

Highlights



Namibia EL 0037 – Tullow enter farmin drilling phase

» Operator Tullow notified the Company post quarter end (after an extension of 7 days), that it will continue as a participant in the joint venture and is therefore committed to drilling one exploration well and free-carrying Pancontinental, subject to the identification of a drillable prospect;

» The US \$34 million dollar seismic acquisition programme has been completed with drilling required by 27 March 2017 under the terms of the farmout agreement. The drilling deadline under the licence conditions is March 2018.

» Prospective Resources for the four large turbidite prospects mapped on 3D seismic have been estimated at 915 Million Barrels of Oil.* (see Cautionary Statement below) Addition prospective resources may also become be attributable to three large leads also mapped on 3D and additional potential yet to be fully mapped on-trend to the 3D area.

Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by 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.



Kenya L6 – Onshore

» Pancontinental is reviewing its position in the Kenya L6 Block.



Corporate

- » Cash balance of \$1.1 million as at 31 March 2016 (not including \$475k received post quarter end);
- » Appointment of Non-Executive Director John Leach;
- » Investor roadshow conducted in the Eastern States;
- » General meeting held where all resolutions were passed; &
- » Fundraising efforts in the last two quarters raised \$2.2m.

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ASX Code – PCL

Market Capitalisation - @ 0.5 cps - \$8.6 m

Issued shares – 1,717 million

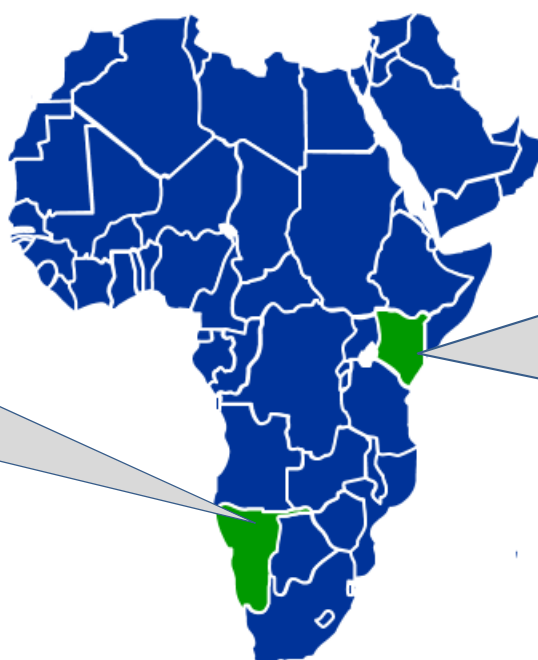
Cash at End of Quarter - \$1.1 million

Overview

Since Tullow's farmin to Petroleum Exploration Licence 0037 in 2013, the joint venture has been looking to 2016 when a decision was expected with regard to drilling within the offshore licence. Tullow Oil through its subsidiary will continue in the licence and has committed to drilling one exploration well. The drilling is conditional on the identification of a drillable prospect. This move has been welcomed by the joint venture, particularly at a time when industry trends have not been favourable.

The latest development could see Pancontinental participate in a drilling campaign prior to March 2017. This date was negotiated by Pancontinental at the time Tullow farmed in to the licence and is a year before schedule according to the licence requirements.

Pancontinental has been free carried through an extensive seismic acquisition programme which has seen Tullow invest US \$34 million to gain further geological information of the Namibian offshore area. Now Pancontinental could see its 30% stake also free carried in an exploration well.



Offshore Namibia

Asset	PEL 0037
PCL %	30%
Area	17,295 km ²
Operator	Tullow

Onshore/Offshore Kenya

Asset	Kenya L6
PCL %	16% / 40%
Area	5,010 km ²
Operator	FAR Limited

International Projects

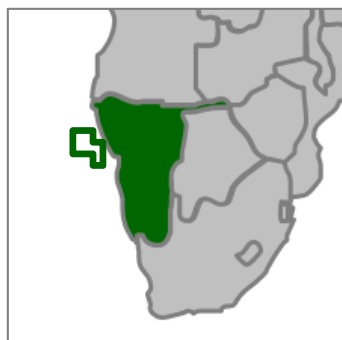


Namibia

Namibia Offshore

Offshore Namibia has been a key focus area for Pancontinental since one of the Company's new venture programmes conducted over a decade ago uncovered the prospectivity of the Walvis Basin. The Walvis Basin along with the country's three other offshore basins are mostly untested frontier basins.

Enthusiasm for exploration offshore Namibia has been renewed after an almost 40 year hiatus since the discovery of the Kudu Gas Field in 1974 with the recent drilling of PetroRio's Wingat-1 well (2013) proving the existence of well-developed mature source rocks. The source rocks as well as the oil recovered verified for the first time that a working oil system was present in the Walvis Basin. This finding was consistent with the theories that Pancontinental had developed throughout its exploration programmes in the region.



Pancontinental's offshore Namibian blocks 2012B, 2112A and 2113B are located in the Walvis Basin and are governed by Petroleum Exploration Licence 0037, granted in 2011.

Namibia Offshore EL 0037

Location:	Walvis Basin		
Project Size:	17,295 square kilometres		
JV Partners:	Tullow Kudu Limited (Operator)	65.00%	
	Pancontinental	30.00%	
	Paragon Oil & Gas (Pty) Ltd	5.00%	

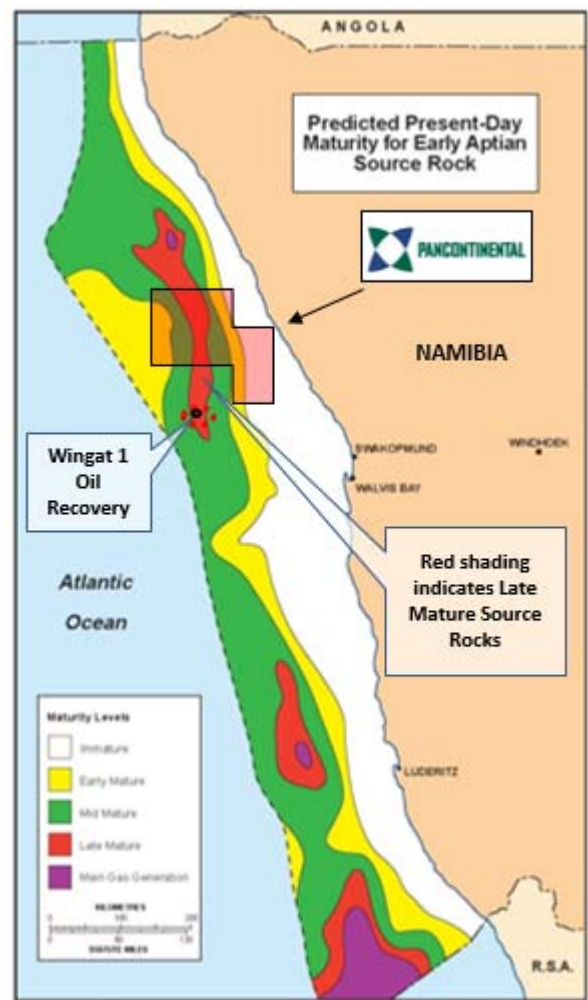
Exploration Activity

Offshore Namibia has been of geological interest to Pancontinental for over ten years with the Company applying for an exploration licence over a key area in 2011. Petroleum Exploration Licence 0037 was granted to Pancontinental and its local partner Paragon Oil & Gas (Pty) Ltd with an agreed preliminary work programme which commenced prior to the entry of Tullow Kudu Limited (a subsidiary of Tullow Oil) ("Tullow") in 2013.

Tullow's entry into the petroleum exploration licence was on very favourable terms for Pancontinental indicating the strength of the geological findings as at that date.

The joint venture then carried out 3D and 2D seismic as well as processing and interpretation of the acquisition data for approximately US \$34 million, all free carried for Pancontinental under the terms of the farmout agreement.

The farmout agreement between Pancontinental and Tullow also detailed a drilling phase commitment where Tullow were required to notify Pancontinental before 31 March 2016 of their intention with regard to pursuing a drilling commitment or withdrawing from the joint venture. Under the terms of the exploration licence, drilling is not required to be completed until 2018, however Pancontinental negotiated an earlier drilling phase at the time of farmin to 2017.



Maturity of Source Rocks within PEL 0037

Post quarter end, after a requested extension of 7 days to the 31 March 2016 deadline, management received the green light from Tullow that they would continue as a participant in the joint venture and as such commit to drilling one exploration well subject to identifying a drillable prospect. The drilling phase would also be free carried for Pancontinental.

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2011	2012	2013	2014	2015	2016
Pancontinental and local partner Paragon Oil & Gas (Pty) Ltd awarded Petroleum Exploration Licence 0037	Initial work programme conducted by Pancontinental to assess theories against geological data	Tullow farmin to PEL 0037 for 65% in exchange for a seismic & drilling programme ~US \$130m	Exploration under farmout carried on during the year with 3D and 2D seismic programmes	Analysis of seismic data acquired to map prospects for future potential drilling campaigns	Tullow elects to enter drilling phase of farmin to Namibia PEL 0037

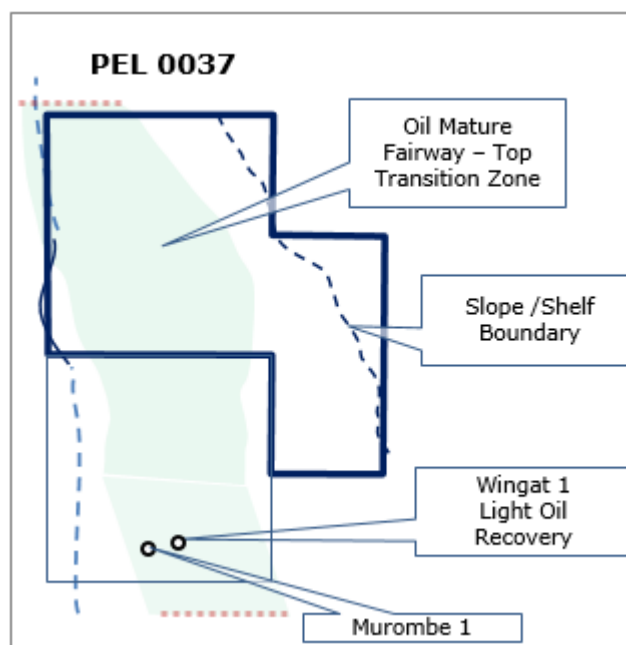
PEL 0037 timeline

Pancontinental’s theories on the geological environments present offshore Namibia include an oil generating “sweet spot” located on a fairway which runs directly through the PEL 0037 licence. The central portion of the fairway has been mapped on 3D with 4 large turbidite prospects and 3 large leads. The prospects have potential for combined Prospective Resources of more than 900 Million Barrels of oil (recoverable).

Pancontinental has estimated the prospective resource potential of the prospects on a deterministic basis, and no probabilistic estimates of chances of drilling success have therefore been made in this case.

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* Prospective Resources – Best Estimate, 100% Basis – See Disclaimers for further information



Oil Mature Fairway within PEL 0037

The joint venture’s 2016 work programme will primarily focus on continuation of the interpretation of legacy and new seismic data sets as well as amalgamation of regional well results into the regional basin model. As such, an inventory of drillable prospects may be compiled on completion of the prospectivity review.

International Projects



Kenya


Kenya Offshore & Onshore

Pancontinental's affiliation with Kenya has not only spanned almost 15 years but is also historic in nature. The Company has partnered with some of the industry's heavyweights and as such has experienced two historic discoveries during its tenure in Blocks L8 and L10A with:

- 2012 Kenya L8 – Kenya's first gas discovery; and
- 2014 Kenya L10A – Kenya's first oil discovery.

The Company now holds an onshore and offshore stake in Block L6.





Pancontinental's onshore /offshore Kenyan block is located in the Lamu Basin and is governed by Exploration Licence L6 which was granted in 2002.



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Kenya Onshore/Offshore Block L6

Location:	Lamu Basin	
Project Size:	5,010 square kilometres	
JV Partners	FAR Limited (Operator)	60.00%
Offshore:	Pancontinental	40.00%
JV Partners	Milio International (Operator)	60.00%
Onshore:	Pancontinental	16.00%
	FAR Limited	24.00%

Exploration Activity

Upon recognising the oil potential of the Tana River Delta in Kenya, Pancontinental set out to gain access to prospective areas in the region and has now been a joint venture partner in onshore /offshore Block L6 since 2002.

During this time, the joint venture has completed a number of exploration work programmes to further its understanding of the geological traits within the Lamu Basin.

Pancontinental has developed a model of how it believes the Lamu Basin came to be so prospective. The model is centred on a concept that the Tana River carried nutrients and sediments into the Indian Ocean. The nutrients and sediments then flowed along two offshore troughs; Tembo and Maridadi. Both troughs flow south through L6 and it is along this path that the Company believes is the prime location for oil generation.



Tana River Delta, offshore Kenya

The block is split between an onshore and offshore area, with FAR Limited ("FAR") operators of the offshore and Milio International ("Milio") operators of the onshore portion.

Onshore

Milio, a Dubai-based company are well known in Kenya and have been present in country for a number of years. Milio are joint venture participants in the neighbouring onshore block L20 and as exploration efforts were being conducted on their block, the joint venture also looked at the prospectivity of L6. It was then that a deal was struck whereby Milio would free carry Pancontinental and FAR for 2D seismic, interpretation, mapping and one exploration well in exchange for an interest in onshore L6.

Three main prospects present onshore are; Mamba, Kudu and Boundary Anticline. The exploration programme expected to be led by Milio has suffered significant delays.

As reported in the announcement of 1 February 2016, Pancontinental is continuing discussions with FAR and are awaiting developments concerning the status of Milio.

Offshore

FAR who farmed into the L6 licence in 2006 are operators of the offshore section of Block L6. Since 2002, when the licence was awarded, the following seismic has been acquired:

- 308km of 2D seismic;
- 1,235km of 2D seismic; and
- 778 km² of 3D seismic.

The block holds a number of drill-ready prospects that have been matured using 3D seismic acquisition and interpretation. Characteristics of the prospects resemble similarities to those found in the Sunbird-1 oil discovery, drilled on block L10A further south in 2014.

Closer onshore the Kifaru and Kifaru West prospects are reef prospects whereas further outboard is the large Eocene sand play, Tembo.

Pancontinental is of the view that the block is prospective and is in discussion with operator FAR as to the best way to proceed going forward and extract value from the licence area.

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Prospective Resource Estimates Cautionary Statement

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Prospective Resources

All Prospective Resource estimates in this report are prepared as of 28 September 2015. The estimates have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers and have been prepared using deterministic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisked and have not been adjusted for an associated risk of discovery and risk of development. 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 Oil & Gas NL's percentage entitlement under Joint Venture contracts.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas NL and may be subject to revision if amendments to mapping or other factors necessitate such revision.

Prospects and Leads

The meanings of "Prospects" and "Leads" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target. A Lead is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and / or evaluation to be classified as a Prospect.

Competent Person Statement Information

The hydrocarbon resource estimates in this report have been prepared by Mr Roy Barry Rushworth the Chief Executive Officer and Executive Director of Pancontinental Oil & Gas NL. Mr Rushworth has more than 30 years' experience in practising petroleum geology and exploration management.

Mr Rushworth consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental Oil & Gas NL's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although Pancontinental believes its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward looking statements.

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Licence Schedule

Licence Location	Licence Reference	PCL (consolidated) interest at the beginning of the quarter	Movements for the current quarter	PCL (consolidated) interest at the end of the quarter
Kenya	L6 offshore	40.00%	0.00%	40.00%
	L6 onshore	16.00%	0.00%	16.00%
Namibia	EL 0037	30.00%	0.00%	30.00%

Corporate

Cash Position

- » As at 31 March 2016, Pancontinental's cash position was \$1.1 million (not including \$475,000 received post quarter end);
- » The major items of expenditure during the March 2016 Quarter were:
 - o Exploration and Evaluation \$520,220; and
 - o Administration \$425,549.

Corporate

Roadshow

Early January, a roadshow was conducted by the Company for investors in the Eastern States. The campaign led by Finance Director Ernie Myers updated existing and new investors on the planned activities for Pancontinental for the coming 2016 calendar year.



Finance Director Ernie Myers updating investors on Pancontinental's planned activities for 2016

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Non-Executive Director Appointment



In February, the Company was pleased to welcome Mr John Leach to the board as a non-executive director.

Mr Leach is an accountant by profession and has experience in cross-border trade and finance transactions, corporate governance and international operations and strategy developments.

General Meeting

During the quarter, the Company held a General Meeting to ratify placements carried out under Listing Rules 7.1 and 7.1A as well as seeking approval for director Mr HD Kennedy to participate in the Company's placement. All resolutions were passed on a show of hands.

Fundraising

Pancontinental's fundraising efforts over the last two quarters have provided a boost to the Company's cash reserves. Funds were raised as follows:

Placement to professional and sophisticated investors	AU \$1,438,000
Placement to directors approved at general meeting	AU \$ 500,000
Share purchase plan	<u>AU \$ 286,000</u>
Total funds raised	<u>AU \$2,224,000</u>

New Ventures

Pancontinental has been assessing a number of new ventures in little tested basins throughout the world in order to find a project compatible with the Company's current exploration portfolio and financial profile.

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