Half Year Report and Accounts

July 2022 to December 2022

Corporate Information

ABN 95 003 029 543

Directors

Ernest Anthony Myers	Executive Chairman
Roy Barry Rushworth	Executive Technical Director
Vesna Petrovic	Executive Director

Company Secretary
Vesna Petrovic

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Share Registry
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Telephone: +61 8 9389 8033

Auditors
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Level 1, Lincoln House
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West Perth WA 6005

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ASX Code
PCL

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Pancontinental Energy NL during the Half Year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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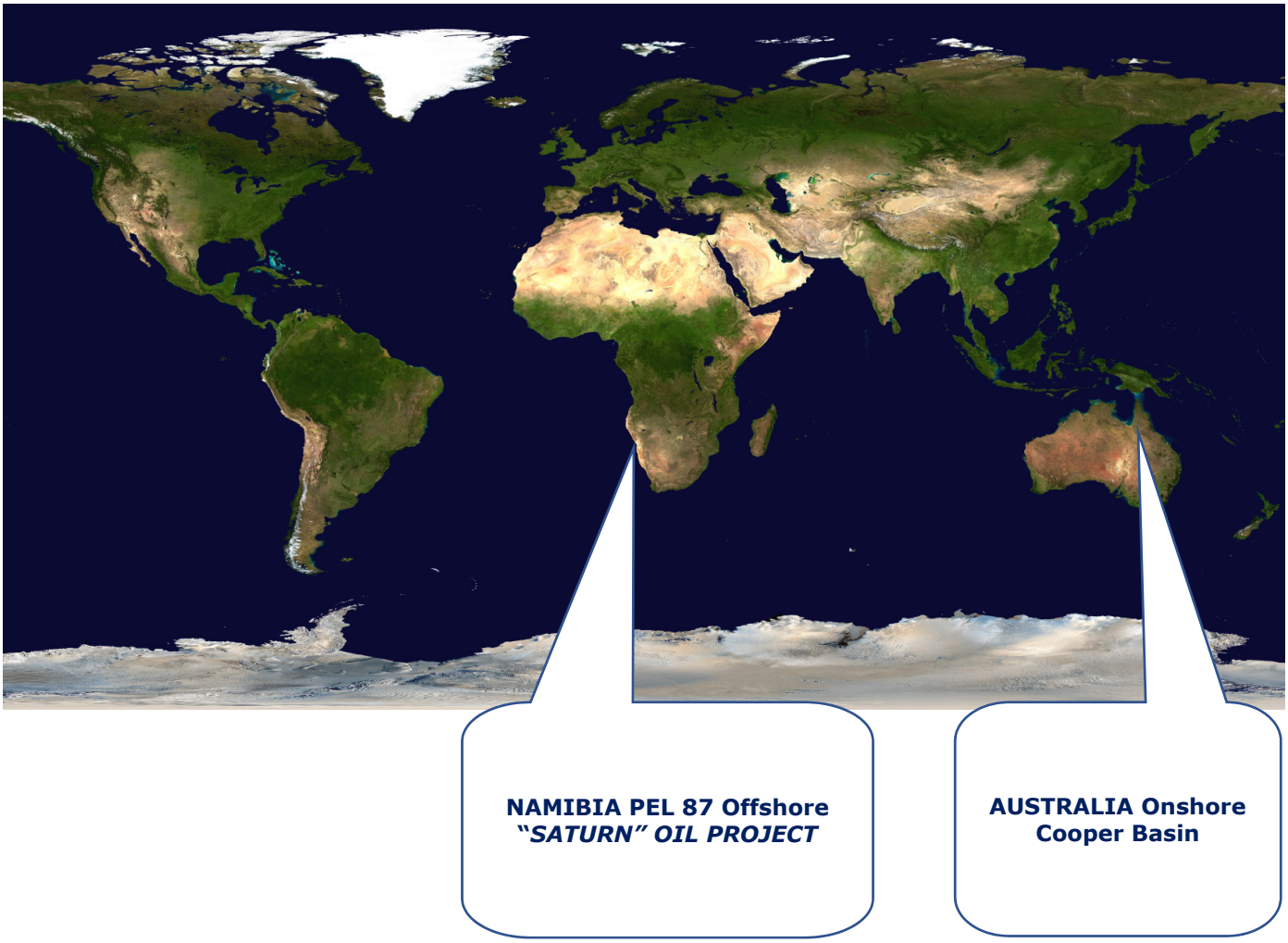
Permit Schedule

Licence Location	Licence Reference	Pancontinental Interest	Joint Venture Partners
Namibia	PEL 87	*75.00%	Custos 15.00% NAMCOR 10.00%
Australia	ATP 920	**20.00%	Key Petroleum 80.00%
Australia	ATP 924-Ace	**25.00%	Key Petroleum 75.00%

*Post half year end Woodside and Pancontinental signed an Option Deed providing Woodside a future election to enter the deep-water Namibia PEL 87 exploration project. See announcement 1 March 2023.
**Earning



The Directors present their report on the consolidated entity consisting of Pancontinental Energy NL ("Pancontinental" or the "Company") and the entities it controlled at the end of or during the half year ended 31 December 2022.

DIRECTORS

The names and details of the company's Directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Ernest Anthony Myers CPA (Executive Chairman)

Mr Myers, an Accountant by profession, has held senior management and executive roles within a number of ASX listed companies. During his career he has been instrumental in the capital raisings and financial management of these companies. He has played a key role in managing the Group's African portfolio. Mr Myers joined Pancontinental in March 2004, was appointed Executive Director in January 2009, Chief Executive Officer in November 2018 and Chairman in December 2022.

Mr Myers is currently also Non-Executive Chairman of Norwest Energy NL (since November 2018).

Roy Barry Rushworth, BSc (Executive Technical Director)

Mr Rushworth is a Geologist who brings extensive experience in petroleum exploration to the Company. Commencing with positions in exploration operations, his career then extended to the role of Chief Geologist and Exploration Manager for an Australian listed company. A number of oil and gas discoveries were made by the company during that time. More recently, Mr Rushworth has been responsible for identifying, negotiating and acquiring international new venture opportunities in Malta, Kenya, Morocco and Namibia.

Mr Rushworth has been a director of Pancontinental since August 2005.

Vesna Petrovic BComm, CPA (Executive Director & Company Secretary)

Ms Petrovic is an Accountant who holds a Bachelor of Commerce, Major in Accounting and Business Law and has completed the Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia.

Roles in accounting and finance of numerous publicly listed entities, particularly those involved in Africa have provided Ms Petrovic a base from which to contribute to the accounting and governance functions at Pancontinental.

Ms Petrovic was appointed Company Secretary in April 2010, Executive Director in December 2016 and reappointed Executive Director in September 2018.

FORMER NON-EXECUTIVE CHAIRMAN

Mr Kennedy was Non-Executive Chairman for most of the half year but resigned during the reporting period. Mr Kennedy has been a valuable member of the Board since his appointment 23 years ago. Mr Kennedy's knowledge and experience have been an asset to the Company and they wish him well in his retirement.

REVIEW AND RESULTS OF OPERATIONS

The review of the consolidated entity's operations during the half year ended 31 December 2022 is as follows:

Financial

	$
Expenses from operating activities	(971,481)
Expenses from financing activities	(13,389)
Operating Loss	(984,870)
Income Tax	-
Operating Loss for the half year	(984,870)

Review of Operations

NAMIBIA

Namibia Offshore PEL 87

Location:	Orange Basin	
Project Size:	10,947 square kilometres	
JV Partners:	Pancontinental (Operator)	75.00%**
	Custos Investments (Pty) Ltd	15.00%
	NAMCOR*	10.00%
	*National Petroleum Corporation of Namibia	

**** Post year end Woodside and Pancontinental signed an Option Deed providing Woodside a future election to enter the deep-water Namibia PEL 87 exploration project (see announcement 1 March 2023)**

Due to Namibia's vast natural resources, it is thought to be one of Africa's final frontiers for oil and gas exploration. Pancontinental has been present in Namibia for over 10 years and the team is pleased that offshore Namibia's rich basins are now attracting activity from international oil companies, cementing Pancontinental's long held prospectivity theories of the region. Recent discoveries offshore Namibia have received global attention and will lead the way for a new era of exploration for the West African country.

Petroleum Exploration Licence 87 (PEL 87) over Block 2713 offshore Namibia in the Orange Basin, was granted to a Joint Venture led by Pancontinental on 23 January 2018. Ownership of the licence is divided between Pancontinental 75%, Custos 15% and NAMCOR 10%. The licence has a possible total of 3 terms spread over 8 years, with addition extensions possible.

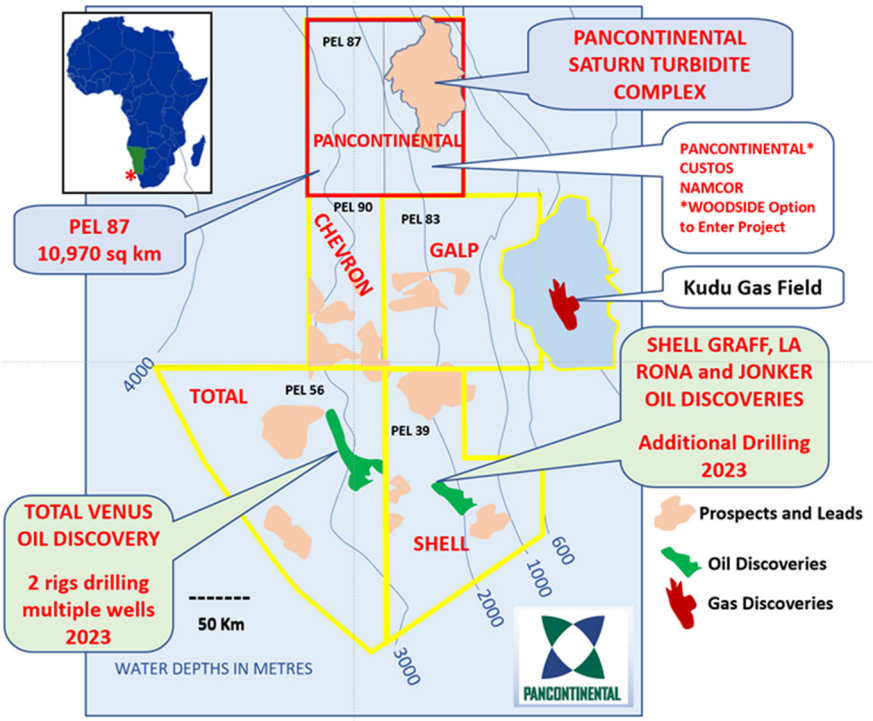
On 5 December 2022, the Ministry of Mines and Energy of Namibia granted Pancontinental and its joint venture partners Custos and Namcor, a second one-year extension to the current, first, four-year period of the offshore Petroleum Exploration Licence 87. The current Initial Exploration Period will now end on 23 January 2024.

After the current period, two additional periods totalling four years are available, with possible additional extensions if granted. The current Petroleum Exploration Licence can be converted to a Production Licence under pre-agreed terms. PEL 87 covers a very large area of 10,970 sq km, subject to periodic relinquishments which may be waived by the Government of Namibia at its discretion.

Pancontinental has mapped the very large Saturn Turbidite Complex, with a core area of some 2,400 sq km and an overall area of about 4,000 sq km. This very large and complex feature may host numerous large internal hydrocarbon traps, some of which have already been mapped on 2D seismic. None has yet been drilled. Pancontinental has continued working on the licence commitments during the half year while monitoring regional activities heating up offshore Namibia.

Very good oil source, reservoir and sealing rocks have been identified regionally, and now proven by recent discoveries.

An influx of new investment is expected for offshore Namibia due to the recent discoveries as well as the country's encouraging regulatory environment. Namibia is economically and politically stable, two factors which have assisted Pancontinental to successfully conduct business activities there over the past decade.



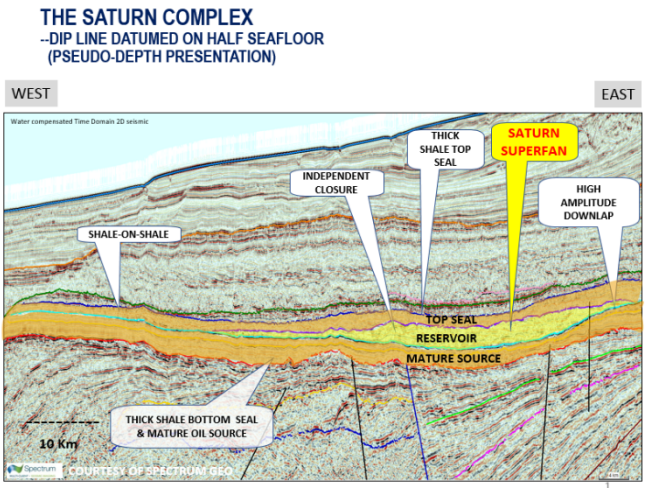
News on the Orange Basin

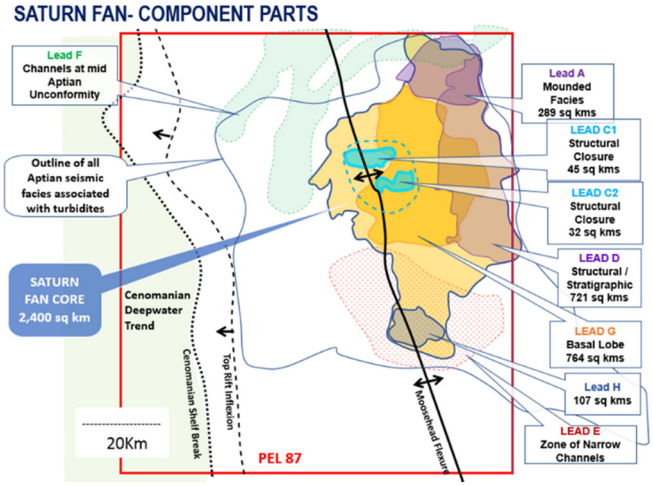
In October 2022, it was confirmed that U.S. oil major Chevron had completed a transaction to acquire an interest in PEL 90 located in the Orange Basin, directly north of TotalEnergies' Venus-1X oil discovery and directly south of Pancontinental's PEL 87.

In December 2022, it was reported that TotalEnergies, following the huge Venus oil discovery has secured two rigs for an exploration and drilling campaign in the Orange Basin, offshore Namibia and in the same region as Venus.

Shell commenced drilling the Jonker-1 well during the half year and it has been reported that hydrocarbons were encountered in a shallow reservoir, which is an encouraging sign as the primary target is in a deeper zone.

A new field wildcat well has been planned for PEL 83 by GALP in 2023. This licence is located directly south of PEL 87.





Post Half Year End Announcement of Option Deed with Woodside Energy and 3D Seismic Commencement

Option Deed

Post Half Year end, Pancontinental announced that its wholly owned subsidiary Pancontinental Orange Pty Ltd has entered into an Option Deed with Woodside Energy (GOM), Inc, a wholly owned subsidiary of Woodside Energy Group Ltd whereby Pancontinental has granted Woodside an exclusive option to acquire a 56% Participating Interest in PEL 87, in consideration for Woodside paying for a 3D seismic survey covering an area of at least 5,000 square kilometres within the area the subject of PEL 87 ("Licence Area") at an estimated cost of US$ 35 million and also paying Pancontinental US$1.5 million.

Woodside will have a period of at least 180 days after the delivery of the seismic survey data to exercise that option.

If Woodside exercises the option then Woodside and Pancontinental have agreed to enter into a farmout agreement whereby Woodside will carry the existing joint venture during the drilling of the first exploration well to be drilled on the Licence Area after the completion of the seismic survey.

To ensure Pancontinental retains at least a 20% interest in the project if Woodside exercises its option, Pancontinental has, for a consideration of US$1.5 million, entered into an option agreement with Custos Investments (Pty) Ltd (Custos) to acquire a 1% interest from Custos by paying Custos a further US$1million. This option is exercisable by Pancontinental within a similar time period as Woodside's option. Pancontinental will retain a 20% interest during the drilling of the well.

If the joint venture decides to drill a second well then Pancontinental may:

(i) retain its 20% interest but must pay its share of that well;

(ii) reduce its interest to a 10% Participating Interest and have Woodside carry Pancontinental through the cost of the second well; or

(iii) at any time up to 60 days after the approval of any Development Plan, convert its interest to a 1.5% gross overriding revenue royalty interest.

Upon Woodside's election to exercise its option, Woodside will pay Pancontinental approximately US$ 2.5 million, of which approximately US$1.5 million is reimbursement of a portion of Pancontinental's past costs.

3D Seismic Survey

Pancontinental, as Operator, has contracted seismic company PGS for the 3D survey. The PGS specialist seismic vessel Ramform Titan is carrying out the survey over a planned area of approximately 6,800 sq km. Ramform Titan is a purpose-built seismic platform and one of the most powerful and sophisticated survey vessels ever, more than sufficient to tow her enormous spread of multisensor recording equipment. Support and Escort Vessels will accompany the Ramform Titan. The survey, about 150km offshore, is planned to take approximately 3 months to complete. Gravity and Magnetic data will also be recorded. Marine mammal procedures are in place and specialist observers will accompany the survey. Health and Safety standards and procedures have been set out in detail.

3D Results

Fast-track processed 3D survey results are expected around end-June this year and the fully processed result will follow after. Further processing will be undertaken thereafter.

AUSTRALIA

Queensland, Australia Onshore ATP 920 & ATP 924 [Ace Area]

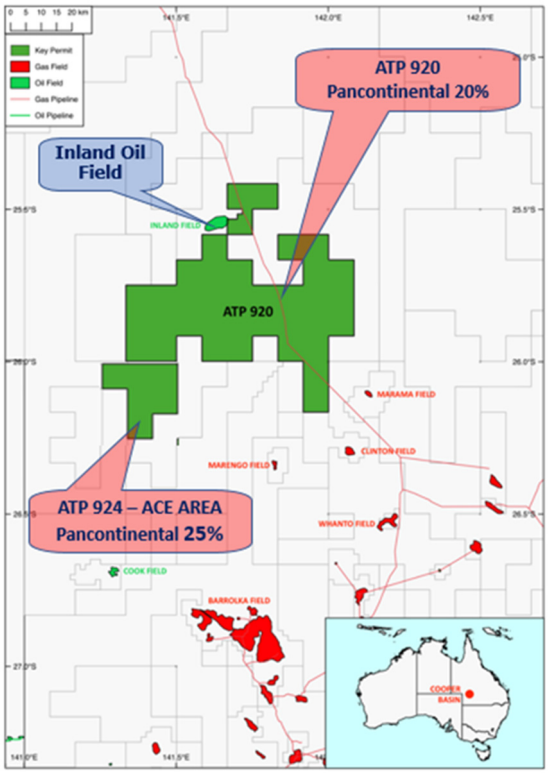
Location:	Cooper Eromanga Basin	
Project Size:	ATP 920 - 2,337 km2 ATP 924 - 2,220 km2	
JV Partners:	ATP 920 Key Petroleum Limited (Operator)	80.00%
	ATP 920 Pancontinental Oil & Gas NL	20.00%**
	ATP 924* Key Petroleum Limited (Operator)	75.00%
	ATP 924* Pancontinental Oil & Gas NL	25.00%**
	* Ace Area	
	**earning	

ATP 920 and ATP 924 onshore Queensland

While the Company's focus has mostly been in Africa, in recent years it was decided that the exploration portfolio should be broadened to include shorter term projects with near term activity which would complement the Company's longer term assets in Namibia. As such, the Company signed agreements to acquire two large exploration permits, ATP 920 and ATP 924 (Ace area) in the Cooper Basin, Queensland. The agreement was executed with the Operator of the permits Key Petroleum Cooper Basin Pty Ltd, a wholly owned subsidiary of ASX listed Key Petroleum Limited.

The Eastern States of Australia were then affected by the natural disasters including record temperatures, severe flooding and bushfires. This occurred prior to the COVID-19 pandemic. This has made proceeding with planned activities difficult.

A detailed review of the projects is ongoing to determine the focus areas for future exploration.



NEW VENTURES

Pancontinental has for some time expressed its interest in seeking new projects which will add value for shareholders and expand the asset base.

COVID-19

The Company has felt the effects of the pandemic by the reduced industry activity, travel restrictions and available budgets for project farmins. This has resulted in a tightening of the Company's own corporate and exploration outgoings. Also the adaptation of work from home and hygiene recommendations has had an impact.

Pancontinental continues to align its work practices with the recommendations of the World Health Organisation as well as State and Federal Department of Health's requirements. The Company continues to monitor global activity and take the advice of relevant government and global agencies.

Pancontinental has set as its priorities the health and safety of its Staff and Directors as well as the conservation of its asset base and the continuation of its project activity.

CLIMATE CHANGE

Pancontinental is mindful of the developing and continued interest of stakeholders in climate change issues. Climate risk has evolved to become an important consideration in investment and corporate strategic decisions. It is now widely recognised as a critical risk to business, industry and capital markets.

The G20 Financial Stability Board established the Task Force on Climate-related Financial Disclosures which is an industry-led task force that has published recommendations for financial report preparers to assist in providing investors the most relevant climate change disclosures. The Company has utilised the publication as a guide in providing our stakeholders with the appropriate information in this regard which can be found in the Directors' Report of the latest Annual Report at the below link:

https://clients2.weblink.com.au/news/pdf_2%5C02589568.pdf

RISK MANAGEMENT

Risk management at Pancontinental begins with the Board who delegate authority throughout the organisation. The Board monitors, identifies, analyses and responds to any risks that will impact the Company in realising its strategic direction as well as potential risks that are perhaps not expected, but could cause a disruption.

Risk management is a day to day part of the business which is considered in all decision making. Project management, financial planning, corporate actions, strategic partnerships, conducting business abroad and the like. The process of identifying and analysing risk factors includes both quantitative and qualitative factors. The Board is responsible for ensuring that risks and opportunities are identified on a timely basis and that the Group's objectives and activities are able to continue without disturbance.

The risks identified in the Company's 2022 Annual Report are still current and continue to apply to the assets of the Company.

PLACEMENT

In July 2022, the Company undertook a Placement to raise $2 million before costs through a placement of up to 400,000,000 shares at an issue price of $0.005 per share to sophisticated and professional investors. Investors in the placement were issued one free attaching option for every two placement shares issued (with the options exercisable at $0.012 each and an expiry date three years from issue). In addition, the Lead Manager received 100 million broker options.

CHANGE OF AUDITOR

In accordance with section 329(5) of the Corporations Act 2001, the Company received the resignation of the audit firm that traded as Rothsay Auditing and ASIC's consent to that resignation. Rothsay Audit & Assurance Pty Ltd has been appointed auditor of the Company following shareholder approval at the Company's Annual General Meeting held in November 2022.

CHAIRMAN

HD Kennedy
After 23 years as a Director of Pancontinental, David Kennedy resigned during the half year. Mr Kennedy has always been a major supporter of the Company and participated in many capital raisings during his tenure. He leaves the Company in a good position with the Namibian PEL 87 Project being part of the renewed interest in the Orange Basin due to the nearby major discoveries by Shell and Total.

The Board is pleased that Mr Kennedy will remain a vital source of knowledge for the Company by agreeing to act as advisor to Pancontinental going forward. The Board would also like to take this opportunity to thank Dave for his efforts over such a long period and wish him well in his well-earned retirement.

EA Myers
Ernie Myers, the current CEO has stepped up to fulfil the role of Chairman after 13 years on the Board of Pancontinental.

ISSUE OF SECURITIES

During the half year, the Company issued 160,000,000 options under the Company's Incentive Awards Plan. The issues were approved by shareholders at the Annual General Meeting.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

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

https://clients2.weblink.com.au/news/pdf_2%5C02589568.pdf

Pancontinental's Annual General Meeting of shareholders was held on 30 November 2022. All resolutions put to the meeting; the remuneration report, re-election of director, approval of placement facility, ratification of securities, approval of issue of securities, renewal of proportional takeover provisions in the constitution and confirmation of auditor appointment were passed on a poll.

Results can be found following the below link:

https://clients2.weblink.com.au/news/pdf_2%5C02606356.pdf

CHANGES IN STATE OF AFFAIRS

During the half year ended 31 December 2022, there were no significant change in the entity's state of affairs other than that referred to in the Half Year Financial Statements of Notes thereto.

This report is made in accordance with a resolution of the Directors, pursuant to section 306 (3) (a) of the Corporations Act 2001.

EA Myers
Chairman
PERTH, 13 March 2023

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2022

The Directors declare that:

(a) The attached Financial Statements and Notes thereto comply with Accounting Standards;

(b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

(c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act 2001; and

(d) In the Directors' opinion, there are reasonable grounds to believe that Pancontinental Energy NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors

EA Myers
Chairman
PERTH, 13 March 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

As lead auditor of the review of Pancontinental Energy NL for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pancontinental Energy NL and the entities it controlled during the half-year.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

13 March 2023

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AUDIT & ASSURANCE PTY LTD

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF

PANCONTINENTAL ENERGY NL

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Pancontinental Energy NL ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Independence

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 13 March 2023

Statement of Comprehensive Income

HALF YEAR ENDED 31 DECEMBER 2022	Notes	CONSOLIDATED Half Year to Dec 2022	Half Year to Dec 2021
		$	$
OPERATING ACTIVITIES			
Depreciation		**(1,187)**	(1,640)
Salaries, fees & benefits (inc leave accruals & recoveries)		**(200,170)**	(202,304)
Audit fees		**(12,500)**	(14,500)
Exploration – generative & write offs	**7**	**64,315**	(750)
Annual report costs		**(2,423)**	(5,334)
ASX fees		**(29,441)**	(18,695)
Filing fees		**(3,221)**	(2,338)
Insurance		**(39,290)**	(38,906)
Legal fees		**(4,666)**	(17,763)
Share registry costs		**(13,519)**	(9,046)
Rent, outgoings and office		**(42,851)**	(47,095)
Corporate advisory		**(30,000)**	(30,000)
Investor relations		**-**	(22,000)
Share-based payment expense		**(640,000)**	-
Other revenues and expenses		**(16,528)**	(9,742)
TOTAL OPERATING ACTIVITIES		**(971,481)**	(420,113)
FINANCING ACTIVITIES			
Financing income (including foreign exchange gains)		**6,088**	3,756
Financing expense (including foreign exchange losses)		**(19,477)**	-
TOTAL FINANCING ACTIVITIES		**(13,389)**	3,756
LOSS BEFORE INCOME TAX		**(984,870)**	(416,357)
Income tax expense		**-**	-
LOSS FOR THE PERIOD		**(984,870)**	(416,357)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(984,870)**	(416,357)
Comprehensive loss attributable to:			
Owners of the Company		**(1,016,628)**	(416,131)
Non-controlling interest	**8**	**31,758**	(226)
		(984,870)	(416,357)
Basic earnings per share (cents per share)	**5**	**(0.01)**	(0.01)
Diluted earnings per share (cents per share)		**(0.01)**	(0.01)

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

Statement of Financial Position

AT 31 DECEMBER 2022	Notes	CONSOLIDATED Dec 2022	Jun 2022
		$	$
CURRENT ASSETS			
Cash assets	3	**1,555,500**	274,051
Trade and other receivables		**50,280**	67,715
TOTAL CURRENT ASSETS		**1,605,780**	341,766
NON-CURRENT ASSETS			
Property, plant and equipment		**6,704**	7,891
Deferred exploration, evaluation and development costs	7	**3,563,965**	3,303,679
TOTAL NON-CURRENT ASSETS		**3,570,669**	3,311,570
TOTAL ASSETS		**5,176,449**	3,653,336
CURRENT LIABILITIES			
Trade and other payables		**233,081**	196,149
TOTAL CURRENT LIABILITIES		**233,081**	196,149
NON-CURRENT LIABILITIES			
Provision for employee entitlements		**42,730**	38,978
Non-controlling interest loan in subsidiary		**476,560**	476,560
TOTAL NON-CURRENT LIABILITIES		**519,290**	515,538
TOTAL LIABILITIES		**752,371**	711,687
NET ASSETS		**4,424,078**	2,941,649
EQUITY			
Contributed equity		**114,005,911**	112,178,611
Reserves		**640,000**	149,962
Accumulated losses	2	**(110,221,833)**	(109,386,924)
Total Equity		**4,424,078**	2,941,649
TOTAL EQUITY		**4,424,078**	2,941,649
Capital and reserves attributable to owners of PCL		**5,899,400**	4,448,729
Non-controlling interest	8	**(1,475,322)**	(1,507,080)
		4,424,078	2,941,649

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

AT 31 DECEMBER 2022

Consolidated	Share Capital	Retained Earnings	Reserves	Total Equity
	$	$	$	$
Balance at 1 July 2022	**112,178,611**	**(109,386,924)**	**149,962**	**2,941,649**
Profit or loss	**-**	**(984,870)**	**-**	**(984,870)**
Share issues (net of costs)	**1,827,300**	**-**	**-**	**1,827,300**
Share option & reserve movements	**-**	**149,961**	**490,038**	**639,999**
Balance at 31 December 2022	**114,005,911**	**(110,221,833)**	**640,000**	**4,424,078**
Balance at 1 July 2021	111,093,675	(109,006,185)	592,402	2,679,892
Profit or loss	-	(416,357)	-	(416,357)
Share issues (net of costs)	1,084,937	-	-	1,084,937
Share option & reserve movements	-	442,440	(442,441)	(1)
Balance at 31 December 2021	112,178,612	(108,980,102)	149,961	3,348,471

The above Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

Statement of Cashflows

HALF YEAR ENDED 31 DECEMBER 2022		CONSOLIDATED	
		Half Year to Dec 2022 $	Half Year to Dec 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(432,904)**	(396,350)
Expenditure on exploration interests		**(154,298)**	(53,696)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(587,202)**	(450,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		**6,063**	33
Proceeds from issues of ordinary shares		**2,000,000**	1,037,507
Share issue costs		**(136,693)**	(59,902)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,869,370**	977,638
NET INCREASE IN CASH HELD		**1,282,168**	527,592
Add opening cash brought forward		**274,051**	394,408
Effects of exchange rate changes		**(719)**	3,774
CLOSING CASH CARRIED FORWARD	3	**1,555,500**	925,774

The above Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the Half Year ended 31 December 2022

1. Basis of Preparation of Half Year Financial Statements

This general purpose financial report for the Half Year ended 31 December 2022 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2022 and public announcements made by Pancontinental Energy NL during the Half Year in accordance with any continuous disclosure obligations arising under the Corporations Act.

Going concern

The Directors consider that the going concern basis for the consolidated entity is appropriate. During the Half Year, the Company raised $1,863,307 (after costs) by way of placement to sophisticated and professional investors.

Accordingly, the Directors believe that the consolidated entity has sufficient cash reserves to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial statements.

COVID-19

The Group has exercised judgement in considering the impacts that COVID-19 has had, or may have, on the financial position or performance of the Group. Factors taken into consideration whilst making this judgement include; nature of the Group's activities, assets, liabilities and licence location of the Group's assets. The Group has concluded that while the Company has felt the effects of COVID-19 through tightening of its own corporate and exploration expenditure, decrease in industry activity, travel restrictions and available budgets for project farmins as well as adaptation of work from home and other hygiene recommendations there does not appear to be any significant uncertainties which would impact upon the financial statements.

Accounting Policies

The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

New Standards, Interpretations and Amendments

In the half-year ended 31 December 2022, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

It has been determined that there is no material impact of the new and revised Standards and Interpretations on the financial position or performance of the Group.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Equity

Accumulated Losses

For the Half Year Ended 31 December 2022	$
Loss from ordinary activities after related income tax expense	(984,870)
Share option and reserve movements	149,961
Accumulated profits (losses) brought forward	(109,386,924)
Accumulated profits (losses) at end of Half Year	**(110,221,833)**

3. Reconciliation of Cash

Cash at the end of the Half Year as shown in the Statement of Cash Flows is reconciled to the related items in the Financial Statements as follows:	**31-Dec-22 $**	**30-Jun-22 $**
Deposits – at call	10,000	10,000
Cash on hand and at bank	1,545,500	264,051
Cash and Equivalents at 31 December	**1,555,500**	**274,051**

4. Issued and Quoted Securities at end of current Half Year

Category of Securities	**Number Issued**	**Number Quoted**
Ordinary Shares at beginning of the Half Year	7,154,222,823	7,154,222,823
Movements during Half Year ended 31 December 2022	400,000,000	400,000,000
Ordinary Shares at end of the Half Year	**7,554,222,823**	**7,554,222,823**
Listed Options at beginning of the Half Year	-	-
Movements during Half Year ended 31 December 2022	299,999,998	299,999,998
Listed Options at end of the Half Year	**299,999,998**	**299,999,998**
Unlisted Options at beginning of the Half Year	78,926,830	-
Movements during Half Year ended 31 December 2022	81,073,170	-
Unlisted Options at end of the Half Year	**160,000,000**	**-**

5. Earnings per Share

	Half Year Ended 31-Dec-22	**Half Year Ended 31-Dec-21**
Basic earnings per share - cents	(0.01)	(0.01)
Diluted earnings per share is not materially different from Basic earnings per share	(0.01)	(0.01)
The weighted average number of ordinary shares outstanding during the Half Year used in the calculation of basic earnings per share	7,336,140,631	6,410,505,718

6. Segmental Information

The Company operates in Australia and Africa, however internal reporting is conducted on an entity wide basis.

7. Exploration

	Half Year Ended 31-Dec-22	Half Year Ended 31-Dec-21
Opening Balance 30 June	3,303,679	2,993,035
Additions	195,971	53,308
Exploration write offs (expenses refunded)	64,315	(750)
Closing Balance 31 December	**3,563,965**	**3,045,593**

8. Subsidiaries

Part Disposal of Subsidiary
In September 2017, the Group disposed of 33.33% of the ownership interest in Pancontinental Namibia Pty Ltd to Africa Energy Corp. Following the disposal, the Group still controls the subsidiary and retains 66.67% of the ownership interest. The transaction has been accounted for as an equity transaction with a non-controlling interest ("NCI") resulting in the balances as shown in the financial statements.

9. Subsequent Events

No matters or circumstances have arisen since the end of the Half Year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity as reported to the Half Year ended 31 December 2022 other than:

1 March 2023

Woodside's Exclusive Option to PEL 87 Exploration
Pancontinental announced that its wholly owned subsidiary Pancontinental Orange Pty Ltd has entered into an Option Deed with Woodside Energy (GOM), Inc, a wholly owned subsidiary of Woodside Energy Group Ltd whereby Pancontinental has granted Woodside an exclusive option to acquire a 56% Participating Interest in PEL 87, in consideration for Woodside paying for a 3D seismic survey covering an area of at least 5,000 square kilometres within the area the subject of PEL 87 at an estimated cost of US$ 35 million and also paying Pancontinental US$1.5 million.

Woodside will have a period of at least 180 days after the delivery of the seismic survey data to exercise that option.

If Woodside exercises the option then Woodside and Pancontinental have agreed to enter into a farmout agreement whereby Woodside will carry the existing joint venture during the drilling of the first exploration well to be drilled on the licence area after the completion of the seismic survey.

To ensure Pancontinental retains at least a 20% interest in the project if Woodside exercises its option, Pancontinental has, for a consideration of US$1.5 million, entered into an option agreement with Custos Investments (Pty) Ltd (Custos) to acquire a 1% interest from Custos by paying Custos a further US$1million. This option is exercisable by Pancontinental within a similar time period as Woodside's option. Pancontinental will retain a 20% interest during the drilling of the well.

If the joint venture decides to drill a second well then Pancontinental may:
(i) retain its 20% interest but must pay its share of that well;
(ii) reduce its interest to a 10% Participating Interest and have Woodside carry Pancontinental through the cost of the second well; or
(iii) at any time up to 60 days after the approval of any Development Plan, convert its interest to a 1.5% gross overriding revenue royalty interest.
Upon Woodside's election to exercise its option, Woodside will pay Pancontinental approximately US$ 2.5 million, of which approximately US$1.5 million is reimbursement of a portion of Pancontinental's past costs.

6 March 2023

3D Seismic Survey
Pancontinental announced that the PEL 87 joint venture had commenced an extensive 3D Seismic Survey of some 6,800 sq km over the Saturn Turbidite Complex offshore Namibia. Pancontinental is Operator of the project and Woodside Energy (GOM), Inc, a wholly owned subsidiary of Woodside Energy Group Ltd has agreed to fully fund and advise on that seismic acquisition in exchange for a future election to enter PEL87 (as stated in our announcement on 1 March 2023). The 3D seismic acquisition will take approximately three months to complete, with fast-track processed results expected around end-June this year.

10. Commitments for Expenditure (Contingent Liability)
Oil Leases and Permits

The Company does not have any current commitments.
The Group has had certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work its exploration licences. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. At balance date the Company had an interest in one core exploration block of which the work commitments have been met up to the balance date.

As at 31 December 2022, the minimum future expenditure commitments in place for PEL 87 are:
Seismic surveying US$ 5 million