

Highlights

Namibia EL 0037 – Mapping of Major Prospects on new 3D underway

- » Exploration activity continued during the quarter with the mapping of recently identified Major Offshore Prospects.
- » Mapping of the Prospects will bring the joint venture closer to potential drilling.
- » Operator Tullow's accelerated exploration programme has enabled exploration progress to continue for Pancontinental with no financial exposure:
 - 3D Seismic Survey Programme
 - 2D Seismic Survey Programme
 - Initial interpretation of Surveys

have all been completed at no cost under the successfully negotiated farmout to Tullow. Potential drilling will also be captured under the farmout terms with one well fully funded by Tullow. Risk has been strategically managed by ensuring the well carry does not have any caps, meaning Pancontinental will not be required to contribute financially to well costs, even in the case of over budget or unforeseen expenditures.

- » The Tullow farmout has freed up a large percentage of the company's capital and resources allowing focus on other assets and new ventures.

Kenya L10A – Review of large Prospect Inventory

- » The 2014 Sunbird-1 well delivered exploration success not only for the Company but for Kenya in that it was the country's first ever offshore oil discovery.
- » The Sunbird Prospect was only one target of a large inventory; there are numerous large prospects yet to be drilled. Review of these prospects in light of the Sunbird-1 results is currently underway.

Corporate

- » Cash balance of \$8.8 million as at 31 December 2014.

ASX Code – PCL

Issued shares – 1,151 million

Market Capitalisation - @ 2.1 cps - \$24.2 m

Cash at End of Quarter - \$8.8 million

Overview

While this is a challenging time for the junior oil and gas sector, Pancontinental has positioned itself with favourable conditions in two of its key assets. Exploration in offshore Namibia (EL 0037) and onshore Kenya (L6) is continuing under farmout for both seismic and potential drilling.

In Namibia, exploration-led operator Tullow continued its work programme during the quarter. Pancontinental is eagerly awaiting updates from the programme which could see a drilling location chosen in the near term.

Onshore Kenya L6 is operated by Dubai based Milio International and is the site of upcoming seismic operations, which will all be free carried by Milio.

The Company's remaining major assets Kenya L10A, L10B and offshore L6 all have prospective attributes which the Company believes will bring future exploration success.

International Projects



Kenya

Kenya Offshore & Onshore

Pancontinental's successful history in Kenya has spanned over a decade:

2002 Pancontinental recognised the oil potential in the Tana River Delta and as such applied for licences in the area. Production Sharing Contracts were awarded and the exploration journey began.

Throughout the years, Pancontinental has attracted various joint venture partners as well as funded early stage exploration programmes in the area. After a solid presence in the exploration industry of Kenya, success finally arrived:

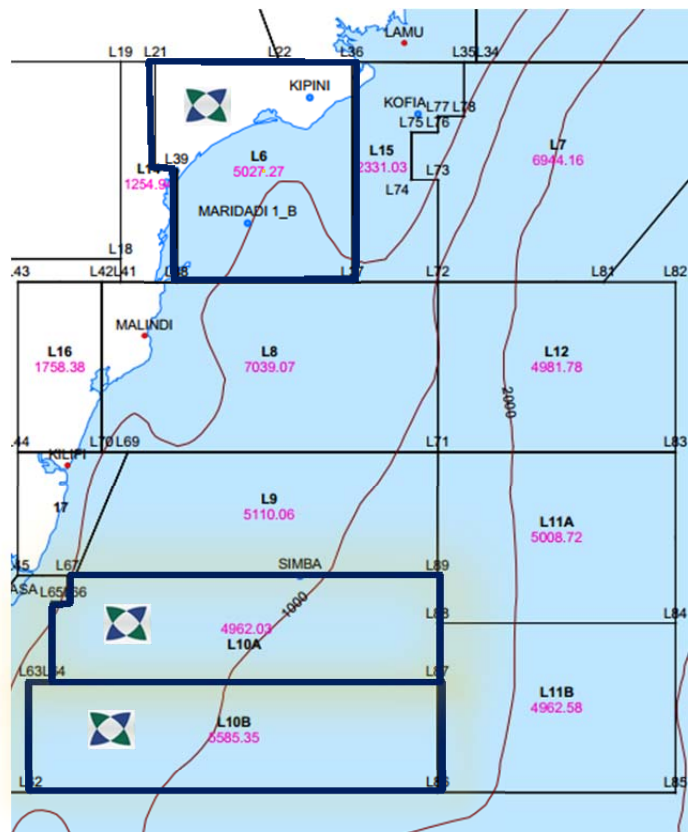
2012 Mbawa-1, Kenya L8
» The first ever gas discovery offshore Kenya; and
» The first ever hydrocarbon discovery offshore Kenya.

2014 Sunbird-1, Kenya L10A
» The first ever oil discovery offshore Kenya; and
» The second ever hydrocarbon discovery offshore Kenya.

The Company now holds three exploration licences; L10A, L10B and L6, covering an area of approximately 15,000 km² and situated both offshore and onshore.

Pancontinental has already been written into the Kenyan exploration history books and now the Company looks forward to future success in the quest for commercial oil.

Figure 1 - Pancontinental's Kenyan Permits
[Source: National Oil Corporation of 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% |

Exploration Activity

During 2014, Pancontinental and the Kenya L10A consortium discovered the first oil offshore Kenya; in fact the Sunbird-1 discovery was also the first for the entire East African Coast. The drilling results from Sunbird are significant in that they have reversed a previously long held industry misconception that East Africa had potential only for gas.

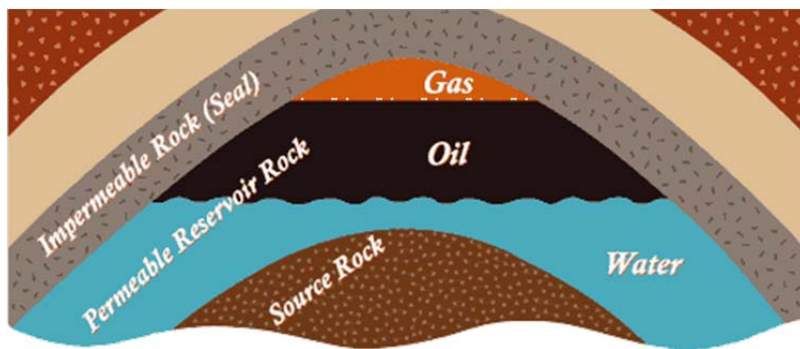


Figure 2 – Example of gas over water column

A gross oil column 14m thick was discovered below a gas column of 29.6m in the Sunbird limestone reservoir. In addition, confidential details on the age and characteristics of the source rock were also determined.

Encouragingly, a thick and effective seal was found above the oil and gas columns which should prevent the hydrocarbons from migrating to another location. The four key geological elements which must be present for a discovery include source, seal, reservoir and trap. Sunbird data acquired has presented the joint venture with a deeper understanding of the geological reef setting present in the prospect as well specifics of each the elements.

Around the globe, buried Miocene reefs such as Sunbird, have been found to hold large oil and gas reserves. Features include high porosity, permeability and notable flow rates of oil and gas.

Information ascertained to date on the newly proven oil system has only scratched the surface with much more knowledge yet to be gained from further detailed analysis and assessment. Drilling results coupled with the findings of the extensive seismic acquisitions conducted over the permit will determine exactly what it means for Sunbird and the numerous prospects with varying geological settings which have been defined in the area.

The Sunbird Prospect is located within a group of Miocene reefs; also referred to as carbonates and within the vicinity of another major prospect; Turaco. Alongside these Miocene reefs and further offshore, Crombec; a large clastic (sandstone) prospect continues to be worked up. [See figures 3 and 4 below].

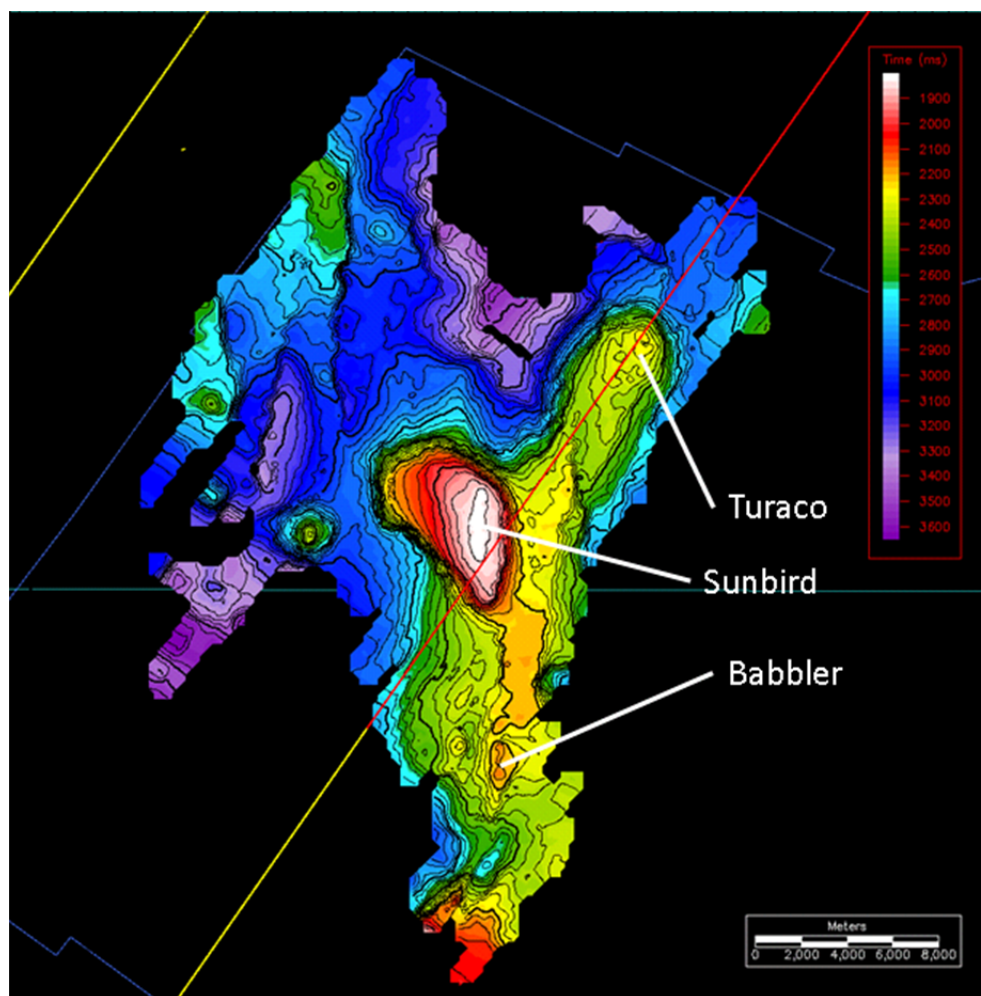


Figure 3 – Carbonate (reef) Prospects in Kenya Block L10A and L10B
[Source: BG Group]

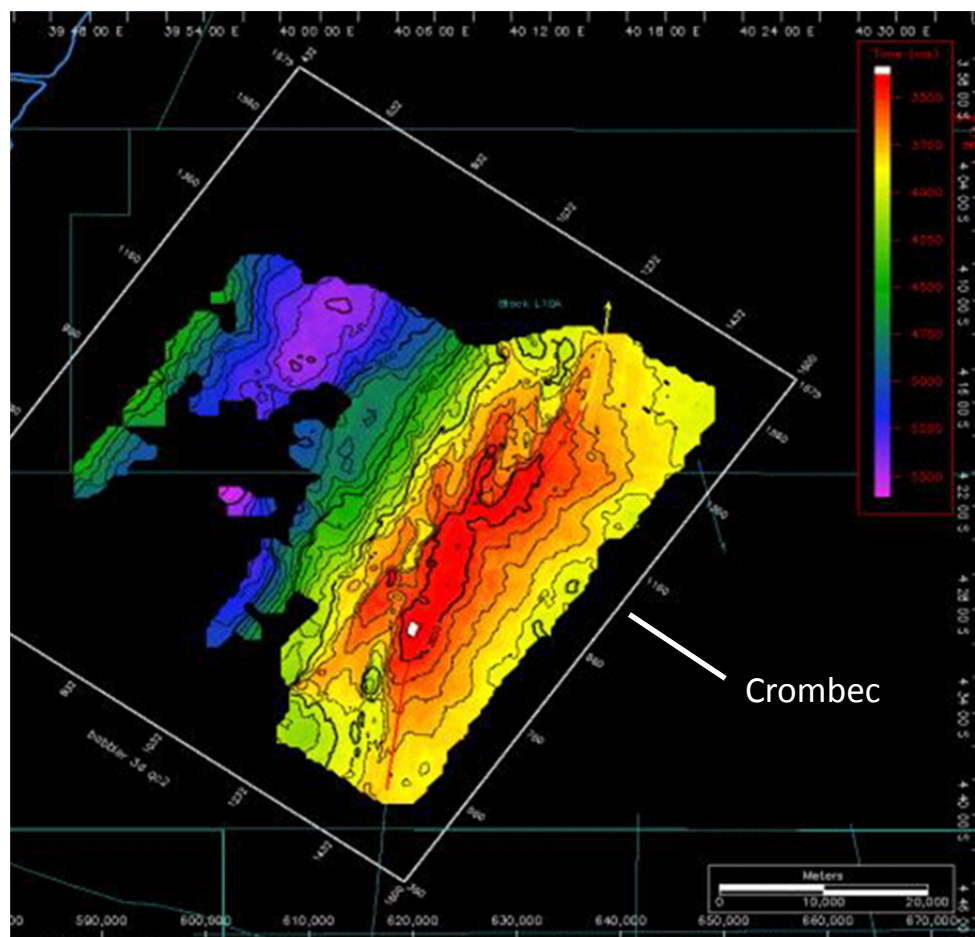


Figure 4 – Clastic (sandstone) Prospect in Kenya Block L10A and L10B
[Source: BG Group]

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

The L10A and L10B permits are located adjacent to each other in the Lamu Basin and as such share many similar geological traits. It is believed that the Tana River carried sediments and nutrients which were deposited offshore in two troughs; Tembo and Maridadi. Both of these troughs run through the Company's L10 permits.



Figure 5 – Tana River flowing offshore Kenya

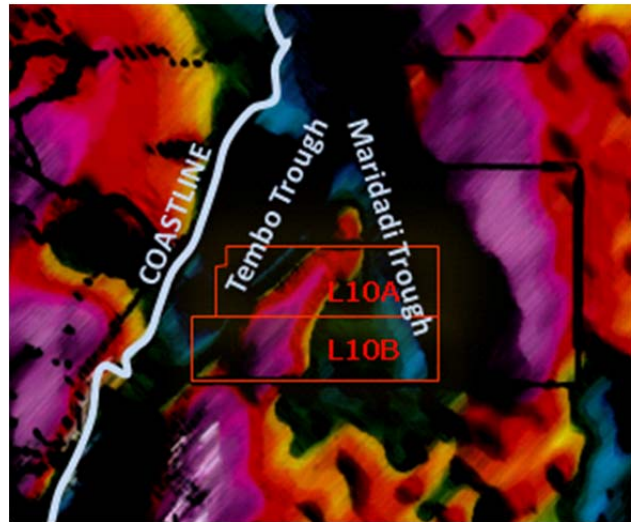


Figure 6 – Tembo and Maridadi troughs

In addition, a number of prospects straddle both the L10A and the L10B permit. Therefore, the Sunbird-1 well results are not only crucial for understanding the L10A permit area but also the L10B permit to the south.

The prospect inventory is currently under re-examination with certain prospects such as Crombec receiving close attention as potential drilling targets.

After successful negotiations with the Kenyan Ministry of Energy and Petroleum, the L10B joint venture was awarded a 12 month extension on exploration activities in order to fulfil its licence work commitments. The extension comes at an opportune time with the ongoing analysis of the Sunbird-1 well data unravelling the geological puzzles in the region.

With extensive 3D coverage in the area in addition to the vast technical data from Sunbird, the joint venture is in a prime position to plan the optimal locations which could uncover potential commercial oil reserves.

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

Exploration in the onshore portion of permit L6 is continuing under farmout. 2D seismic and an exploration well are to be completed with no financial obligations transferring to Pancontinental.

In recent years, Milio International confirmed its belief in the prospectivity of the L6 onshore area by farming into the permit. Milio is party to the neighbouring L20 permit and as a consequence of the work carried out in that permit, the Company sought additional onshore acreage in L6 to continue exploration activities.

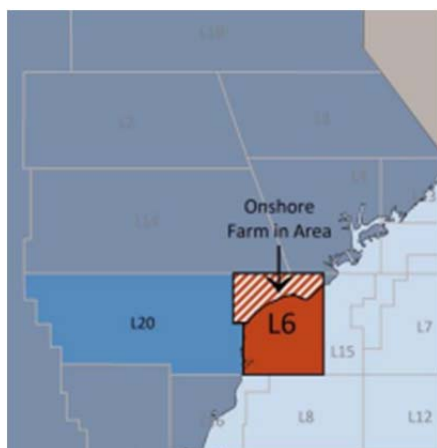


Figure 7 – Milio farmin area
[Source: Operator FAR Limited]

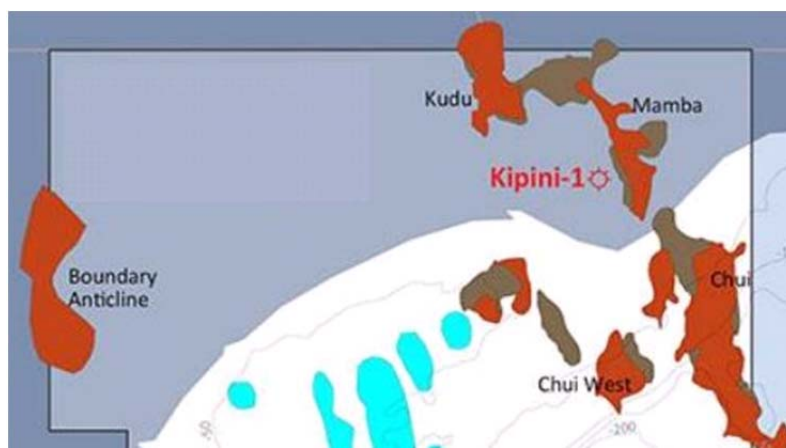


Figure 8 – Prospects onshore L6
[Source: Operator FAR Limited]

The key prospects onshore are Kudu, Mamba and Boundary Anticline. A historic well was drilled to the south of the Kudu / Mamba area and will provide important information which will be integrated into the seismic interpretation model prior to the selection of drilling locations.

Onshore prospects are a combination of Eocene and Cretaceous clastics (sandstones); exploration of which will provide valuable intelligence for exploration in the region as the clastic properties continue down into the offshore portion of the block.

Offshore

Pancontinental is excited to see what exploration in the northern onshore portion of permit L6 will mean for the clastic environment which continues into the southern offshore area of the block. Milio's exploration programme will assist in answering questions for both the onshore and the offshore geological settings.

The L6 permit is a mix of onshore and offshore areas with both:

- » Clastic (sandstone) environments; and
- » Reef (carbonate) environments.

While onshore exploration results will assist with the analysis of the clastics in the area, the recent Sunbird-1 well drilled by the Company will also assist with uncovering unknown elements of the reef environments present.

The above data in addition to the existing 3D will add value and firm up the existing prospect properties. The Miocene reef prospects that the joint venture is evaluating are on trend to two hydrocarbon generating troughs; Maridadi and Tembo that also extend into the Company's L10A and L10B permits.

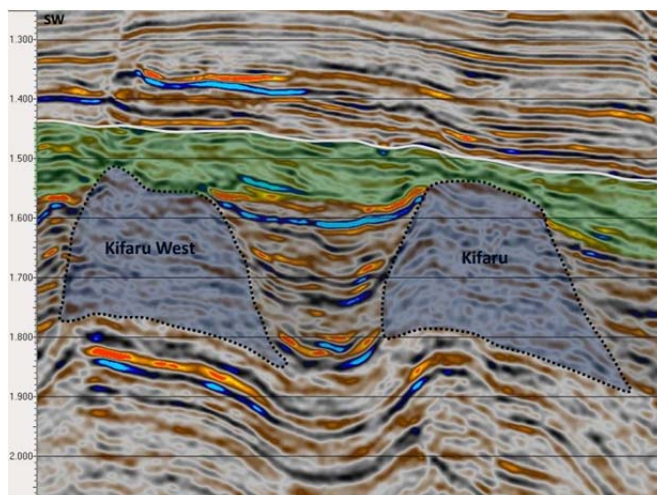


Figure 9 – Kenya L6 offshore prospects
[Source: Operator FAR Limited]

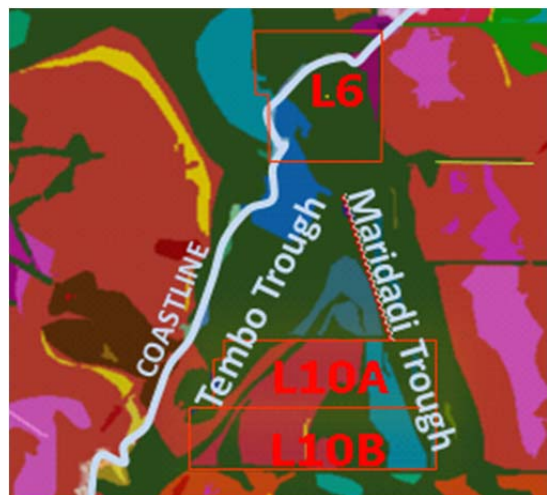


Figure 10 – Block L6 and the Tembo and Maridadi troughs

This period of evaluation is extremely important as it will form the basis of major decisions going forward, both project and commercial.

Kenya Offshore Block L8

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

Pancontinental is still pursuing the possibility of bringing the L8 permit back into its portfolio of offshore Kenyan properties.

International Projects



Namibia Offshore

Pancontinental's involvement in Namibian exploration activities extends from historic licences granted many years ago when the Company predicted an oil-generating fairway zone and high quality turbidite fan deposits to:

- 2011 Acreage under Exploration Licence 0037 was acquired in the Walvis Basin, offshore Northern Namibia with a local partner;
- 2013 With initial exploration work complete and a solid 95% interest, the Company farmed out 65% to Tullow Kudu Limited for a free carried, no cap, seismic and exploration well programme, worth an estimated US \$130 million; and
- 2014 Exploration under farmout continued with 3D and 2D seismic surveys conducted and their interpretation ongoing.

Regional activity has generated positive results with oil recovered in the nearby Wingat-1 well drilled by Brazil's HRT (now PetroRio).

The Company holds a large acreage position of 17,295 square kilometres offshore in the Walvis Basin. Exploration licence 0037 covers three neighbouring permits in a highly prospective area.

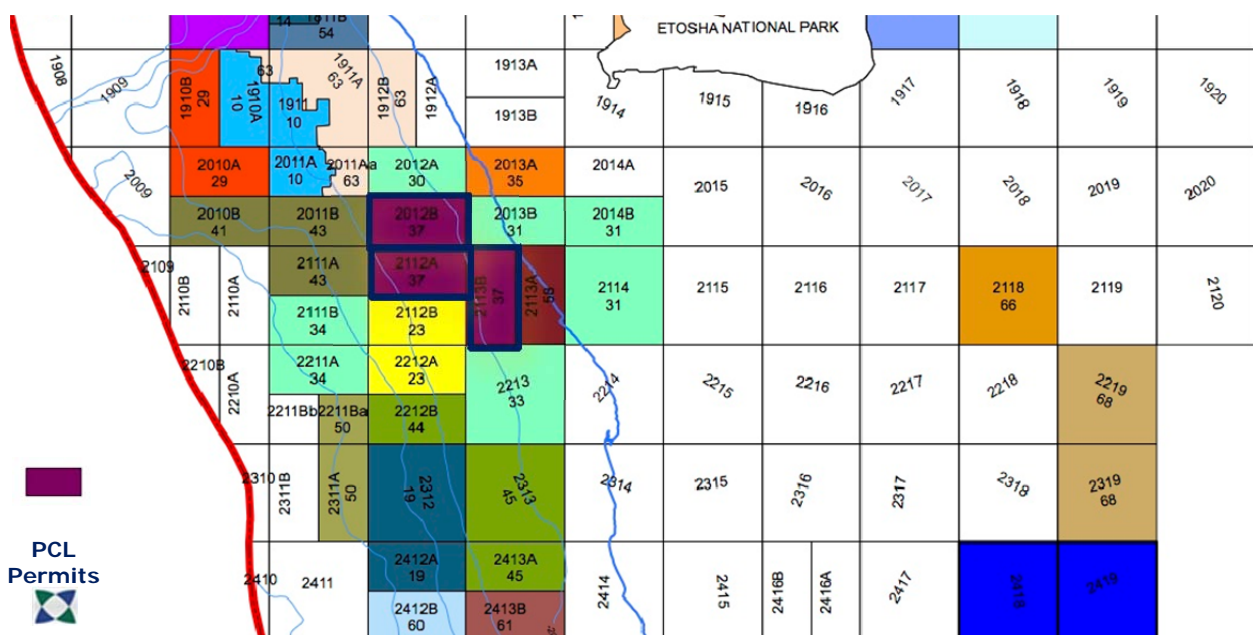


Figure 11 - Pancontinental's Namibian Permits

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% | |

Exploration Activity

The Company's 2012B, 2112A and 2113B permits are located adjacent to each other in Exploration Licence 0037, Walvis Basin.

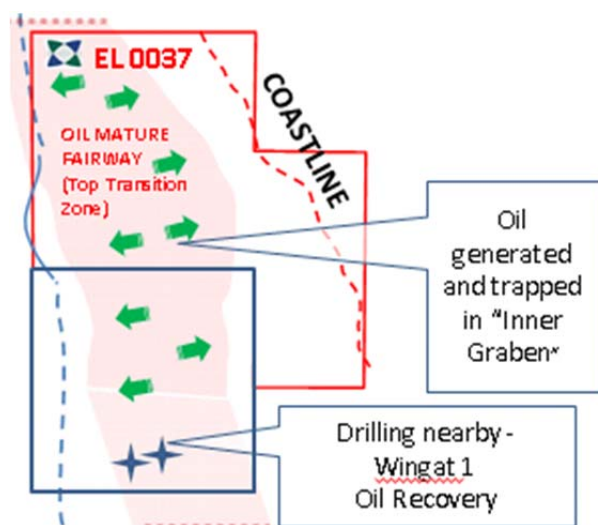


Figure 12 – Oil mature fairway concept for the Company's Namibian permits (red outlined area)

Exploration under farmout has continued for Pancontinental with Tullow's exploration programme now mapping previously identified Major Offshore Prospects in preparation for a potential drilling campaign.

Extensive 3D and 2D seismic as well as initial interpretation conducted over the area formed part of the farmin terms as will a future exploration well. Due to the "no cap" terms negotiated by Pancontinental, the Company will not be liable for any financial contributions in the event of cost overruns or unforeseen expenditures.

Four major turbidite fan prospects were identified during initial interpretation – Albatross, Gannett, Petrel and Seagull. The prospects are located within a "fairway" which was predicted by Pancontinental in its long held theories on Namibia. The Company's philosophy was supported when Brazil's HRT (now PetroRio) drilled and successfully recovered oil from the well during 2013. Figure 12 shows Pancontinental's blocks and the proximity to the Wingat-1 well.

The oil found in Wingat-1, is interpreted to be at approximately the same stratigraphic level as the EL 0037 prospects defined and identified on recent 3D. In addition, the prospects appear to be close vertically to the interpreted oil source rocks.

With ongoing interpretation and mapping, Albatross and other prospects will be assessed for potential drilling. The joint venture will then be in a position to determine drilling sites and dates.

Prospectivity

The below prospectivity assessments were prepared prior to the interpretation of the latest seismic survey campaign, as such updates to the below estimates are expected once final results are available.

Albatross Prospect

- » approximately 300 square kilometres in size;
- » 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].

Other Prospects and Leads within EL 0037

- » Gross mean risked potential resources exceeding 150 Million Barrels of Oil.
[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 movable hydrocarbons.

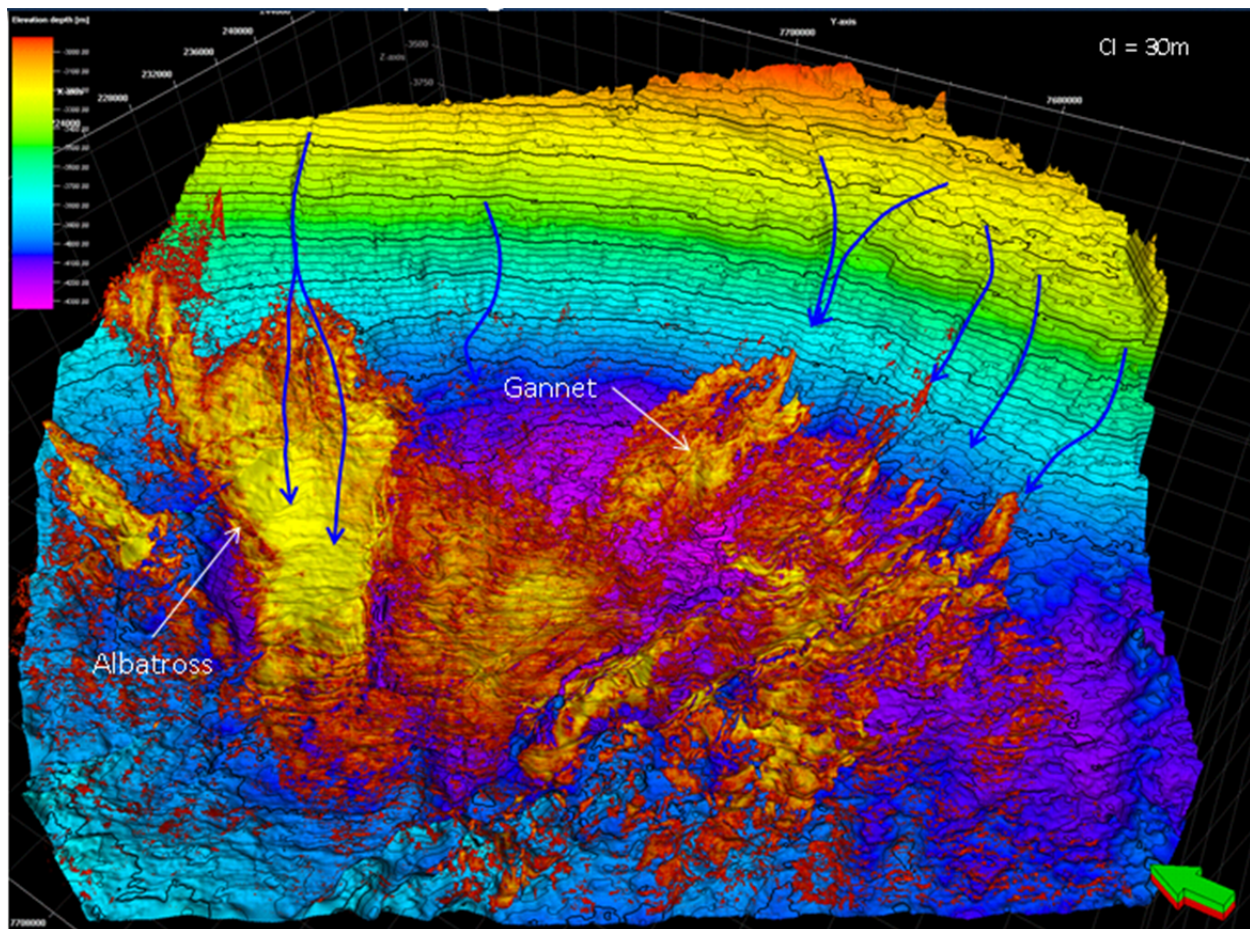


Figure 13 – Albatross and Gannet prospects offshore Namibia

Australian Projects



EP-104 / R1 Onshore Canning Basin

Pancontinental Oil & Gas NL – 11.11%

L15 Onshore Canning Basin

Pancontinental Oil & Gas NL – 12%

EP 424 & EP 110 Carnarvon Basin

Pancontinental Oil & Gas NL – 38.462%

Pancontinental has undertaken a technical and financial assessment of its current acreage and as such it has been decided that the Company will make arrangements for the relinquishment of all its Western Australian permits in a bid to reduce overall costs and exposure on exploration expenditure outside of its core assets.

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% |

* Subject to the completion of relevant paperwork, the Company has agreed to relinquish all of its Western Australian licences.

Corporate

Cash Position

- » As at 31 December 2014, Pancontinental's cash position was \$8.8 million;
- » The major items of expenditure during the December 2014 Quarter were:
 - o Exploration and Evaluation \$423; and
 - o Administration \$592
- » During the quarter the Company performed a detailed review of the entire business to ascertain where costs could be reduced and exposures minimised.

Conferences

The Africa Oil Week conference held early November 2014 was attended by Company representatives. The worldwide event attracts thousands of delegates and hundreds of exhibitors, providing ample opportunity for new venture propositions and discussions which were the prime objectives for the Company this quarter.



Figure 14 – Ger Kegge, one of Pancontinental's representative at Africa Oil Week



Figure 15 – Africa Oil Week

New Ventures

The Company has continued discussions and review of many potential new ventures. Preservation of cash reserves while taking advantage of presented opportunities requires sensible management to ensure value is created and retained.

Annual General Meeting

During November 2014, the Company conducted its Annual General Meeting with resolutions for the re-election of Executive Director Ernie Myers and Non-Executive Director Anthony Maslin put to the meeting and passed.



Figure 16 – Pancontinental Board Members at the Company's Annual General Meeting 2014

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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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