



PANCONTINENTAL

PANCONTINENTAL OIL & GAS NL

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ASX Companies Announcement Office

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PANCONTINENTAL OIL & GAS - SHAREHOLDER UPDATE

Pancontinental Oil and Gas NL ("Pancontinental") (ASX: PCL) is pleased to provide the following update on exploration activities for its interests offshore Kenya and Namibia.

Mr Barry Rushworth, CEO and Director of Pancontinental commented:

"We first embarked on drilling our African portfolio in the second half of 2012. Since then, working hydrocarbon systems have been proven offshore both Kenya and Namibia. Our early-mover approach has found us surrounded by key industry players and in addresses that today are not easily accessible by most majors, let alone junior companies.

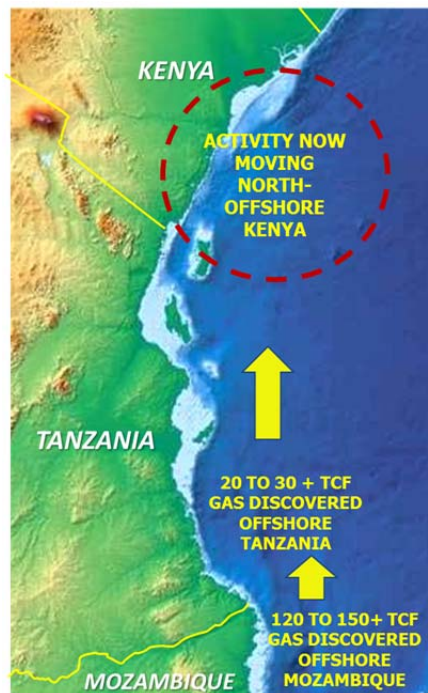
Ten years ago we first believed these regions were promising for hydrocarbon exploration and our theories were widely overlooked by other companies. Today we are exploring in acknowledged hydrocarbon provinces and based on the work to date we are far better positioned for commercial discoveries.

In virtually all new frontier regions, initial discoveries unlock the knowledge of the petroleum systems, leading to much better informed and more successful exploration. Today, particularly with the tool of 3D seismic, initial drilling success can be much more readily translated into commercial success.

In our offshore Blocks L10A & L10B the operator BG Group is expecting to commence our next round of Kenya drilling with a two-well programme commencing late 2013. In addition, our joint venture operated by Apache Corporation in offshore Kenya Block L8 is considering a second well on a deeper oil play which could be drilled in 2014.

With approximately \$35 million in cash reserves, Pancontinental is well funded to cover its share of costs for these three wells offshore Kenya over the course of late 2013 and into 2014. We also remain confident of securing farmouts to carry Pancontinental on seismic and two wells in offshore Kenya Block L6 and offshore Namibia EL 0037.

Technically sound opportunities for frontier exploration around the globe are increasingly difficult to secure by both junior and major companies. With a focus on oil exploration, Pancontinental is already well positioned in two of the world's last remaining hydrocarbon frontiers – Kenya and Namibia."



Offshore Mozambique: +25 wells in last 5 years

Offshore Tanzania: +10 wells in last 5 years

Offshore Kenya: 2 wells in last 5 years-
more to come, with potentially 7 wells in next 18 months

Map of East Africa

Offshore Kenya – Block L10A (Pancontinental 15%)

Block 10A holds a variety of Prospects covered by 3D seismic. Some of these features are channel and turbidite sand plays, while inboard there are significant Miocene Reef developments.

A commercial discovery in any of these Prospects would lead to multiple follow-up opportunities in water depths easily accessible by modern technology.

Licence L10A JV Partners are: BG Group 40% (Operator), PTTEP (25%), Premier (20%).

Offshore Kenya – Block L10B (Pancontinental 15%)

Block L10B holds a variety of play types and Prospects covered by 3D seismic, including the very large Crombec Prospect in addition to numerous reefs on trend to L10A.

The Miocene reefs offshore East Africa have never been properly drilled and worldwide examples have some of the highest success rates and are some of the most productive oil and gas reservoirs ever discovered.

The L10A & L10B joint ventures currently plan to commence drilling a two-well programme in late 2013, depending on rig availability and other factors.

Outboard of Block L10B, in Block L11B, Anadarko Petroleum Corp is currently drilling the Kiboko 1 well.

Licence L10B JV Partners are: BG Group 45% (Operator), PTTEP (15%), Premier (25%).

Offshore Kenya – Block L8 (Pancontinental 15%*)

Block L8 holds the Mbawa gas discovery, the first ever hydrocarbon discovery offshore Kenya. Mbawa results indicate an interpreted mixed oil and gas source.

L8 holds a variety of Prospects and Leads and the current main focus is on an interpreted deeper oil-prone trend below the Mbawa gas level. A decision on a second well for 2014 is expected to be made mid-2013.

Licence L8 JV Partners are: Apache 50% (Operator), Origin (20%), Tullow Oil (15%).

*Pancontinental's interest in L8 may be reduced to 10% by farmout to Tullow Oil plc

Offshore Kenya – Block L6 (Pancontinental 40%)

Recent 3D seismic in L6 has proven up a number of large Prospects for drilling. The largest of these are two Kifaru Miocene Reef Prospects and the clastic (sandstone) Tembo Prospect.

Operator FAR limited has assessed potential in L6 for 10.2 Trillion Cubic Feet of Gas or 3.7 Billion Barrels of Oil (Pmean).

The Kifaru Prospects are interpreted to have oil potential and the Joint Venture is currently seeking a farminee for a first well, possibly in 2014.

Outboard of Block L6, in Block L7, Anadarko Petroleum Corp drilled the Kubwa 1 well in April 2013, encountering non-commercial oil shows in reservoir-quality sands. Anadarko Petroleum Corporation announced:

"Anadarko also completed drilling its Kubwa well in the L-07 Block offshore Kenya, which encountered non-commercial oil shows in reservoir-quality sands. We are very encouraged with our first test of Kenya's previously unexplored deepwater basin, in which mudlog and well-site evaluation of core data indicates the presence of a working petroleum system with reservoir-quality sands."

Licence L6 JV Partner is FAR Limited (60%) (Operator).

L6
5,100 sq km (Reinstated)
Pancontinental 40%

L8
5,115 sq km
Pancontinental 15%*

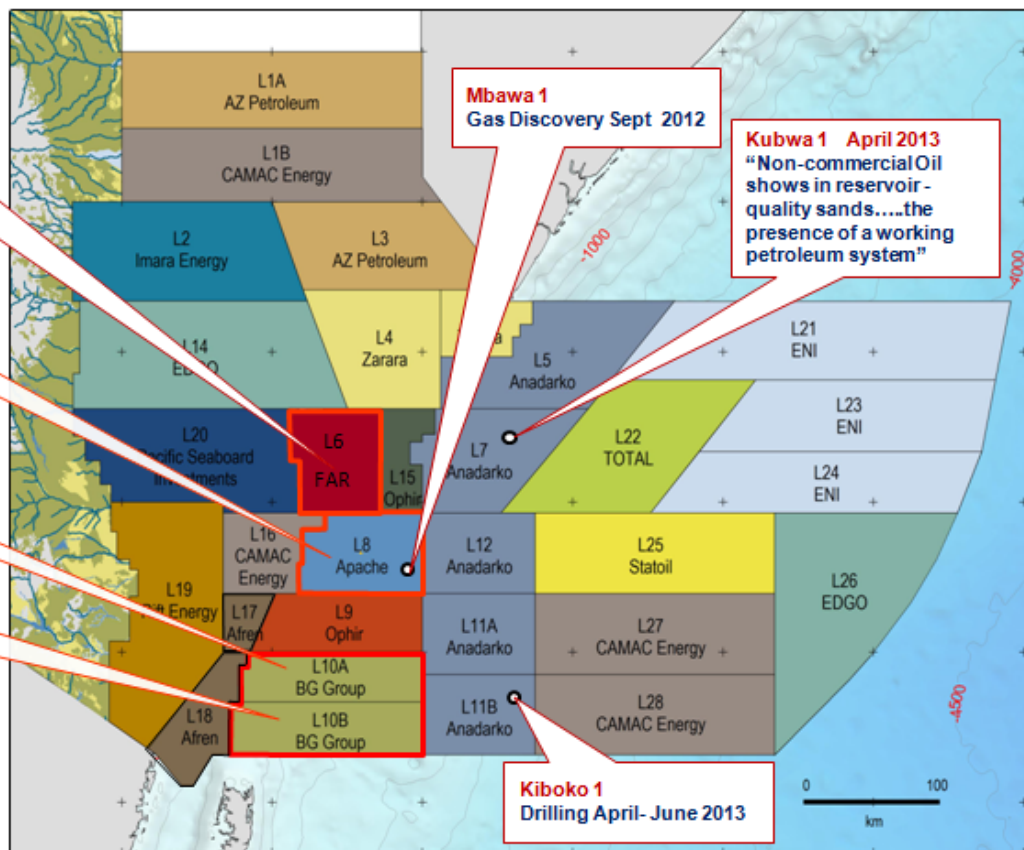
L10A
4,962 sq km
Pancontinental 15%

L10B
5,585 sq km
Pancontinental 15%

Mbawa 1
Gas Discovery Sept 2012

Kubwa 1 April 2013
"Non-commercial Oil shows in reservoir - quality sands.....the presence of a working petroleum system"

Kiboko 1
Drilling April- June 2013



Kenya coastal and offshore Licence Areas and Operators

Offshore Namibia – EL0037 (Pancontinental 95%)

With the recent recovery of light oil by HRT from several thin sands and the drilling of mature oil-prone source rocks in the area immediately south of EL 0037, Pancontinental's concept of oil generation and entrapment in an oil "fairway" is proving to be verified.

On trend to the oil recovery, Pancontinental has outlined a number of large ponded turbidites and slope channels for further exploration; it is expected that better reservoir rocks will be present amongst these features.

Leading consulting firm DeGolyer and MacNaughton ("D&M") has made an independent estimate that 11 leads in the EL 0037 licence area have potential to hold a total mean prospective resource of 8.0 billion barrels of oil – 7.6 billion barrels of oil net to Pancontinental's 95% interest.

Pancontinental is planning to farm-out for 3D seismic and drilling.

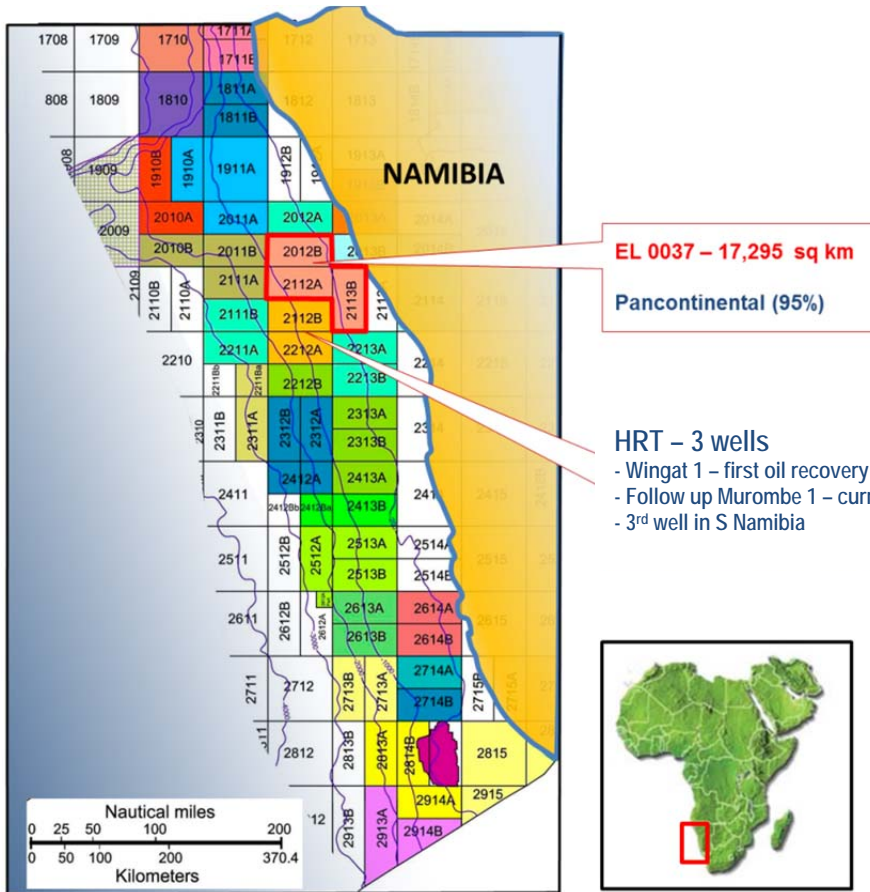
Immediately south of EL 0037, in PEL 23, HRT drilled the Wingat 1 well from which 4 samples of oil of 450cc each were recovered from thin-bedded sandy reservoirs in May 2013.

The recovered oil is Light Oil (38° to 42° API), with minimal contamination.

Milton Romeu Franke, the CEO of HRT stated:

"We are pleased with Wingat-1 overall results. The confirmation of the presence of high quality source rocks that are clearly in the oil-generation window, coupled with the IFA formation testing, which recovered light-oil from the reservoirs we penetrated, were major achievements obtained by this well."

Licence EL 0037 JV Partner is Paragon Oil & Gas (Pty) Limited (5%).



Namibia offshore Licence Areas

About Pancontinental

Pancontinental Oil & Gas is listed on the Australian Securities Exchange (ASX: PCL).

Pancontinental has a 15%* interest in offshore Kenya licence L8 (operated by Apache Corporation), a 40% interest in the adjacent licence L6 and a 15% interest in Kenya licences L10A and L10B, operated by BG Group. The L8 licence area contains the Mbawa gas discovery, the first ever hydrocarbon discovery offshore Kenya.

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

Offshore Namibia, Pancontinental holds a 95% interest in the 17,295 sq km licence EL 0037 and is licence operator.

*Pancontinental's interest in L8 may be reduced to 10% by farmout to Tullow Oil plc

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.