and distribution profile.

We are also happy to have been able to take a share of the Apache interest, doubling our equity in L8 to 30%, at very little cost to the Company.

We now count Pancontinental as the longest standing explorer amongst all of the international companies in Kenya.

One of the Company's key achievements this year was our success in negotiating with Tullow Oil as the farminee to our EL 0037 license, offshore Namibia. Tullow is one of Africa's best oil finders, and EL 0037 is Tullow's first entry to exploration offshore Namibia.

EL 0037 covers a very large area of 17,000 sq. km in the Walvis Basin, a position we regard as the prime area for oil versus gas in this very exciting new exploration province.

The Tullow farmin could involve as much as 130 million dollars expenditure on seismic and optional drilling, and this will be at zero cost to Pancontinental, as the Company retains a 30% free carried interest through seismic and drilling, including any cost overruns.

The Tullow farmin comes after a hugely important first-ever oil recovery offshore Namibia, immediately to the south of the EL 0037 area, confirming Pancontinental's model. This oil recovery bodes very well for future oil discovery, and Tullow is already preparing for 3D seismic over a number of major prospective leads.

Financially, Pancontinental retains a very healthy cash balance of approximately \$32 million. We are expecting to top this up by about \$1 million through a cash recovery resulting from the Apache withdrawal from the L8 joint venture.

In the near to medium term, the Company will maintain its efforts to farm out from its Kenya L6 and L8 licenses and continue evaluating a range of new opportunities, especially in and around Africa.

Overall, despite some recent interruptions, Pancontinental has increased its position in its range of worthwhile projects in key locations in Africa, and we are well funded to commence drilling early in 2014