

## **Africa Energy Corp. Farms-In to Namibia PEL 37**

- **Pancontinental agrees to assign a 10% interest in Namibian project PEL 37 to Africa Energy Corp. (“AEC”)**
- **In exchange AEC will make staged payments, subject to certain conditions, expected to total US\$6.5 million (approximately Australian Dollars \$8.5 million)**
- **Pancontinental retains a 20% free-carried interest in Namibia PEL 37**
- **New partner AEC is building an African oil portfolio, assembled by its highly regarded team drawn from Tullow Oil (Tullow), Africa Oil and Lundin Group**

Pancontinental Oil & Gas NL (**Pancontinental**) is pleased to announce that it has today signed an agreement with AEC (TSX-V: AFE) for Pancontinental to assign to AEC a 10% interest out of Pancontinental’s 30% interest in the PEL 37 licence, offshore Namibia, in addition to assigning to AEC a corresponding portion of the Carry that Pancontinental enjoys under an earlier farmout (**Tullow Farmout**) to Tullow Kudu Ltd (**Tullow**) (see below) described in the ASX announcements made by Pancontinental on 6 September and 18 October 2013 and 8 April 2016 (**Previous ASX Announcements**).

The agreement with AEC is subject to the satisfaction of certain conditions including the consent of Pancontinental’s joint venture partners and the Government of Namibia and including AEC being satisfied with its due diligence enquiries, all of which must be satisfied within 90 days or such longer period as the parties agree.

PCL will retain a 20% equity interest in the PEL 37 Project, which is fully carried by Tullow through ongoing activities and drilling of the first well as reported in the Previous ASX Announcements.

By the agreement AEC will compensate Pancontinental for the assignment of that 10% interest as follows:

- An upfront payment of US\$1.7 million (approximately A\$2.2 million) upon the satisfaction of the conditions; and thereafter
- an additional US\$4.8 million (approximately A\$6.3 million) upon the commencement of drilling the first well in PEL 37, provided Tullow is obliged to carry AEC’s 10% interest through the drilling of that well.

Pancontinental’s previous interest of 30% has already been fully free-carried through approximately US\$34 million of 3D and 2D seismic under the Tullow Farmout.

In April 2016 Tullow elected not to withdraw from the project and in doing so committed to its obligations under the Tullow Farmout, as reported in Pancontinental's ASX announcement of 8 April 2016.

Pancontinental is very pleased to see AEC enter the PEL 37 project (subject to the satisfaction of the conditions referred to above), again confirming Pancontinental's view of the high oil prospectivity of the PEL 37 area.

CEO and Executive Director of Pancontinental, Mr Barry Rushworth commented-

*"The farmins by AEC and previously Tullow Oil are powerful industry support for Pancontinental's concepts of the high oil prospectivity of the Walvis Basin and particularly our oily "sweet spot" concept in PEL 37.*

*Even further support was given by Tullow this year when this highly successful industry player exercised its option to stay in the project and to continue to free-carry Pancontinental's 30%.*

*Pancontinental will now retain a robust 20% free-carried interest through ongoing exploration and expected drilling.*

*AEC's top-line team is building a portfolio of high prospectivity projects and they have identified PEL 37 as having significant oil potential.*

*AEC is backed by the Lundin Group, one of the most successful and most respected players in oil exploration today.*

*Pancontinental has a solid foundation with this significant project and a strengthened balance sheet from the addition of approximately A\$8.5 million expected to come in from the farm-out.*

*We remain very committed to securing drilling in PEL 37. In addition we continue to be very active in identifying top-rank new projects to strengthen the Company's portfolio as the industry adapts to a new commercial and geopolitical landscape".*

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## **About AEC**

Africa Energy Corp. (AEC) is a member of the Lundin Group of companies. The Lundin Group is one of the most successful shareholder groups in the resources sector worldwide.

AEC, both professionally and operationally draws from experience gained at other successful Lundin Group companies, Africa Oil Corp (successful oil finder onshore Kenya) and Energy Africa Ltd (purchased by Tullow in 2004). Senior executive members from both companies now head-up AEC's activities.

The Lundin Group has a combined market capitalisation of approximately US\$12 billion and it has invested over US\$3 billion in African projects to date including oil, gold and diamonds. AEC is listed on the TSX Venture Exchange, with website [www.africaenergycorp.com](http://www.africaenergycorp.com)

## **About PEL 37**

PEL 37 covers a very large area of some 17,000 sq km offshore Namibia. The PEL 37 exploration licence was granted in 2011 to Pancontinental Oil & Gas (85%) and Namibian company Paragon Investment Holdings (Pty) Ltd (15%). Pancontinental subsequently acquired an additional 10% from Paragon and brought in farminee Tullow Oil.

The joint venture has carried out exploration work including 2D and 3D seismic programmes costing approximately US\$34 million, of which Pancontinental's 30% interest has been fully free-carried.

In April 2016 Tullow notified Pancontinental that it intended to remain in the licence, thereby electing to proceed with its obligations under the Tullow Farmout including its carry obligations.

Extensive 3D and 2D seismic surveys have located four main Prospects and a number of substantial "leads".

The main Prospects are about 100km offshore and in water shallower than 750m.

## **About Pancontinental**

Pancontinental is an Australian listed junior oil and gas exploration company (ASX code PCL).

Pancontinental has explored for oil and gas in Africa for more than a decade and has partnered, though farmout and direct participation, with companies such as Woodside, Anadarko, Tullow Oil, BG Group, Origin Energy, Apache Oil and FAR.

Pancontinental's activities directly led to the first historic oil and gas discoveries offshore Kenya and its exploration concepts in Namibia have led to farmins by both Tullow Oil and now AEC.

Pancontinental's website is [www.pancon.com.au](http://www.pancon.com.au)

For and on behalf of

**Pancontinental Oil & Gas NL**



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

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