



PANCONTINENTAL Oil & Gas NL
ACN 003 029 543

Ground Floor
288 Stirling Street, Perth
Western Australia 6000
P O Box 8260
Perth Business Centre
Western Australia 6849

Tel: (61 8) 9227 3220
Fax: (61 8) 9227 3211
Email: info@pancon.com.au
Web: www.pancon.com.au

26 August 2009

ASX Company Announcements

KENYA L8 PROJECT UPDATE

MBAWA OFFSHORE 3D SEISMIC SURVEY IMMINENT

L8 PARTIAL ACREAGE RELINQUISHMENT

Pancontinental Oil & Gas NL (ASX:PCL) is pleased to announce the imminent commencement of a 3D seismic survey over the giant Mbawa Prospect in licence area L8 offshore Kenya. The Ministry of Energy of Kenya has approved the layout of a partial relinquishment of the L8 licence acreage.

The approved relinquishment pattern (see map below) allows the retention of all of the major prospects and leads identified in the L8 area. The partial relinquishment is obligatory under the L8 licence terms.

Seismic contractor Fugro has been selected to carry out a 3D seismic survey of at least 300 sq km, mainly over Mbawa in the northeast of the licence area. The survey is planned to commence in October 2009, for completion by the close of the 'weather window' in November. The seismic survey is estimated to cost at least US\$ 10 million.

Pancontinental will have a 25% free- carried interest in the survey.

Mbawa has P10 potential to hold 3.6 billion barrels of recoverable oil or up to 1.5 billion barrels of oil plus a gas cap of 400 billion cubic feet at the Lower Tertiary / Upper Cretaceous level. An alternate model indicates P10 potential for 11 trillion cubic feet of recoverable gas.

As well as the Lower Tertiary / Upper Cretaceous mapped closure over approximately 180 sq km, the deeper Mbawa Jurassic mapped closure of 300 sq km has additional very large oil and gas potential.

Previous 2D seismic data show evidence of interpreted "flat spots" ("AVO anomalies") in

Mbawa, possibly consistent with Lower Tertiary / Upper Cretaceous gas and oil columns. Light oil or condensate "slicks" on the sea surface above Mbawa are interpreted to be from possible sea - floor leakage from the Prospect, suggesting the presence of an active petroleum generating system. Other prospects in the L8 licence area also have high volumetric potential and are also associated with interpreted slicks.

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

"The imminent 3D seismic survey offshore Kenya is designed to map the giant Mbawa Prospect in significantly enhanced detail before drilling.

Pancontinental is very pleased to have a 25% free-carried interest through this programme.

This should be the major concluding exploration step before drilling to unlock Mbawa's potential for the Company, bearing in mind that only drilling will determine if we have commercial hydrocarbon reserves.

We await the results of the survey with very considerable interest."

Yours sincerely
For and on behalf of
Pancontinental Oil & Gas NL

A handwritten signature in black ink, appearing to read "E.A. Myers".

Ernie Myers
Director & Company Secretary

