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ASX Release

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Kenya Block L6 Progress Report

- **FALCON® data processing complete and delivery taken**
- **L-6 JV encouraged by the high quality mapping**

Pancontinental advises that Gippsland Offshore Petroleum Limited (ASX: GOP), our JV Operator in the L-6 Lamu Basin JV, Kenya has taken delivery of the FALCON® airborne gravity and magnetic data acquired for the joint venture in April. The data was processed in Melbourne by BHP Billiton under their exclusive technology agreement with Gippsland Offshore Petroleum.

The data will now be integrated into the recently acquired seismic data (due for delivery next week) and drillable prospects confirmed by the end of September. The high resolution FALCON® mapping will be key to mapping the structure and density variations within the geological units in the block. The FALCON® program and the 2007 seismic program have been designed to:

- Better define the leads previously mapped by Woodside and Pancontinental in the L6 block
- Extend the geological mapping to cover the onshore lead which is poorly defined by old seismic and to date not included in the assessment of potential for the block
- High-grade the existing leads to drillable prospects by end September 2007
- Confirm leads which have, to date, the potential to hold 1.1 billion barrels of oil or 5TCF of gas

The JV has the right to move into the next phase of the PSC with the Kenyan Government requiring the drilling of 2 wells in 4 from October 2007. L-6 is a coastal block with approximately 30% of the area being onshore. Gippsland Offshore Petroleum farmed into the L-6 PSC in January of this year by undertaking USD1.9M of expenditure for 60% equity and the right to operate the block. Participants in the L-6 Block Joint Venture are:

Gippsland Offshore Petroleum Limited (Operator) 60%
Pancontinental Oil & Gas NL (ASX: PCL) 40%

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The summary report on the oil and gas projects is based on information compiled by Mr M A Battrick, BSc, MAAPG, MPESA, MAICD, MPESGB, General Manager of Pancontinental Oil & Gas NL. Mr Battrick has the relevant degree in geology and has been practising petroleum geology for 26 years. Mr Battrick is a full-time employee of Pancontinental Oil & Gas NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.