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Pancontinental to raise African exploration funds



Raising cash: Pancontinental will use the money raised to fund its exploration programmes in the East Africa region Alice Millika

Josh Lewis , 19 April 2012 04:46 GMT

Australia's Pancontinental Oil & Gas plans to raise A\$50 million (US\$51.8 million) to fund its ongoing exploration programmes in Africa.

The company will raise the funds through a A\$45 million placement of up to 257.1 million shares at an issue price of A\$0.175 per share and a share purchase plan capped at A\$5 million to existing shareholders which will also be priced at A\$0.175 per share.

The placement will be carried out in two tranches with up to about 129 million shares being issued in the first tranche.

The remaining 128.1 million shares will be issued in a second tranche subject to shareholder approval which the company will seek at a general meeting on 24 May.

“This capital raising means that Pancontinental will remain in control of its own strategic direction and ensures that it continues to maintain its significant interests in its projects in the key East African region,” Pancontinental chief executive Barry Rushworth said in a statement on Thursday.

“Pancontinental should be fully funded for the next 12 months without recourse to early dilution through farm-out.”

Pancontinental said it would use the money raised to fund its share of the costs of the Mbawa well on Block L8, off Kenya.

The company is being partly free-carried through the drilling of the well through its farm-out with Tullow Oil, however, Tullow’s contribution on Pancontinentals behalf of a recent 3D shoot over Block L8 and increased drilling costs have meant the Australian company will contribute a portion of the Mbawa costs.

Drilling on the Apache-operated Mbawa prospect is scheduled to kick off during the third quarter of the year and will target an estimated 4.9 billion barrels of oil in place.

Pancontinental said it would also use the money raised to fund ongoing exploration programmes over Kenyan Blocks L10A & L10B, seismic work over Blocks L8 & L6, off Kenya, and EL 37, off Namibia, while part will also be used for business development and general working capital purposes.

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