

Kenya L6

Pancontinental Oil & Gas NL and its subsidiary Afrex Ltd (together “Pancontinental”) refer to the ASX announcement made by it on 1 February 2016 headed “Kenya L6 Clarification” in response to statements made by FAR Limited (“FAR”) in its quarterly report ending 31 December 2015 of purported default notices (“2015 Default Notices”) issued to Pancontinental on the asserted basis of the non-payment by Pancontinental of two cash calls (“2015 Cash Calls”) issued during 2015. Unfortunately FAR’s quarterly report did not report the fact that those cash calls and the default notices were disputed by Pancontinental on 9 September 2015.

Although Pancontinental and FAR engaged in correspondence during the first half of 2016 to try and settle the dispute, no action was taken by FAR in relation to the 2015 Cash Calls or the 2015 Default Notices until 21 April 2020 when it issued purported default notices (“2020 Default Notices”) to Pancontinental claiming, amongst other things, the amounts the subject of the 2015 Cash Calls plus interest allegedly accruing thereon. The balance of the amounts claimed in the 2020 Default Notices was for amounts the subject of cash calls (“2020 Cash Calls”) issued to Pancontinental on 27 March 2020. Pancontinental knows of no valid basis for FAR to have issued those cash calls and as a result, Pancontinental has refused to pay them. No exploration has been carried out on the area of L6 since 2015 and no operating committee meetings have been held since then either. The amount the subject of the 2020 Default Notices totals US \$567,145.80 (AU \$903,098.41).

Pancontinental will defend any action taken by FAR to attempt to recover the amounts the subject of the 2020 Default Notices.

Pancontinental also reports that both FAR and Pancontinental have resolved to surrender L6.

Approved for release by the Board of Pancontinental Oil & Gas NL

For and on behalf of
Pancontinental Oil & Gas NL

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