



PANCONTINENTAL

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ASX Announcement

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KENYA BLOCK L8 UPDATE

Pancontinental Oil & Gas NL ("Pancontinental") recently attended meetings with the Kenyan Ministry of Energy and Petroleum ("the Ministry") to discuss the Kenyan offshore Block L8 Production Sharing Contract ("PSC") and its forward exploration programme.

Until recently the PSC participants consisted of Apache Corporation as operator ("Apache") 50%, Origin 20%, Pancontinental 15% and Tullow Oil 15%.

Unfortunately Apache, having decided not to carry out further exploration under the PSC, would not participate in any further discussions and the Ministry considers that the PSC has now expired.

PSC Expiry and Negotiations for Renewal

Pancontinental has had initial scoping talks with the Ministry and has requested to enter into negotiations with the Ministry and a potential co-venturer for the grant of a new PSC in respect of Block L8.

Pancontinental is the longest-standing explorer and licence holder in Kenya and has a lengthy and cordial relationship with the Ministry. In addition, Pancontinental has been part of a consortium that has spent more than \$135 million on exploration within Block L8. Considerable exploration data in respect of Block L8 is held by Pancontinental.

While there is no guarantee that a new PSC can be agreed with the Ministry, Pancontinental aims to negotiate and finalise a new PSC that will replace the old PSC and better reflect matters such as production sharing and a revised forward work programme.

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

Barry Rushworth, CEO and Director