

Highlights



Namibia PEL 0037 – Tullow’s continuing investment in PEL 0037 confirmed. Committed to one free carried well.

- » On 8 April 2016, Pancontinental was pleased to be advised of Tullow’s intention to remain a participant in the PEL 0037 joint venture and as such, commit to the provisions of the farmout agreement signed in 2013. Pancontinental continues to be free-carried in this project.
- » Tullow has so far invested over US\$34 million in seismic and other work and will continue its efforts to identify a drillable target.
- » A drilling programme would target Prospective Resources estimated at 915 Million Barrels of Oil for the current prospect inventory alone.* (see Cautionary Statement below).

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 /Offshore

- » Pancontinental is in continuing discussions with L6 operator FAR Limited as to the Company’s future direction in the onshore/offshore block.



Corporate

- » Cash balance of \$1.2 million as at 30 June 2016;
- » Pancontinental’s executive team presented to investors during a UK-based roadshow in June 2016; and
- » The final instalment of the company’s recent fundraising efforts was received during the quarter, bringing the total to \$2.2m raised.

ASX Code – PCL

Market Capitalisation - @ 0.04 cps - \$6.8 m

Issued shares – 1,717 million

Cash at End of Quarter - \$1.2 million

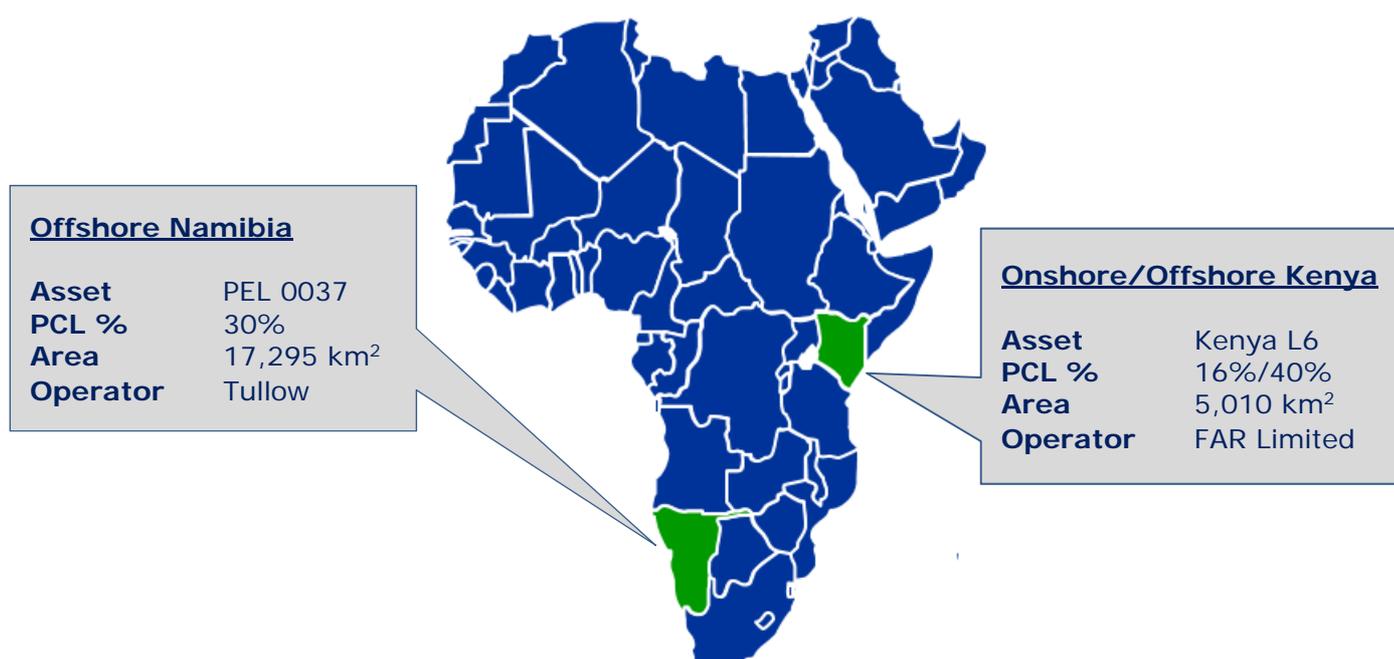
Overview

Pancontinental has ended the financial year with a promising exploration outlook. During the quarter, operator and farminee Tullow Kudu Limited (a subsidiary of Tullow Oil- "Tullow") notified the company that it will continue as a participant in the offshore Namibian permit PEL 0037. According to the 2013 farmout agreement between the companies, notice of continuation in the permit also signals Tullow's commitment to the free carry of one exploration well for Pancontinental.

Initial stages of the multi-phase exploration farmout have already been completed:

- 3,000 km² of 3D seismic which covered some 17% of the entire licence;
- 1,000km of 2D seismic;
- Processing of the seismic acquisition data; and
- Interpretation and mapping.

Should drilling proceed as expected, Tullow would oversee the drilling programme and fully fund Pancontinental during the course of the exploration well campaign.



International Projects



Namibia Offshore

Pancontinental's exploration team has been studying the geology of offshore Namibia since the early 2000's. Interestingly, based on 3D seismic, oil and source rock geochemistry and 3D basin modelling, basins in offshore West Africa share many similar geological characteristics with the basins offshore South America. The main difference is that the West African margin basins such as the Walvis Basin, located offshore Namibia, are mostly untested frontier areas whereas basins offshore South America (Brazil) are at advanced stages having experienced commercial success.

The Company's current exploration blocks are 2012B, 2112A and 2113B, which are located offshore Namibia.



Above - Pancontinental's offshore Namibian blocks.

Left - The west coast of Africa exhibits similar geological characteristics to that of the east coast of Brazil where very large commercial discoveries have been made.

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

Pancontinental approached the Namibian Ministry of Mines and Energy in 2010 to negotiate the award of blocks over an area which Pancontinental believes holds a "sweet spot" for oil generation. Early the next year the company, alongside its local partner Paragon Oil & Gas (Pty) Ltd ("Paragon") was awarded Petroleum Exploration Licence 0037, which covers three blocks: 2012B, 2112A and 2113B. Pancontinental held 85% and Paragon 15%.

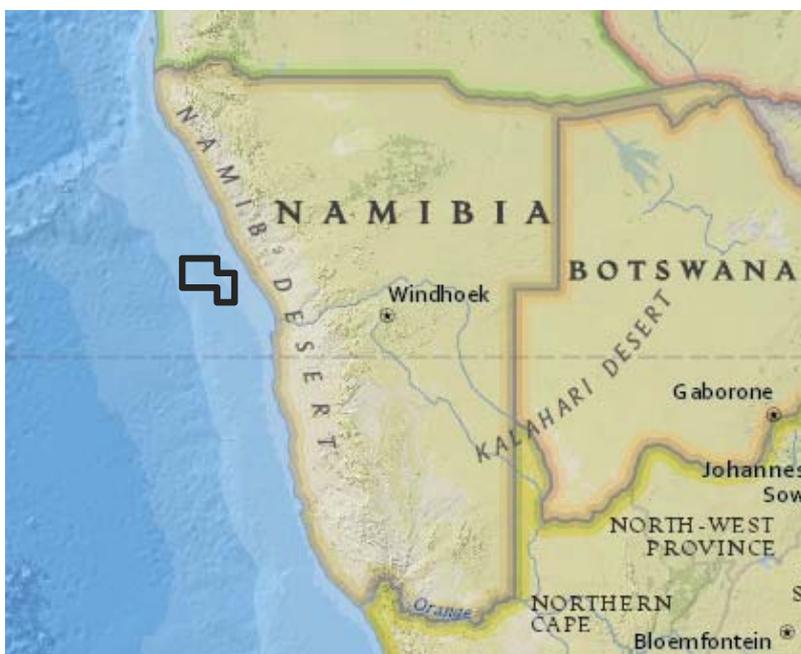
After completion of further work on the blocks, Pancontinental was even more confident of the prospectivity within the licence area and sought an additional 10% from its local partner. Armed with a strong 95% interest the company was then able to present its ideas and theories to Tullow (Tullow Kudu Limited, a subsidiary of Tullow Oil) who subsequently farmed into the permit and commenced the agreed work programme.

Since 2013 and Tullow's entry into the licence, the seismic components of the farm out agreement have been satisfied with a programme that covered 3D and 2D seismic acquisitions, processing, mapping and interpretation. In April 2016 after a week-long extension, Pancontinental was notified of Tullow's intention to add to its ~ US \$34 million seismic campaign by moving into the drilling phase of the farmout agreement. According to the terms of the agreement Tullow are committed to drilling one exploratory well on an agreed drillable prospect, all free carried for Pancontinental. The current period of the petroleum exploration licence expires in 2018, at which point the joint venture

may elect to enter the next period, however drilling is required in 2017 under the farmout agreement.

The map to the left shows the approximate location of the company's Petroleum Exploration Licence 0037.

The blocks are located in the Walvis Basin which formed after the division of Gondwana, an ancient super continent.



A number of basins as well as hydrocarbon producing areas were formed during the shift in tectonics.

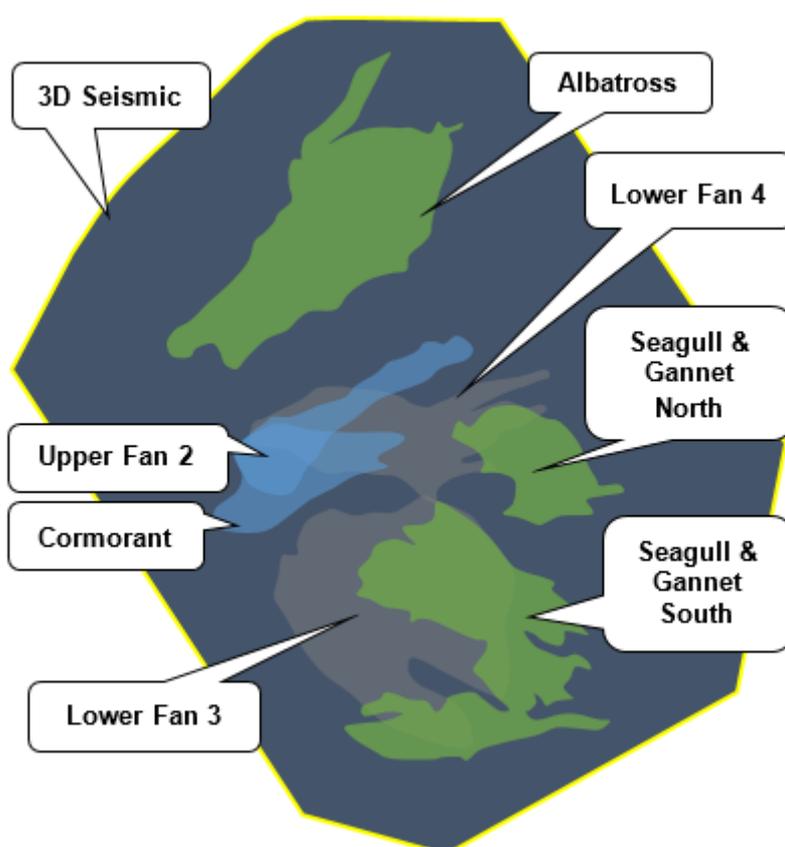
To date in PEL 0037 four main prospects have been mapped on 3D seismic, with potential for combined Prospective Resources of 915 Million Barrels of oil (recoverable). This potential does not include additional potential which may be present in the three leads which have also been mapped and extensive areas not yet covered by 3D seismic (see Cautionary Statement below).

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

PROSPECT / LEAD	STATUS	AREA (Sq Km)	PROSPECTIVE RESOURCE 100% (MmBbls)*	NET PANCONTINENTAL SHARE (MmBbls)
Albatross	Prospect	293	349	99.5
Seagull & Gannet S	Prospect	273	338	96.3
Seagull & Gannet N	Prospect	90	104	29.6
Cormorant	Prospect	120	124	35.3
TOTAL (Prospects Only)			915*	260.7



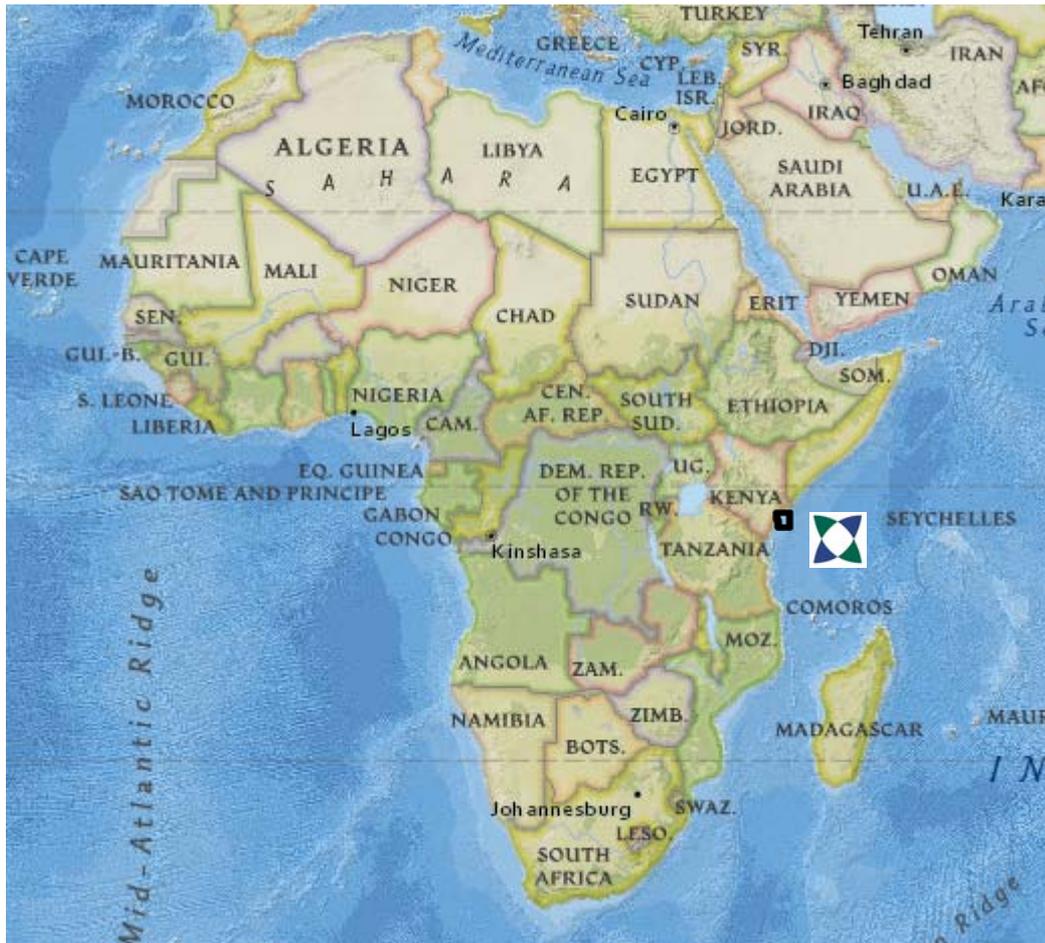
Prospects within the 3D seismic area in PEL 0037

International Projects



Kenya

Kenya Offshore & Onshore



Pancontinental's onshore /offshore block Kenya L6

The geology of Kenya has been of interest to Pancontinental's exploration division for over 15 years.

During this time, the company formed theories with regard to oil generation and based on these theories, internationally recognised companies farmed into the projects and tested the concepts. For example, in 2012 with Kenya L8 (operated by Apache Corporation) and in 2014 with Kenya L10A (operated by BG Group), the company shared the success of Kenya's first oil and gas discoveries with its joint venture partners. Pancontinental was a partner in both joint ventures since the award of the blocks and the discoveries were validation of Pancontinental's views.

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

Kenya Onshore/Offshore Block L6

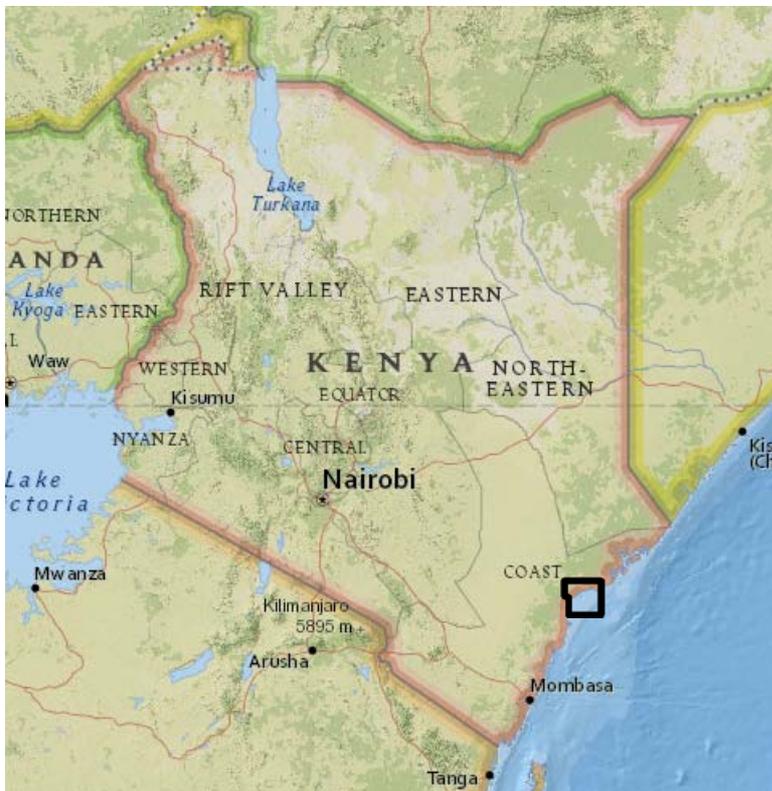
Location:	Lamu Basin	
Project Size:	5,010 square kilometres	
JV Partners	FAR Limited (Operator)	60.00%
Offshore:	Pancontinental	40.00%
JV Partners	Milio International (Operator)	60.00%
Onshore:	Pancontinental	16.00%
	FAR Limited	24.00%

Exploration Activity



Tana River Delta, offshore Kenya

The Tana River is the longest river in Kenya and runs from the north of the country to the ocean in the south. The river supports livestock as well as wildlife and carries nutrients and sediments into the Indian Ocean via two offshore troughs; Tembo and Maridadi. It is along these two troughs that Pancontinental believes is the most prospective for oil generation.



Pancontinental's block L6 is on the path of these two troughs and as such, is the reason the area was applied for in 2002.

Throughout the various periods of the block's history there have been numerous exploration work programmes, with the current programme headed by FAR Limited ("FAR") who are operators of the offshore region within the block.

Milio International ("Milio") is operator of the onshore area of block L6.

Onshore

Milio, based in Dubai, have conducted business operations all over Kenya for many years. They are also participants in block L20 adjacent to Pancontinental's L6 block and throughout their exploration assessment had always considered the prospectivity of the onshore portion of block L6. As a result, Milio then farmed in to the L6 joint venture, in return for free carrying Pancontinental through 2D seismic, interpretation, mapping and one exploration well.

Various factors have prevented Milio from commencing the work programme as planned. The company reported on 1 February that it is in ongoing discussions with FAR and is anticipating progress on the issue with regard to the status of Milio International.

FAR reported in its March 2016 quarterly that it is in continuing discussions with the Government of Kenya to secure suitable arrangements pursuant to the Petroleum Sharing Contract to allow exploration activity to commence.

Offshore

In 2006, FAR farmed into the block and are the current operators. A number of exploration campaigns including both 3D and 2D have been conducted over block L6 offshore in Kenyan waters.

Based on the findings to date, the block holds a number of prospects that have been regarded as drill-ready. Promisingly these prospects hold similar attributes to those of the company's other successful drilling endeavours in block L8 and block L10A with the Mbawa-1 and Sunbird-1 wells.

The prospects are in close proximity to mature Eocene source rocks and are interpreted to have good lateral and top seals. Pancontinental's long held theory for this region is that there is an oil and gas source kitchen that extends from onshore to offshore and has hydrocarbon generating and trapping potential.

Pancontinental is in discussion with FAR regarding the future activities for block L6.

DISCLAIMERS

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 unrisks 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.

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 30 June 2016, Pancontinental's cash position was \$1.2 million;
- » The major items of expenditure during the June 2016 Quarter were:
 - o Exploration and Evaluation \$50k; and
 - o Administration \$333k.

Corporate

Roadshow

During the quarter, a series of London based investor presentations were conducted by members of the executive team. Investors were updated on the company's activities going forward and an ASX investor presentation lodged for stakeholders.



Finance Director Ernie Myers and
CEO/Executive Director Barry Rushworth

Although some believe that the balancing of oil and gas supply and demand is still in the distant future, market sentiment has turned more upbeat with a return to investment in the upstream oil and gas sector.

With a return to positive investor sentiment in view, the Pancontinental team has renewed its search for high value new projects for the Company.

Fundraising

Pancontinental received the final instalment of its fundraising initiative during the quarter. Funds raised since December 2015 are 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

During the Quarter the Company reviewed a number of potential high-value new projects and Pancontinental representatives visited new venture areas to assess compatibility with the company's current exploration objectives. The Company continues to review potential new projects internationally, in Africa and elsewhere.

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