

PANCONTINENTAL OIL & GAS NL – ANNUAL REPORT 2016



PANCONTINENTAL



ABN 95 003 029 543

Directors

Henry David Kennedy
Roy Barry Rushworth
Ernest Anthony Myers
John Edward Leach

(Non-Executive Chairman)
(Executive Director & Chief Executive Officer)
(Executive Finance Director)
(Non-Executive Director)

Company Secretary

Vesna Petrovic

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Auditors

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ASX Code

PCL

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PANCONTINENTAL LOGO

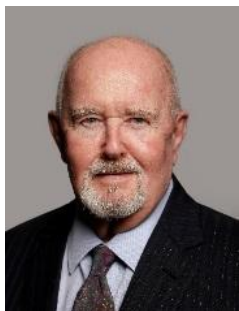
The Pancontinental logo is in keeping with the Pancontinental name and technical ethic. The logo represents a mapped view of the globe seen from above the polar region. The green sectors represent the continents and the blue sectors represent the oceans.



Who we are

- Pancontinental Oil & Gas NL is an Australian based oil and gas exploration company with interests in Africa
- The company's headquarters are in West Perth, Western Australia
- Exploration interests in Namibia cover an area of 17,295 square kilometres offshore in the Walvis Basin
- Exploration interests in Kenya cover an area of 5,010 square kilometres onshore and offshore in the Lamu Basin
- The company is listed on the Australian Securities Exchange under code PCL
- Pancontinental is managed by a team of experienced individuals from corporate, technical and financial backgrounds





The unique times in which we are investing create both challenges and opportunities. Pancontinental has maintained its asset portfolio and is in a good position to create shareholder value particularly from its upcoming exploration programme in Namibia

Dear Shareholder,

The Board of Directors of Pancontinental Oil & Gas NL is pleased to present to you the company's 2016 Annual Report.

The company's strategy over the past two years has included responding to global oil and gas markets by adapting quickly and with that came a number of difficult decisions. Pancontinental is now a leaner group with a zero cost exploration portfolio, low corporate cost structure and no debt. Drilling offshore Namibia is within the company's sights and would create significant investor interest.

Pancontinental positioned itself in Namibia some 10 years ago with a large Reconnaissance Licence. Areas within the licence with prime geological settings were chosen as the bid areas and awarded to the company and its local partner in 2011. A subsidiary of Tullow Oil farmed into the licence in 2013 in exchange for a US \$100 million plus exploration programme including seismic, processing, interpretation, mapping and an exploration well. Thus far, the joint venture has completed the seismic components of the programme and on 8 April this year, operator Tullow confirmed that it would continue to lead the joint venture into the drilling phase of the farmout agreement, the successful outcome of which could be a game changer for Pancontinental.

The progress on the company's Kenyan acreage has been gradual with planning continuing for exploration onshore by operator Milio International. Pancontinental is free carried for a programme of 2D seismic, and an onshore well. In addition, the company's new venture personnel remain alert in seeking new opportunities where our technical know-how can best be utilised.

Pancontinental received cash injections from a share purchase plan and placements this financial year. The company reached out to the UK market which provided support by way of a placement. This year's fundraising was the first since 2012 when funds were raised for working capital and an exploration well which resulted in Kenya's first ever offshore oil discovery.

The Board welcomed Mr John Leach as Independent Non-Executive Director during the period. His extensive global and executive experience will enable him to make a significant contribution to the company. I would also like to acknowledge and thank outgoing Independent Non-Executive Director Anthony Maslin for his time with Pancontinental.

The company is looking toward the future in a positive light, in particular with the anticipation of material progress towards a successful drilling programme offshore Namibia which would be an excellent growth opportunity for the company.

To Pancontinental's Directors, Management and Staff, I thank you for your continued commitment and effort. As always, I also thank you the company's Shareholders for your ongoing support.

HD Kennedy
Chairman
Pancontinental Oil & Gas NL



Pancontinental is a junior oil and gas exploration company with a portfolio of high quality exploration assets in prospective hydrocarbon provinces

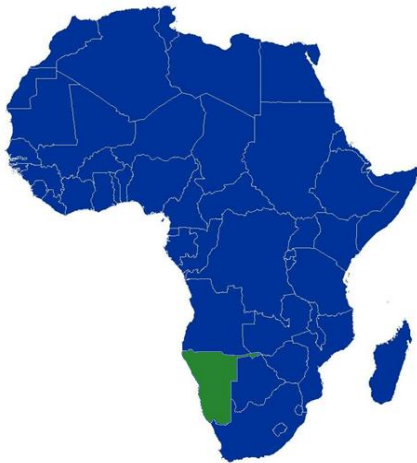
Namibia <u>PEL 0037</u>
<p>LOCATION: Walvis Basin, Offshore Namibia</p>
<p>PROJECT SIZE: 17,295 square kilometres</p>
<p>JOINT VENTURE PARTNERS: Tullow Kudu Limited (Operator) 65.00% Pancontinental Oil & Gas Group 30.00% Paragon Oil & Gas (Pty) Ltd 5.00%</p>
<p>GEOLOGY: The central part of an oil – mature “Fairway” has been interpreted to extend through PEL 0037. Pancontinental believes that PEL 0037 covers one of the few areas where an oil generating “sweet spot” of oil prone source rocks are sufficiently buried to generate oil. A number of slope and basin floor turbidite fans, forming very large Prospects and Leads, have been identified and mapped within the Fairway. The Prospects and Leads are closely associated with the interpreted oil-generating source rocks.</p>

Kenya <u>L6</u>
<p>LOCATION: Lamu Basin, Onshore /Offshore Kenya</p>
<p>PROJECT SIZE: 5,010 square kilometres</p>
<p>JOINT VENTURE PARTNERS: Offshore FAR Limited (Operator) 60.00% Pancontinental Oil & Gas Group 40.00% Onshore Milio International Group (Operator)* 60.00% Pancontinental Oil & Gas Group 16.00% FAR Limited 24.00% *after earn in</p>
<p>GEOLOGY: A deep central graben in this area is considered to be an oil and gas “source kitchen” and potential hydrocarbon trapping prospects have been identified adjacent to the area. The Kifaru Prospect and Kifaru West Prospect are interpreted to be large stacked Miocene reefs, with interpreted good lateral and top seals and close proximity to mature Eocene source rocks. The Tembo Prospect is a large tilted fault block trap, with interpreted sandstone reservoirs at a number of levels.</p>



Namibia

Pancontinental and its joint venture partners have completed the seismic components of the agreed work programme and are now working towards confirming a drillable prospect as the location of an exploration well

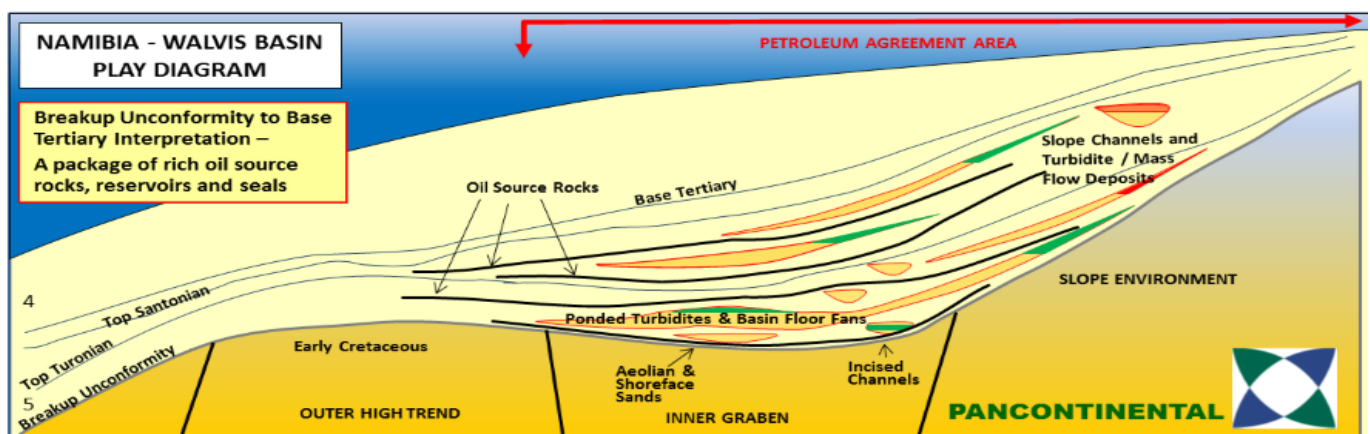


In Namibia, oil and gas exploration wells were first drilled in the 1960s. Following a number of dry wells, the Kudu Gas Field was discovered in 1974. The historic discovery confirmed that the geological structures offshore Namibia could contain hydrocarbons. Subsequent to Namibia gaining independence from South Africa, the country's oil and gas industry regained momentum with large multinational companies returning to the West African nation in search of commercial oil and gas.

In 2013, HRT Participações em Petróleo S.A. (now PetroRio) drilled the Wingat-1 well in the licence immediately to the south of Pancontinental's PEL 0037 in the Walvis Basin. The well struck oil and found two well-developed oil source rocks as well as several turbidite reservoirs saturated with oil. For the first time, the reported oil and source rocks verified a working oil system in the basin. Although the oil that was recovered was of good quality, the exploration find was not commercially viable. However it did bring hope that Namibia could hold potential for discoveries as elsewhere around the African continent.

Pancontinental first entered Namibia some ten years ago when it was awarded a Reconnaissance Licence. The licence enabled the company to conduct technical analysis and build on its database of seismic and well data. In 2011, Pancontinental and its joint venture partner Paragon Oil & Gas (Pty) Ltd signed a Petroleum Agreement and Petroleum Exploration Licence 0037 over three blocks; 2012B, 2112A and 2113B in the Walvis Basin. The licence covers blocks which were selected as the prime areas for oil generation after preliminary work carried during the Reconnaissance Licence period.

Source, seal, trap and reservoir are the four key elements required for a hydrocarbon accumulation. Industry activity in recent years has demonstrated that these elements are present offshore Namibia and Pancontinental is very encouraged by the possibility of drilling in this geological environment.



The geological environment offshore Namibia



Namibia Offshore PEL 0037

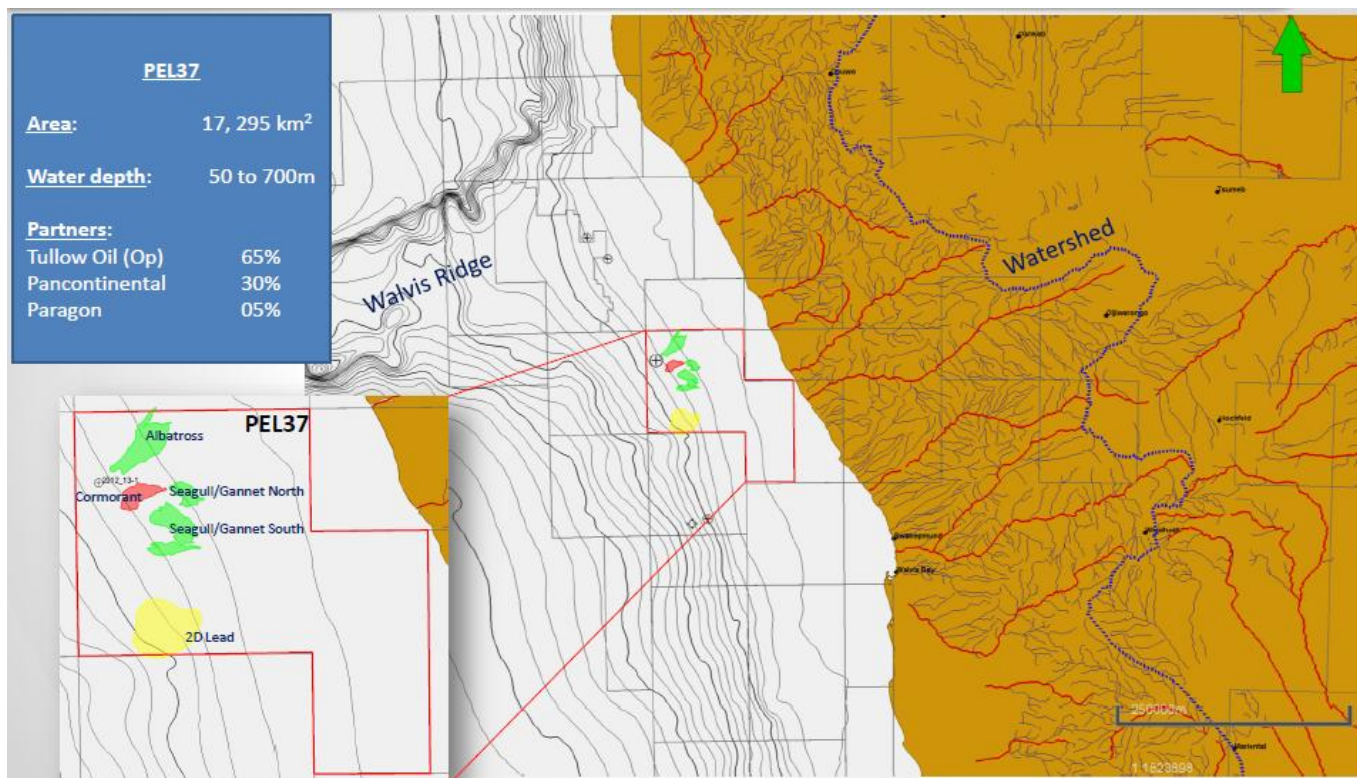
Location:	Walvis Basin	
Project Size:	17,295 square kilometres	
JV Partners:	Tullow Kudu Limited (Operator)	65.00%
	Pancontinental	30.00%
	Paragon Oil & Gas (Pty) Ltd	5.00%

In 2011, Pancontinental along with its local partner Paragon Oil & Gas (Pty) Ltd were awarded blocks offshore Namibia in the Walvis Basin, under Petroleum Exploration Licence 0037. Once early technical analysis was complete, Pancontinental high-graded the project and negotiated with its local partner for an additional 10% to add to its original 85% stake.

Pancontinental built a theory on the geological makeup of the area and prospectivity for oil generation. The company's groundwork was examined by Tullow Oil ("Tullow"), a multinational oil and gas exploration company founded in Tullow, Ireland. As a result, in 2013 Tullow Kudu Limited (a subsidiary of Tullow Oil) entered the joint venture with a 65% interest in exchange for wholly funding a seismic and drilling programme.

Under the terms of the farmout agreement, Tullow had the option of continuing in or withdrawing from the project prior to the drilling phase commitment. In April 2016 Tullow notified Pancontinental of its intention to continue as operator and to lead the joint venture to potential drilling.

The seismic programme consisting of 3,000 km² of 3D seismic (covering approximately 17% of the licence), 1,000km of 2D seismic, processing, interpretation and mapping has been completed at a cost in excess of US \$34 million. Having discovered several Prospects as well as additional Leads, the joint venture is now working toward confirming a drillable prospect suitable for exploratory drilling.



The location of PEL 0037 offshore Namibia



PEL 0037 joint venture's seismic database consists of newly acquired 3D and 2D as well as legacy 2D which covers a sizeable portion of the licence. Data from regional wells drilled has been integrated with the seismic to provide a model of the geological setting within the licence. Ongoing studies will assist in updating the risk profiles of the Prospects and Leads in the three blocks.

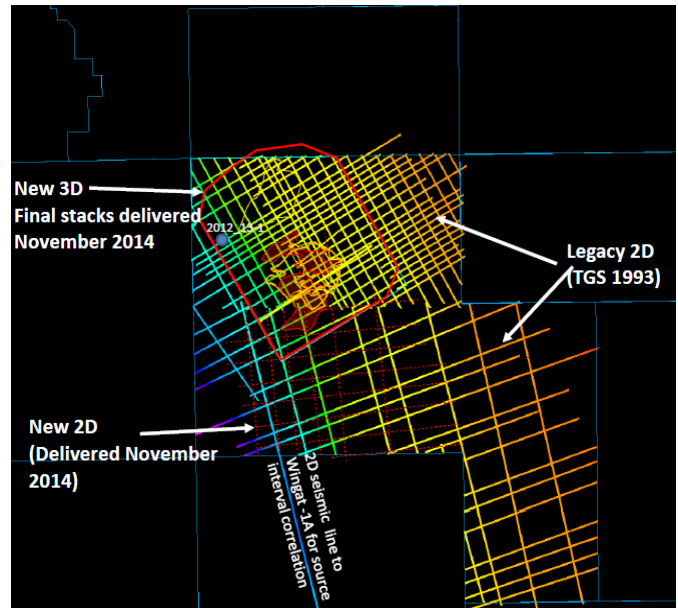
Four Prospects and three Leads have been mapped on 3D seismic with more anticipated as further exploration studies continue.

The Cormorant Prospect, located on the western side of the north block is the current most likely turbidite drilling target and the main focus of ongoing exploration work. The Prospect is a Cretaceous base-of-slope turbidite fan which lies over the central part of the oil source rock fairway.

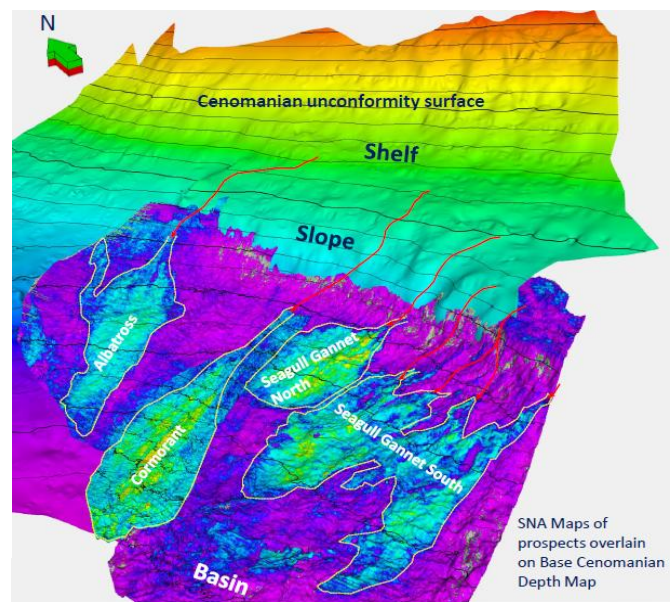
The Albatross Prospect is a Cretaceous slope and base-of-slope turbidite fan which is also located west in the northern block. Albatross overlies the thickest and most mature area of the oil source rock fairway.

The Prospects are all located in an area where turbidite sands have cascaded over the edge of a marine shelf, down the palaeoslope and onto the basin floor. The geological architecture in PEL 0037 may hold the elements required for a hydrocarbon discovery. This will be tested once a drillable prospect is confirmed and a forward drilling programme agreed.

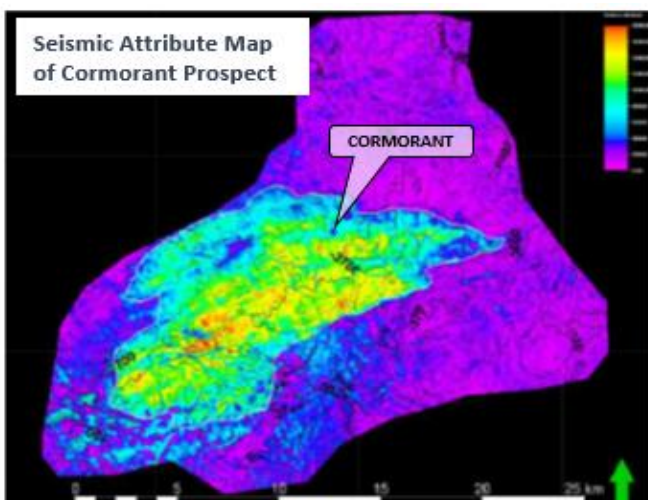
Under the terms of the farmout agreement, drilling is required by March 2017, one year earlier than the licence requirement of March 2018.



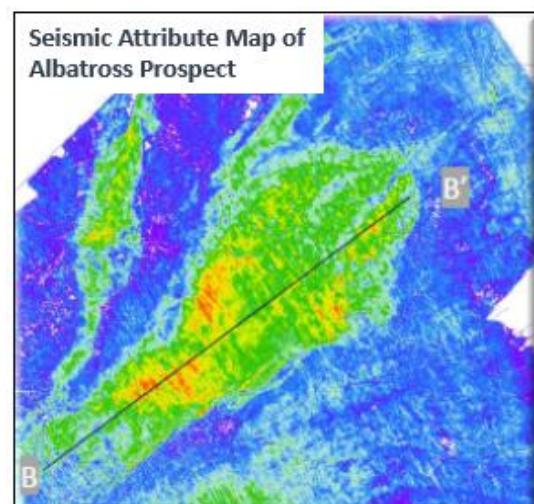
Map of seismic available within PEL 0037



Prospects within PEL 0037 (3D area only)



The Cormorant Prospect



The Albatross Prospect



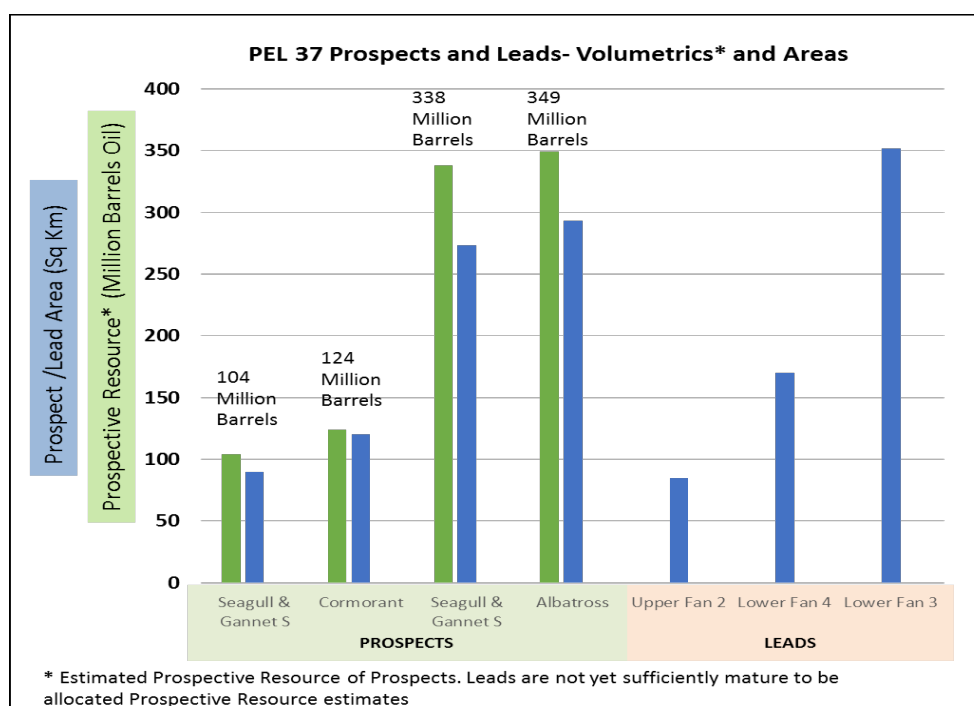
Pancontinental has estimated the Prospective Resource potential of the Prospects mapped to date using factors including estimates of the area of the Prospects, of to what level the Prospects may be oil filled, the thickness, geometry, porosity and net to gross factors of the potential reservoirs, oil saturations and commercial recovery factors. The estimates have been made on a deterministic basis and no probabilistic estimates or chances of drilling success have therefore been made in this case. Details of the Prospects and Leads mapped to date are as follows: (see Cautionary Statement below and Disclaimers on the last pages of the Review of Operations)

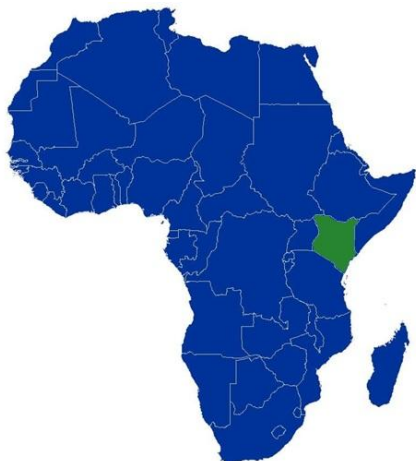
PROSPECT / LEAD	STATUS	AREA (Sq Km)	PROSPECTIVE RESOURCE 100% (MmBbls)*	NET TO JOINT VENTURE (MmBbls)	NET PANCONTINENTAL SHARE (MmBbls)
Albatross	Prospect	293	349	331.6	99.5
Seagull & Gannet S	Prospect	273	338	321.1	96.3
Seagull & Gannet N	Prospect	90	104	98.8	29.6
Cormorant	Prospect	120	124	117.8	35.3
Upper Fan 2	Lead	85			
Lower Fan 3	Lead	352			
Lower Fan 4	Lead	170			
TOTAL (Prospects Only)			915*	869.3	260.7

Table of PEL 0037 Prospects and Leads areas and Prospective Resource Volumes evaluated as at 28 September 2015

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 moveable hydrocarbons. **The resources referred to above were announced 28 September 2015.** The company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

* Prospective Resources – Best Estimate, 100% Basis – See Disclaimers for further information

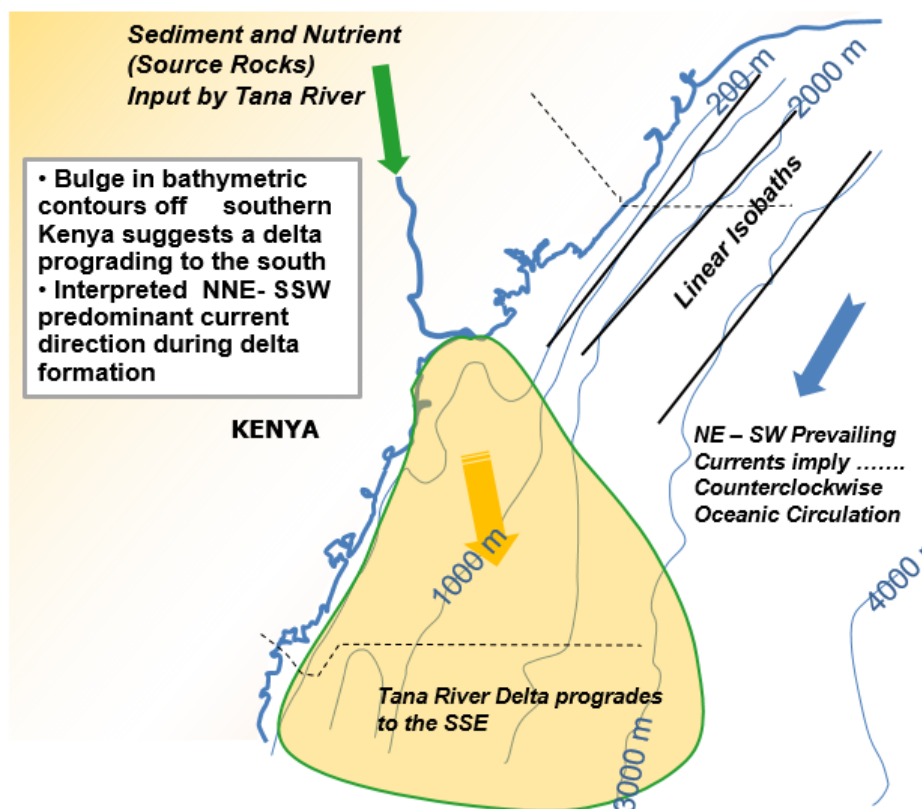




Kenya

Pancontinental's geological principles of offshore Kenya have been proven with the company sharing in two historic discoveries in recent years. The company is now focusing on its L6 onshore /offshore acreage

Over the past decade Pancontinental has built a catalogue of seismic and well data supporting its views on the geological settings offshore Kenya. In the company's modelling of the region, the Tana River plays an important part as it is the source of sediments and nutrients which have travelled from the river into the Indian Ocean and formed interesting geological formations which Pancontinental believes are ideal conditions for the generation of hydrocarbons.



Tana River Delta Offshore Kenya

Kenya's first two offshore discoveries, for both of which, Pancontinental was a joint venture partner, give weight to the arguments and thesis formed by the company –

- 2012 Mbawa-1, Kenya L8
 - The first ever gas discovery offshore Kenya; and
- 2014 Sunbird-1, Kenya L10A
 - The first ever oil discovery offshore Kenya.



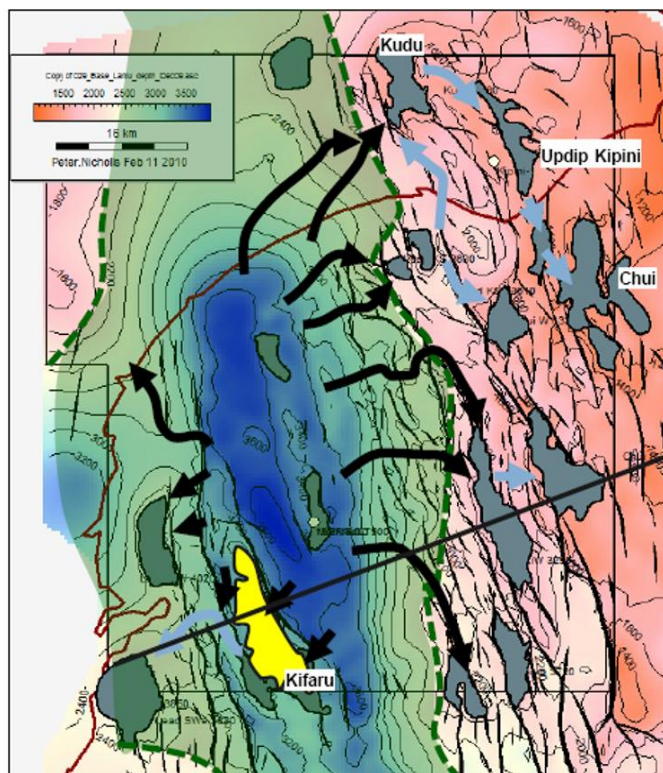
Kenya Onshore/Offshore Block L6

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%

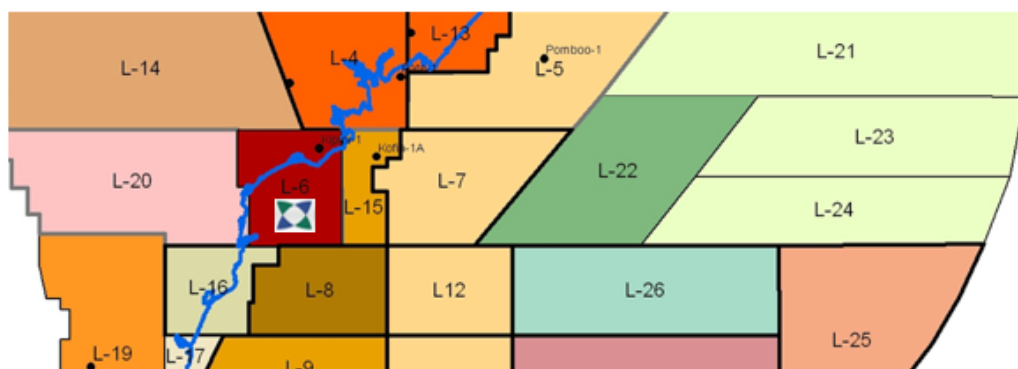
Kenya's onshore /offshore block L6 in the Lamu Basin was granted in 2002 with Pancontinental the founding member and initial operator. The offshore area is located in water depths of 400 metres and covers approximately two thirds of the block, with the remaining acreage onshore. A number of exploration campaigns have been carried out on the block from 2D and 3D seismic programmes, desktop studies, Falcon airborne gravity and magnetics surveys.

Pancontinental's joint venture partners in the L6 Block include FAR Limited (ASX:FAR) and Milio International. Both operators are successful; FAR Limited is an Australian oil and gas explorer with high potential exploration assets in Africa and Milio International are a multinational group with interests in Africa that include commercial LPG imports into Mombasa Port, offtaker and marketer of African crude as well as seismic operations.

The geology within offshore L6 contains a deep central graben which is thought to be an oil and gas "source kitchen" with hydrocarbon trapping prospects identified close by. The largest prospect is the Kifaru Prospect which is situated in water depths of 80m to 100m in the southwest of the L6 area. 3D seismic has covered the Kifaru Prospect as well as several others. In 2014, a joint venture led by BG Group and with Pancontinental as a partner drilled Sunbird-1 in Block L10A offshore Kenya and with a discovery opened up a new play in the area.



Outline of block L6 showing source kitchen within



Location of Block L6 onshore /offshore Kenya



Milio International who are a Dubai based group are joint venture partners and operators of the onshore portion of the L6 block. Seismic operations carried out on their L20 block to the west of block L6 led the group to discover the potential in the area. As such, the group farmed into the block for a 60% interest by funding a 2D seismic work programme and an onshore exploration well at no cost to Pancontinental who retained a 16% interest.

Prospects onshore include:

- Kudu;
- Mamba; and
- Boundary Anticline.

The prospects are a combination of Eocene and Cretaceous clastics (sandstones).

The onshore exploration work programme has seen a number of setbacks which has been outside the control of the partners. Discussions are continuing with the Government of Kenya with the aim of planning suitable arrangements so that the activities pursuant to the Petroleum Sharing Contract can continue.

According to an assessment by operator FAR Limited, the L6 area has potential to contain approximately 3.7 billion barrels of oil or 10.2 trillion cubic feet of gas prospective resources on a gross, un-risked, best estimate basis. The three prospects covered by new 3D seismic (Kifaru, Kifaru West and Tembo) have combined potential for approximately 630 million barrels of oil on an un-risked, best estimate, undivided 100% basis.

The details of the prospective resource estimates are shown in the table below:

		Unrisked Prospective Resources					
		Low Estimate		Best Estimate		High Estimate	
Prospect	Play	Oil (mmbbls)	Gas (bcf)	Oil (mmbbls)	Gas (bcf)	Oil (mmbbls)	Gas (bcf)
Prospects defined on 3D seismic							
Kifaru	Miocene reef	34	104	178	517	849	2,321
Kifaru West	Miocene reef	30	87	130	388	545	1,579
Tembo	Eocene clastics	91	227	327	807	1,212	2,907
Prospects defined on 2D seismic							
11 Prospects	Miocene reef	297	821	1,249	3,461	5,194	14,032
13 Prospects	Eocene clastics	451	1,287	1,743	4,515	6,582	16,132
6 Prospects	Late Cretaceous clastics	21	101	126	547	684	2,808
Total Gross		925	2,627	3,754	10,235	15,066	39,779

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 moveable hydrocarbons. See Disclaimers and Notes for further details. **The resources referred to above were announced 27 February 2013.** The company confirms that it is not aware of any new information or data that, in its opinion, materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



DISCLAIMERS & NOTES - NAMIBIA

Prospective Resource Estimates Cautionary Statement

The estimated quantities of petroleum in this report 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.

Prospective Resources

All Prospective Resource estimates in this report with regard to Namibian operations are prepared as of 28 September 2015. The estimates have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers and have been prepared using deterministic methods. Unless otherwise stated the estimates provided in this report are Best Estimates. The estimates are unrisks and have not been adjusted for an associated risk of discovery and risk of development. The 100% basis refers to the total resource while the Net to Pancontinental basis is adjusted for the Government Royalty of 5% under Production Sharing Contracts and Pancontinental's percentage entitlement under Joint Venture contracts.

Prospective Resources estimates in this report have been made by Pancontinental Oil & Gas NL and may be subject to revision if amendments to mapping or other factors necessitate such revision.

Prospects and Leads

The meanings of "Prospects" and "Leads" in this report are in accordance with the Petroleum Resource Management System 2007 approved by the Society of Petroleum Engineers. A Prospect is a project that is sufficiently well defined to represent a viable drilling target. A Lead is a project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and / or evaluation to be classified as a Prospect.

Competent Person Statement Information

The hydrocarbon resource estimates in this report have been prepared by Mr Roy Barry Rushworth the Chief Executive Officer and Executive Director of Pancontinental Oil & Gas NL. Mr Rushworth has more than 30 years' experience in practising petroleum geology and exploration management.

Mr Rushworth consents to the inclusion in this report of information relating to the hydrocarbon Prospective Resources in the form and context in which it appears.

Forward Looking Statements

This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning Pancontinental Oil & Gas NL's planned operation programme 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.



DISCLAIMERS & NOTES - KENYA

In respect of the Competent Persons Statement regarding the information contained in preceding pages with regard to Kenya L6 resources, the reader is directed to the announcement of 27 February 2013 by FAR Limited.

Notes to the table

1. The recoverable hydrocarbon volume estimates prepared by FAR Limited and stated in the table above have been prepared in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineers.

2. The prospective resource estimates have been estimated using probabilistic methods and are dependent upon a hydrocarbon discovery being made.

3. The Low Estimates, Best Estimates and High Estimates represent respectively that there is a 90%, 50% and 10% probability that the actual resource volume will be in excess of these amounts.

4. The estimates for unrisks prospective resources have not been adjusted for both an associated chance of discovery and a chance of development.

5. The Gross (100% working interest) prospective resource estimates include Government share of production applicable under the Production Sharing Contract.

6. The estimates for unrisks Prospective Resources for Kenya Block L6 are reported in oil or gas. There is insufficient geological and engineering data to make an assessment as to the likely ratio of oil or gas in a given discovery in Kenya Block L6, hence the estimates provided are for either all oil or all gas. The oil and gas estimates reported should not be added together.

7. Prospective resources means those quantities of petroleum which are estimated, as of a given date to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

8. bcf means Billion Cubic Feet of gas at standard temperature and pressure conditions.

9. mmbbls means Million Standard barrels of oil or condensate.



Corporate

Fundraising

The company's previous significant fundraising was in 2012. From that time until the present, the company has contributed to working capital as well as an exploratory drilling well in 2014 from the funds received in 2012 without the need for further assistance from equity markets.

During the year the company was supported in Australia and UK through placements and by its shareholders by way of a Share Purchase Plan. A breakdown of the funds received is as follows:

Placement to professional and sophisticated investors	AU \$1,438,000
Placement to directors approved at general meeting	AU \$ 500,000
Share purchase plan	<u>AU \$ 286,000</u>
Total funds raised	<u>AU \$2,224,000</u>

Executive Director Remuneration Reductions

In the 2015 financial year, the directors of the company offered to take remuneration reductions. The reductions have resulted in savings of **\$351,000** for the company from the previous financial year as detailed below:

	<u>2016</u>	<u>2015</u>
Henry David Kennedy (Non-Executive Chairman)	50,000	50,000
Roy Barry Rushworth (Executive Director, Chief Executive Officer)	343,750	643,750
Ernest Anthony Myers (Executive Finance Director)	200,000	245,000
John Edward Leach (Non-Executive Director_from Feb 16)	16,000	-
Anthony Robert Frederick Maslin (Non-Executive Director_to Jan 16)	26,000	48,000
Total Remuneration	635,750	986,750
Reduction in Remuneration		-351,000



Roadshows – Australia & UK

During the financial year Pancontinental executives participated in various Australian and UK based investor presentations. The roadshow campaigns updated existing and new investors on the planned activities for Pancontinental in the coming year.



Finance Director Ernie Myers and
CEO/Executive Director Barry Rushworth

Independent Non-Executive Director Appointment & Resignation



In February 2016, the company was pleased to welcome Mr John Leach to the board as an independent Non-Executive Director.

Mr Leach is an accountant by profession and has experience in cross-border trade and finance transactions, corporate governance and international operations and strategy developments.

With his extensive corporate experience the board is confident he will make a considerable contribution to the company.

The board would also like to thank resigning Non-Executive Director Mr Anthony Maslin for his service to the company from 2010 to January 2016.

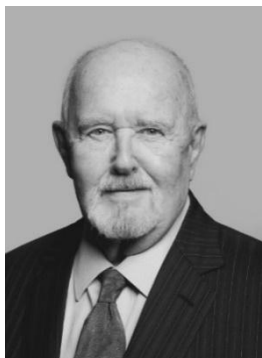


Your Directors submit their report for the year ended 30 June 2016.

DIRECTORS

The names and details of the company's Directors in office during the financial 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



Henry David Kennedy MA (Geology), SEG (Non-Executive Chairman)

Mr Kennedy is a Geologist with a background in African, Australian and New Zealand oil and gas businesses. Numerous discoveries in both Western Australia and New Zealand were made by companies established, developed and managed by Mr Kennedy. Since August 1999 Mr Kennedy has been a Director of Pancontinental, with the Company benefiting from Mr Kennedy's broad knowledge base through ongoing support in achieving the Company's strategic goals.

Mr Kennedy is currently a Non-Executive Director of Norwest Energy NL (since April 1997) and was an East Africa Resources Limited Non-Executive Director (since March 2013) but resigned from the position in April 2015.



Roy Barry Rushworth, BSc (Executive Director, Chief Executive Officer)

Mr Rushworth is a Geologist with international petroleum exploration experience. With roles such as Chief Geologist and Exploration Manager, Mr Rushworth helped guide an Australian listed company to a number of oil and gas finds during his tenure. Since his appointment with Pancontinental, Mr Rushworth has been responsible for identifying, negotiating and acquiring international new venture opportunities particularly in Kenya and Namibia. In addition, he has a trusted contact base which has assisted him to attract international major companies as joint venture partners to Pancontinental's projects.

Mr Rushworth has been a Director of Pancontinental since August 2005 and Chief Executive Officer since November 2008.



Ernest Anthony Myers CPA (Executive Finance Director)

Mr Myers is an Accountant who has held senior management, executive and board participation roles in ASX listed companies. During his career he has had considerable experience in all corporate matters from capital raisings to financial management of these companies. He has had relevant African experience through involvement in exploration projects in Eritrea, Kenya, Namibia and Tanzania. Mr Myers joined Pancontinental in March 2004 as Company Secretary and was appointed Finance Director in January 2009.

Mr Myers was an alternate Director of East Africa Resources Limited from June 2010, to April 2015.



John Edward Leach BArts (Economics) CA, MBA (Independent Non-Executive Director)

Mr Leach has completed a degree in Economics, is a Chartered Accountant and holds a Master of Business Administration. Experience in the mining industry along with senior management and director positions have provided Mr Leach with extensive experience in financial management, fundraising and strategic planning. Mr Leach joined Pancontinental's board in February 2016.

Mr Leach held the position of Executive Finance Director for Cyprus based Atalaya Mining from 2007 to July 2015 and is currently a Director of Kefi Minerals plc (since 2007). Kefi Minerals plc is an exploration and development company which is also based in Cyprus and has interests in Ethiopia.



FORMER DIRECTOR

Anthony Robert Frederick Maslin BBus (Independent Non-Executive Director)

Mr Maslin has been a Director of Pancontinental since December 2010 having held the position of Independent Non-Executive Director since his appointment until 15 January 2016 when he resigned from the position.

The Board would like to express their sincere thanks to Mr Maslin for his contribution to the company during his tenure.

COMPANY SECRETARY



Vesna Petrovic, BComm, CPA

Mrs 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.

During her professional life she has had public listed company experience in numerous companies, particularly with those who hold interests in Africa. Mrs Petrovic fulfils both the accounting and governance functions at Pancontinental.

Mrs Petrovic was appointed Company Secretary in April 2010.

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares and options of the Company as at 30 June 2016 is as follows:

	Ordinary Shares	Options over Ordinary Shares
Henry David Kennedy	270,101,602	500,000
Roy Barry Rushworth	36,835,610	1,000,000
Ernest Anthony Myers	1,650,715	750,000
John Edward Leach (appointed 26 February 2016)	-	-
Anthony Robert Frederick Maslin (resigned 15 January 2016)	14,583	500,000

DIRECTORS' MEETINGS

The numbers of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings
Number of meetings held:	6
Number of meetings attended:	
Henry David Kennedy	6
Roy Barry Rushworth	6
Ernest Anthony Myers	6
John Edward Leach (from 26/2/16)	4
Anthony Robert Frederick Maslin (to 15/1/16)	0

Notes

The Directors discussed and agreed various matters throughout the financial year which were resolved by circular resolution; 5 matters were dealt with in such a manner during the year.



CORPORATE INFORMATION

Corporate structure

Pancontinental Oil & Gas NL is a no liability company incorporated and domiciled in Australia. The Company's ACN is 003 029 543.

Nature of operations and principal activities

The principal activity during the year of entities within the consolidated entity was exploration for oil and gas.

There have been no significant changes in the nature of those activities during the year.

Objectives

Objectives of the group include:

- Continued exploration on the company's current portfolio of permits;
- Maximise value of the Company's existing assets ;
- Seek new ventures;
- Manage risks involved in the exploration industry; and
- Maintain liquidity.

The group's targets and strategies for meeting the above objectives include:

- Approve work programmes best suited for exploration success which are within the Company's financial capacity;
- Consider strategic alliances through joint ventures to minimise risks and costs to the group;
- Continuing focus on cost cutting in non-essential areas; and
- Review of appropriate fundraising proposals.

Cents

Earnings (loss) per share

Basic earnings (loss) per share	(0.40)
Diluted earnings (loss) per share	(0.40)

The main contributing factor to the Earnings per Share result this financial year was the write off of exploration carrying balances.

Employees

The consolidated entity had four (4) employees as at 30 June 2016, (2015: five (5)). The consolidated entity employs the services of specialised consultants where and when needed.

OPERATING AND FINANCIAL REVIEW

Review of Operations

Namibia PEL 0037 [30% Offshore]

Pancontinental is in joint venture over an offshore area in the Walvis Basin, Namibia. As an original bidder for the area, Pancontinental was awarded a significant stake in the licence which it then farmed out to Tullow Oil ("Tullow"), a multinational oil and gas company. In return for a 60% stake in the licence, Tullow committed to an exploration programme of potentially more than US\$100 million, including an exploration well, in which Pancontinental is free carried.

In the three years since the farmout, operator Tullow has expended approximately US\$34 million on exploration to gain further understanding of the geology in the offshore area. Initial indications show that there are four main prospects to be further worked up to drillable status.

On 8 April 2016, Tullow advised Pancontinental that it would continue in the joint venture and as such commit to the provisions of the farmout agreement. Tullow has completed the seismic programme and is working towards identifying a drillable prospect for future drilling.



Kenya L6 [40% offshore, 16% onshore]

Pancontinental holds an interest in the L6 block onshore/offshore Kenya. The company has been a participant in the block since its award in 2002 and has completed various work programmes in joint venture over the area.

In recent years the onshore portion of the block was of geological interest to neighbouring block holder Milio International ("Milio"). Milio farmed into the onshore portion of the block for 60%, in exchange for a free carried programme consisting of 2D seismic, interpretation, mapping and an onshore well. Although Milio have experienced several setbacks to the expected exploration work programme, Pancontinental is in discussions with joint venture partner FAR Limited ("FAR") (24%) and is anticipating progress on the issue with regard to the status of Milio.

Pancontinental holds a 40% interest over the offshore area which has seen a number of exploration campaigns including both 3D and 2D in Kenyan waters. Pancontinental is in continuing discussions with operator FAR (60%) as to the future activities planned for block L6.

Group Overview

Pancontinental Oil and Gas NL was incorporated in 1985 and listed on the Australian Securities Exchange in 1986.

The Pancontinental group is comprised of the parent company along with four subsidiary companies.

Dynamics of the Business

The company is committed to further development of existing projects, but at the same time continues to look for new opportunities, particularly in Africa.

Performance Indicators

The Board closely monitors and considers the group's operating plans, financial budget and overall operating and share market performance.

The underlying drivers which contribute to the company's performance and can be managed internally include a disciplined approach to investment of resources and allocating funds to those areas which have the greatest potential to add shareholder value. The company's share price is often influenced by factors outside the control of Management and the Board, such as market conditions.

Operating Results for the Year

Summarised operating results are as follows:

	2016	
	Revenues	Results
	\$	\$
Non-segment and unallocated revenues and results	16,893	(5,472,381)
Consolidated entity revenues and results from ordinary activities before income tax expense	16,893	(5,472,381)

The main contributing factor to the Earnings per Share result this financial year was the write off of exploration expenditure.

Shareholder Returns

The group is in the exploration phase and so returns to Shareholders are primarily measured through capital growth.

	2016	2015	2014	2013	2012
Profit attributable to owners of the company	(5,472,381)	(41,878,638)	(19,068,997)	(662,822)	(1,805,773)
Basic earnings per share (cents)	(0.40)	(3.64)	(1.66)	(0.06)	(0.23)
Share price	\$0.003	\$0.006	\$0.023	\$0.050	\$0.175



Risk Management

Risk management is the process by which an organisation identifies, analyses, responds, gathers information about and monitors strategic risks that could actually or potentially impact the organisation's ability to achieve its mission and objectives. The Board and Management assess risk as part of the ordinary course of business activities such as strategic planning, promotion, budgets, mergers and acquisitions, strategic partnerships, legislative changes and conducting business abroad.

The group believes that it is crucial for all Board members to be a part of this process and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure that its objectives and activities are aligned with the risks identified. These include the following:

- Implementation of operating plans and cash flow budgets by Management and Board monitoring of progress against these budgets.
- Ongoing analysis of business risks specific to the exploration industry.
- The group has advised each Director, Manager and Consultant that they must comply with a set of ethical standards maintaining appropriate core company values and objectives. Standards cover legal compliance, conflict resolution, privileged information and fair dealing.
- The Board has a comprehensive Continuous Disclosure Policy which includes identifying matters which have a material effect on the underlying security price. ASX announcements, the web page of the company and other media resources are used to convey such information. The Board encourages full participation by Shareholders at the AGM and Shareholders are requested to vote on Board and Executive remuneration aggregates as well as Employee Incentive Schemes.

The risk assessment process takes into account the following steps:

- Condition – What is the particular problem that has been identified?;
- Criteria – What is the standard that was not met? This may be an internal benchmark or industry standard;
- Cause – Why did the problem occur?;
- Consequence – What is the risk, negative outcome or opportunity foregone due to the finding?; and
- Corrective action – What should Management and the Board do to correct the finding and implement procedures for the continued monitoring of the risk?.

The continued monitoring of risk within the group is directed at evaluating:

- The effectiveness and efficiency of operations;
- The reliability of financial and management internal processes and reporting; and
- Compliance with laws and regulations

to enable the group to safeguard its assets.

Review of Financial Condition

Capital Structure

During the year, the Company added to its cash reserves through two placements and a share purchase plan. These were the first funds raised since 2012.

Share Capital	Number of shares	\$
Beginning of the financial year	1,150,994,096	99,411,998
Issued during the year:	566,500,000	2,133,969
End of the financial year	1,717,494,096	101,545,967

No options have been granted since the end of the previous financial year.

No options of the company expired during the year:

Option Reserve	Number of options	Weighted average exercise price
Balance at beginning of year	2,750,000	0.12
– expired	-	-
Balance at end of year	2,750,000	0.12

All unissued shares are ordinary shares of the company.



Treasury policy

The Board has not considered it necessary to establish a separate treasury function because of the size and scope of the group's activities.

Liquidity and Funding

The Company conducted its last significant fundraising in 2012. Since then, the Group has maintained adequate cash reserves to fund ongoing operations including paying its own way through a drilling programme. During the current financial year, the company raised funds by way of placements and a share purchase plan. UK investors showed support for the company via their participation in one of the placements completed during the year.

Statement of Compliance

The above report is based on the guidelines in The Group of 100 Incorporated publication Guide to the Review of Operations and Financial Condition.

SHARE OPTIONS

Unissued shares

At the date of this report there were 2,750,000 unissued ordinary shares under options. Refer to the notes for further details on the options outstanding.

During the year, no options expired.

Shares issued as a result of the exercise of Options

There were no shares issued as a result of the exercise of options during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the state of affairs of the company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no significant events after balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The economic entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Pancontinental is committed to complying with any requirement for environmental management in any jurisdiction and country that it operates.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Since the end of the previous financial year the company has paid insurance premiums in respect of Directors' and officers' liability and legal expenses insurance contracts. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors and officers and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract. The premiums were paid in respect of the following officers of the company and its controlled entities:

HD Kennedy, RB Rushworth, EA Myers, JE Leach, ARF Maslin (prior to his resignation) and V Petrovic.



REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and Executives of Pancontinental Oil & Gas NL ("the company").

Remuneration philosophy

A description of the remuneration structures in place is as follows: The Non-Executive Directors receive a fixed fee for their services, they do not receive performance based remuneration. The Chief Executive Officer receives a fixed fee for his respective executive services (with no bonus or other performance-based remuneration). Executive Directors are paid a salary. Directors do not receive any termination or retirement benefits.

Remuneration committee

The full Board carries out the role of the remuneration committee.

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-Executive and Executive remuneration is separate and distinct.

Non-Executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held on 29 November 2007 when Shareholders approved an aggregate remuneration of \$400,000 per year. The amount of aggregate remuneration sought to be approved by Shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external sources as well as the fees paid to Non-Executive Directors of comparable companies when undertaking reviews. The Non-Executive Directors of the Company can participate in Employee Option Incentive Schemes with Shareholder approval. The remuneration of Executive and Non-Executive Directors for the period ending 30 June 2016 is detailed in Table 1 of this report.

Senior Management and Executive Director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain Executives of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

Structure

In determining the level and make up of Executive remuneration, the Board may take independent advice from external sources when necessary. Details of the CEO's contract are as follows:

Basic Sum:	\$375,000 (reduced from \$750,000 contract)
Capacity:	Chief Executive Officer
Commencement	1 July 2012
Termination Period:	6-12 months

The Board regularly reviews compensation levels to take into account market-related factors such as cost of living changes, any change to the scope of the role performed and any other relevant factors of influence. As such, Executive Director remuneration was reduced by \$435,000 per annum in the last financial year and those remuneration reductions have stayed in place for the current financial year.

Fixed remuneration

Objective

The level of fixed Directors' fees is set so as to provide a base level which is both appropriate to the position and is competitive in the market.

Structure

Fixed primary remuneration is paid on a cash basis and there are no fringe benefits or other costs incurred by the company.



Table 1: Director remuneration for the year ended 30 June 2016

	Primary benefits Salary & Fees	Cash STI	Post Employment Super- annuation	Equity Options (Issued)	Total	Value of options as proportion of Revenue
Henry David Kennedy (Non-Executive Chairman)						
2016	50,000	-	-	-	50,000	0.0%
2015	50,000	-	-	-	50,000	0.0%
Roy Barry Rushworth (Executive Director, Chief Executive Officer)						
2016	343,750	-	-	-	343,750	0.0%
2015	643,750	-	-	-	643,750	0.0%
Ernest Anthony Myers (Executive Finance Director)						
2016	200,000	-	-	-	200,000	0.0%
2015	245,000	-	-	-	245,000	0.0%
John Edward Leach (Non-Executive Director_from Feb 16)						
2016	16,000	-	-	-	16,000	0.0%
2015	-	-	-	-	-	0.0%
Anthony Robert Frederick Maslin (Non-Executive Director_to Jan 16)						
2016	26,000	-	-	-	26,000	0.0%
2015	48,000	-	-	-	48,000	0.0%
Total Current Year Remuneration	635,750¹	-	-	-	635,750	-

Note 1. The remuneration received in the 2016 financial year was **\$351,000 less** than that in the 2015 financial year.

The Remuneration Report of a listed company is subject to a non-binding vote of adoption by shareholders at the Annual General Meeting. Where 25 percent or more of the votes cast at the most recent Annual General Meeting were against adoption of that report, the subsequent remuneration report must include an explanation of the board's actions in response.

At the company's 2015 Annual General Meeting, shares voted for the Remuneration Report resolution were as follows:

Vote	Shares Voted	%
For	91,792,918	67.2
Against	38,260,190	28.0
Abstain	105,000	N/A
Chairman	6,565,489	4.8
Excluded	133,731,667	N/A

The percentage voted against the remuneration report as per the above table totalled 28%. The total number of holders that voted against the resolution were 7, from a potential 3,905 holders eligible to vote. One of the holders who voted against the resolution held 36,606,136 shares which accounted for 96% of the "against" vote.

The Board has put in requisite measures to reduce not only remuneration expenditure of the company but has reduced all non-core expenditure. This can be evidenced by analysis of the company's Statement of Comprehensive Income. Director remuneration as per the above table of \$635,750 is \$351,000 less this current financial year than that of the previous 2015 financial year, a reduction of 36%.



Table 2: Options granted as part of remuneration for the year ended 30 June 2016 (as approved by Shareholders)

There were no options granted as part of remuneration for the year ended 30 June 2016 (30 June 2015: Nil).

Over the past five years options granted as part of Director and Management remuneration have been valued using an appropriate option pricing model, in which the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying shares, the current market price of the underlying shares and the expected life of the options are taken into account. See following table for further details.

Fair values of options:

The fair value of each option is estimated on the date of grant using an appropriate option pricing model.

	2016	2015	2014	2013	2012	2011
Expected volatility	-	-	-	110%	120%	-
Risk-free interest rate	-	-	-	2.74%	3.57%	-
Expected life of option	-	-	-	4 years	3 years	-

Total number of options:

Number of options	Grant date	Vesting date	Weighted average fair value
2,750,000	30 Nov 12	30 Nov 12	0.06

Company Performance

Company performance can be reflected in the movement of the company's share price over time. As the company is in an exploration phase, returns to Shareholders will primarily come through share price appreciation. The Board's strategy in achieving this aim is to acquire early stage projects which can attract quality joint venture partners.

The company has developed skills in the acquisition of quality projects and has also built strategic alliances with other companies to further develop its project portfolio.

Consequences of Performance on Shareholder Wealth

Return on Equity	2016	2015	2014	2013	2012
Share price at 30 June	\$0.003	\$0.006	\$0.023	\$0.050	\$0.175
Average equity	11,954,797	34,563,322	65,037,139	72,686,103	43,124,939
Net Profit /(Loss)	(5,472,381)	(41,878,638)	(19,068,997)	(662,822)	(1,805,773)
Return on Equity in %	(45.78)%	(121.16)%	(29.32)%	(0.91)%	(4.19)%

END OF REMUNERATION REPORT



ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor independence declaration is set out on the following page and reviews part of the Directors' Report for the year ended 30 June 2016.

NON-AUDIT SERVICES

Rothsay did not receive any payment for non-audit services during the year.

Signed in accordance with a resolution of the Directors.

Ernest Anthony Myers
Director

Perth 30 September 2016

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone 9486 7094 www.rothsayresources.com.au

The Directors
Pancontinental Oil & Gas NL
PO Box 1154
West Perth WA 6872

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2016 financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Rolf Garda (Lead auditor)

Rothsay

Dated *30th* September 2016



Chartered Accountants



The Company's 2016 Corporate Governance Statement is presented below and can also be accessed at <http://pancon.com.au/about-us/corporate-governance/>. The Statement has been approved by the Board of Pancontinental Oil & Gas NL and is current as at 30 September 2016.

Pancontinental's Corporate Governance Statement outlines the Company's governance practices throughout the financial year and the extent of the Company's compliance, as at 30 June 2016 with the ASX Corporate Governance Council's third edition of Corporate Governance Principles and Recommendations.

The Company will regularly review its current practices to ensure they evolve with good practice methods recommended by regulatory bodies while taking into account factors such as the size, nature and activities of the Company.

Corporate Governance Council Recommendation followed by Pancontinental Oil & Gas NL	
Corporate Governance Comments	
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
1.1	<p>A listed entity should disclose:</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. <p>Adopted - Pancontinental has adopted a Board Charter which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/. The Charter outlines the roles and responsibilities of Board and Management including the responsibilities for not only the Board as a whole but also the Chairman, Chief Executive Officer and Non-Executive / Independent Directors.</p> <p>The Charter contains a list of responsibilities for the Board which cannot be directly delegated to Senior Management, however day-to-day activities required to fulfil those responsibilities may be assigned to Senior Management.</p>
1.2	<p>A listed entity should:</p> <ul style="list-style-type: none"> (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. <p>Adopted - The Company's Nomination Committee Charter which has been disclosed on the Pancontinental website http://pancon.com.au/about-us/corporate-governance/ outlines the role of the Nomination Committee including the oversight of the Company's selection and appointment practices for Directors.</p> <p>As part of its Corporate Governance Manual the Company has also adopted a Policy and Procedure for Selection and (Re)Appointment of Directors which can be found at http://pancon.com.au/about-us/corporate-governance/. The Policy and Procedure outlines the process for the evaluation and appointment of new Board members, as well as listing information that is required to be provided to Shareholders so that they may make an informed decision regarding the election of a proposed candidate.</p> <p>The Nomination Committee Charter empowers the Directors to engage external consultants such as Employment Screening Australia who are a CrimTrac accredited information agent that adheres to the Australian Standard AS 4811-2006 Employment Screening.</p>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> <p>Adopted - Each Director is in possession of a written agreement setting out the terms of their appointment including their right to independent professional advice if required to fulfil their capacity as Director.</p> <p>Material terms of any employment, service or consultancy agreement are disclosed.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> <p>Adopted - The Company Secretary is accountable to the Board through the Chairman on matters relating to the proper functioning of the Board.</p>



	<p>The Company Secretary completes and circulates board papers, records minutes of the business discussed at Board Meetings and communicates with the Board on: governance matters, application of the Company's Constitution, the ASX Listing Rules and other relevant laws. They are a point of reference between the Board and Management.</p>												
<p>1.5</p>	<p>A listed entity should:</p> <ol style="list-style-type: none"> (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: <ol style="list-style-type: none"> 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. 												
	<p>Adopted – Pancontinental has formally adopted a Diversity Policy which can be found at http://pancon.com.au/about-us/corporate-governance/</p> <p>Diversity – Board Composition</p> <p>The mix of skills and diversity for which the Company is looking to achieve in membership of the Board is one that is as diverse as practical given the size and scope of the Company's operations. In considering new member appointments, the Board evaluates the candidate's ability to actively participate in Board matters by exercising sensible business judgement and committing the time required to fulfil the role effectively so that the Company can move towards achieving its strategic goals.</p> <p>Diversity – Measurable Objectives</p> <p>The main objectives with regard to diversity include:</p> <ul style="list-style-type: none"> • The Company's composition of Board, Executive, Management and Employees to be as diverse as practicable; • To provide equal opportunities for all positions within the Group and continue the Group's commitment to employment based on merit; • Periodic review of the Group's workforce structure and assessment of where and how improvements can be implemented incorporating greater diversity. <p>The above objectives set by the Company with regard to diversity have been met, as described below:</p> <ul style="list-style-type: none"> • Blend of skills – wide range of backgrounds; geology, petroleum exploration, finance and corporate experience; • Cultural backgrounds – Australian and European; • Gender – both male and female; and • Age – the age range spans over 40 years. <p>Diversity – Annual Reporting</p> <table border="1" data-bbox="239 1724 1380 1915"> <thead> <tr> <th></th> <th>2016</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Board & Company Secretary</td> <td>20%</td> <td>20%</td> </tr> <tr> <td>Employees</td> <td>75%</td> <td>67%</td> </tr> <tr> <td>Total Workforce</td> <td>43%</td> <td>37%</td> </tr> </tbody> </table> <p>The Australian Government's Workplace Gender Equality Agency periodically releases statistics with regard to the gender composition of the Australian workforce by industry. With reference to its latest data, Pancontinental far exceeds the industry average of 15.3% of women.</p>		2016	2015	Board & Company Secretary	20%	20%	Employees	75%	67%	Total Workforce	43%	37%
	2016	2015											
Board & Company Secretary	20%	20%											
Employees	75%	67%											
Total Workforce	43%	37%											



<p>1.6</p>	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
	<p>Adopted – The Company’s website includes a policy with regard to the Process for Performance Evaluation which can be found at http://pancon.com.au/about-us/corporate-governance/</p> <p>During the reporting period a formal evaluation of the Board and its members was not carried out however the composition of the Board, its suitability to carry out the Company’s objectives and remuneration levels are reviewed on an as required basis. For example, during the 2015 financial year market conditions dictated the oil and gas environment prompting companies to review expenditures in order to preserve cash balances. As such, Pancontinental reduced Executive Director salaries by \$435,000 per annum to adapt to market circumstances. Although the instability in the oil and gas industry is not attributable to the Directors it does show the willingness of the Board to put requisite measures in place when industry settings change.</p>
<p>1.7</p>	<p>A listed entity should:</p> <ul style="list-style-type: none"> a) have and disclose a process for periodically evaluating the performance of its senior executives; and b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.
	<p>Adopted – The Company’s website includes a policy with regard to the process for performance evaluation which can be found at http://pancon.com.au/about-us/corporate-governance/</p> <p>With regard to the current financial reporting period, a formal evaluation of the performance of Senior Executives was not carried out as the suitability and size of the Company’s workforce is reviewed by the Board on an as required basis.</p>



PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

2.1 The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director, and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;

or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Not Adopted – The full Board fulfils the role of the Nomination Committee.

The Board considers those matters that would ordinarily be the responsibility of a Nomination Committee and no separate meetings were held as the Nomination Committee during the year. The Board has adopted a Nomination Committee Charter which is disclosed on the Company’s website at <http://pancon.com.au/about-us/corporate-governance/>. The Charter as well as the Company’s Policy and Procedure for Selection and (Re) Appointment of Directors <http://pancon.com.au/about-us/corporate-governance/> and Succession Plan Policy are applied when convening to discuss Nomination Committee matters.

In assessing the Company’s diversity objectives, the composition of the Board is considered with regard to blend of skills, experience, independence and diversity. The Directors consider that the current Board has the appropriate balance to successfully carry out the duties required of them as Officers of the Company.

2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Adopted – The Board is seeking Directors who collectively have the skills, knowledge and experience to govern and direct the Company effectively. The below table shows the key skills and experience the Board as a whole possess.

Board Expertise		Board Experience	
Commercial	•	Capital Raisings	•
Compliance	•	Company Promotion	•
Corporate	•	Financial Management	•
Ethics	•	Former Board Experience	•
Exploration	•	International Business	•
Finance	•	Listed Company Management	•
Geology	•	Mergers & Acquisitions	•
Governance	•	Mineral Exploration	•
Risk	•	Mineral Production	•
Strategy	•	Oil & Gas Exploration	•

Details of each of the Director’s qualifications are set out in the Directors’ Report. All of the Directors have substantial industry experience and consider themselves to be financially literate. Mr Myers and Mr Leach are qualified accountants and therefore meets the tests of financial expertise.



	<p>Pancontinental acknowledges that the skills, knowledge and experience required on the Board will change as the Organisation evolves however under the current circumstances, the mix of expertise and experience identified above is beneficial in meeting the current challenges faced by the Group.</p>																								
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> <p>Adopted – see table below.</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Position</th> <th>Tenure</th> <th>Independent</th> </tr> </thead> <tbody> <tr> <td>HD Kennedy</td> <td>Non-Executive Chairman</td> <td>17 years</td> <td>No - Substantial Shareholder</td> </tr> <tr> <td>RB Rushworth</td> <td>Executive Director, Chief Executive Officer</td> <td>11 years</td> <td>No - Executive Director</td> </tr> <tr> <td>EA Myers</td> <td>Executive Finance Director</td> <td>7 years</td> <td>No - Executive Director</td> </tr> <tr> <td>JE Leach</td> <td>Independent Non-Executive Director</td> <td>< 1 year</td> <td>Yes</td> </tr> <tr> <td>ARF Maslin</td> <td>Independent Non-Executive Director</td> <td>5 years (resigned 15-1-16)</td> <td>Yes</td> </tr> </tbody> </table> <p>In considering the independence of Directors, the Board refers to the criteria for independence as set out in Box 2.3 of the ASX Corporate Governance Council's third edition of Corporate Governance Principles and Recommendations. To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed on the Company's website.</p> <p>Box 2.3's independence criteria has been applied in the above table and although the only Director considered to be independent is Mr Leach, the Board believes its current composition is in line with the long term interests of Shareholders. The Board also acknowledges the need for independent judgement on all Board decisions, irrespective of each individual Director's independence and as such has implemented a Policy on Independent Professional Advice.</p>	Director	Position	Tenure	Independent	HD Kennedy	Non-Executive Chairman	17 years	No - Substantial Shareholder	RB Rushworth	Executive Director, Chief Executive Officer	11 years	No - Executive Director	EA Myers	Executive Finance Director	7 years	No - Executive Director	JE Leach	Independent Non-Executive Director	< 1 year	Yes	ARF Maslin	Independent Non-Executive Director	5 years (resigned 15-1-16)	Yes
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2.4	<p>A majority of the board of a listed entity should be independent directors.</p> <p>Not Adopted – Currently the only Director considered independent is Mr Leach.</p> <p>The Board acknowledges Recommendation 2.4 in that the majority of the Board of a listed entity should be independent Directors, however the Board is of the belief that each area of expertise required for a Company of Pancontinental's size is well represented and that there are long term benefits to be gained from the current combination of Directors' skills, experience and expertise.</p> <p>Although the Board of Directors are able to exercise objective business judgement, a Policy on Independent Professional Advice has been implemented to assist if required. If a Director considers it necessary to obtain professional advice to properly discharge the responsibility for their office as a Director, then the Company will pay reasonable expenses associated with obtaining such advice.</p>																								
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p> <p>Not Adopted – As recommended, the Chairman and the CEO are not the same person, however the Chairman of the Board is Mr Kennedy, who is not independent by virtue of this substantial shareholding in the Company.</p> <p>Leadership of the Board rests with the Chairman who oversees its operation ensuring that it is run effectively. The Board believes Mr Kennedy's interests are aligned with the long term interests of Shareholders and given his extensive experience and qualifications, believes Mr Kennedy is the most appropriate Director to carry out the role of the Chairman.</p>																								



2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.
	<p>Adopted – The Company has devised an Induction Programme for new Directors, Executives and Employees.</p> <p>The goal of the Induction Programme is to assist new Directors in participating fully and actively in Board decision making at the earliest opportunity by providing them with the necessary Company knowledge as well as information pertaining to the industry within which it operates. A Directors’ Pack is made available which includes key information on Board Members, Board Charters, Duties Imposed on Directors of Public Companies, Directors’ Disclosure Obligations, Declaration of Interest Forms and Overall Responsibility amongst other Policies and Procedures implemented by the Company.</p> <p>New Directors are given the opportunity to review the Company’s operations and meet with key Executives in the Exploration, Geology, Finance and Corporate areas.</p> <p>Professional development opportunities arise when there are new corporate, legal, tax, accounting or geological developments within Australia or in overseas countries where the Company operates. The Board is briefed by Management on any new standards or matters of interest that are relevant in the Company continuing its business effectively. In addition, a number of professional bodies with which the Company is associated run regular seminars or conferences at which attendance is encouraged.</p>
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY	
3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>
	<p>Adopted – A summary of the Company’s Code of Conduct can be found at http://pancon.com.au/about-us/corporate-governance/</p> <p>The Company’s Code of Conduct sets out the principles and standards which the Board, Management and employees of the Company are encouraged to strive towards when dealing with each other, Shareholders, Stakeholders and the broader community.</p> <p>The Code of Conduct covers the Company’s core values and beliefs including the following:</p> <ul style="list-style-type: none"> • Integrity and Honesty • Responsibility to Shareholders • Respect for the Law • Conflicts of Interest • Protection of Assets • Confidential Information • Employment Practices • Responsibility to the Community • Responsibility to the Individual • Obligations Relative to Fair Trading and Dealing • Financial and other Inducements • Compliance with the Code of Conduct <p>In addition, a Whistleblower Policy forms part of the Company’s Corporate Governance Manual. The Policy covers the following:</p> <ul style="list-style-type: none"> • Reporting and Investigating Officers • Reporting Responsibility • No Retaliation • Reporting Violations • Accounting and Auditing Matters • Acting in Good Faith • Confidentiality • Handling of Reported Violations <p>The Policy was adopted so that any concerns regarding contraventions of the Code of Conduct could be addressed in a safe and formal manner without fear of reprisal.</p>



PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING	
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>
	<p>Not Adopted – The full Board fulfils the role of the Audit Committee.</p> <p>The Board considers those matters that would ordinarily be the responsibility of an Audit Committee and no separate meetings were held as the Audit Committee during the year. The Board has adopted an Audit Committee Charter which is disclosed on the Company’s website at http://pancon.com.au/about-us/corporate-governance/. The Charter as well as the Company’s Procedure for the Selection, Appointment and Rotation of External Auditor http://pancon.com.au/about-us/corporate-governance/ is applied when convening to discuss Audit Committee matters.</p> <p>An External Auditor is appointed to independently verify and safeguard the integrity of the Company’ corporate reporting, in addition when discussing Audit Committee matters, the Board reviews annual action points such as:</p> <ul style="list-style-type: none"> • Review of financial statements • Assess Management’s selection of accounting policies and principles • Consider the external audit report and whether it is consistent with the Board’s information and knowledge • Consider the Company’s internal controls • Assess if the external audit report is adequate for Shareholder needs • Discuss any significant findings with the External Auditor • Confirm the independence of the External Auditor • Ensure that the External Auditor is requested to attend the Annual General Meeting <p>The Board in conjunction Management’s input, review the suitability of existing audit arrangements and the scope of the audit on a periodic basis. The Board is responsible for the appointment of a new external auditor should a vacancy arise, however the appointment must be ratified by Shareholders at the next Annual General Meeting.</p> <p>The Board of Directors also review the current circumstances in light of Section 324D (1) and (2) of the Corporations Act 2001 which stipulates that an individual may not play a significant role in the audit of a listed entity for more than five out of seven successive financial years.</p>
4.2	<p>The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>
	<p>Adopted – A Directors’ Declaration under Subsection 295(4) of the Corporations Act 2001 is only made after each person who performs:</p> <p>a) A Chief Executive Officer function; or</p> <p>b) A Chief Financial Officer function</p> <p>in relation to the Company, has given the Directors a declaration whether, in their opinion:</p> <p>a) The financial records of the Company for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;</p>



	<p>b) The financial statements and notes for the financial year comply with the accounting standards;</p> <p>c) The financial statements and notes for the financial year give a true and fair view;</p> <p>d) Any other matters that are prescribed by the regulations in relation to the financial statements and notes for the financial year are satisfied.</p> <p>In addition, that the opinion has been formed on the basis of a sound system of risk management and internal controls which is operating effectively.</p> <p>The declaration is made:</p> <p>a) In writing;</p> <p>b) Specifying the date the declaration is made;</p> <p>c) Specifying the capacity in which the person is making the declaration; and</p> <p>d) Signed by the person making the declaration.</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>
	<p>Adopted – During Annual General Meeting planning, the External Auditors are consulted to ensure that they are available to attend the meeting and answer questions from Shareholders with regard to the conduct of the audit and the Auditor’s Report.</p>
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE	
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>
	<p>Adopted – A summary of the Company’s Policy on ASX Listing Rule Compliance can be found at http://pancon.com.au/about-us/corporate-governance/</p> <p>As a Company listed on the Australian Securities Exchange, Pancontinental is obliged to disclose certain information under a continuous disclosure regime to keep the market informed of events and developments as they occur. The Company promotes timely and balanced disclosure of all material matters concerning the Company. All Investors should have equal and timely access to material information. The Company has adopted certain procedures to ensure that it complies with its continuous disclosure obligations and has appointed a Responsible Officer for ensuring the procedures are complied with.</p> <p>The Policy sets out details with regards to:</p> <ul style="list-style-type: none"> • The Responsible Officer • Types of information that needs to be disclosed • The concept of timely announcements • Board Notification – informing the Board and ongoing monitoring • Avoiding a false market • Safeguarding confidentiality of corporate information to avoid premature disclosure • Media contact and comment • External communications such as analyst briefings and responses to Shareholder questions • Reporting • Required actions in the case of non-compliance • Updating compliance procedures • Guide to drafting company announcements
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS	
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>
	<p>Adopted – The Company’s website includes a Corporate Governance landing page which can be found at http://pancon.com.au/about-us/corporate-governance/</p> <p>The Corporate Governance page shows an introduction to the Corporate Governance of the Company by referring to the Corporate Governance Manual adopted, in addition, Investors can find Board Charters as well as an extract of Policies and Procedures included in the manual.</p>



	<p>Links to the Investor Centre can also be opened from the Corporate Governance page where ASX releases, the Company's share price, financial reports, broker reports, media coverage and company presentations can be accessed. Subscriptions to the Company's mailing list can also be submitted from this page.</p> <p>Furthermore, general and detailed project information is available for the Investor's perusal from the Corporate Governance page.</p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>
	<p>Adopted – The Company has adopted a Shareholder Communication Policy which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/</p> <p>The Policy aims to ensure that Shareholders are informed of all major developments affecting the Company and that there are means available to facilitate two-way communication. If Investors have a greater understanding of the business they are able to make informed investment decisions.</p> <p>Information is communicated to Investors by:</p> <ul style="list-style-type: none"> • Company announcements • Information briefings to media and analysts • Notices of Meeting and explanatory material • Financial information including annual reports • Website updates • Board and Management addresses and presentations at meetings <p>Investors can express their views or present queries to the Company by:</p> <ul style="list-style-type: none"> • Utilising the Contact Us section of the website http://pancon.com.au/contact-us to send direct communications to the Company • The Contact Us section http://pancon.com.au/contact-us as well as any ASX or media updates include the contact details of the Company such as address and telephone number. These details can be used to initiate written or verbal contact with the Company • The Company provides Shareholders with a Notice of Meeting detailing matters such as the agenda, location and time of the meeting so that Shareholders can make arrangements to attend and speak to Company representatives. Notices of Meeting are available on the ASX platform under the code PCL or the Company website so that Investors who are not currently Shareholders can also attend the meeting.
6.3	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>
	<p>Adopted – The Company has adopted a Shareholder Communication Policy which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/</p> <p>The Policy covers the Company's belief that general meetings are an effective means of communicating with Shareholders. The Company provides information in the Notice of Meeting that is presented in a clear, concise and effective manner. Meetings are held during business hours, at a central location convenient for the largest number of Investors to attend. Shareholders are encouraged to attend and take note of the Chairman's address as well as vote on the resolutions presented to the meeting. Upon completion of formal matters, the Chief Executive Officer provides attendees with an update of activities via a company presentation. This provides Investors with an opportunity to ask questions, express their views or just meet the Company representatives.</p>
6.4	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>
	<p>Adopted – Security holders have the option of receiving communications from the Company and its Share Registry electronically. The Contact Us section of the Company's website http://pancon.com.au/contact-us provides an opportunity for security holders to send communications to the Company electronically. The website has been specifically designed so that it is user friendly on all devices from laptops to phones.</p> <p>Electronic communication is not only cost effective, it provides Investors with real time updates on the activities of the Company.</p> <p>The Company's website provides a tab where Stakeholders can join the Company's mailing list which will enable them to receive electronic communication each time the Company lodges an announcement on the ASX or provides a media update.</p>



	Advanced Share Registry and the Company review and monitor opportunities to increase the use of electronic communication with its Shareholders.
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK	
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p>or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>
	<p>Not Adopted - The full Board fulfils the role of the Risk Committee.</p> <p>The Board considers those matters that would ordinarily be the responsibility of a Risk Committee and no separate meetings were held as the Risk Committee during the year. The Company's Risk Management Policy (a summary of which can be found at http://pancon.com.au/about-us/corporate-governance/) is applied when reviewing and discussing risk management matters.</p> <p>In managing risk, it is the Company's practice to take advantage of potential opportunities while managing potential adverse effects. The Company's Risk Management Policy sets out the Company's risk management system and processes as well as the Company's Risk Profile.</p> <p>The Policy covers the following risk related points and is used as a means to assess the Company's risk management structure:</p> <ul style="list-style-type: none"> • The role of the Board and delegated responsibility – ultimate responsibility rests with the Board, however day to day management of risk is the responsibility of the CEO with the assistance of Senior Management • The role of the CEO and accountabilities • Authority of the CEO • Risk Profile • Audit Committee Charter • Regular budgeting and financial reporting • Clear limits and authorities for expenditure levels • Procedures for compliance with continuous disclosure obligations under the Listing Rules • Procedures to assist with establishing and administering corporate governance systems and disclosure requirements • Responsibility to Stakeholders • Continuous improvement
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>
	<p>Adopted – The Board and Management assess risk as part of the ordinary course of business activities such as strategic planning, promotion, budgets, mergers and acquisitions, strategic partnerships, legislative changes and conducting business abroad. Each Board Meeting is used as a platform for the review and assessment of the Company's risk profile.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>



	<p>Adopted – The Company discloses that it does not have an internal audit function.</p> <p>The Company’s risk management system is overseen by Management who ensure that the identification, monitoring and response of business risks.</p> <p>The Board reviews Management’s assessment of the efficiency of the system and according to the Risk Management Policy is required to satisfy itself that Management has developed and implemented a sound system of risk management and internal control.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>
	<p>Adopted – The Company values economic, environmental and social sustainability in areas within which it operates.</p> <p>The Company has adopted a Corporate Governance Manual which sets out the policies and procedures in place which apply to the Board, Management, Employees and the entire business. The policies and procedures are designed to assist in identifying relevant risks and having processes in place to mitigate if not eliminate the risk.</p> <ul style="list-style-type: none"> • Economic sustainability refers to the ability of a listed entity to continue operating at a particular level of economic production over the long term. • Environmental sustainability refers to the ability of a listed entity to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term. • Social sustainability is the ability of a listed entity to continue operating in a manner that meets accepted social norms and needs over the long term. <p>Risks identified that may have a material effect on the Company include:</p> <ul style="list-style-type: none"> • Oil price volatility as well as currency fluctuations in the Australian and United States dollars. The state of the oil and gas industry has been affected by the uncertainty in the oil price. Although the Company is not in production and there is not a material business risk in that regard, the Company’s operations are affected due to reduced exploration budgets and reduced overall activity in the exploration sector; • Currently all of Pancontinental’s assets are managed by Joint Venture Operators who are responsible for the day to day operations of the permits. As such, regular review of the Joint Venture activities is crucial in safeguarding the assets of the Company. Technical and financial Executives review the work programmes and budgets in place to ensure compliance with approved documents. Updates on operational activities are provided by the Joint Venture partners on a regular basis and will include any environmental operational issues if applicable; • Conducting business in foreign jurisdictions carries with it a risk of change in business, legal, tax, accounting, political, environmental and technical practices for example, which may have a material effect on the Company. Pancontinental monitors joint venture partners working in those jurisdictions as well as local news developments to ensure that if a risk presents itself the Company is well equipped with sufficient time to decide on a course of action; • The Company is committed to providing all Employees, Executives and Directors with a safe and productive work environment. There are environmental and location risks that the Company may face, however the Corporate Governance Manual and the procedures and policies within it should assist in assessing the best course of action to mitigate or eliminate the risk; • For expenditure that the Company has control of, it will endeavour to use sustainable and ethically sourced products that have little or no impact on the environment.



PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY	
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings;</p> <p>or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>
	<p>Not Adopted – The full Board fulfils the role of the Remuneration Committee.</p> <p>The Board considers those matters that would ordinarily be the responsibility of a Remuneration Committee and no separate meetings were held as the Remuneration Committee during the year. The Board has adopted a Remuneration Committee Charter which is disclosed on the Company’s website at http://pancon.com.au/about-us/corporate-governance/ The Charter as well as the Company’s Remuneration Policy is applied when convening to discuss Remuneration Committee matters.</p> <p>Emoluments of Directors and Senior Executives are set by reference to payments made by other companies of a similar size and industry, and by reference to the skills and experience of the Directors and Executives. Details of the nature and amount of emoluments of each Director of the Company are disclosed annually in the Company’s annual report.</p> <p>Should circumstances arise where the Board needs assistance on a remuneration matter, the Board after requisite approval may engage a remuneration consultant to ensure the level of remuneration in the Company is appropriate for its size, level of activity and industry.</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>
	<p>Adopted - The Company has adopted a Remuneration Committee Charter which can be found on the Company’s website at http://pancon.com.au/about-us/corporate-governance/ The Charter separately discloses the processes regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other Senior Executives.</p> <p><u>Executive Remuneration</u></p> <p>In considering the level of remuneration for Executives, the matters that are taken into account include:</p> <ul style="list-style-type: none"> • Remuneration which motivates Executives to pursue the long term growth and success of the Company within an appropriate control framework; • A clear correlation between performance and remuneration; • Align the interests of key leadership with the long term interests of the Company’s Shareholder; and • Prohibit Executives from entering into transactions which limit the economic risk of participating in unvested entitlement. <p><u>Non-Executive Remuneration</u></p> <p>Matters of consideration include:</p> <ul style="list-style-type: none"> • Fees paid to Non-Executive Directors are within the aggregate amount approved by Shareholders; • Non-Executive Directors to be remunerated by way of fees; • Non-Executive Directors are not provided with retirement benefits other than statutory superannuation; and • Non-Executive Directors are not entitled to participate in equity-based remuneration schemes designed for Executives without due consideration and appropriate disclosure to the Company Shareholders.



8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.
	Adopted - The Company has adopted a Policy for Trading in Company Securities which can be found on the Company's website at http://pancon.com.au/about-us/corporate-governance/ Directors, Officers and Employees who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act 2001 dealing with insider trading, in conjunction with the Company's Policy for Trading in Company Securities. The policy has been developed so that all Company employees and representatives are clear as to their obligations with regard to trading while in possession of insider information.

Statement of Comprehensive Income



YEAR ENDED 30 JUNE 2016	Notes	CONSOLIDATED	
		2016	2015
		\$	\$
OPERATING ACTIVITIES			
Depreciation expenses	2, 6	(23,565)	(8,354)
Salaries, fees and benefits		(888,438)	(1,021,183)
Audit fees		(43,924)	(81,337)
Generative exploration expenditure and write off	2	(4,044,840)	(40,492,415)
Annual report costs		(13,249)	(7,454)
ASX fees		(30,231)	(36,144)
Administration, accounting and secretarial fees		(3,304)	(3,108)
Insurance		(46,589)	(31,502)
Legal fees		(15,812)	(10,023)
Share registry costs		(23,750)	(31,873)
Rent and outgoings		(143,286)	(194,908)
Travel		(25,718)	(61,579)
Other revenues and expenses		(183,399)	(226,261)
TOTAL OPERATING ACTIVITIES		(5,486,105)	(42,206,141)
FINANCING ACTIVITIES			
Financing income		16,893	328,058
Financing expense		(3,169)	(555)
TOTAL FINANCING ACTIVITIES		13,724	327,503
PROFIT/(LOSS) BEFORE INCOME TAX		(5,472,381)	(41,878,638)
Income tax expense	3	-	-
PROFIT/(LOSS) FOR THE PERIOD		(5,472,381)	(41,878,638)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income		-	-
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	10	(5,472,381)	(41,878,638)
Basic earnings per share (cents per share)	15	(0.40)	(3.64)
Diluted earnings per share (cents per share)		(0.40)	(3.64)

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

Statement of Financial Position



AT 30 JUNE 2016	Notes	CONSOLIDATED	
		2016	2015
		\$	\$
CURRENT ASSETS			
Cash assets		1,157,927	1,345,837
Trade and other receivables	4	63,113	51,839
TOTAL CURRENT ASSETS		1,221,040	1,397,676
NON-CURRENT ASSETS			
Property, plant and equipment	6	62,292	83,257
Deferred exploration, evaluation and development costs	7	9,293,818	13,399,620
TOTAL NON-CURRENT ASSETS		9,356,110	13,482,877
TOTAL ASSETS		10,577,150	14,880,553
CURRENT LIABILITIES			
Trade and other payables	8	274,658	1,248,123
TOTAL CURRENT LIABILITIES		274,658	1,248,123
NON-CURRENT LIABILITIES			
Provision for employee entitlements		16,901	8,427
TOTAL CURRENT LIABILITIES		16,901	8,427
TOTAL LIABILITIES		291,559	1,256,550
NET ASSETS		10,285,591	13,624,003
EQUITY			
Parent entity interest			
Contributed equity	9a	101,545,967	99,411,998
Reserves	10	154,000	154,000
Accumulated losses	10	(91,414,376)	(85,941,995)
Total parent entity interest in equity		10,285,591	13,624,003
TOTAL EQUITY		10,285,591	13,624,003

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

Statement of Changes in Equity



AT 30 JUNE 2016

Consolidated	Share Capital	Retained Earnings	Option Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2015	99,411,998	(85,941,995)	154,000	13,624,003
Profit or loss	-	(5,472,381)	-	(5,472,381)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	2,133,969	-	-	2,133,969
Share options	-	-	-	-
Balance at 30 June 2016	101,545,967	(91,414,376)	154,000	10,285,591
Balance at 1 July 2014	99,411,998	(44,254,537)	345,179	55,502,640
Profit or loss	-	(41,878,638)	-	(41,878,638)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	-	-	-	-
Share options	-	191,180	(191,179)	1
Balance at 30 June 2015	99,411,998	(85,941,995)	154,000	13,624,003

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

Statement of Cashflows



YEAR ENDED 30 JUNE 2016	Notes	CONSOLIDATED	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,457,727)	(1,735,302)
Recharges & refunds of exploration expenditure		-	948,392
Expenditure on exploration interests		(885,452)	(7,964,324)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	11(a)	(2,343,179)	(8,751,234)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,600)	(90,509)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(2,600)	(90,509)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest received		17,093	249,959
Proceeds from issues of ordinary shares		2,224,000	-
Share issue costs		(82,289)	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		2,158,804	249,959
NET INCREASE/(DECREASE) IN CASH HELD			
Add opening cash brought forward		1,345,837	9,665,484
Effects of exchange rate changes		(935)	272,137
CLOSING CASH CARRIED FORWARD	11(b)	1,157,927	1,345,837

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report was authorised for issue by the Directors on 30 September 2016.

Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), including Australian interpretations adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the consolidated entity and company also complies with IFRSs and interpretations adopted by the International Accounting Standards Board.

Basis of preparation

The report has been prepared on the basis of historical costs and except where stated does not take into account changing money values or current valuation of non-current assets. The accounting policies adopted are consistent with those of the previous year. The following specific accounting policies have been consistently applied, unless otherwise stated.

(a) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to tax payable in respect of prior years.

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(b) Exploration Expenses

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Such costs are carried forward where they are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale, or where activities in the area of interest have not yet reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Pancontinental Oil & Gas NL (the parent entity) and all entities which Pancontinental Oil & Gas NL controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

(d) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the



exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

(e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Interest expense is charged as an expense as it accrues.

(f) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(g) Investments

Investments in controlled entities are carried in the company's financial statements at the lower of cost and recoverable amount.

(h) Recoverable Amount

The carrying amounts of non-current assets valued on the cost basis, other than exploration and evaluation expenditure carried forward are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write down is expensed in the reporting period in which it occurs.

(i) Property, plant and equipment

Cost and valuation

Property, plant and equipment is measured at cost.

Depreciation

Depreciation is provided on a diminishing value basis on all property, plant and equipment.

Major depreciation rates are:

	2016	2015
Plant and equipment:	30%	30%

(j) Joint ventures

Interests in the joint venture operations are brought to account by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

In the company's financial statements, investments in joint venture operations were carried at the lower of cost and recoverable amount.

(k) Going concern

The Directors consider that the going concern basis for the consolidated entity is appropriate and recognise that additional funding is required to ensure the consolidated entity can continue its operations for the twelve month period from the date of this financial report and to fund the continued development of the consolidated entity's exploration assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2001, if required, by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of the consolidated entity's exploration projects; and
- The ability, if required to dispose of interests in exploration and development assets.

Accordingly, the Directors believe that the consolidated entity will obtain sufficient cash inflows 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.

(l) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(n) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

Interest Revenue

Control of the right to receive the interest payment. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(p) Taxes

Tax-effect accounting is applied using the income statement liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.



The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits

are charged against profits on a net basis in their respective categories.

(r) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(t) Financial Instruments

See financial instruments note for compliance notes with *AASB 7*, financial instruments: disclosures.

(u) New accounting standards and interpretations

The financial report is presented in Australian dollars which is the company's functional currency. A number of new standards, amendments to standards and interpretations are effective for the current annual report period; however, none have been applied in preparing these consolidated financial statements. The standards are not expected to have a material impact on the accounting policies or consolidated financial statements of the group.



2. DEPRECIATION AND WRITE OFF	Notes	CONSOLIDATED	
		2016	2015
		\$	\$
Expenses			
Depreciation of non-current assets:			
Office furniture and equipment		23,565	8,354
Generative exploration and write off:			
Exploration, evaluation and development costs		4,044,840	40,492,415

3. INCOME TAX	CONSOLIDATED	
	2016	2015
	\$	\$
(a) Income Tax (Benefit)/Expense		
The prima facie tax, using tax rates applicable in the country of operation, on profit and extraordinary items differs from the income tax provided in the financial statements as follows:		
Prima facie tax on profit from ordinary activities	(1,559,629)	(12,563,591)
<i>Tax effect of permanent differences:</i>		
Other items (net)	-	-
Amount not brought to account as a carried forward future income tax benefit	1,559,629	12,563,591
Income tax expense attributable to ordinary activities	-	-

(b) Future Income Tax Benefit not taken into account

The potential future income tax benefit calculated at 30% in respect of:

Adjustments to carry forward tax losses	-	-
Tax Losses not brought to account	6,920,304	6,706,042
Total	6,920,304	6,706,042

This future income tax benefit will only be obtained if:

- future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- the conditions for deductibility imposed by tax legislation continue to be complied with; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

The recognition and utilisation of losses is subject to the loss recoupment rules being satisfied.

4. RECEIVABLES (CURRENT)	CONSOLIDATED	
	2016	2015
	\$	\$
Sundry receivables	63,113	51,839
Total	63,113	51,839

(a) Terms and conditions

- Trade debtors are non-interest bearing and generally on 30 day terms.
- Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 and 90 days.



5. INTERESTS IN SUBSIDIARIES

Name	Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
		2016	2015	2016	2015
		%	%	\$	\$
Euro Pacific Energy Pty Ltd	Australia	100	100	2	2
Provision for diminution in value of investment				(2)	(2)
Loan to Euro Pacific Energy Pty Ltd				(150,184)	(155,180)
Provision for loss on loan to Euro Pacific Energy Pty Ltd				-	-
Pancontinental Namibia Pty Ltd**	Australia	100	100	1	1
Provision for diminution in value of investment				(1)	(1)
Loan to Pancontinental Namibia Pty Ltd				4,786,523	4,511,137
Provision for loss on loan to Pancontinental Namibia P/L				(65,161)	(47,150)
Afrex Ltd *	Saint Lucia	100	100	10,584,107	10,584,107
Provision for diminution in value of investment				(10,584,107)	(10,584,107)
Loan to Afrex Ltd				6,741,096	6,681,913
Provision for loss on loan to Afrex Ltd				(4,861,512)	(2,955,144)
Starstrike Resources Ltd *		100	100	380,000	380,000
Provision for diminution in value of investment	British Virgin Islands			(380,000)	(380,000)
Loan to Starstrike Resources Ltd				81,580	73,995
Provision for loss on loan to Starstrike Resources Ltd				-	-
Total				6,532,342	8,109,571

*Indicates companies not audited by Rothsay Chartered Accountants.

**Australian entity audited by Rothsay, branch operation by Ernst & Young Namibia.

6. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2016	2015
	\$	\$
Office equipment		
At cost	93,964	91,364
Less: Accumulated depreciation	(31,672)	(8,107)
Total written down amount	62,292	83,257
Reconciliations		
Reconciliations of the carrying amounts of property, plant and equipment		
Office equipment		
Carrying amount opening balance	83,257	1,388
Additions	2,600	90,980
Write offs	-	(757)
Depreciation expense	(23,565)	(8,354)
Total written down amount	62,292	83,257



7. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Exploration, evaluation and development costs carried forward		
Pre-production:		
exploration and evaluation phases:		
Carrying amount at 1 July	13,399,620	45,950,928
Expenditure & acquisitions during the year	327,704	8,661,655
Exploration expenditure written off	(4,044,840)	(40,492,415)
Exploration expenditure written off – direct to P&L	588,847	177,868
Disposal of Australian assets	-	50,000
Recovery and refunds of exploration expenditure *	(977,513)	(948,416)
Carrying amount at 30 June	9,293,818	13,399,620

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

* For the year ended 30 June 2016, the \$977,513 relates to cash call credits, for the year ended 30 June 2015 the credit relates to refunds of joint venture contributions and reimbursement of past costs.

8. TRADE and OTHER PAYABLES (CURRENT)

	CONSOLIDATED	
	2016	2015
	\$	\$
Trade creditors, accruals and provisions	274,658	1,248,123
Total	274,658	1,248,123

9. CONTRIBUTED EQUITY

	CONSOLIDATED	
	2016	2015
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	101,545,967	99,411,998
Total	101,545,967	99,411,998

(b) Movements in shares on issue

	2016		2015	
	Number of shares	\$	Number of shares	\$
Beginning of the financial year	1,150,994,096	99,411,998	1,150,994,096	99,411,998
Issued during the year:				
– Placements & SPP (net of costs)	566,500,000	2,133,969	-	-
– Exercise of Options (net of costs)	-	-	-	-
End of the financial year	1,717,494,096	101,545,967	1,150,994,096	99,411,998



10. RESERVES AND ACCUMULATED LOSSES

	CONSOLIDATED	
	2016	2015
	\$	\$
Reserves		
Beginning of the financial year	154,000	345,179
Options expired	-	(191,179)
End of the financial year	154,000	154,000
Accumulated losses		
Beginning of the financial year	(85,941,995)	(44,254,537)
Net loss attributable to members of Pancontinental Oil & Gas NL	(5,472,381)	(41,878,638)
Share options expired	-	191,180
Total available for appropriation	(91,414,376)	(85,941,995)
End of the financial year	(91,414,376)	(85,941,995)

11. STATEMENT OF CASH FLOWS

	CONSOLIDATED	
	2016	2015
	\$	\$
(a) Reconciliation of the net loss after tax to the net cash flows from operations		
Net loss	(5,472,381)	(41,878,638)
Non-Cash Items, Non-Operating Items		
Depreciation of non-current assets	23,565	8,354
Financing expense	3,169	555
Financing income	(16,893)	(328,058)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(11,274)	(6,784)
(Increase)/decrease in property, plant & equipment	20,965	(81,869)
(Increase)/decrease in exploration, evaluation & development	4,105,802	32,551,308
(Increase)/decrease in interests in subsidiaries	-	-
(Decrease)/increase in trade and other payables	(964,991)	1,087,908
(Decrease)/increase in employee entitlements	-	-
Other non-cash	(31,141)	(104,010)
Net cash flow from operating activities	(2,343,179)	(8,751,234)
(b) Reconciliation of cash		
Cash balance comprises:		
- cash assets	1,157,927	1,345,837
Closing cash balance	1,157,927	1,345,837



12. EXPENDITURE COMMITMENTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Capital expenditure commitments		
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:		
not later than one year		
– other	-	-
later than one year and not later than five years		
– other	-	-
later than five years		
Total	-	-

13. EMPLOYEE BENEFITS

Employee Share Scheme

Information with respect to the number of options under the employee share incentive scheme is as follows:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	2,750,000	0.12	5,000,000	0.12
– expired	-	-	(2,250,000)	0.13
Balance at end of year	2,750,000	0.12	2,750,000	0.12

Options held at the end of the reporting period

The following table summarises information about options held as at 30 June 2016. All options outstanding were issued to Directors.

Number of options	Grant date	Expiry date	Weighted average exercise price
2,750,000	30 Nov 12	29 Nov 16	0.1230

14. SUBSEQUENT EVENTS

There were no significant events after balance date.

15. EARNINGS PER SHARE

	CONSOLIDATED	
	2016	2015
	\$	\$
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	(5,472,381)	(41,878,638)
Adjustments:		
Earnings used in calculating basic and diluted earnings per share	(5,472,381)	(41,878,638)



	Number of shares	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	1,372,776,288	1,150,994,096
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,372,776,288	1,150,994,096

16. AUDITORS' REMUNERATION

	CONSOLIDATED	
	2016	2015
	\$	\$
Amounts received or due and receivable by Rothsay for:		
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	35,000	55,500 ¹
– other services in relation to the entity and any other entity in the consolidated entity	-	-
Amounts received or due and receivable by Ernst and Young Namibia for:		
– an audit or review of the financial report of Pancontinental Namibia Pty Ltd	8,924	25,837 ²
– other services in relation to the entity	-	-
	43,924	81,337

¹ \$19,000 of the audit fee relates to the 2014 financial year.

² \$15,198 of the audit fee relates to previous financial years.



17. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified Directors

Henry David Kennedy	Non-Executive Chairman
Roy Barry Rushworth	Executive Director, Chief Executive Officer
Ernest Anthony Myers	Executive Finance Director
John Edward Leach	Non-Executive Director (from 26/2/16)
Anthony Robert Frederick Maslin	Non-Executive Director (to 15/1/16)

(ii) Specified Executives

Vesna Petrovic	Company Secretary
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Total remuneration for all Non-Executive Directors, last voted upon by Shareholders at the 2007 AGM, is not to exceed \$400,000 per annum and is set with reference to fees paid to other Non-Executive Directors of comparable companies.

Non-Executive and Executive Directors do not receive performance related remuneration but they are eligible to participate in Employee Option Schemes approved by Shareholders.

Directors do not receive any termination or retirement benefits.

(b) Remuneration of Specified Directors /Officers

	Salary & Fees	Primary Cash Bonus	Non Monetary benefits	Post Employment Super- annuation	Retirement benefits	Equity Options	Other Bonus	Total
Specified Directors/Officers								
Henry David Kennedy								
2016	50,000	-	-	-	-	-	-	50,000
2015	50,000	-	-	-	-	-	-	50,000
Roy Barry Rushworth								
2016	343,750	-	-	-	-	-	-	343,750
2015	643,750	-	-	-	-	-	-	643,750
Ernest Anthony Myers								
2016	200,000	-	-	-	-	-	-	200,000
2015	245,000	-	-	-	-	-	-	245,000
John Edward Leach								
2016	16,000	-	-	-	-	-	-	16,000
2015	-	-	-	-	-	-	-	-
Anthony Robert Frederick Maslin								
2016	26,000	-	-	-	-	-	-	26,000
2015	48,000	-	-	-	-	-	-	48,000
Vesna Petrovic								
2016	150,000	-	-	-	-	-	-	150,000
2015	150,000	-	-	-	-	-	-	150,000
Total Remuneration: Specified Directors /Officers								
2016	785,750	-	-	-	-	-	-	785,750
2015	1,136,750	-	-	-	-	-	-	1,136,750

(c) Remuneration options: Granted and vested during the year

There were no grants of remuneration options during the year.



(d) Option holdings of specified Directors and specified Executives

2016

	Balance at beginning of period	Granted as Remuneration	Options Exercised/ (Expired)	Net Change Other	Balance at end of period
	1 July 2015				30 June 2016
Specified Directors					
Henry David Kennedy	500,000	-	-	-	500,000
Roy Barry Rushworth	1,000,000	-	-	-	1,000,000
Ernest Anthony Myers	750,000	-	-	-	750,000
John Edward Leach (from 26/2/16)	-	-	-	-	-
Anthony Robert Frederick Maslin (to 15/1/16)	500,000	-	-	-	500,000
Total	2,750,000	-	-	-	2,750,000

2015

	Balance at beginning of period	Granted as Remuneration	Options Exercised/ (Expired)	Net Change Other	Balance at end of period
	1 July 2014				30 June 2015
Specified Directors					
Henry David Kennedy	1,250,000	-	(750,000)	-	500,000
Roy Barry Rushworth	2,500,000	-	(1,500,000)	-	1,000,000
Ernest Anthony Myers	750,000	-	-	-	750,000
Anthony Robert Frederick Maslin	500,000	-	-	-	500,000
Total	5,000,000	-	(2,250,000)	-	2,750,000

(e) Shareholdings of Specified Directors and Specified Executives

2016

Ordinary Shares held in Pancontinental Oil & Gas NL	Balance 1 July 2015	Acquisitions (Disposals)	Balance 30 June 2016
Specified Directors			
Henry David Kennedy	141,351,602	128,750,000	270,101,602
Roy Barry Rushworth	36,835,610	-	36,835,610
Ernest Anthony Myers	400,715	1,250,000	1,650,715
John Edward Leach (from 26/2/16)	-	-	-
Anthony Robert Frederick Maslin (to 15/1/16)	14,583	-	14,583
Total	178,602,510	130,000,000	308,602,510

2015

Ordinary Shares held in Pancontinental Oil & Gas NL	Balance 1 July 2014	Acquisitions (Disposals)	Balance 30 June 2015
Specified Directors			
Henry David Kennedy	141,351,602	-	141,351,602
Roy Barry Rushworth	36,835,610	-	36,835,610
Ernest Anthony Myers	400,715	-	400,715
Anthony Robert Frederick Maslin	14,583	-	14,583
Total	178,602,510	-	178,602,510



18. SEGMENT INFORMATION

Segment accounting policies

The group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the group that are reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess its performance.

The Board of Pancontinental reviews internal reports prepared as consolidated financial statements and strategic decisions of the group are determined upon analysis of these internal reports. During the period the group operated predominately in one business segment, being the oil and gas sector. Accordingly, under the management approach outlined only one operating sector has been identified and no further disclosures are required in the notes to the consolidated financial statements.

19. FINANCIAL INSTRUMENTS

Financial risk management

Overview:

The company and group have exposure to the following risks from their use of financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

This note presents information about the company's and group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(a) Credit risk:

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. In this industry, it arises principally from the receivables of joint venture re-charges and recuperations of cost. For the group in this financial year, it arises primarily from receivables due from subsidiaries, GST and VAT refunds, prepayments and bonds.

(i) Trade and other receivables:

The group operates predominantly in the oil and gas exploration sector; it does not ordinarily have material trade receivables and is therefore not ordinarily exposed to credit risk in relation to trade receivables.

The company's and group's exposure to credit risk is influenced directly and indirectly by the individual characteristics of each joint venture.

(ii) Loans to subsidiaries:

The company has provided funding to its subsidiaries by way of loans. Based on Management's review of the subsidiaries net tangible asset position and cash flow projections, the current carrying value of the loans have been assessed to be fully recoverable. Repayment of these loans will occur through future business activities of each respective entity.



Exposure to credit risk

The carrying amount of the company's and group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Consolidated	Note	Carrying amount	
		2016	2015
		\$	\$
Trade and other receivables	4	63,113	51,839
Cash and cash equivalents		1,157,927	1,345,837
Total		1,221,040	1,397,676

Impairment losses:

None of the company's or group's receivables are past due at 30 June 2016, (2015: nil).

An impairment write down in respect of inter-group loans and shares was recognised during the current year from an analysis of the subsidiaries respective financial positions. The total impairment write down recognised through impairment of loans to subsidiaries and shares held in subsidiaries during the current period was \$1,924,379 (2015: \$62,367).

Whilst the loans were not payable at 30 June 2016 a provision for impairment based on the subsidiaries financial position was carried forward from previous periods. The balance of this provision may vary due to performance of a subsidiary in a given year.

(b) Liquidity risk:

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group manages liquidity risk by maintaining adequate cash reserves through continuously monitoring forecast and actual cash flows.

Consolidated	Contractual cashflows		
	< 1 year	1-5 years	> 5 years
	\$	\$	\$
Trade and other payables - Current	(274,658)	-	-
Trade and other payables - Non Current	-	-	(16,901)
Total	(274,658)	-	(16,901)

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk:

The group is from time to time exposed to currency risk on investments, and foreign currency denominated purchases in a currency other than the respective functional currencies of group entities, primarily the Australian dollar (AUD). The other material currency that these transactions are denominated in is the (USD).

The group has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.



Exposure to currency risk:

The group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

AUD	30 June 2016			30 June 2015		
	AUD	USD	Total	AUD	USD	Total
Cash & cash equivalents	750,247	407,680	1,157,927	1,052,933	292,904	1,345,837
Trade & other receivables	63,113	-	63,113	51,839	-	51,839
Trade and other payables	(291,559)	-	(291,559)	(1,256,550)	-	(1,256,550)
Net balance sheet exposure	521,801	407,680	929,481	(151,778)	292,904	141,126

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2016	2015	2016	2015
AUD : USD	0.728	0.837	0.744	0.765

Sensitivity analysis:

A 10 percent strengthening of the Australian dollar against the USD at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

Effect in AUD	Consolidated	
	Equity	Profit or loss
30 June 2016		
10% strengthening	45,298	45,298
30 June 2015		
10% strengthening	32,545	32,545

A 10 percent weakening of the Australian dollar against the USD at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The sensitivity analysis only had an effect on the equity or profit and loss of the company in relation to the USD bank account.



Interest rate risk:

At balance date the group had exposure to interest rate risk, through its cash and equivalents held within a financial institution.

	Consolidated Carrying Amount	
	30 June 2016	30 June 2015
Variable rate instruments		
Cash and cash equivalents	1,157,927	1,345,837

Fair value sensitivity analysis for fixed rate instruments:

The company and group do not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at reporting date would not affect profit or loss or equity.

Fair values:

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	30 June 2016		30 June 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	63,113	63,113	51,839	51,839
Cash and cash equivalents	1,157,927	1,157,927	1,345,837	1,345,837
Trade and other payables	(291,559)	(291,559)	(1,256,550)	(1,256,550)
	929,481	929,481	141,126	141,126

The basis for determining fair values is disclosed in note [1].

Capital Management:

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total Shareholders' equity, excluding non-redeemable preference shares and minority interests.

	2016	2015
Equity attributable to Shareholders of the Company		
Minorities	-	-
Equity	10,285,591	13,624,003
Total assets	10,577,150	14,880,553
Equity ratio in %	97.24%	91.56%
Average equity	11,954,797	34,563,322
Net Profit	(5,472,381)	(41,878,638)
Return on Equity in %	(45.78)%	(121.16)%

There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.



20. RELATED PARTY

(a) During the year the company paid fees to Resource Services International Limited, a company in which Mr Kennedy has a financial interest, for consulting services. The amount paid to was \$50,000 (2015: \$50,000). Refer note 17.

(b) The company has effected Directors and Officers Liability Insurance.

21. PARENT INFORMATION

The Group has applied amendments to the Corporations Act (2001) which remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures below.

AT 30 JUNE 2016

	2016	2015
	\$	\$
STATEMENT OF COMPREHENSIVE INCOME		
Profit/(Loss) for the period	<u>(3,533,398)</u>	(41,865,729)
TOTAL COMPREHENSIVE INCOME/(LOSS)	<u>(3,533,398)</u>	(41,865,729)

	2016	2015
	\$	\$
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	<u>1,221,040</u>	1,389,518
TOTAL ASSETS	<u>10,577,150</u>	14,784,486
Liabilities		
Current liabilities	<u>274,658</u>	1,232,154
TOTAL LIABILITIES	<u>291,559</u>	1,240,581
Equity		
Contributed equity	101,545,967	99,411,998
Reserves	154,000	154,000
Accumulated losses	<u>(91,414,376)</u>	(86,022,093)
TOTAL EQUITY	<u>10,285,591</u>	13,543,905



In accordance with a resolution of the Directors of Pancontinental Oil & Gas NL, I state that:

- (1) In the opinion of the Directors:
 - (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards including International Financial Reporting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2016.

On behalf of the Board

Ernest Anthony Myers
Director

Perth 30 September 2016



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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PANCONTINENTAL OIL & GAS NL

Report on the financial report

We have audited the accompanying financial report of Pancontinental Oil & Gas NL “(the Company)” which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the year.

Directors’ Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors’ report.

Auditors’ Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity’s preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.



Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).



Audit opinion

In our opinion the financial report of Pancontinental Oil & Gas NL is in accordance with the *Corporations Act 2001*, including:

- a) (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Audit opinion

In our opinion the remuneration report of Pancontinental Oil & Gas NL for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Rothsay

Rolf Garda
Partner

Dated 30th September 2016



Chartered Accountants



Additional information required by the ASX Ltd and not shown elsewhere in this report is as follows.
The information is current as at 30 September 2016.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

		Ordinary shares	
		Number of holders	Number of shares
1	- 1,000	426	91,690
1,001	- 5,000	295	1,012,471
5,001	- 10,000	374	3,167,884
10,001	- 100,000	1,526	65,282,491
100,001	and over	1,104	1,647,939,560
		3,725	1,717,494,096
The number of shareholders holding less than a marketable parcel of shares are:		2,702	79,351,619

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	SUNDOWNER INTERNATIONAL LTD	261,006,827	15.2
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	177,822,787	10.35
3	CRESCENT NOMINEES LIMITED	77,500,000	4.51
4	CITICORP NOMINEES PTY LIMITED	67,668,247	3.94
5	BNP PASIBAS NOMINEES PTY LTD PEEL HUNT LLP DRP	62,545,000	3.64
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	33,450,397	1.95
7	LJ SKYE TRUSTEES LIMITED	26,277,940	1.53
8	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	25,344,794	1.48
9	FLOTECK CONSULTANTS LIMITED	22,500,000	1.31
10	MR DOUGLAS JOHN WHELAN	16,750,000	0.98
11	MR MICHAEL JOHN NORRISS	14,200,000	0.83
12	FARJOY PTY LTD	12,500,000	0.73
13	MRS JULIE ANNE HOUSTON	11,000,000	0.64
14	MR MALCOLM CLARK ANDERSON	10,546,000	0.61
15	TATTERSFIELD SECURITIES LIMITED	10,268,388	0.6
16	JUSTIN NUFF PTY LTD <SPEEDIE SUPER FUND A/C>	10,000,000	0.58
17	RACT SUPER PTY LTD <RAND SUPER FUND A/C>	10,000,000	0.58
18	MR ROBERT ALBERT BOAS	9,425,000	0.55
19	BNP PARIBAS NOMS PTY LTD <DRP>	9,366,218	0.55
20	ROY BARRY RUSHWORTH	9,057,670	0.53
		877,229,268	51.08



(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Substantial Shareholders

	Number of Shares
The details of substantial shareholders are set out below:	
<ul style="list-style-type: none"> Sundowner International Limited 	261,006,827

(e) Permit Schedule

Permits and Interests	Licence	Permit reference	Interest
Petroleum prospects			
Kenya		L6	40% offshore, 16% onshore
Namibia		EL 0037	30%



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