

WOODSIDE ENTERS INTO EXCLUSIVE OPTION ON PANCONTINENTAL'S STRATEGIC DEEP WATER NAMIBIAN BLOCK PEL 87 PROJECT

- **Woodside and Pancontinental have signed an Option Deed for Woodside to enter the deep-water Namibia PEL 87 exploration project**
- **Woodside will fully fund an estimated US\$ 35 million, minimum 5,000 sq km 3D seismic survey and pay Pancontinental US\$1.5 million in cash**
- **In exchange for Woodside fully funding the survey Woodside will have an exclusive option to enter the PEL 87 licence and Joint Venture with 56% and Operatorship**
- **To ensure Pancontinental retains at least a 20% interest in the project if Woodside exercises its option, Pancontinental has, for a consideration of US\$1.5 million, entered into an option agreement with Custos Investments (Pty) Ltd (Custos) to acquire a 1% interest from Custos by paying Custos a further US\$1million**
- **Following exercise by Woodside of its option and completion of its farm-in to the PEL 87 licence, Woodside will drill the first exploration well, through which it will carry Pancontinental at 20% interest**
- **If the PEL 87 parties elect to drill a second well Pancontinental will have the right to either fund its 20% interest, or elect to have a 10% interest in the well carried by Woodside in exchange for transferring an additional 10% interest in the PEL 87 licence to Woodside**
- **Pancontinental has a "back-up" right to convert its interest to a 1.5% overriding royalty interest on revenue derived from the sale of oil or gas produced from PEL 87**
- **Woodside will, on exercising its option, pay Pancontinental a further sum of approximately US\$2.5 million, of which approximately US\$1.5 million is for the reimbursement of a portion of Pancontinental's past costs**

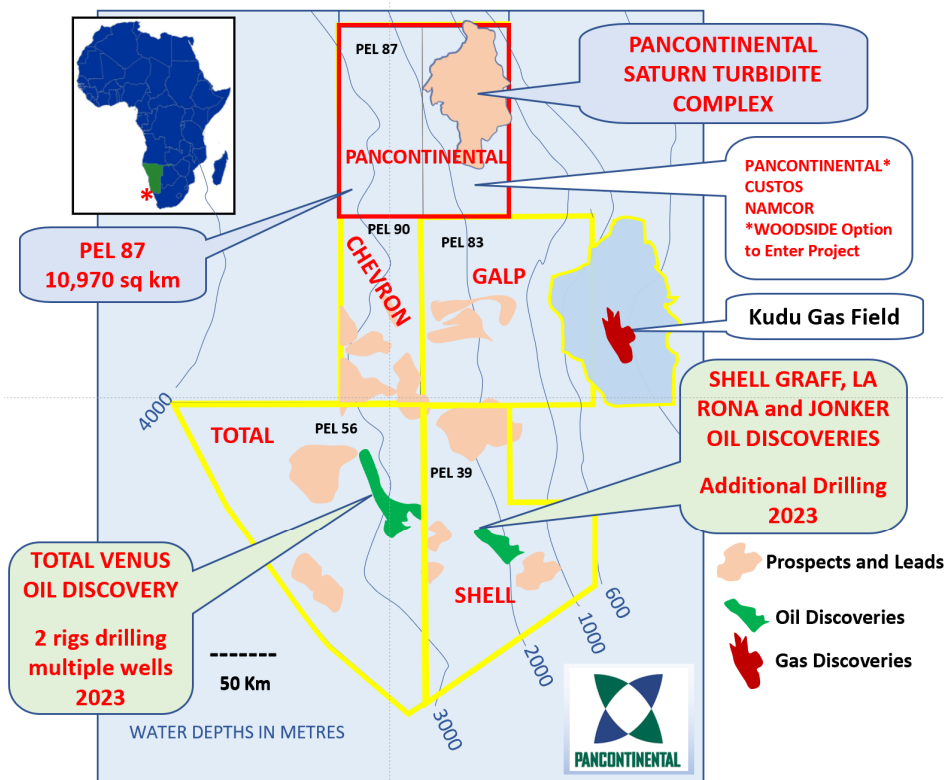
Background

PEL 87, covering an area of 10,970 sq km, hosts the large Saturn turbidite complex mapped by Pancontinental, on-trend to recent major oil discoveries made in 2022; Total's Venus-1 discovery and Shell's Graff-1 and La Rona-1 and recent Jonker-1 (2023) discoveries have proven a working light oil system offshore Namibia.

Shell has now commenced a multi-well drilling program with Jonker-1 near the Graff discovery, and Total is reported to be contracting two rigs to drill appraisal wells on, and nearby, the Venus discovery.

Chevron in 2022 announced an entry to the PEL 90 project (approximately 5,000 sq km) adjacent to Pancontinental's PEL 87 area.

The Minister of Mines and Energy recently granted to the PEL 87 Joint Venture a second, one-year extension of the Initial Exploration Period (see ASX release of 5 December 2022).



Woodside's Exclusive Option to PEL 87 Exploration

Pancontinental is pleased to announce that its wholly owned subsidiary Pancontinental Orange Pty Ltd has entered into an Option Deed with Woodside Energy (GOM), Inc, a wholly owned subsidiary of Woodside Energy Group Ltd whereby Pancontinental has granted Woodside an option to acquire a 56% Participating Interest in PEL 87, in consideration for Woodside paying for a 3D seismic survey covering an area of at least 5,000 square kilometres within the area the subject of PEL 87 ("Licence Area") at an estimated cost of US\$ 35 million and also paying Pancontinental US\$1.5 million.

Woodside will have a period of at least 180 days after the delivery of the seismic survey data to exercise that option.

If Woodside exercises the option then Woodside and Pancontinental have agreed to enter into a farmout agreement whereby Woodside will carry the existing joint venture during the drilling of the first exploration well to be drilled on the Licence Area after the completion of the seismic survey.

To ensure Pancontinental retains at least a 20% interest in the project if Woodside exercises its option, Pancontinental has, for a consideration of US\$1.5 million, entered into an option agreement with Custos Investments (Pty) Ltd (Custos) to acquire a 1% interest from Custos by paying Custos a further US\$1million. Pancontinental will retain a 20% interest during the drilling of the well.

If the joint venture decides to drill a second well then Pancontinental may:

- (i) retain its 20% interest but must pay its share of that well;
- (ii) reduce its interest to a 10% Participating Interest and have Woodside carry Pancontinental through the cost of the second well; or
- (iii) at any time up to 60 days after the approval of any Development Plan, convert its interest to a 1.5% gross overriding revenue royalty interest.

Upon Woodside's election to exercise its option, Woodside will pay Pancontinental approximately US\$ 2.5 million, of which approximately US\$ 1.5 million is reimbursement of a portion of Pancontinental's past costs.

3D Seismic Survey

Planning is very well advanced for a minimum 5,000 sq km 3D seismic survey to be operated by Pancontinental under an agreement in which Woodside will fully fund the survey and will act as adviser to Pancontinental. Further details of the survey will be announced shortly.

Director's Comment

Pancontinental's Director Mr Barry Rushworth commented:

"Energy giants are jockeying for position after major oil discoveries by Shell and Total offshore Namibia.

Multi-well drilling recently re-started on these discoveries with Shell's Jonker-1 discovery and Total is reported to be bringing in two deep-water rigs for drilling on, and nearby Venus. On-trend, Pancontinental's PEL 87 has very high potential, with contiguous geology to the discoveries.

Woodside has the exclusive option to join Pancontinental and partners Custos and Namcor in exploring the huge Saturn Turbidite Complex mapped by Pancontinental in PEL 87.

Exploration is moving ahead quickly, with 3D seismic acquisition planned to start later in February this year.

Saturn has been independently assessed to have multi-billion-barrel potential, as first reported by Pancontinental in September 2018.

The deal with Woodside is a very good one for both Pancontinental and Woodside. The planned 3D survey covers a large area over Saturn and we expect very interesting results mid-2023.

If Woodside exercises its option to drill, Pancontinental will, including as a result of the option agreement we have entered into with Custos, retain a very healthy 20% carry in the first well, at no cost to Pancontinental. If a discovery is made, Pancontinental can continue with a 20% interest.

Pancontinental has strategic optionality, so that we can either fund 20% of a second well and carry on with a 20% contributing interest, or be fully carried in the well at the 10% level and retain a 10% contributing interest in the project thereafter by transferring an additional 10% participating interest to Woodside.

We have negotiated a further built-in "insurance policy" right for Pancontinental to convert its interest to take 1.5% of "sales point" oil and/or gas production revenue, with no production expenditure exposure up to the "sales point". Pancontinental has no current plan to invoke this right.

Saturn is similar to Total's huge Venus oil discovery. They are interpreted to have the same age reservoir rocks and similar depositional character, the same mature oil source rocks and the same regional sealing rocks at about the same depth below the sea floor.

PEL 87 and Saturn need further exploration, including drilling, to prove any commercial viability.

We are very grateful to the staff and officers of the Namibian Ministry of Mines and Energy for their continuing support in this project.

Pancontinental is an ASX listed energy company with a large strategic position in this major new energy play alongside Shell, Total, Chevron, Qatar Energy and now Woodside".

About PEL 87

PEL 87 was awarded to a Joint Venture led by Pancontinental on 23 January 2018 for a possible total of 3 terms spread over 8 years, plus possible extensions. PEL 87 can be converted to a Production Licence under pre-agreed terms.

PEL 87 covers an area of 10,970 sq km, subject to periodic relinquishments which may be waived by the Government of Namibia at its discretion.

Pancontinental has mapped the Saturn Turbidite Complex, with a core area of some 2,400 sq km and an overall area of about 4,000 sq km. This very large and complex feature may host numerous large internal hydrocarbon traps, some of which have already been mapped on 2D seismic. None has yet been drilled.

Very good oil source, reservoir and sealing rocks have been identified regionally, and now proven by recent discoveries.

Pancontinental and Woodside plan 3D seismic over Saturn in partnership with Namibian partners Custos and Namcor, to define targets for drilling.

About Woodside

Woodside Energy Group Ltd (WDS) is a global energy company, founded in Australia. Woodside is an experienced oil, gas and LNG producer and has a global portfolio including quality energy assets in Australia and internationally.

About Pancontinental

Pancontinental Energy NL is an energy exploration company with exploration assets in Namibia and Australia.

Pancontinental's market capitalisation is approximately A\$ 83 million (1 March 2023).

Pancontinental is listed on the Australian Securities Exchange (ASX) under code PCL.

PEL 87 Joint Venture

The participants in the PEL 87 joint venture are currently:

Pancontinental Orange Pty Ltd (Operator)	75%*
Custos Investments (Pty) Ltd	15%**
National Petroleum Corporation of Namibia (NAMCOR)	10%

**Woodside has an exclusive option over a 56% Participating Interest to be derived from Pancontinental's 75%*

*** Pancontinental has an option over a 1% Participating Interest to be derived from Custos' Participating Interest*

This announcement is authorised for release by the Board of Pancontinental Energy NL.

Pancontinental Energy NL

Vesna Petrovic

Company Secretary and Executive Director

PANCONTINENTAL ENERGY

ASX CODE: PCL

www.pancon.com.au

Head Office – Level 2, 30 Richardson Street, West Perth,
Western Australia 6005

Postal Address - PO Box 1154, West Perth, Western
Australia 6872

Telephone +61 8 6363 7090 Facsimile +61 8 6363 7099

ACN 003 029 543