

Inventory of Major Prospects Offshore Namibia identified during initial 3D interpretation work

Highlights

Namibia EL 0037 – Initial interpretation confirms Major Offshore Prospects

- » 3D seismic survey programme – complete – Nil cost to Pancontinental
- » 2D seismic survey programme – complete – Nil cost to Pancontinental
- » Initial interpretation of surveys – complete – Nil cost to Pancontinental
- » Tullow's aggressive exploration campaign verifies Major Offshore Prospects
- » Operator Tullow will now consider a drilling location, with a full carry of drilling costs for Pancontinental under farmout
- » With the exploration programme fully funded, Pancontinental is in a favourable position to explore further opportunities in the region

Kenya L10A – Analysis of Sunbird-1 discovery results

- » The Sunbird-1 well uncovered Kenya's historic first ever offshore oil discovery
- » Ongoing analysis of the results will determine the future oil exploration activities in the region
- » Previously identified prospects and leads will now be reviewed using Sunbird-1 well data prior to the joint venture determining the location of one or more additional wells

Kenya L10B – Analysis of extensive seismic data continues

- » Analysis and assessment of the large volumes of 3D data previously acquired continues with a focus on how the Sunbird-1 well results impact exploration in this adjacent block

Kenya L6 – Fully funded onshore, farmout efforts offshore

- » As exploration onshore is now fully funded, Pancontinental has focussed its attention to farming out the offshore portion of the block

Kenya L8 – New licence

- » Pancontinental is committed to continued efforts in the award of a new L8 licence

Corporate

- » Cash balance of \$9.1 million as at 30 September 2014
- » With a number of Pancontinental's permits fully funded for the next phase of exploration, the Company has been actively seeking farminees for the remaining permits, as well as examining high-impact new projects

Overview

Pancontinental Oil and Gas NL (“Pancontinental”; the “Company”; ASX: PCL) continues to build a portfolio with significant opportunity for its shareholders.

During the quarter the company was pleased to announce that early interpretation of the 3D and 2D seismic surveys conducted in Namibia confirmed a number of major prospects. Successful oil and gas operator Tullow has moved quickly with exploration in the area and should seismic survey data produce a suitable location for drilling, Pancontinental will be fully funded by Tullow for the exploration well with no “capped” financial exposure.

Pancontinental is looking forward to further exploration in the area and is optimistic of the potential this acreage may bring.

In Kenya the excitement over the Sunbird-1 well results continues with ongoing analysis and assessment of the data to determine the implications for ongoing exploration in the area. This historic first-ever oil discovery offshore Kenya has provided the joint venture with crucial confidential data that Pancontinental believes will be the key to commercial success offshore Kenya.

Junior prospectors are often under pressure to fund well drilling, however Pancontinental is in the unique position of being fully funded for seismic and drilling in the offshore Namibian EL 0037 and Kenyan L6 onshore licences. The company has continued efforts during the quarter to farmout the remaining licences under attractive terms. This strategy will ensure that the Company can participate in the possibility of exploration success while retaining cash reserves and reducing financial obligations.

International Projects



Kenya Offshore & Onshore

Pancontinental's initial interest in Kenya began in 2002 with the award of Production Sharing Contracts over a number of licences. Since then, the company has generated the requisite financing either by farmout or equity financing to advance activities in the country.

The Company's strong acreage holding of approximately 15,000 km² is spread offshore and onshore across three licences.

Exploration activity has validated Pancontinental's long held theories, with encouraging results including:

- » The 2012 Mbawa-1 gas discovery which was the first ever discovery offshore Kenya. The discovery was made by Pancontinental and its L8 joint venture partners; and
- » The 2014 Sunbird-1 oil discovery, which was the second discovery offshore Kenya and the first-ever oil discovery. The discovery was made by Pancontinental and its L10A joint venture partners.

Pancontinental has played a significant part in the history of Kenyan oil and gas exploration and the Company looks forward to achieving future milestones in the pursuit of commercial success.

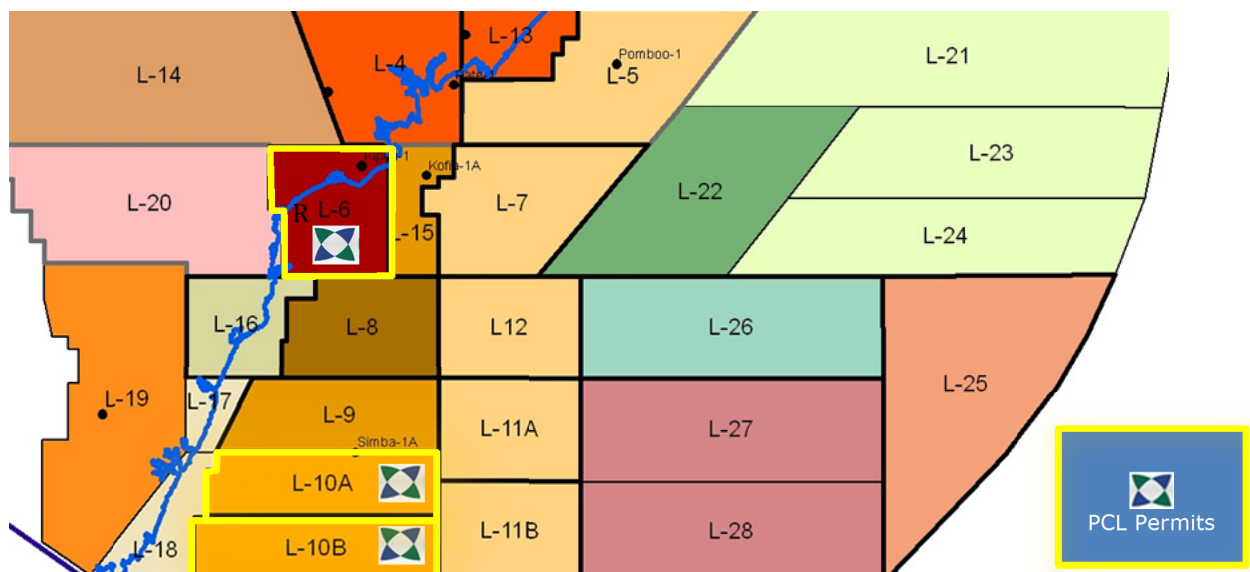


Figure 1 - Pancontinental's Kenyan Permits [Source: National Oil Corporation Kenya]

Kenya Offshore Block L10A

Location:	Lamu Basin	
Project Size:	4,962 square kilometres	
JV Partners:	BG Group (Operator)	50.00%
	Pancontinental	18.75%
	PTTEP	31.25%

Sunbird-1 Oil Discovery

Earlier in the year, the Company reported its involvement in Kenya's historic first-ever offshore oil discovery. The discovery was not only the first for Kenya but for the entire east African coast.

Drilling was conducted on the Sunbird Prospect, a carbonate Miocene reef that in permit L10A and extending into Pancontinental's adjacent permit L10B. The Sunbird Miocene Pinnacle Reef holds a reefal limestone reservoir which drilling proved to contain:

- » A gross oil column assessed to be 14m thick; and
- » A gross gas column assessed to be 29.6m and above the oil column.

The play-opening discovery is first proof of the presence of a prospective oil system in the Lamu Basin.

The very extensive data acquired from the well is complex and analysis and assessment has been lengthy and complex. During the process oil and gas recovered were geochemically identified and the source rocks dated and characterised for use in future exploration. Analysis of the results is ongoing to fully assess the impact that this discovery has on exploration in the East African margin.

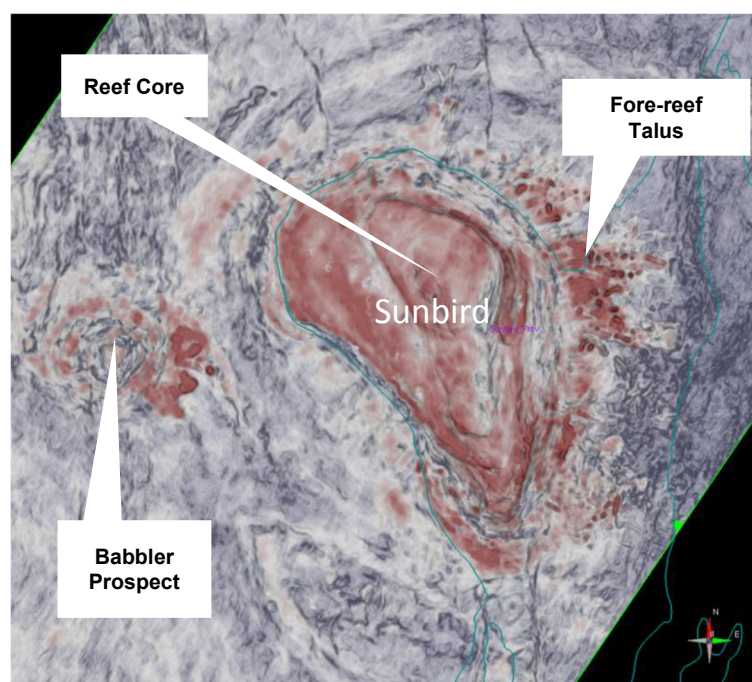


Figure 2 - The recently drilled Sunbird Prospect in Kenya Block L10A
[Source: BG Group]

Future Exploration

Following the Sunbird-1 discovery, previously known Prospects and Leads in both L10A and L10B are being revisited in light of the drilling results. The blocks cover a variety of play types with both carbonate (reef) and clastic (sandstone) targets.

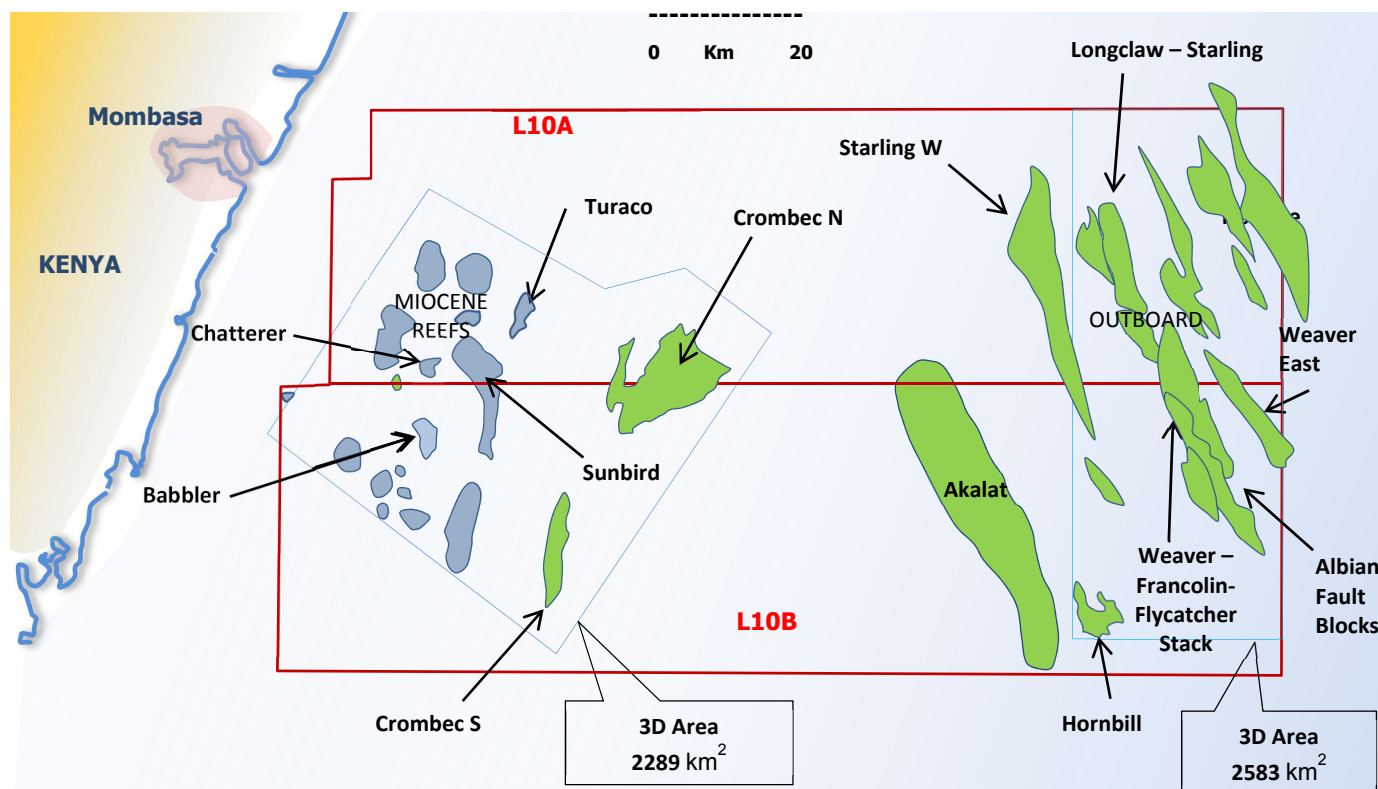


Figure 3 - Kenya L10A & L10B Prospects & Leads [Source: BG Group]

The Sunbird Prospect is located inboard within a group of Miocene reefs and alongside the exceptionally large Crombec Prospect. Crombec is a clastic play which continues to be worked using previously acquired seismic data.

Outboard prospects include Tertiary and Cretaceous channels, large anticlinal complexes and series of Cretaceous and Tertiary fault bounded prospects.

4,800km² of high-quality 3D seismic data has been acquired by the L10A and L10B joint ventures over recent years. This data has formed the basis for continued mapping of Prospects and Leads in the permits.

Post Sunbird-1 drilling further technical work will be carried out on locating the next drilling location. Operator BG Group will then recommend a future exploration programme for approval.

With proprietary geochemical data in hand, Pancontinental is eager for exploration to proceed in the region and with a healthy 18.75% interest, attractive farmout terms could be negotiated to aid in the participation of potential future seismic and exploration wells.

Kenya Offshore Block L10B

Location:	Lamu Basin		
Project Size:	5,585 square kilometres		
JV Partners:	BG Group (Operator)	75.00%	
	Pancontinental	25.00%	

Exploration Activity

Pancontinental welcomed the Kenyan Ministry of Energy and Petroleum's decision to grant an extension of 12 months to the current term of the L10B licence.

The drilling of the Sunbird-1 well not only enhances the prospectivity of the L10A permit but brings the prospect of future exploration achievements in the southern neighbouring permit L10B. The extension will allow the joint venture time to fully assess the impact of the historic oil find in addition to working with earlier acquired data such as seismic which has been used to map further prospects and leads in the area.

With a recently acquired additional interest, the Company now holds 25% of the permit enabling it to combine the interest in Kenyan block L10A for an appealing farmout proposal. The Company would aim to achieve:

- » Significant past cost reimbursement;
- » Funding of future exploration programmes; and
- » Retention of an interest in the permit.

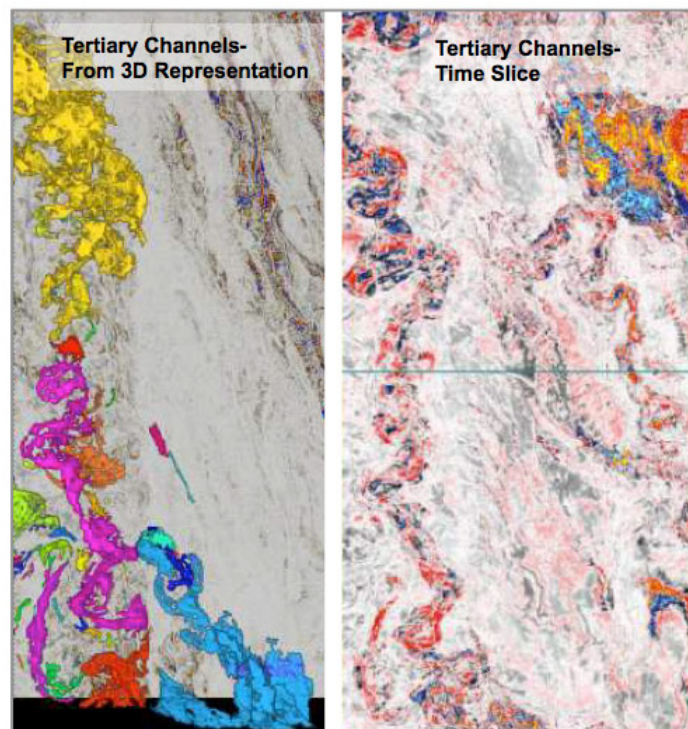


Figure 4 - Tertiary Channels 3D Seismic Maps [Source: BG Group]

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

Onshore

The Kenya L6 joint venture recently farmed-out the onshore portion of the permit to Dubai based Milio International in exchange for the free carry of 2D seismic work and an onshore exploration well. The farmout ensures that Pancontinental is carried for the onshore programme with no financial obligations or “caps” commonly in place in such arrangements. Preparations are already under way for the seismic programme which will mature existing leads for drilling.

Kudu, Mamba (Updip Kipini) and the Boundary Anticline were found to be the most prospective based on earlier exploration findings. The Kipini-1 well (1971) is south of Mamba. Once newly acquired data is integrated with existing records, a well site will be determined. Current plans, subject to operational and other conditions, are for drilling to commence in Q4, 2015.

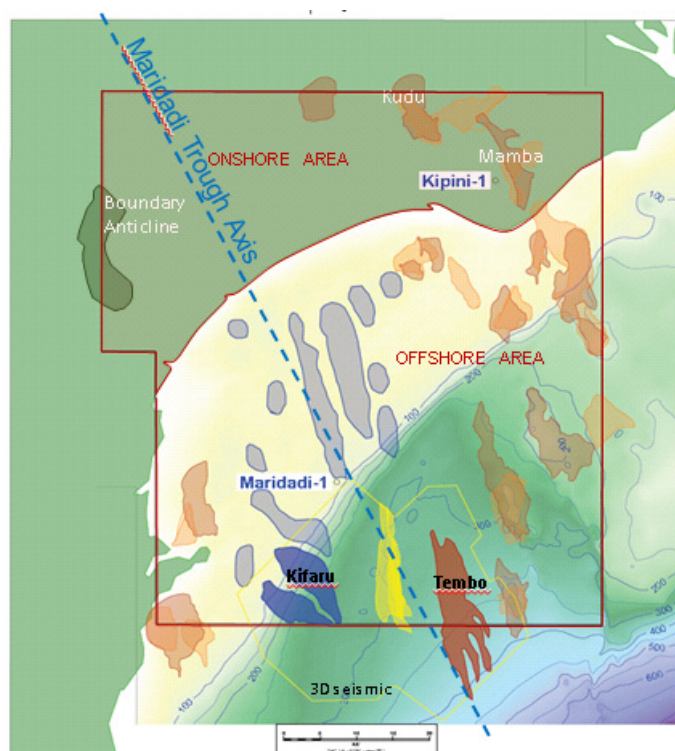


Figure 5 - Kenya L6 Prospects and Leads

Offshore

With the onshore portion of the L6 block fully funded for the next phase of seismic and drilling, Pancontinental is free to concentrate its efforts in farming out the offshore portion of the block.

The L6 joint venture had previously acquired 3D which identified several offshore Miocene reef prospects, in particular Kifaru and Kifaru West. The prospects are interpreted with good lateral and top seals and in close proximity to mature Eocene source rocks. Pancontinental's long held view is that there is an oil and gas source kitchen within a trough (Maridadi) that has hydrocarbon generating and trapping potential, extending from onshore to the offshore of the Kenyan coast.

Encouragingly, the prospects in permit L6 are on-trend to and share similar characteristics to the Sunbird-1 discovery results recently announced by Pancontinental and its L10A co-venturers.

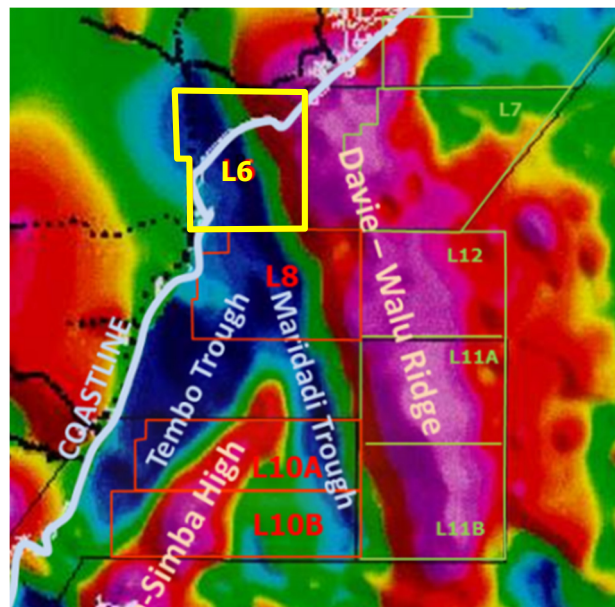


Figure 6 - Kenya L6 and the Maridadi trough

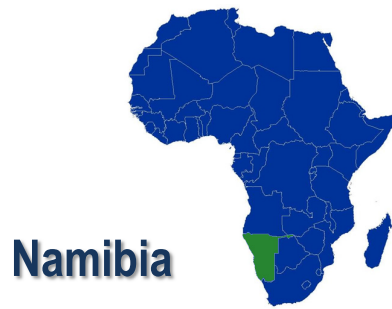
Kenya Offshore Block L8

Location:	Lamu Basin
Project Size:	5,115 square kilometres
JV Partners:	N/A – negotiations for the issue of a new permit are underway

Pancontinental is dedicated to working with the Kenyan Ministry in the award of a new L8 licence after the original exploration licence expired early 2014.

Ongoing discussions continued during the quarter.

International Projects



Namibia Offshore

In 2011, Pancontinental confirmed its identification of a potential oil-generating trend in the Walvis Basin offshore northern Namibia and as such applied for licence EL 0037 with a local Namibian partner.

Since then, south of the permit, oil has been recovered in the Wingat-1 well as well as the drilling of mature oil source rocks nearby.

The Company's three permits cover a large area of 17,295 square kilometres offshore in the Walvis Basin.

Pancontinental held a strong 95% interest prior to the timely farmin of Tullow Kudu Limited ("Tullow") under terms where the Company will be fully funded for the next phase of exploration (3D and 2D seismic and an exploration well estimated at US \$130 million) in exchange for the transfer of 65% still leaving Pancontinental with a significant 30% fully free-carried interest.

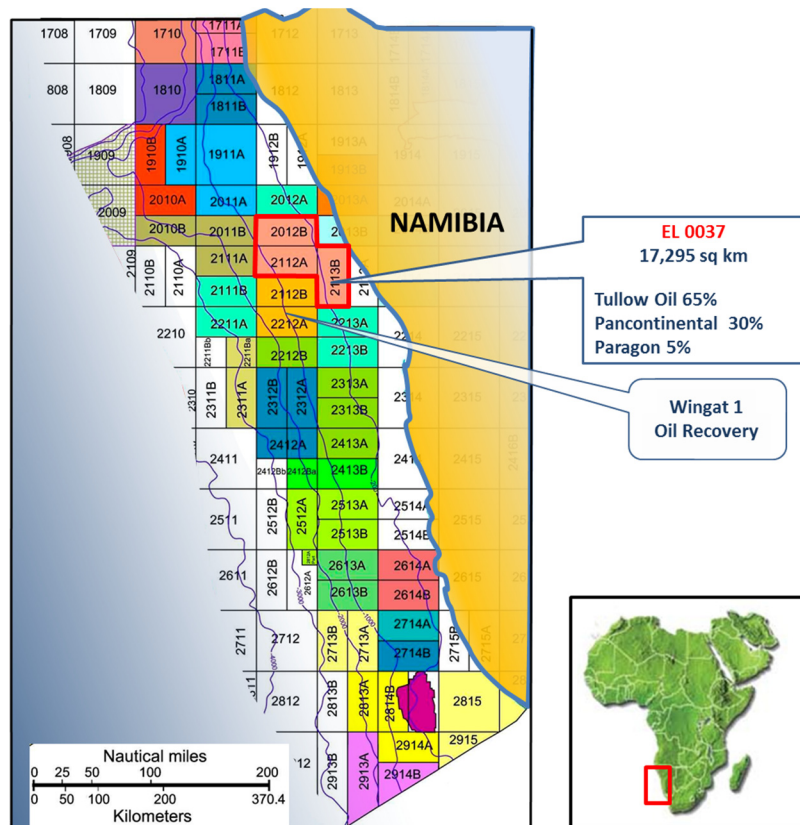


Figure 7 - Pancontinental's Namibian Permits

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%	

Early interpretation of seismic results

Tullow's entry into the EL 0037 joint venture has seen accelerated exploration of the licence. Since 2013, the 3D seismic programme, the 2D seismic programme and initial interpretation of the surveys has all come at no cost to Pancontinental. In addition, under the farmout terms, once the final seismic evaluation is complete and should the joint venture decide on a suitable drilling location, Pancontinental will be free carried through the first exploration well, with no financial liability.

Recent cost overruns have hurt junior players in the industry, so it is reassuring to the Company that exploration can proceed without the concern of having to be called upon for contribution to drilling costs.

Initial interpretation of the recently acquired seismic has confirmed at least four major turbidite fan prospects in the 3D area – the Albatross, Gannett, Petrel and Seagull prospects.

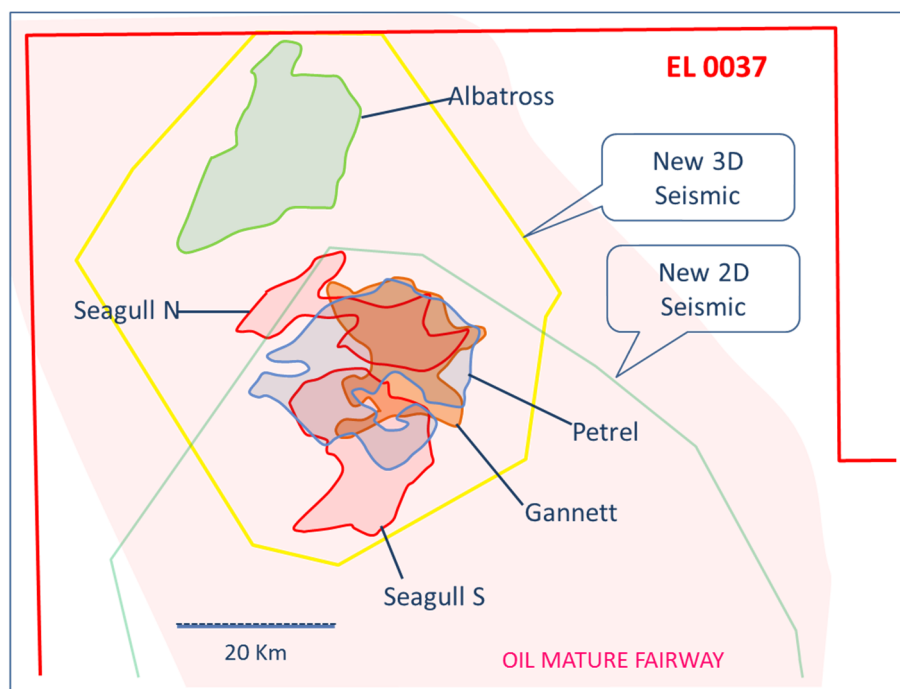


Figure 8 - EL 0037 Prospects

The prospects are located in favourable geological settings including an oil "fairway" identified by Pancontinental and validated by the drilling of Wingat-1 in an adjacent licence area. Good oil-prone and oil-mature source rocks were encountered as well as live oil recovered from the well in 2013.

Prospects

The Albatross Prospect is approximately 300 square kilometres in size and assessed to have the potential to contain 422 Million Barrels of Oil (gross, unrisked mean), or 1.093 Billion Barrels of Oil (P10 basis). [See cautionary statement below].

Further prospects and leads in addition to Albatross have gross mean risked potential resources exceeding 150 Million Barrels of Oil. [See cautionary statement below].

Pancontinental expects that the above prospective resource estimates will be subject to change once fully processed 3D and 2D data have been interpreted and mapped. In addition, seismic data interpretation may also identify a number of additional large prospects as drilling targets.

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 movable hydrocarbons.

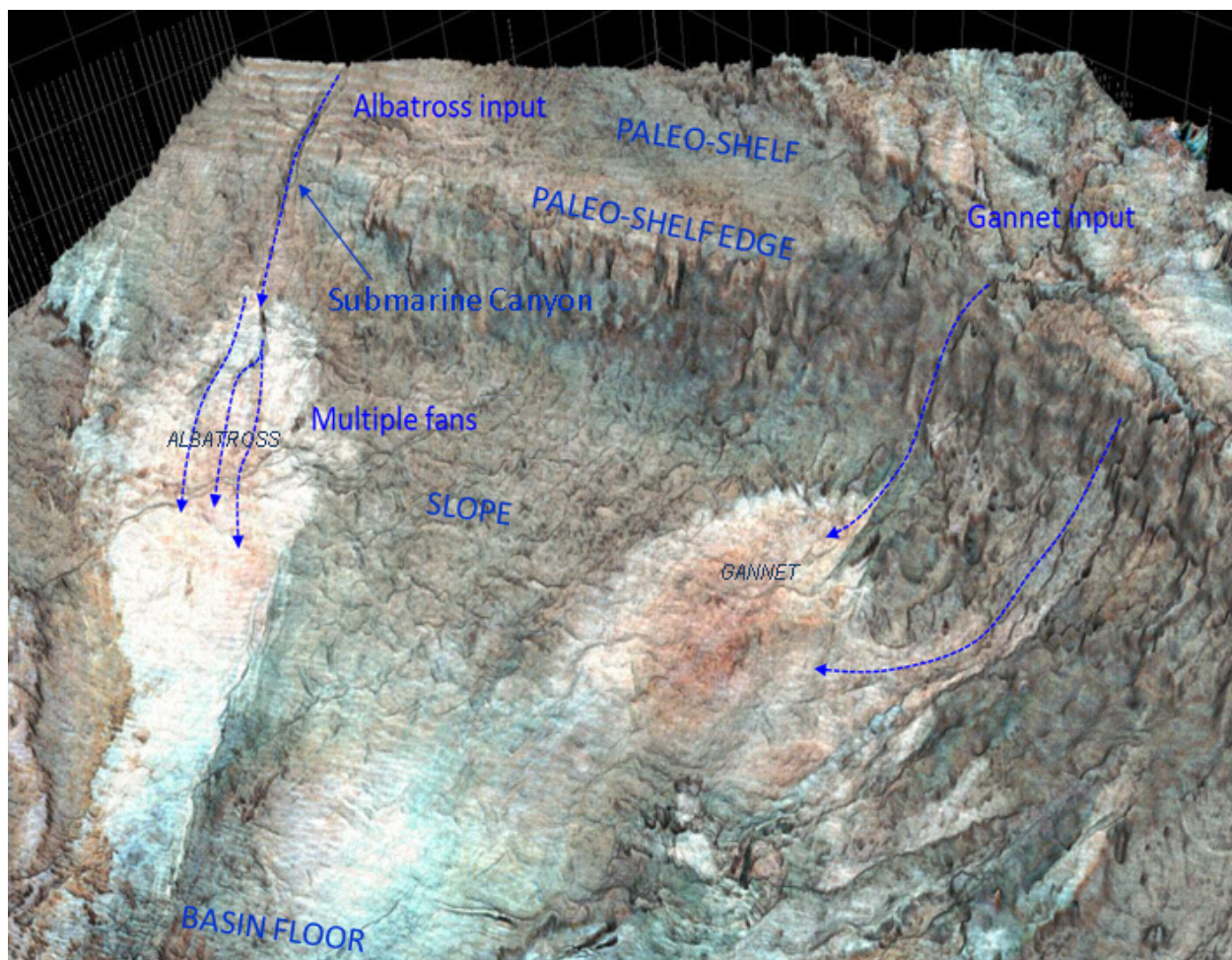


Figure 9 - Albian fan systems offshore Namibia

Australia

EP-104 / R1 Onshore Canning Basin

Pancontinental Oil & Gas NL – 11.11%

The RL1 area has been excised from the EP-104 exploration area to allow retention of the Point Torment gas discovery and the Stokes Bay 1 area. RL1 was renewed by the Minister of Mines and Petroleum of Western Australia for a period of five years from 8 November 2010.

No activity has been undertaken for some time and Pancontinental is now reviewing its position in the licences.

L15 Onshore Canning Basin

Pancontinental Oil & Gas NL – 12%

Pancontinental and its co-venturers have been granted Petroleum Production Licence L15 over the West Kora-1 oil discovery well in the Canning Basin of Western Australia. The licence is for 21 years commencing 1 April 2010.

The Company is examining the future potential and value of this project.

EP 424 Offshore Carnarvon Basin

Pancontinental Oil & Gas NL – 38.462%

EP-110 is operated in conjunction with EP-424. The parties in EP-110 have identical equities to those in permit EP-424.

Following a technical review of the Baniyas potential and due to the absence of success in extending Joint Venture access over all of the Baniyas Prospect, it was decided to consider selling or farming out the licences.

EP 110 Onshore Carnarvon Basin

Pancontinental Oil & Gas NL - 38.462%

This permit is operated in conjunction with EP-424. The parties in EP-110 have identical equities to those in permit EP-424.

The Joint Venture is considering a further review aimed at outlining possible onshore leads and prospects in EP 110.

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%
	L10A	18.75%	0.00%	18.75%
	L10B	25.00%	0.00%	25.00%
Namibia	EL 0037	30.00%	0.00%	30.00%
Western Australia	EP 104 (R1)	11.11%	0.00%	11.11%
	EP 110	38.462%	0.00%	38.462%
	EP 424	38.462%	0.00%	38.462%
	L15	12.00%	0.00%	12.00%

Corporate

Cash Position

- » As at 30 September 2014, Pancontinental's cash position was \$9.1 million.
- » Pancontinental will seek to significantly enhance its cash position by securing the reimbursement of substantial back costs in addition to exploration funding under farmout of Kenyan blocks L6 offshore, L10A and L10B.
- » The major items of expenditure during the September 2014 Quarter were:
 - Exploration and Evaluation \$403k; and
 - Administration \$373k.

New Ventures

Pancontinental's strategy of identifying, acquiring and de-risking quality acreage while progressing exploration with the farmin of international joint venture partners has been advancing as planned in Namibia and onshore Kenya.

Now the Company is fully funded in a number of permits, it has focussed its attention to attracting farminees for the remaining offshore Kenyan acreage as well as reviewing other exploration opportunities around the world to further strengthen the asset base of the Company.

Conferences

During the quarter Pancontinental was represented at the East Africa Oil & Gas Conference in Perth and the Namibia Oil & Gas Conference in Windhoek.

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Disclaimers

Any 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.

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental'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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