



PANCONTINENTAL

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ASX Announcement

30 November 2012

Chairman's Address to the AGM

Ladies and gentlemen, thank you for attending Pancontinental's Annual General Meeting today.

After the close of formal business, our CEO, Barry Rushworth will make a technical presentation to you and answer any technical questions you may have. I have only a few brief comments concerning the company's status.

Two months ago Pancontinental passed a significant milestone in its East Africa program with the drilling of the Mbawa 1 well offshore Kenya. With 52 metres of net gas "pay", Mbawa 1 is a substantial gas discovery. Although the Company and its partners would have preferred a major oil discovery, the result was excellent, demonstrating, for the first time, that this extensive region has a generating hydrocarbon system, and making the case for additional large discoveries in the near future. The technical analyses from several portions of the drilled section indicate to our staff that oil as well as gas should have been generated, and that there is a significant probability that substantial oil discoveries will be made elsewhere within Pancontinental's licences, if not within other portions of the Mbawa structure itself.

The Mbawa drilling is the first in a series of planned wells that take Pancontinental's exploration programmes to a new level in East Africa.

The Kenya L8 joint venture is still evaluating the data from the Mbawa 1 well and a recommendation of the future program for the block is expected in Q1 2013. Importantly in the very near term, shareholders can expect to benefit from at least two nearby wells to be drilled by Anadarko as operator, the first to be spudded in December 2012. In Blocks L10a and L10b the operator BG Group is about to undertake a further 3D seismic programme over the western portion of the permits following which drilling prospects will be identified and the forward exploration programme involving potentially 2 wells will be outlined.

In Namibia, although Pancontinental won't participate in drilling in 2013, shareholders have some benefit from four wells which have been announced by Brazilian company HRT, the first to be drilled as early as February 2013. Two of these wells are immediately adjacent to Pancontinental's licence area. Two additional wells are also expected to be drilled offshore Namibia by another company in 2013, probably bringing the total of the year to six.

During the year, Pancontinental succeeded in acquiring additional equity in the Namibian license, bringing its interest to 95%. This greatly increases flexibility in future dealings with the license.

Your company consistently accomplishes a phenomenal amount of technical and promotional work with a very small staff, and I'm pleased, on your behalf, to thank our CEO, Barry Rushworth; Finance Director, Ernie Myers; Company Secretary, Vesna Petrovic, and our diligent and very effective administrative consultants for an excellent job, and a great discovery.

Financially, Pancontinental is in healthy condition, with some 39 million dollars in reserve. In Kenya we will contribute 15% of funds for the L10 drilling, but expect to farm out near term expenditure in L6, and we will be largely "covered" for the next stage of L8 drilling. In Namibia, we expect to complete the next phase of seismic analysis before farming out for additional seismic and drilling.

It should be an exciting year!

Thank you for your continuing interest

H. David Kennedy