

MARCH 2023 QUARTERLY ACTIVITIES REPORT

Pancontinental Energy NL (**ASX: PCL**) ("**Pancontinental**" or "**Company**") is pleased to provide its Quarterly Activities Report for the period 1 January 2023 to 31 March 2023.

HIGHLIGHTS

- **Woodside enters into exclusive option agreement for Namibia PEL 87, Orange Basin, offshore Namibia**
- **Woodside fully funding a ~US\$35 million 3D seismic survey over the Saturn Turbidite Complex**
- **Acquisition of over 50% of the approximate 6,872 km² survey has been completed**
- **Early "fast-track" results anticipated by late August 2023**
- **PEL 87 is situated on-trend to TotalEnergies' Venus-1 oil discovery and to Shell's Graff-1, La Rona-1 and recent Jonker-1 discoveries**
- **Significant increase in operational activity in Orange Basin with both TotalEnergies and Shell scheduled to test and drill multiple new wells through CY2023/CY2024 and beyond**

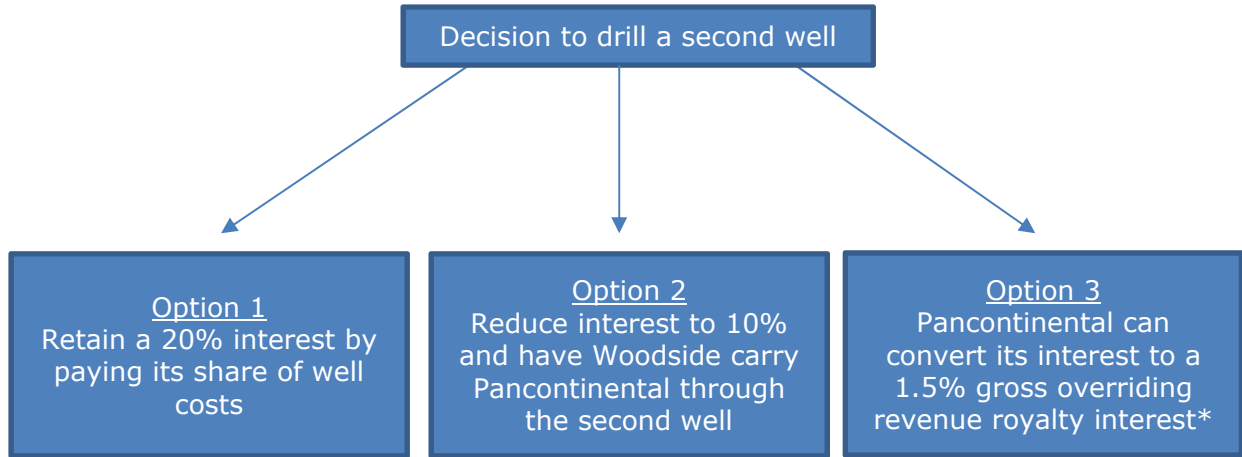
PEL 87 Woodside Option Agreement

During the reporting period, Pancontinental entered into an Option Deed (**Deed**) with a wholly owned subsidiary of Woodside Energy Group Ltd (**Woodside**). Under the terms of the Deed, Pancontinental has granted to Woodside an exclusive option to acquire a 56% participating interest in Petroleum Exploration Licence 87 (**PEL 87**), in return for Woodside fully funding a 3D seismic survey and paying Pancontinental US\$1.5 million. The 3D seismic survey was originally intended to cover an area of at least 5,000 km², at an estimated cost of US\$35 million, however the area has subsequently been increased by Woodside to approximately 6,872 km², with no modification to the commercial terms of the Deed.

In the event that Woodside elects to exercise its option under the Deed, Pancontinental and Woodside will enter into a Farmout Agreement which will see Pancontinental fully carried for the drilling of an exploration well within PEL 87. Pancontinental will retain a 20% interest in the project, having entered into an option agreement with its existing joint venture partner Custos Investments (Pty) Ltd (**Custos**) to acquire a 1% interest at an upfront cost of US\$1.5 million and an exercise fee of US\$1.0 million. Both the US\$1.5 million receivable from

Woodside and the US\$1.5 million payable to Custos have been settled during the reporting period.

After completion of the first exploration well, if the joint venture elects to drill a second well then under the terms of the Deed Pancontinental has various options, as presented in Figure 1.



*Exercisable at any time up to 60 days after the approval of any Development Plan

Figure 1: Pancontinental options under Woodside Option Deed

The Pancontinental Board of Directors is delighted to have secured the option agreement with a company of Woodside Energy's calibre, and looks forward to completion of the seismic program and beyond.

3D Seismic Survey Operations

Exploration of PEL 87 has progressed within just a few days of execution of the Deed, with commencement of 3D seismic survey operations by PGS as announced to ASX on 6 March 2023. This rapid deployment was a result of project planning and the completion of regulatory and partner approvals in parallel with commercial negotiations relating to the Deed.



Image: Ramform Titan (Courtesy of PGS)

PGS is using its specialist seismic vessel Ramform Titan for the 6,872 km² survey, which is focused primarily on the Saturn Turbidite Complex (**STC**) as mapped by Pancontinental based on existing 2D seismic data. The survey is estimated to take a total of 3 months to complete, with operations currently on schedule and over 50% of the survey acquired as per the Company's announcement to ASX of 18 April 2023. "Raw" survey data is expected to be delivered to the seismic processing contractor in June 2023, with early "fast-track" processed and interpreted results anticipated to become available by late August 2023. Fully processed and interpreted results will follow a few months later.

PEL 87 Project Summary

PEL 87 covers an area of some 10,947 km² of the Orange Basin, a largely underexplored petroleum system situated offshore Namibia and extending south into South African waters.

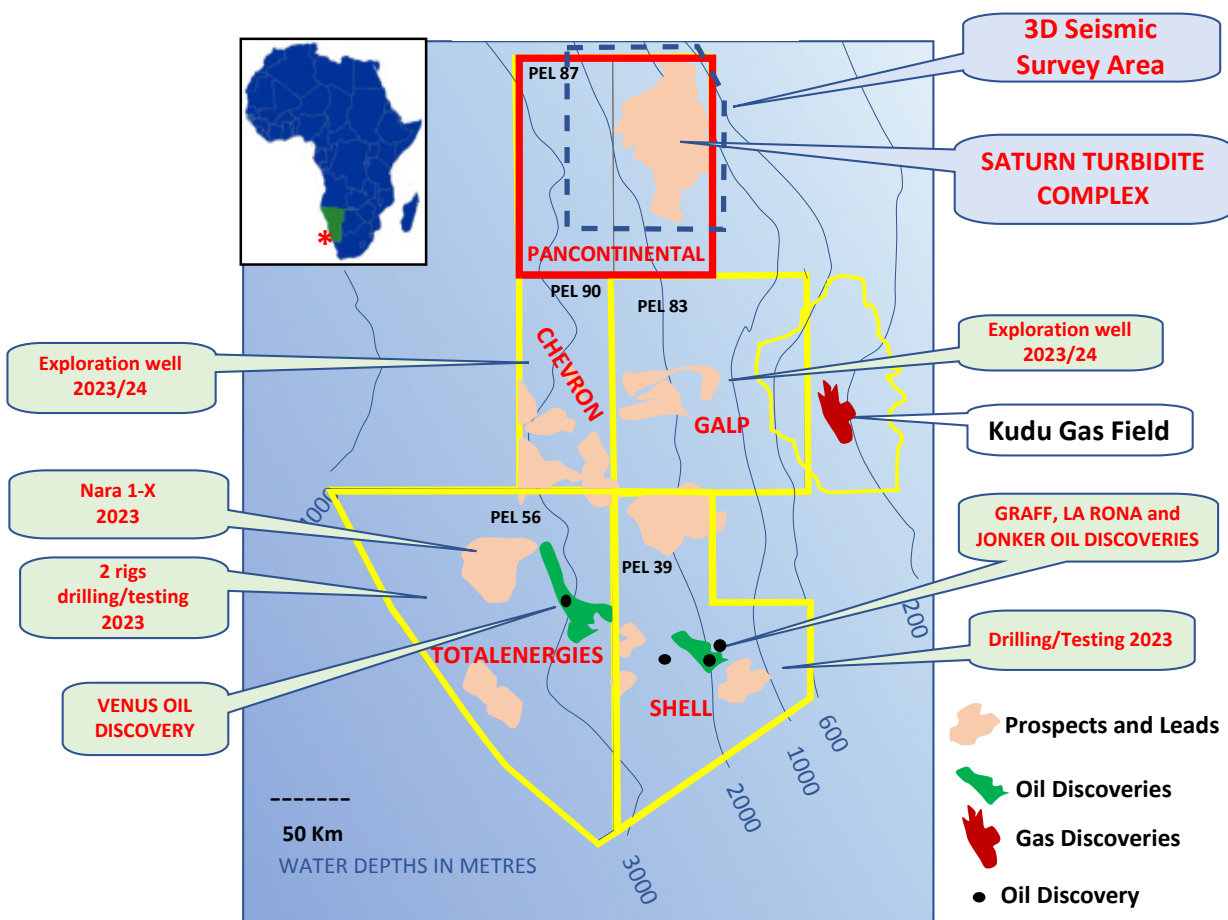


Figure 2: PEL 87 Location and Surrounding Activity

Pancontinental has been present within Namibia for over 15 years and PEL 87 was awarded in December 2017. Namibia offers a favourable upstream investment environment within an economically and politically stable jurisdiction, and Pancontinental has created a strong foundation by working with Government and local businesses; in addition to international companies that it has introduced as joint venture partners.

From a regional perspective it is thought that approximately 100 million years ago, the continents of South America and Africa formed the single West Gondwana landmass (refer Figure 3), which separated due to the formation of a diverging

plate tectonic boundary. The two continents respective coastlines are a close fit, and there is analogous geology between the two continents. Comparisons have been drawn not only between the geological conditions present offshore Namibia to those offshore Angola and Nigeria, but also to the eastern coast of South America which is home to a number of prolific petroleum basins as shown in Figure 3.

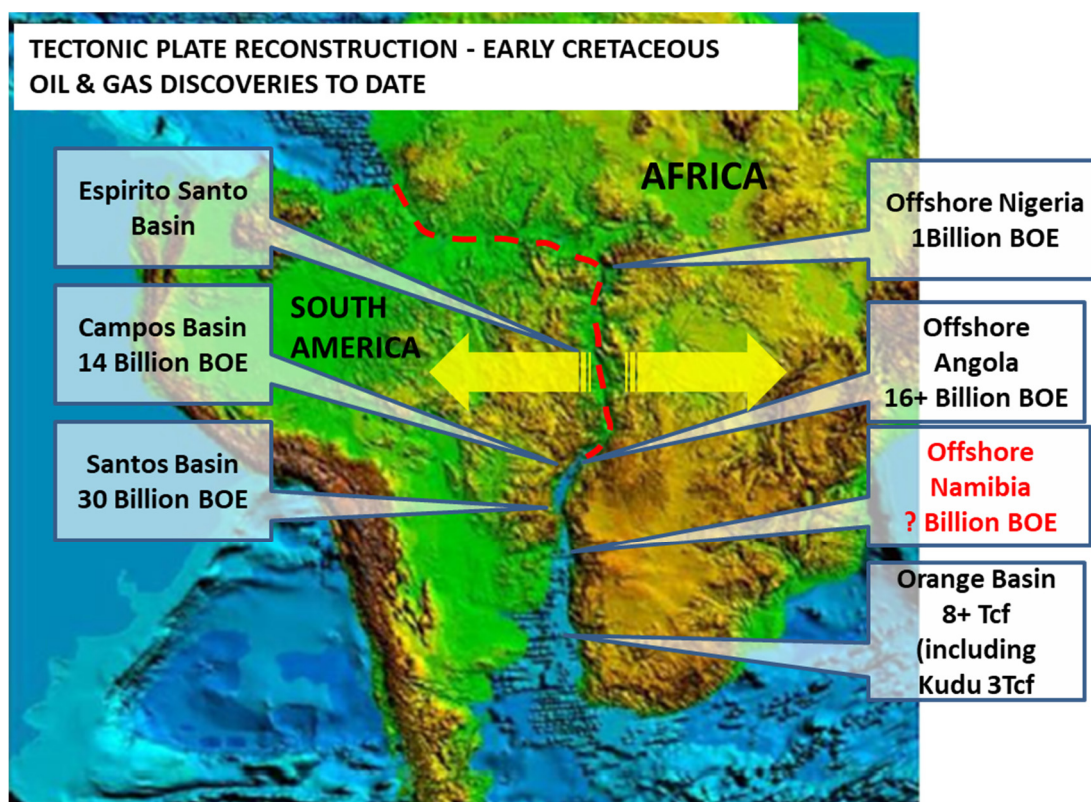


Figure 3: Early Cretaceous Reconstruction of West Gondwana Landmass

Recent discoveries within the Namibian portion of the Orange Basin by Shell and TotalEnergies have increased industry focus on the area and it is emerging as an exploration hot spot of global significance. Pancontinental is well placed to benefit from the increased industry interest and the associated boom in activity.

The PEL 87 joint venture currently consists of Pancontinental as Operator with a 75% interest, local company Custos Investments (Pty) Ltd 15%, and the National Petroleum Corporation of Namibia (**NAMCOR**) holding 10%. The joint venture applied for PEL 87 as a result of encouraging early technical studies resulting from a keen interest in the area from Pancontinental's Technical Director over many years.

PEL 87 is currently in the second one-year extension to the first, four-year period. The extension was granted in December 2022 with the joint venture securing the entire licence area for the term of the extension due to an exemption granted by the Minister for the otherwise obligatory 50% relinquishment of the licence area. The current extension period will end on 23 January 2024. After that, two additional periods totalling four years are available, with possible additional extensions if granted.

After award of PEL 87 an extremely prominent geological feature was mapped by Pancontinental known as the Saturn Turbidite Complex (**STC**). Saturn has a core area estimated at 2,400 km² and an overall area of about 4,000 km². Pancontinental regards the STC as offering significant oil potential, as outlined in

the Company's prospective resources announcement to ASX of 11 September 2018.

SATURN FAN- COMPONENT PARTS

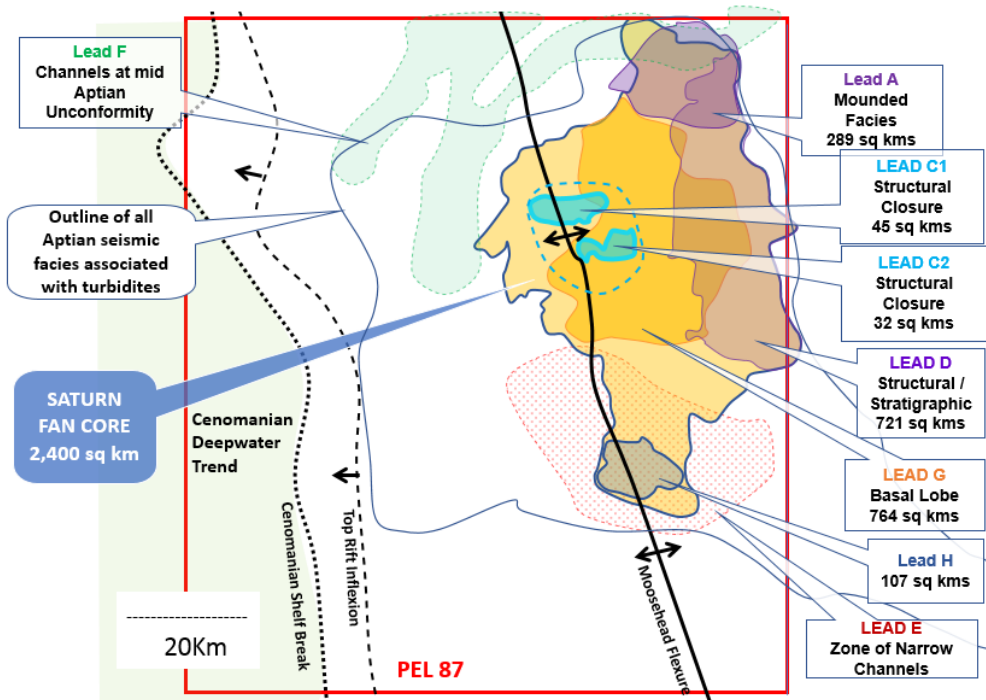


Figure 4: PEL 87 and the Saturn Turbidite Complex

An active petroleum system requires four key components; thermally mature petroleum source rocks, reservoir rocks, a seal and a trapping mechanism. Data within and adjacent to PEL 87 supports the case for an active petroleum system within the licence area. A quality Kudu Shale oil source is inferred via seismic extension to the nearby Moosehead-1 and other regional wells. Thermal Maturity can be modelled with confidence in the immediate vicinity of the STC, and more widely within PEL 87. Depositional characteristics derived from seismic sequence stratigraphy (refer Figure 5) suggest the likely presence of good reservoir formations, sealed by a slightly overpressured shale.

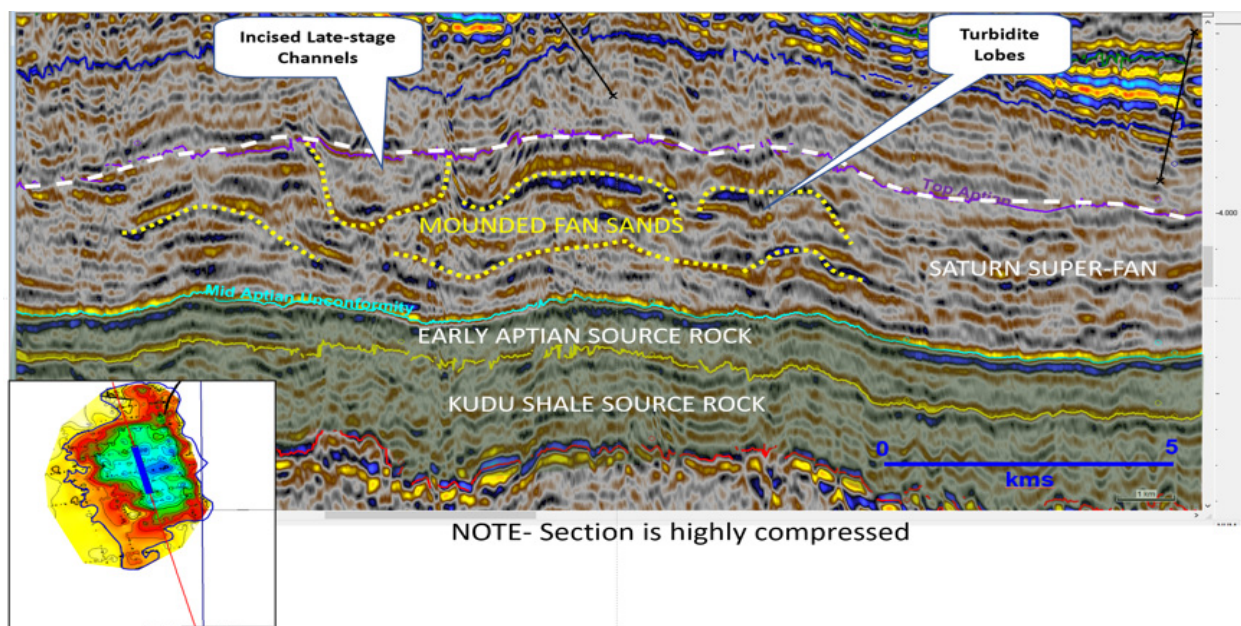


Figure 5: 2D Seismic Example of Saturn Turbidite Complex

Exploration & Appraisal Activity Within Namibian Orange Basin

The below figure shows the close proximity of recent high-profile discoveries and exploration programmes to Pancontinental's PEL 87 project. Shell and TotalEnergies both enjoyed major success from their drilling programmes in February 2022 with the Graff and Venus wells resulting in very significant oil discoveries.

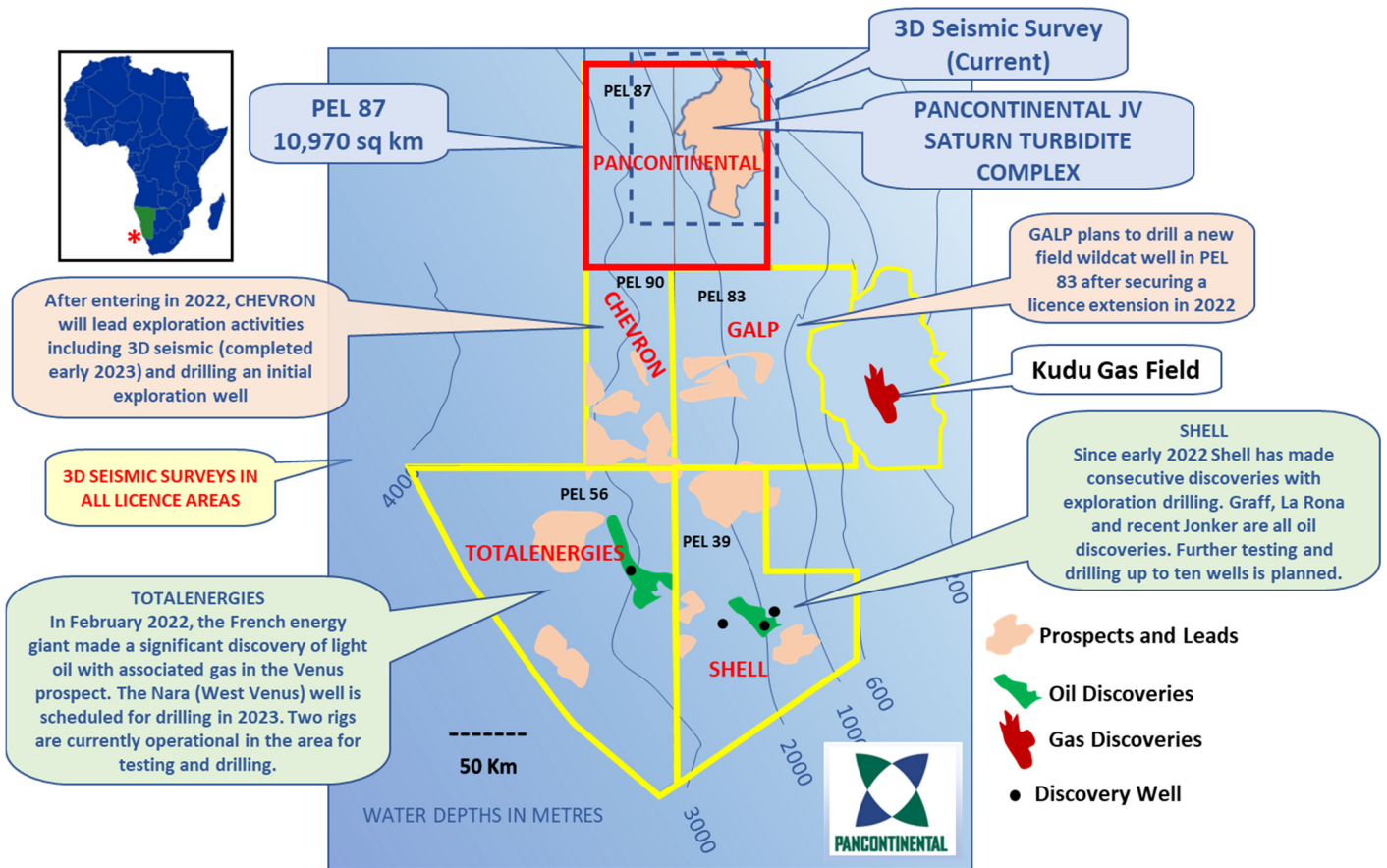


Figure 6: Orange Basin Upstream Activities

Since that time further discoveries have been made and numerous follow up exploration and appraisal wells are planned for the region. In April 2023, it was reported that Shell has filed plans to drill up to 10 new exploration and appraisal wells offshore Namibia within PEL 39, which hosts the Graff, La Rona and Jonker discoveries. Offshore Namibia is emerging as an oil and gas hot spot and the recent discoveries confirm Namibia's exciting deepwater potential.

Australia Onshore ATP 920 & ATP 924

In 2019, Pancontinental executed agreements with a wholly owned subsidiary of Key Petroleum Limited to acquire an interest in two large exploration permits, ATP 920 and the "Ace area" of ATP 924 in the Cooper Basin, Queensland. Since that time the Eastern States of Australia have experienced a number of natural disasters which, coupled with delays arising from the COVID-19 pandemic, have had an impact on planned exploration activities. The Company continues to consider its position with regard to the Cooper Basin assets.

CORPORATE

Financial

The Company had cash and cash equivalents at 31 March 2023 of \$1,096,460.

Half Year Report

The Company's half year report was lodged during the reporting period. A copy of the report can be found by following the link below:

https://clients2.weblink.com.au/news/pdf_2%5C02643014.pdf

Notes Pertaining to Quarterly Cashflow Report (Appendix 5B)

Item 6.1: The aggregate amount of payments to related parties and their associates of \$120,834 relates to payments to Executive Directors. Exploration expenditure on the Company's asset base during the reporting period was \$199,163 for consulting, legal, travel, licence fees and Namibian in-country expenses.

ASX Listing Rule 5.4.3: Tenement Details

In accordance with ASX Listing Rule 5.4.3 the following table details Pancontinental's interests in its oil and gas permits:

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
Namibia	PEL 87	*75.00%	0.00%	75.00%
Australia	ATP 920	**20.00%	0.00%	*20.00%
Australia	ATP 924 - Ace	**25.00%	0.00%	*25.00%

* Pancontinental has granted to Woodside an exclusive option to acquire a 56% participating interest in PEL 87 (refer to ASX announcement 2 March 2023)

**earning

There were no hydrocarbon production and development activities during the quarter.

Authorised for release by the Board of Pancontinental Energy NL

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