

## Rig Contracted to Drill Cormorant-1, Offshore Namibia

- Rig contract executed to drill the Cormorant Prospect offshore Namibia, with a target spud date of 1 September, 2018.
- Pancontinental has an effective 20% interest in the project and will not incur any drilling costs.
- Pancontinental will also receive circa A\$7 million upon spud of the Cormorant well.
- Pancontinental estimates that Cormorant has the potential to contain Prospective Resources of 124 MMbbl\* of recoverable oil on an un-risked Best Estimate basis. The cumulative Best Estimate oil resource potential of the leading four mapped prospects in the block total 915 MMbbl recoverable oil.\*
- ExxonMobil recently entered the block directly south of PEL 37 validating Pancontinental's belief in the large scale prospectivity for oil offshore Namibia.

Pancontinental Oil & Gas NL ("Pancontinental" or "Company") is pleased to announce that the PEL 37 Joint Venture has contracted the Ocean Rig Poseidon (pictured to the right) to drill the Cormorant-1 exploration well located offshore Namibia.

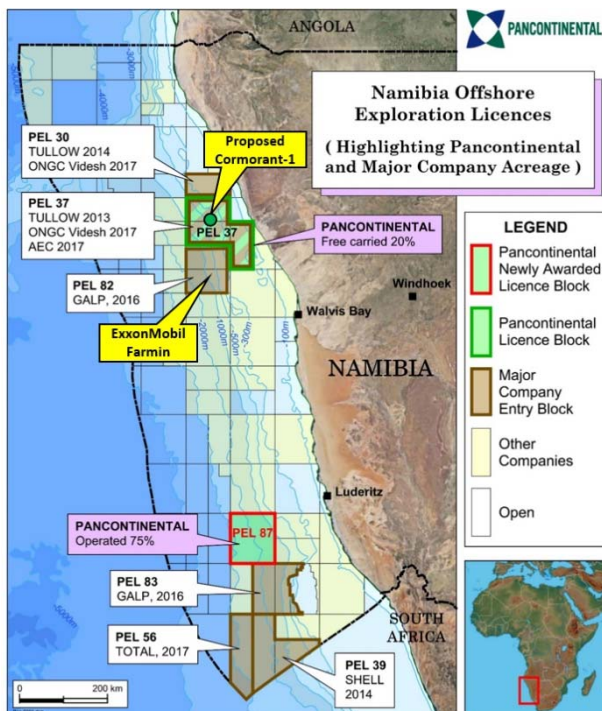
In order to drill the well the Joint Venture was required to apply to the Ministry of Mines and Energy in Namibia for permission to enter the next phase of the licence, the Second Renewal Exploration Period. Permission has been granted and drilling preparations are well underway.



Ocean Rig Poseidon – Contracted to Drill Cormorant-1

**\* Cautionary Statement** - The estimated quantities of petroleum that may potentially be recovered via 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. **The resources referred to above were announced 28 September 2015.** The company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Pursuant to the farmout by Pancontinental to operator Tullow Oil in 2013, the Company will now be fully carried through the cost of drilling the Cormorant-1 well. The Company holds its interest via its 66.7% owned subsidiary Pancontinental Namibia Pty Ltd ("PCN") that has a 30% interest in PEL 37. The Company will also be paid at spud of the well circa A\$7 million by Africa Energy Corp as completion of its acquisition of a 33.3% interest in PCN.



Additionally, oil major ExxonMobil recently announced its farmin into PEL 82 (adjacent to PCL's PEL 37) for a 40% interest. This validates Pancontinental's belief in the prospectivity and potential large size of oil resource targets in the area. The PEL 37 JV has also been strengthened by the entry in the past 6 months of Africa Energy Corp. (via its 33.3% holding in Pancontinental Namibia Pty Ltd) and giant Indian oil and gas company ONGC Videsh Limited.

Commenting on the execution of the rig contract, Pancontinental CEO John Begg said:

*"This is a significant and very satisfying milestone for Pancontinental. First the joint venture unanimously selected the Cormorant Oil Prospect to drill, then the Namibian Government approved the programme and now a high technology drill ship has been contracted for the job. Roll on September."*

## Oil Resource Potential

The following table summarises the potential recoverable oil resources for the leading four submarine fan (turbidite) prospects mapped in PEL 37, including Cormorant. A number of other leads have yet to be quantified. The Prospective Resources have been estimated using a deterministic method and represent un-risked, Best Estimate figures. Upside resource estimates are not shown.

PROSPECT / LEAD	STATUS	AREA (Sq Km)	PROSPECTIVE RESOURCE 100% (MMBbls)*	NET PANCONTINENTAL SHARE (MMBbls)
Albatross	Prospect	293	349	64.6
Seagull & Gannet S	Prospect	273	338	62.5
Seagull & Gannet N	Prospect	90	104	19.2
Cormorant	Prospect	120	124	22.9
<b>TOTAL (Prospects Only)</b>			<b>915*</b>	<b>169.20</b>

Note - The 100% basis refers to the total resource while the Net to Pancontinental basis is adjusted for the Government Royalty of 5% under Production Sharing Contracts and Pancontinental's percentage entitlement under Joint Venture contracts.

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

**John Begg**  
Executive Director & CEO

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