

## **Kenyan Government gives L10B licence partners an additional year to plan future exploration**

### ***Pancontinental also lifts its stake in this highly prospective licence, adjacent to the recent Sunbird discovery in L10A***

Pancontinental Oil & Gas NL (ASX: PCL) is pleased to advise that the Government of Kenya has granted a 12-month extension to the current Initial Exploration Period of the L10B offshore licence.

Following the current Period (as extended), the joint venture can then elect to move into the First Additional Exploration Period of the licence.

Pancontinental considers this to be extremely favourable because it gives the joint venture partners more time to assess the impact of the Sunbird-1 discovery in the adjacent L10A area (PCL 18.75%) and its implications for possible future drilling in L10B.

Pancontinental also intends to use the extended Period to secure a farm-in agreement for any future L10B drilling.

L10B has a number of large prospects and leads identified using 3D seismic and these are being examined as potential exploration drilling targets.

Pancontinental also advises that it has notified BG Group, the London-listed FTSE-100 company which operates the licence, and the other joint venture joint venture participants, that it will increase its stake in L10B from 15 percent to 20 percent.

Pancontinental has increased its stake in L10B by taking up its pro-rata share of the interest held by Premier Oil, which has elected to withdraw. The changes in interests are subject to the approval of the Ministry of Energy and Petroleum of Kenya and such approval is not expected to be withheld.

Pancontinental will increase its stake prior to 15 June 2014, subject to Ministry Approval.

Pancontinental believes that the significant prospectivity of L10B and the opportunity to increase its interest with other partners in L10B at no cost, as well as the prospectivity of adjacent area L10A, means it is well-placed to farm-out a portion of its interest in both licences on attractive terms and in a suitable time-frame under the 12-month extension.

### **L10A Sunbird -1**

Pancontinental advises that the analysis of the Sunbird-1 discovery results in area L10A (PCL 18.75%) is ongoing. L10A is located immediately to the north of L10B.

Following Pancontinental's ASX release on 14 April 2014 titled "Sunbird-1 intersects hydrocarbon zone offshore Kenya", Pancontinental notes that L10A operator, BG Group, has announced that oil, as well as gas, has been discovered in Sunbird-1.

The characteristics of the oil and gas discovery continue to be analysed and will be announced when a complete and integrated analysis has been made available to the joint venture by the operator.

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.*

### **Disclaimers**

Any estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

This document may include forward looking statements. Forward looking statements include, and are not necessarily limited to, statements concerning Pancontinental's planned operation programme and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Pancontinental believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.

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