



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

ACN 003 029 543 ASX : PCL

Ground Floor
288 Stirling Street, Perth
Western Australia 6000

P O Box 8260
Perth Business Centre
Western Australia 6849

Tel: (61 8) 9227 3220
Fax: (61 8) 9227 3211
Email: info@pancon.com.au
Web: www.pancon.com.au

ASX Announcement

10 April 2012

DRILL SHIP SECURED FOR MBAWA PROSPECT OFFSHORE KENYA

- Kenya Block L8 operator Apache Kenya Limited has secured the drilling ship Deepsea Metro 1 for the giant Mbawa Prospect
- Drilling is anticipated to commence in Q3 2012
- PCL is funded for a significant part of the well cost under a Farm-Out Agreement with Tullow (PCL retains 15%)
- Initial drilling of Mbawa Prospect will be on the drill-ready potential one-billion-barrel-plus L8 Block

KENYA L8 MBAWA DRILLING - UPDATE

Pancontinental Oil & Gas NL (Pancontinental, PCL) is pleased to announce that the Kenya L8 licence operator Apache Kenya Limited (Apache) has secured the use of the deepwater drilling ship Deepsea Metro 1 to drill the giant Mbawa Prospect.

Apache is anticipating a spud date within Q3 2012, with the actual date depending on when the drilling rig is finished with its current operations.

The well is expected to take some 45 to 60 days to complete to a planned total depth of 3,250m subsea in water depth of 860m, easily within the range of modern equipment.

Pancontinental has a 15% interest "free-carried" through Mbawa drilling by Tullow Oil plc up to a "cap" of US\$ 9 million (as may be reduced by other exploration expenditure). Pancontinental now expects to have contribute more to the well cost due to increased well cost estimates.

Pancontinental estimates that Mbawa has maximum potential to contain 4.9 Billion Barrels of oil *in place* at the main Tertiary / Cretaceous level with significant additional potential also to be tested by the well at the deeper Upper Jurassic level and shallower Tertiary levels. Only drilling is capable of verifying the oil and gas volumetric potential (if any) of the Mbawa Prospect.

Pancontinental has four projects offshore Kenya covering more than 18,000 square kilometres in licence areas L6, L8, L10A and L10B, with the L8 / Mbawa project being the most advanced and Mbawa being the first prospect to be drilled.

Pancontinental's CEO Barry Rushworth commented;

"Pancontinental is in the unique position of having sizeable interests in a number of Kenyan and Namibian offshore licences and having substantial leverage to any Mbawa drilling success.

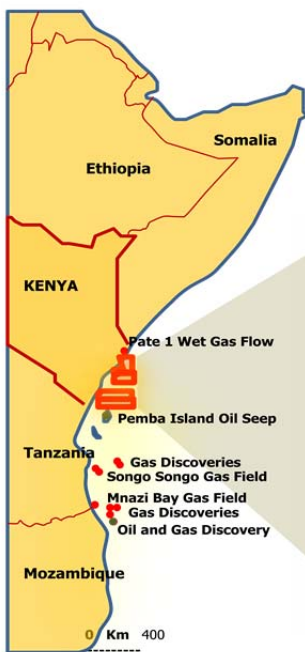
We are very pleased that a drilling rig contract has now been signed by our operator Apache for the L8 Mbawa Prospect. We are pursuing what we see as a major oil play rather than a gas play offshore Kenya and we are doing the same offshore Namibia.

The economics of oil developments are often far better than those for gas, with potential for much earlier cash flow and much lower development costs compared to LNG, for example.

After the recent consolidations relating to Dominion, Ophir and Cove, Pancontinental is one of the few listed companies globally offering significant leverage to two of the most exciting oil and gas regions of the decade, namely East Africa and Namibia.

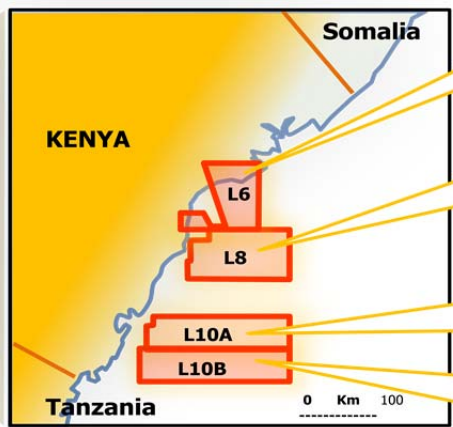
Apache is now leading the L8 venture in an aggressive exploration programme and in our other Kenyan blocks L10A and L10B we also have fast-moving activity led by BG Group”.

Pancontinental Offshore Kenya



PANCONTINENTAL OFFSHORE KENYA

- Four blocks totalling >18,000 sq km
- Significant long term holdings in prime areas
- Major partners with successful African track records
- Very large prospect potential (> 1 Billion Bbls)



L6 – 3,100km ² FAR 60% Pancontinental 40%
L8 – 5,123km ² Apache 50% Origin 20% Pancontinental 15% Tullow 15%
L10A – 4,962km ² BG 40% Cove 25% Premier 20% Pancontinental 15%
L10B – 5,585km ² BG 45% Premier 25% Pancontinental 15% Cove 15%

L8 / Mbawa Joint Venture

The Kenya L8 Joint Venture consortium consists of-

Apache Kenya Limited (Operator)	50%
Origin Energy Limited	20%
Pancontinental Oil & Gas NL	15%
Tullow Kenya B.V.	15%

Mbawa Drilling – Operator Apache

Apache Corporation, the parent company of Apache Kenya Limited, is an oil and gas exploration and production company with operations in the United States, Canada, Egypt, the United Kingdom, Australia and Argentina. Apache Corporation is widely regarded in the petroleum industry as one of the most successful, safe and efficient offshore operators.

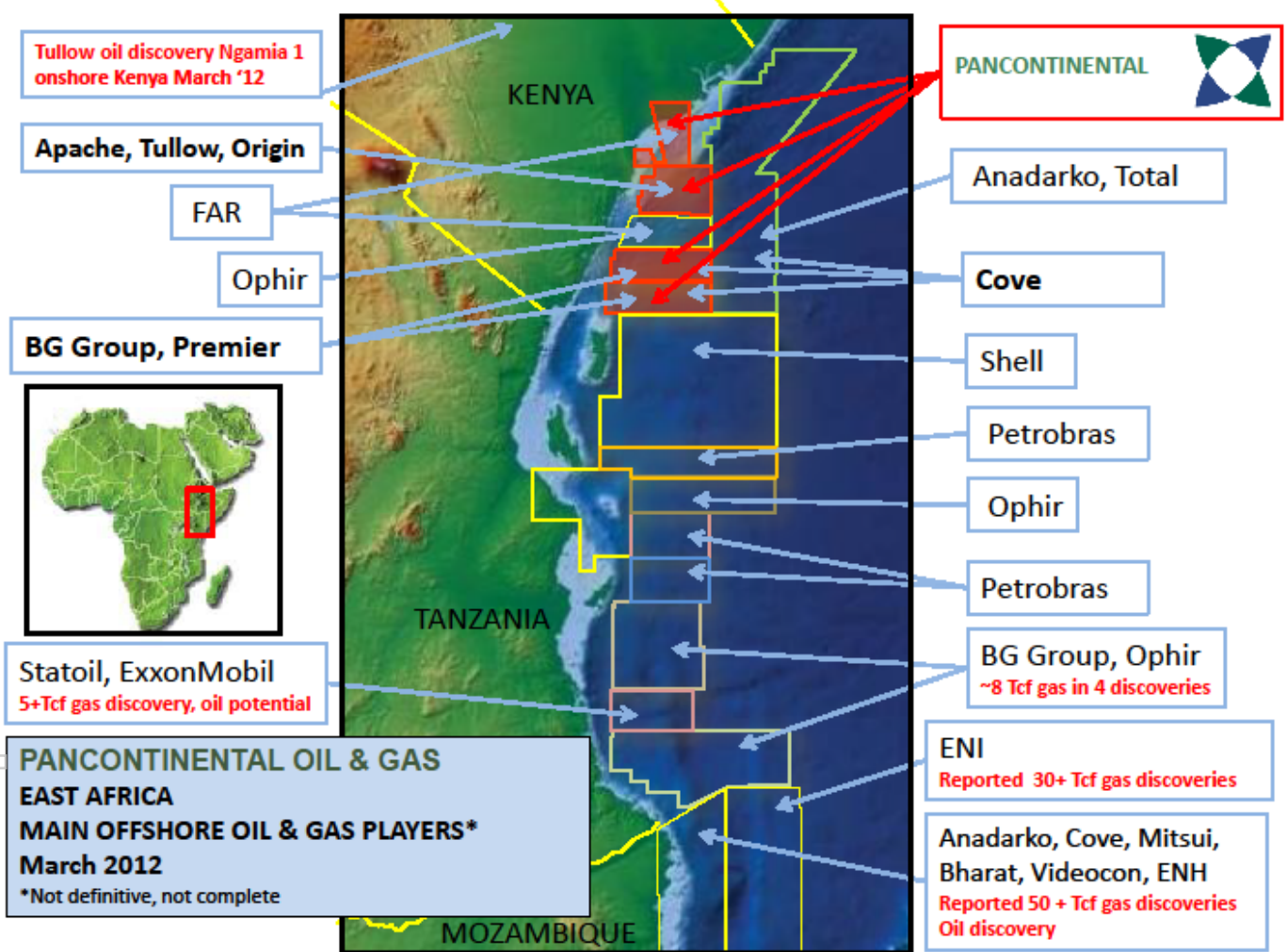
East Africa- Update

Gas discoveries of world-class scale continue to be made offshore Tanzania and Mozambique by consortia led by Anadarko, ENI, Statoil and BG Group. Individual discoveries are reported to exceed 30 Tcf and plans are under way for world-scale LNG developments.

Drilling is now moving north, offshore Kenya, with the first well on Mbawa in Q3 2012. Also offshore Kenya one or two wells are planned by a consortium of Anadarko, Total and Cove for H2 2012. The recent Ngamia 1 oil discovery by Tullow onshore Kenya adds further encouragement.

While other locations may be "gas prone" along the East African margin, Pancontinental believes that there is an extensive oil-prone "sweet spot" offshore Kenya and the company has acquired four licences over much of this area.

A number of recent farmins and corporate takeovers highlight the growing value that the oil and gas industry attributes to the potential of offshore Kenya.



ABOUT PANCONTINENTAL

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX: PCL) and has a market capitalisation of approximately A\$ 180 million.

Pancontinental has a 15% interest in offshore Kenya licence L8 (Mbawa) (reduced from 25% by farmout to Tullow Kenya B.V.), a 40% interest in adjacent licence L6 and a 15% interest in Kenya licences L10A and L10B, operated by BG Group.

Co-venturers in these four Kenyan licences (although not in each licence) are Apache, Tullow Oil, Origin Energy, Cove Energy, Premier Oil, BG Group and FAR.

Offshore Namibia, Pancontinental was awarded the 17,000 sq km licence EL 0037 in 2011. Pancontinental holds 85% and is the operator of this licence.

Pancontinental's website is www.pancon.com.au/

Yours sincerely
for and on behalf of

Pancontinental Oil & Gas NL



Barry Rushworth, CEO and Director

The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, MPESA, Chief Executive Officer of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 30 years.

Mr Rushworth is a Director of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.

For personal use only