

## **Chairman's Address to 2016 Annual General Meeting of Pancontinental Oil & Gas NL**

**30 November 2016**

Ladies and Gentlemen, on behalf of the Board of Directors, I am pleased to welcome you to the 2016 Annual General Meeting of Pancontinental Oil & Gas NL.

Over the past two years, the Company has faced changes in the industry brought about by a continued low oil price. Pancontinental adjusted to the challenging conditions by divesting its non-core assets in order to reduce future capital commitments and cutting corporate expenditure. This has resulted in a lower risk profile for the Company.

Now, the Pancontinental group holds fully funded exploration assets and is running on a tighter corporate cost structure with no debt.

The Company's key asset in Namibia has been part of the exploration portfolio since 2011. In 2013, Tullow Oil through a subsidiary, farmed into the Namibian offshore licence PEL 0037 for 65% in exchange for a programme of seismic, processing, mapping and an exploration well worth in excess of US \$100 million. Since 2013, the joint venture has completed seismic and associated studies and is now working towards agreeing a suitable location for drilling. The possibility of drilling offshore Namibia provides a significant opportunity for the discovery and development of the potential resources identified in the area.

This morning Pancontinental announced to the Australian Securities Exchange one of the most important deals in its Company history. Africa Energy Corp ("AEC") and Pancontinental signed an agreement for the assignment of a 10% interest in Petroleum Exploration Licence 0037 to AEC in exchange for a staged payment plan expected to total US \$6.5 million (~AU \$8.5 million), subject to certain conditions. The Company will retain a 20% interest in the License, free carried until the first well has been drilled. This farmin deal as well as the 2013 Tullow deal show powerful industry support for Pancontinental's concepts offshore Namibia.

On the Eastern side of Africa in Kenya, the L6 joint venture has experienced several setbacks to exploration. The Company looks forward to better progress in the future in the L6 block.

During the year, the Company received capital injections from placements and a share purchase plan, the first share subscriptions since 2012. Pancontinental was

pleased with the support of shareholders in the share purchase plan and also with UK investors who supported the Company in the placements.

During the year, the Board welcomed Mr John Leach as Independent Non-Executive Director. Mr Leach has extensive global experience which will assist Pancontinental in achieving its goals going forward. Following the conclusion of this meeting I will be stepping down as Chairman and John Leach has agreed to take up this role. It has been my privilege to serve as your Chairman for a number of years and I will be remaining as a non-executive director. Earlier this year, Mr Anthony Maslin resigned as Independent Non-Executive Director, the Board thank him for his efforts during his tenure.

Pancontinental's small team has continued to work its way through this challenging period, and I believe the Company has a bright future. I sincerely thank all members for their efforts. As always, I also thank you, the company's Shareholders for your continuing support.

Yours sincerely for and on behalf of  
**Pancontinental Oil & Gas NL**

**HD Kennedy,  
Chairman**

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