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ASX Release

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Kenya project update

Based on advice received from Gippsland Offshore Petroleum, Pancontinental Oil & Gas (ASX: PCL) advises the following:

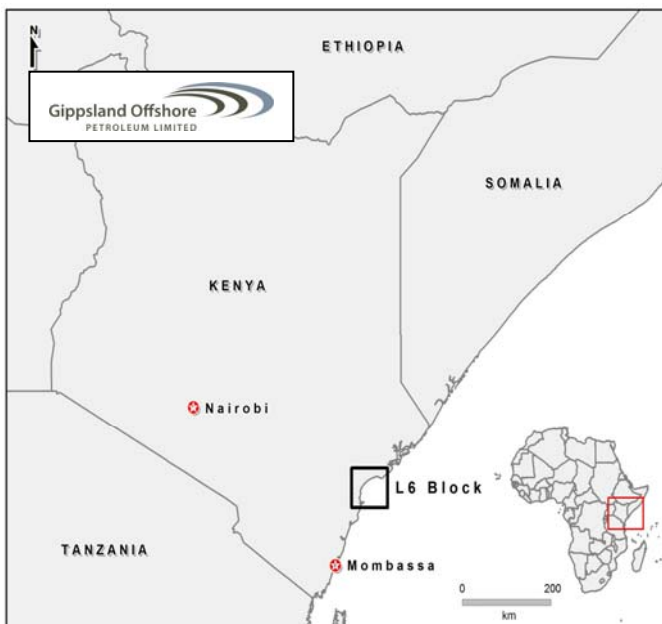
- **Seismic exploration program commencing**
- **FALCON® survey scheduled for end February start-up**

Gippsland Offshore and its L-6 partner will be commencing exploration offshore Kenya this week when then the Geomariner vessel will be shooting approximately 1,200 line kms of 2D seismic.

This survey will precede the BHP Billiton operated FALCON® airborne gravity gradiometry survey scheduled for start-up at the end of the month.

Gippsland Offshore have recently farmed into the Lamu Basin L-6 Block and will operate the Joint Venture and earn 60% equity in the block through spending USD1.9M on the geophysical program.

L-6 is a coastal block with approximately 30% of the area being onshore. The FALCON® technology is key to linking the geology from the onshore to the offshore and helping to unlock the structural setting of the basin. Interpretation of the new seismic and FALCON® data will be completed by August 2007 in preparation for moving into the drilling phase of the PSC.



Location of Gippsland Offshore's L-6 Block, offshore Kenya

Participants in the L-6 Joint Venture are	
Gippsland Offshore (Operator)	60%
Pancontinental Oil and Gas Limited (PCL)	40%

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