

## ASX Companies Announcement Office

### NAMIBIA LICENCE EL 0037

Pancontinental Namibia Pty Ltd, a subsidiary of Pancontinental Oil & Gas NL (**ASX: PCL**) ("the Company") and its EL 0037 joint venture partner and Operator Tullow Kudu Limited, a subsidiary of Tullow Oil plc ("Tullow") have agreed (subject to certain conditions) to amend the farmout agreement between the companies dated 5 September 2013.

Tullow recently requested from Pancontinental an extension to a deadline under the farmout agreement concerning a "drill or withdraw" decision by Tullow, which was to have been made by 11 August 2015.

Pancontinental has agreed to an extension of the deadline to 31 March 2016. The extension will allow the joint venture time to further assess the results of the extensive exploration programme of 3D seismic and geological work that have been carried out to date. Pancontinental is very encouraged by the exploration results of Tullow's exploration activities within the EL 0037 area.

Since farming-in to the project in 2013, Tullow has so far undertaken exploration work costing approximately US\$34 million of the overall estimated farmin programme, with Pancontinental free-carried:

- Led the Joint Venture as Operator;
- Reimbursed past costs and has-
- 100% funded the 3D seismic survey not less than 3,000km<sup>2</sup>;
- 100% funded the 2D seismic survey not less than 1,000 km<sup>2</sup>; and
- 100% funded additional costs including mapping historic seismic.

In order to retain its 65% interest Tullow must now fully fund one exploration well at no cost to Pancontinental.

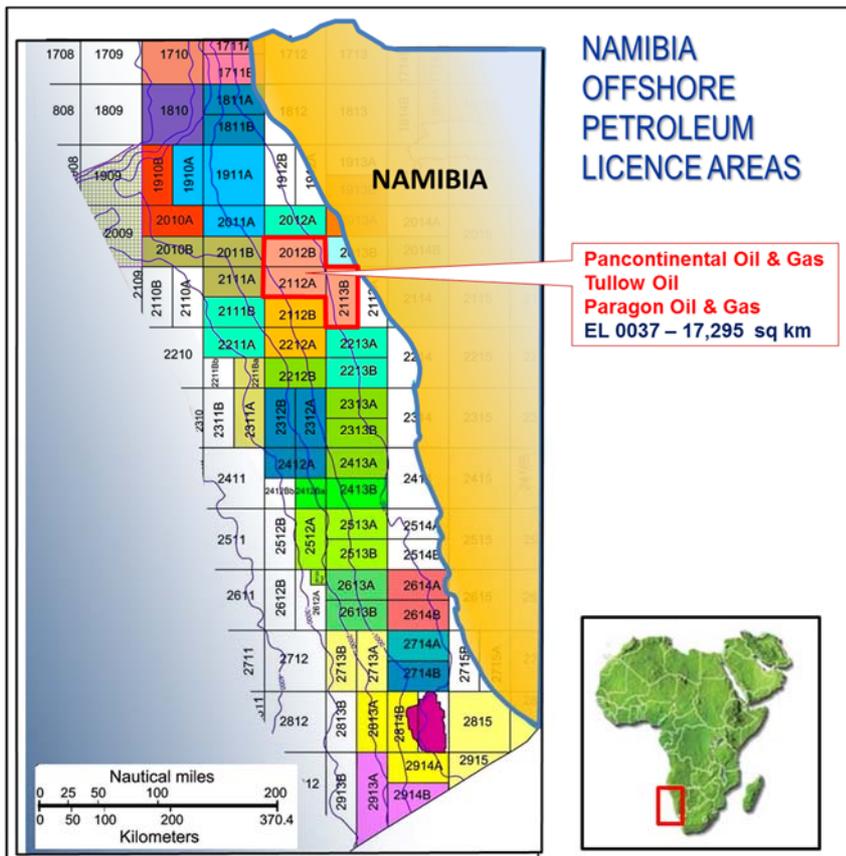
Tullow has to date fully carried out the agreed programme and Pancontinental is optimistic that Tullow will continue exploration on the blocks and proceed towards drilling.

#### **Licence EL 0037**

Petroleum exploration licence 0037 (EL 0037) covers 17,295 sq km (4.2 million acres) in water depths extending to 1,800m in the Walvis Basin offshore northern Namibia.

Pancontinental's exploration team identified the high prospectivity of the licence area and subsequently the Company and co-venturer Paragon Oil & Gas (Pty) Ltd ("Paragon") were awarded the 0037 Exploration Licence on 28 June 2011 and a corresponding Production Agreement was signed on 4 July 2011 (also effective 28 June 2011).

The following year Pancontinental increased its interest to 95% through a transaction in which it acquired 10% from Paragon.



In September 2013, Tullow farmed-in thereby reducing Pancontinental's interest to a free-carried 30% in exchange for extensive 3D and 2D seismic programmes and one exploration well. In the event that Tullow elects not to drill the well, the whole of its interest reverts to Pancontinental. The free carried activities undertaken by Tullow have no expenditure "caps".

The joint venture led by Tullow has mapped a number of large turbidite "fan" prospects, some of which are interpreted to be at approximately the

same stratigraphic level as the oil found in Wingat-1, to the south of EL 0037 and in the same geological system, as well as close vertically to the interpreted oil source rocks. The Company is now looking forward to the further exploration of the area.

For and on behalf of  
**Pancontinental Oil & Gas NL**

**Barry Rushworth**  
**CEO and Executive Director**

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