

Namibia PEL 37

In December 2016, Pancontinental Oil & Gas NL on behalf of its subsidiary Pancontinental Namibia Pty Ltd ("Pancontinental", "the Company") announced that it had received a cash call from Tullow Oil ("Tullow") in the amount of US \$552,897 for administration and other "non-exploration" costs in respect of operations in licence PEL 37, Namibia for the years 2014 through to 2016.

As explained in the announcement Pancontinental has advised that it believes Tullow does not have the right to make such a cash call under the terms of the free carry with Tullow and has reserved its rights regarding the matter.

However, the structure of the Joint Operating Agreement requires payment of the cash call first in order to avoid a possible default situation, and then resolution of any disputes later.

Consequently, Pancontinental has offered a staged payment plan which Tullow has accepted. Payments are to be made without prejudice to the Company's right to contest the cash call and the Company is considering its position on the matter.

For and on behalf of
Pancontinental Oil & Gas NL

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