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ASX Announcement

MBAWA KENYA PROJECT UPDATE - 3D SEISMIC AND UPGRADED VOLUMETRICS

Pancontinental is pleased to announce that bids have been received for carrying out a minimum 300 square kilometres 3D seismic survey offshore Kenya in Licence Area L8. The survey will be completed during the July to November 2009 weather window, at a minimum cost of US \$10 Million, including processing and interpretation. Project Operator Origin Energy is evaluating the bids, pending approval by the Ministry Of Energy of the L8 Joint Venture's partial relinquishment proposal.

Pancontinental will have a 25% free carried interest in the survey, which will mainly assess the giant Mbawa Prospect. Updated volumetric models show Mbawa to have potential to contain P10 recoverable volumes of 3.6 billion barrels of oil, or up to 1.5 billion barrels of oil plus a gas cap of 400 billion cubic feet. An alternate model indicates P10 potential for 11 trillion cubic feet of recoverable gas.

Mbawa is strengthened by interpreted "flat spots" ["AVO Anomalies"] on existing seismic, indicating possible gas and oil columns. Light oil or condensate "slicks" on the sea surface overlying Mbawa are interpreted to result from possible sea - floor leakage from the Prospect, suggesting the presence of an active petroleum generating system. Other prospects in the Licence Area also have high volumetric potential and are associated with interpreted slicks.

Mr Barry Rushworth, Director of Pancontinental Oil & Gas NL, commented:

" Each exploration step has strengthened the case for Mbawa to contain a very large and commercial volume of hydrocarbons, and the 3D survey should be the major concluding step before drilling.

With such large potential oil and gas volumes, Pancontinental's 25% free - carried interest through the survey will result in an enviable position at the commencement of drilling.

As always, only the drill bit will determine if we have commercial hydrocarbon reserves. "

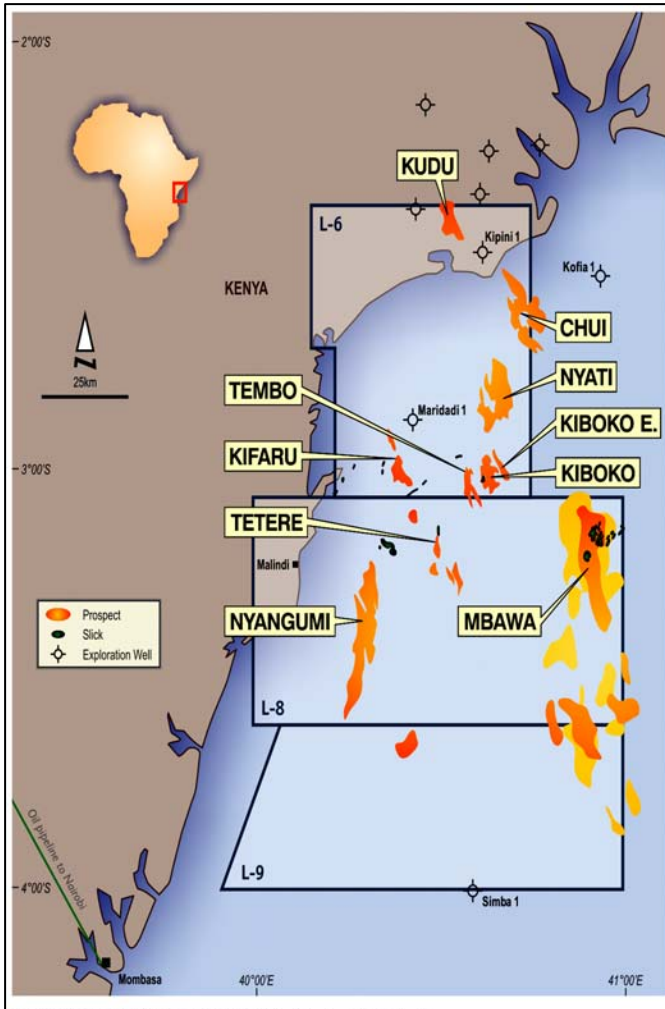
Yours sincerely

For and on behalf of

Pancontinental Oil & Gas NL

A handwritten signature in black ink that reads 'E. A. Myers'.

Ernie Myers
Director & Company Secretary



PANCONTINENTAL OIL & GAS

KENYA INTERESTS

L6*

Pancontinental 40%
Gippsland (Op.) 60%

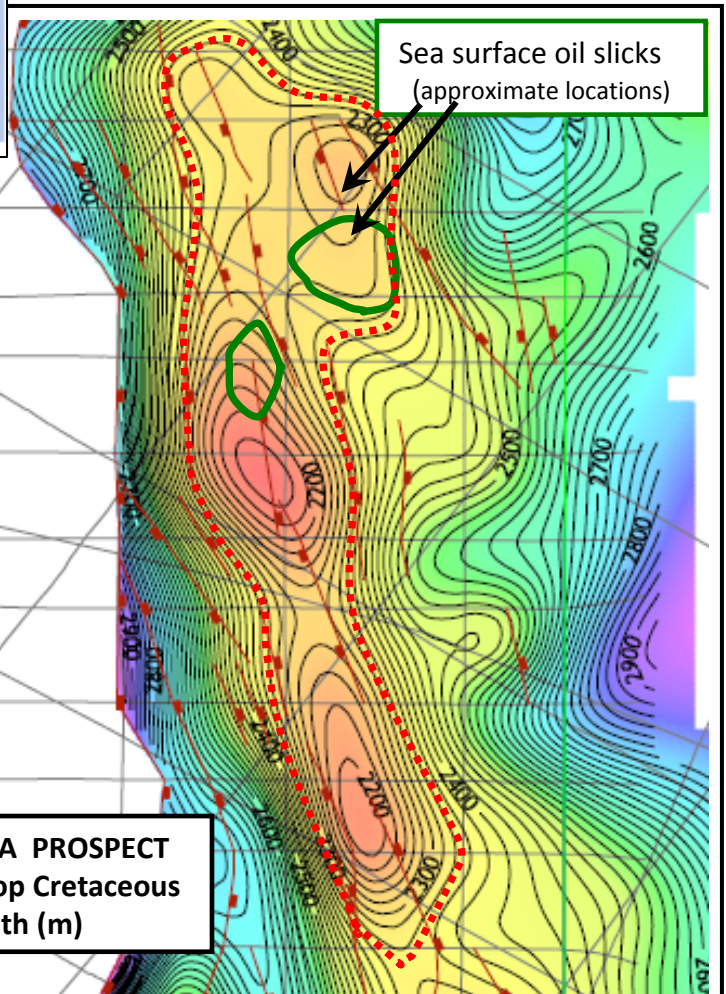
L8*

Pancontinental 25% (Free Carried)
Origin (Op.) 75%

**L6 & L8 areas currently being reduced by Mandatory relinquishments.
L9 fully relinquished Jan'09.*

MBAWA PROSPECT

- Area 179 sq km at Top Cretaceous / Base Tertiary; 307 sq km at Top Jurassic
- Modelled Potential Recoverable Volumes (Upper Cretaceous / Tertiary P10) –
1.5 Billion Bbls Oil + 400 BCF gas or
3.6 Billion Bbls Oil or
11 TCF gas
- Water Depth- 800m
- Drill Depths 2200m (Base Tertiary), 3200m (Top Jurassic)



**MBAWA PROSPECT
Near Top Cretaceous
Depth (m)**