

Namibia EL 0037 Exploration Update

Early interpretation of Seismic yields Major Offshore Prospects; 3D – based mapping under way

- Early mapping identifies major prospects in EL 0037, offshore Namibia. New 3D & 2D data are being used to confirm early mapping.
- The Albatross Prospect has potential to contain 422 Million Barrels of Oil (gross unrisked mean) or 1.093 Billion Barrels of Oil (P10), from initial mapping (*See cautionary Statement Below*)
- Further prospects and leads have gross mean risked potential resources exceeding 150 Million Barrels of Oil (*See Cautionary Statement Below*)
- EL 0037 contains a number of major turbidite fans prospects up to 300 sq km in area
- Oil system in “fairway” verified by Wingat-1, on-trend to EL 0037; Prospects are close to mature oil source rocks in “fairway”
- Final 3D mapping September-October 2014 expected to present a number of potential drilling targets

Pancontinental Oil and Gas NL (ASX: PCL) is pleased to advise that the 3D and 2D seismic surveys carried out earlier in 2014 in EL 0037 offshore Namibia are starting to yield very encouraging results.

Initial Assessment of Seismic Data

Initial mapping has confirmed at least four main prospects in the 3D area - the Albatross, Gannett, Petrel and Seagull Prospects.

The Prospects appear to be large and robust (up to 300 sq km in area) and are in favourable geological settings.

Additional prospects and leads are expected to be mapped within and outside the 3D area in due course.

Cautionary Statement: The 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 movable hydrocarbons.

Albatross Prospect

The Albatross Prospect in the 3D area is currently mapped to cover approximately 300 sq km and assessed to have potential to contain 422 Million Barrels of oil (gross unrisked mean), or 1.093 Billion Barrels of oil (P10 basis). (See *Cautionary Statement Below*).

Albatross is a large base-of-slope turbidite fan of mid to early Cretaceous age. The chance of success (CoS) for the Albatross Prospect is currently estimated at 17%. (See *Cautionary Statement Below*).

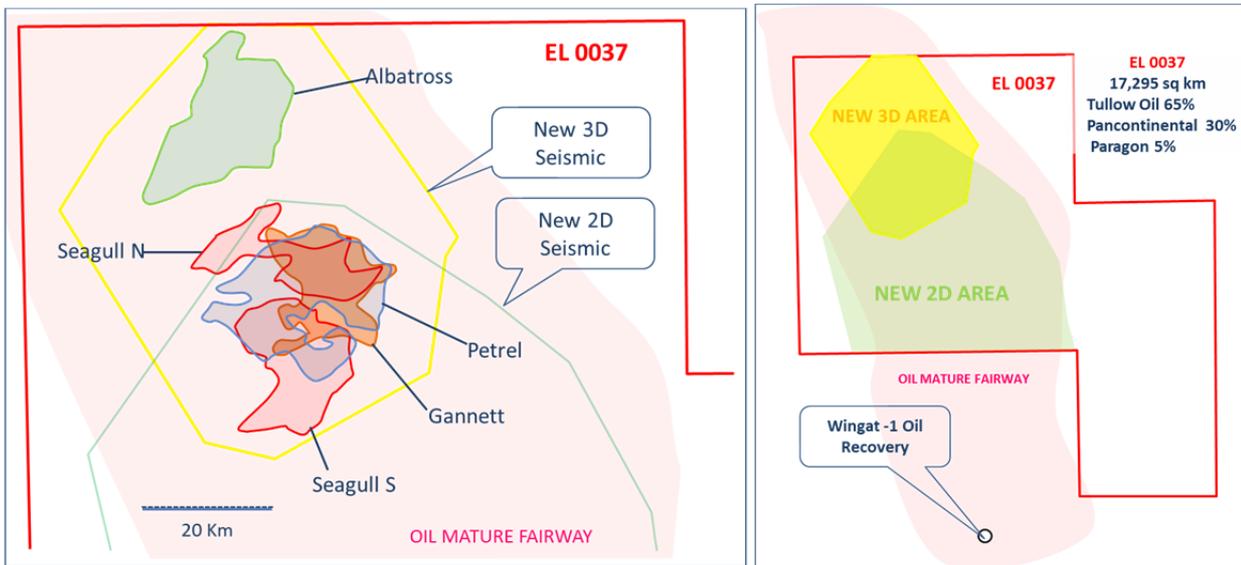


Fig 1 – New 3D and 2D Seismic Surveys, Main Prospects- EL0037

Albatross is interpreted to be horizontally and vertically close to the “fairway” of mature oil source rocks identified by Pancontinental and subsequently verified in the Wingat-1 well drilled in the adjacent exploration licence area. Good oil-prone and oil-mature source rocks were seen, and live oil was recovered from Wingat-1 in 2013.

Additional Prospect Potential

A number of other Prospects and Leads have been identified in addition to Albatross in the very large EL 0037 area of some 17,000 sq km.

Other prospects and leads are currently assessed to have potential to hold gross mean risked resources exceeding 150 Million Barrels of Oil (See *Cautionary Statement Below*).

Pancontinental emphasises that the early prospective resource estimates above are made using existing data, and will be subject to change when fully processed 3D and 2D data become available and these have been interpreted and mapped.

Further, it is expected that a number of additional large prospects will be identified and mapped as possible drilling targets in the course of seismic data interpretation.

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3D and 2D Seismic Survey Schedule

Processing is ongoing on the 2D and 3D seismic survey data acquired early in 2014.

It is anticipated that “fast track” processed results will be available mid- to late-August and fully processed data will be available in September 2014. The results of complete mapping from the fully processed data are expected in October 2014.

Future Exploration

Following full mapping, the Prospects will be examined for drilling potential. The EL 0037 joint venture will then be in a position to determine drilling sites and dates.

Tullow Farmin

As part of Tullow Oil’s commitment under the late-2013 farmin agreement with Pancontinental, Tullow has carried out a 3,000 sq km 3D seismic survey and a 1,000 line km 2D survey at its sole cost. Pancontinental has retained a 30% free-carried interest through the surveys, at no cost to Pancontinental.

To maintain its 65% farmin interest, Tullow must fully free-carry Pancontinental’s 30% interest through one exploration well (with no expenditure ‘cap’). Pancontinental estimates farmin expenditure of potentially up to US\$130 million (100% basis) for the full work programme.

The Namibia EL 0037 consortium consists of:

Tullow Kudu Limited ¹ (Operator)	65%
Pancontinental Namibia (Pty) Ltd²	30%
Paragon Oil & Gas (Pty) Ltd ³	5%

1 Tullow Kudu Limited is a wholly owned subsidiary of Tullow Oil plc

2 Pancontinental Namibia (Pty) Ltd is a wholly owned subsidiary of Pancontinental Oil & Gas NL

3 Paragon Oil & Gas (Pty) Ltd is a wholly owned subsidiary of Paragon Investment Holdings (Pty) Ltd

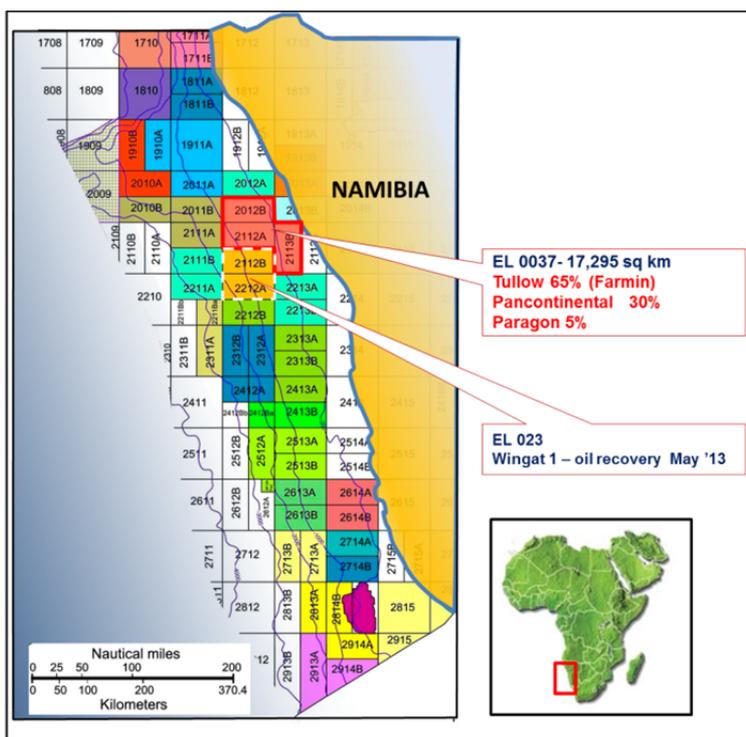


Fig 2- Offshore Namibia Licences

Pancontinental's website is www.pancon.com.au/

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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 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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