



PANCONTINENTAL Oil & Gas NL
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ASX Companies Announcement Office
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QUARTERLY ACTIVITIES REPORT
June 2005

HIGHLIGHTS

- A Farmout Agreement for the Malta project was concluded with Anadarko International Energy Company to carry the company through a detailed 2-D seismic survey and an optional exploratory drilling program.

- Onshore New Zealand Taranaki Basin Oru-1, drilling rig contracted for early October spud.

- Non- renouncable share issue raises \$2,927,120

INTERNATIONAL PROJECTS

MALTA.

OFFSHORE AREA 5; AREA 4, BLOCK 3.

Pancontinental Oil & Gas NL - 32%

In late June the Company announced that it had concluded a Participation/Farmout Agreement with Anadarko International Energy Company (“Anadarko”) on the Malta Exploration Study Area (ESA). The ESA comprises two contiguous areas totalling 14,800 sq kms: - Area 4, Block 3; and Area 5, on the Pelagian Platform in southern Maltese waters abutting Tunisia and Libya.

The Agreement requires Anadarko to carry out a detailed and regional 2-D seismic program. This survey will determine the viability of a number of leads, including the very large Chianti and Limoncello leads, delineated in 2004 by the Joint Venture. These leads have a large speculative reserve potential, with the Chianti Lead containing 455 (mean) million barrels recoverable oil potential and the Limoncello Lead containing 968 (mean) million barrels recoverable oil potential, based on current mapping and representative reservoir parameters from neighbouring commercial fields. Anadarko will cover all costs associated with the ESA areas.

Anadarko is in the process of tendering for a seismic contractor to conduct the acquisition program. the programme is estimated to take approximately 4 weeks.

The Agreement also requires Anadarko, on or before 30 June 2006, following interpretation of the 1,800 line kilometres (max) 2D seismic survey, to advise the Malta Joint Venturers of its election or otherwise, to enter into a Production Sharing Contract (PSC) with them and the Government of Malta to drill either the Chianti or Limoncello Prospects. The drilling of the exploration well is required prior to 31 Dec 2007.

Anadarko, on completion of the first well, at no cost to the Malta Joint Venturers, will have earned a 65% interest in the PSC. Within 120 days of the well outcome, Anadarko has the right, but not the obligation to increase its interest in the PSC to 75% by drilling a further well, at its cost, in the PSC area. This second well could be an appraisal of the earlier discovery or a further exploration well on another prospect in the second term of the PSC.

Significant producing oil and gas accumulations in neighbouring Tunisian and Libyan waters are analogous to these prospects; for example in Tunisia the Miskar field contains 1.5 trillion cubic feet of gas condensate recoverable and the Isis field contains 400 million barrels of oil recoverable. In Libya the Bouri field is estimated to contain 2.5 billion barrels of oil recoverable.

The company currently has 32% equity in the project which will increase to 80% following the proposed merger with Afrex. This 80% equity will reduce to 28% after the first Anadarko well, and then to 20% after the second

Anadarko is one of the largest independent oil and gas exploration and production companies in the world. It has a market capitalisation of some US\$21 billion. In 2004 it produced 190 million barrels of oil equivalent ("BOE") and had proved reserves of 2.37 billion BOE. Anadarko's production base lies in the USA, Canada, Algeria, Venezuela and Qatar and it has an active world wide program of exploration for hydrocarbons. Further information on the company can be obtained from Anadarko's website www.anadarko.com.

The Board of the company is very pleased to have negotiated an Agreement with a company having the technical and financial resources and the calibre of Anadarko. This Agreement supports the view of the Board that Pancontinental has accumulated a number of international petroleum exploration assets capable of attracting a major international exploration and production company. The Malta asset, with its high petroleum prospectivity, attractive Government commercial terms, proximity to infrastructure and the European energy markets, justifies that interest.

KENYA

OFFSHORE BLOCKS DESIGNATED L6, L8 AND L9

Pancontinental Oil & Gas NL – 40%

The Joint Venture continues to evaluate the available seismic data to develop the leads and prospects inventory. These studies are utilizing geophysical techniques which are aimed at determining the presence of possible hydrocarbons. These studies have been positive and assisted in ranking groups of prospect in order to define the layout for the next round of 2-D detailed seismic.

Concurrent with this work the company has been conducting discussions with potential farminees.

MOROCCO.

MEDITERRANEE EST. BLOCK (Application), OFFSHORE MOROCCO, MEDITERRANEAN SEA.

Pancontinental Oil & Gas NL – 40.0% (diluting to 32%)

The Joint Venture is awaiting the formal issue of the Reconnaissance License by the Minister.

NEW ZEALAND PROJECTS

PEP 38716 ONSHORE TARANAKI BASIN

Pancontinental Oil & Gas NL – 9.42%

The operator, Austral Pacific (Austral), has contracted OD&E Rig 19 on behalf of the PEP 38716 Joint Venture to drill the firm Oru -1 exploration well to a total depth of approx 1600 metres, and the contingent Pukengahu -1 well to a similar depth. Oru -1 and Pukengahu-1 will be one of a number of wells to be operated by Austral in the onshore Taranaki Basin on behalf of several Joint Venture groups. Subject to site and access construction approvals, the granting of various local Council and landholder approvals, drilling of Oru – 1 is planned to commence in early October. Site and access roads for the drilling of the Pukengahu prospect will be constructed following the drilling of Oru.

The Oru-1 and Pukengahu wells will target the Mt Messenger formation which is productive in a number of fields in the close vicinity of PEP 38716. The Oru and Pukengahu prospect have been assessed to contain speculative potential P50 recoverable oil reserves of 3.0 and 4.5 million barrels respectively.

PEP 38330 ONSHORE EASTCOAST BASIN

Pancontinental Oil & Gas NL – 42.87 %

The interpretation of the Tolaga Bay seismic survey acquired in April this year was disappointing, with complex faulting reducing the primary prospect to a sub-commercial size and introducing a number of significant technical risks. As a consequence, the Joint Venture elected to withdraw from the permit as it was not willing to enter the next permit year, which required the drilling of an exploration well.

AUSTRALIAN PROJECTS

WA-340-P OFFSHORE BARROW DAMPIER SUB-BASIN, NORTHWEST SHELF

Pancontinental Oil & Gas NL – 20.0%

Strike Oil, as operator of the WA-340-P Joint Venture is negotiating with offshore seismic vessel contractors to acquire 100 kms of new seismic data to further mature prospects to a drillable status.

This survey is currently planned to commence in November, after the whale migration season has concluded. This seismic survey will be one of a number of shallow water surveys conducted by that contractor (with Strike as operator), including the EP 110 and EP424 permits (see below).

EP 110 and EP 424 OFFSHORE CARNARVON BASIN. *Pancontinental Oil & Gas NL – 25%*

The Joint Venture is planning the acquisition of 80 km of new 2-D seismic data to mature the Hastings lead to possible drill status. The Hastings prospect is adjacent to, and has strong similarities with the Roller, Saladin and Skate oil fields to the immediate north in the neighbouring permits. The 2-D survey is scheduled to commence in November and will be conducted in conjunction with a number of other shallow water surveys in neighbouring permits.

EP 406 OFFSHORE SHARK BAY CARNARVON BASIN *Pancontinental Oil & Gas NL – 5%*

The permit remains the subject of the Shark Bay Marine Park Heritage Study and the forthcoming environmental operational guidelines that are expected to flow from that study. Accordingly exploration cannot be conducted until the study is completed and the terms and conditions of exploration have been established.

WA-312-P OFFSHORE BARROW DAMPIER SUB-BASIN, NORTHWEST SHELF *Pancontinental Oil & Gas NL – 33.3%*

No exploration work was carried out in WA -312-P during the period, but the Joint Venture completed a number of engineering studies that indicated that the primary leads, defined by earlier 3-D seismic, were sub commercial and did not warrant further investigation and study. The Joint Venture elected to surrender the permit.

EP 439 ONSHORE CARNARVON BASIN *Pancontinental Oil & Gas NL – 23%*

No exploration work was carried out in EP 439 during the period. The company has reviewed its position in this permit and concluded that the potential of this permit is no longer meets its exploration objectives. Accordingly it has elected to withdraw from this permit.

EP 104 ONSHORE CANNING BASIN. *Pancontinental Oil & Gas NL – 8.0%.*

No exploration work was carried out in EP 104 during the period.

NEW VENTURES

The Company continues to review all Australasian onshore and offshore opportunities. In addition, the Company is strongly focused on overseas opportunities, especially East and North Africa where it continues to review and appraise projects in those areas.

CORPORATE

Non – renounceable Share Issue

In March 2005 the Company issued a Prospectus for a non-renounceable share issue offering shareholders 41m shares on a one for four basis at 7 cents per share. Shareholders subscribed \$1,016,485 to the issue and the shortfall of \$1,910,635 was subsequently placed to clients of D J Carmichael & Co. to close the issue and raising a total of \$2,927,120

Afrex Limited Acquisition

During the quarter the Company received advice from ASIC that the documentation detailing the proposed acquisition of Afrex Limited conformed to the requirements of the Corporation Act. Accordingly a General Meeting of Shareholders is to be held on 5 August 2005 to consider the acquisition of Afrex Limited.

Full details of the transaction are included in the notice of meeting together with the explanatory memorandum that was mailed to shareholders on 5 July 2005. The transaction, if approved by shareholders will result in Pancontinental increasing its equity in the African joint venture projects by up to, between 80% and 100% by issuing up to 142 million shares to the vendors.

The independent expert has concluded that the proposed transaction is fair and reasonable to the non-associated shareholders of the Company.

Enquiries:

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It is advised that in accordance with the Australian Stock Exchange Limited Listing Rule 5.10, 5.11, 5.12 and 5.13 that the summary report on the oil and gas projects is based on information compiled by Mr A K Svalbe, BSc (Hons), AAPG, ASEG, FESWA, PESA, Chief Executive Officer of Pancontinental Oil & Gas NL and accurately reflects the information compiled by Mr Svalbe.

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Pancontinental Oil & Gas NL

ABN

95 003 029 543

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...12...months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(567)	(900)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	18	56
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	15
Net Operating Cash Flows	(756)	(1,753)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(5)	(19)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(5)	(19)
1.13 Total operating and investing cash flows (carried forward)	(761)	(1,772)

1.13	Total operating and investing cash flows (brought forward)	(761)	(1,772)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	2,896	2,899
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	2,896	2,899
	Net increase (decrease) in cash held	2,135	1,127
1.20	Cash at beginning of quarter/year to date	725	1,733
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,860	2,860

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	195
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to companies associated with directors (in 1.23 above) for:	
Corporate consulting fees	29
Technical & management salary	79
Administration, Directors & secretarial fees	87

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	832
4.2 Development	
Total	832

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	40	121
5.2 Deposits at call	2,820	604
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,860	725

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

6.2 Interests in mining
tenements acquired or
increased

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	209,098,101	209,098,101		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	41,815,998	41,815,998	7 cents	7 cents
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	1,600,000 4,025,000 3,625,000 1,625,000 1,100,000 2,875,000 250,000 250,000		<i>Exercise price</i> \$0.20 \$0.08 \$0.10 \$0.20 \$0.15 \$0.15 \$0.10 \$0.15	<i>Expiry date</i> 6 December 2006 27 December 2007 31 December 2008 31 December 2007 21 November 2009 28 November 2009 30 June 2008 30 June 2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

7.11	Debentures <i>(totals only)</i>			
7.12	Unsecured notes <i>(totals only)</i>			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 18 July 2005
(Director/Company secretary)

Print name: E A Myers

Notes

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

PANCONTINENTAL OIL & GAS NL – PETROLEUM PERMIT SCHEDULE

as at 30 June 2005

Project	Permit reference	Interest
Petroleum prospects		
Western Australia	EP 104 (R4)	8.0 %
	EP 406	5%
	WA-312-P	33.3%
	WA-340-P	20%
	EP 439	23%
	EP 110	25%
	EP 424	25%
New Zealand	PEP 38330	42.87%
	PEP 38716	9.42%
Malta	Area 5	32%
	Block 3 of Area 4	32%
Kenya	L6	40%
	L8	40%
	L9	40%
Morocco	Mediterranee Est. Block**	40% - diluting to 32%

** Awaiting award of R/L.