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Manager Announcements
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Australian Stock Exchange Limited
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SYDNEY NSW 2000

ASX ANNOUNCEMENT

New Zealand Huinga 1B-ST Production Testing Status Report

EP 38716, Taranaki Basin.

Pancontinental: 6.6%

As indicated in our earlier report this week, the results of the production tests have been enigmatic and the recovered fluids were in conflict with all earlier evidence that the Murihiku fracture zone is oil productive. Consequently the testing operations have been suspended and the surface equipment released back to the suppliers while the Joint Venture defines a program and timetable to remedy the down-hole problems and conduct a definitive production testing program of the Huinga oil discovery.

The production test results to date infer that the perforations of both the Murihiku and Kapuni zones were not in communication with the formations, and the recovered fluids were sourced, not from the perforated zones, but from elsewhere in the hole. This is believed to be caused by the poor quality of the cement bond between the casing and formation, especially as operational problems were experienced during the casing cementing operation.

The Joint Venture will convene shortly to consider the engineering options and agree on how best these down-hole problems may be corrected and how the Murihiku fracture system and associated zones that yielded significant quantities of crude oil into the mud during drilling might be properly evaluated and tested.

Given the strong belief within the Joint Venture that Huinga is oil productive, Pancontinental believes that, once agreed, these remedial measures and the associated testing program will be implemented as soon as the necessary equipment is available.

The Company will announce that timetable when agreed by the Joint Venture.

The recovery of 21 barrels of 42 degree API oil from the deeper 4370-4428 meter Kapuni sandstone interval during the open-hole drill-stem-test (DST#1), demonstrated that moveable oil is present in this well. The top of the Kapuni Group is interpreted at 4378 meters.

It must be remembered that the total thickness of the (interpreted minimum) 237 meter gross oil column has not been established to date, as neither a definitive lower oil/water contact, nor an upper gas/oil contact been defined.

Sales contracts for oil produced during the Huinga testing program have been negotiated on an interim basis, with the option to extend once specific volumes are defined.

In the Taranaki Basin, oil and gas are produced at commercial rates from Kapuni sandstone reservoirs as well as fractured limestones of the Tikorangi formation. Many large commercial oil and gas fields, both overseas and within Australia produce from fractured reservoirs.

PEP 38716 hosts all or part of three structures related to the eastern bounding fault of the Taranaki Basin, all being similar to that of the major Rimu/Kauri oil and gas discovery 18 kilometres south which is currently under development. The structures are named Huinga and Huinga South, both entirely within the Permit, and Makino, which is partly within the Permit but mostly within PEP38728, which adjoins to the south.

***(ASX* listed) Participants in the PEP 38716
Joint Venture are:***

Equity %

***Pancontinental Oil & Gas NL**

(through subsidiary Euro Pacific Pty Ltd)	6.6%
*Marabella Enterprises Ltd (Operator) (Subsidiary of Bligh Oil & Minerals NL)	24.8%
*AWE (New Zealand) Pty Ltd. (Subsidiary of Australian Worldwide Exploration Ltd.)	12.5%
*Springfield Oil & Gas Ltd (1) (Subsidiary of Impress Ventures Ltd)	4.8%
Preussag Energie GmbH	24.00%
Swift Energy NZ Limited	15.00%
Indo Pacific Energy (NZ) Limited	7.30%
PEP38716 Limited	5.00%

(1)Subject to Joint Venture and government approvals; Springfield Oil & Gas Limited is a wholly owned subsidiary of Impress Ventures Ltd.

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It is advised in accordance with Australian Stock Exchange Limited Listing Rule 5.11 that the report on the above project has been prepared by Mr Andrew Svalbe, AAPG, PESA, ASEG, FESWA who has had more than the required five years experience and is a competent person as defined in the Listing Rules of Australian Stock Exchange Limited and has consented in writing to the inclusion of this report as it appears here.