



PANCONTINENTAL Oil & Gas NL
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ASX Companies Announcement Office

QUARTERLY ACTIVITIES REPORT ***June 2007***

Highlights for Quarter

- Planning completed for back to back drilling of the Valentine exploration well and Stokes Bay appraisal well, to commence early August 2007
- Gippsland Offshore Petroleum completes 1,500 km² airborne Falcon AGG gravity survey in Kenya Block L6.
- Non-renounceable 1 for 6 rights issue raises A\$3.8 million through the issue of 63.54 million new shares.
- Andrew Svalbe announces his retirement as Chief Executive Officer of the Company.
- Geologist Matthew Battrick promoted to General Manager of the Company, effective July 1st 2007.

INTERNATIONAL PROJECTS

KENYA

OFFSHORE BLOCKS DESIGNATED L-8 AND L-9

Pancontinental Oil & Gas NL – 50%

Origin Energy Ltd, in joint venture with Pancontinental, completed the processing of 3,800 km of its 2007 vintage seismic and has commenced interpretation of the new data set. THE interpretation process is likely to take 3-4 months but early indications from the new data continue to support the technical story for the area.

Under the Joint Venture Agreement Pancontinental (retaining 25%) will be carried for expenditures estimated to be in excess of Aus\$60.0 million if Origin exercises the options to drill in both of the 2 areas.

OFFSHORE BLOCK DESIGNATED L-6

Pancontinental Oil & Gas NL – 40%

During the Quarter, Gippsland Offshore Petroleum (GOP) completed acquisition of 1,500 square kilometres of Falcon AGG data over both offshore and onshore areas of Kenyan Block L6.

The seismic and airborne gravity programs in L6 will determine the viability of a number of significant prospects delineated by the 2003 and earlier seismic surveys. These prospects based on current mapping and using representative reservoir parameters and industry analogues, are estimated to have significant, speculative oil and gas reserves potential.

MALTA.

OFFSHORE AREA 5; AREA 4, BLOCK 3.

Pancontinental Oil & Gas NL - 80% (reducing to 28.0% after seismic and one well)

Anadarko continues to wait for approval from the Government of Malta to recommence activities in the permit area. The next activity will be the acquisition of detailed seismic over the permit's largest prospects. Activities are currently stalled while the Governments of Malta, Libya and Tunisia discuss the remaining, unresolved maritime borders between the countries.

The Anadarko seismic program will determine the viability of a number of prospects including the very large Chianti and Limoncello Prospects delineated in 2004 by the Joint Venture. The Chianti and the Limoncello prospects have world class, multi hundred-million barrel recoverable oil potential, based on current mapping and representative reservoir parameters from neighbouring commercial fields. The prospects are in uncontested Maltese waters and in the same geological province as world class oil and gas fields offshore Libya and Tunisia.

NAMIBIA

Reconnaissance License, Offshore Walvis Basin

Pancontinental Oil & Gas NL – 100%

Pancontinental was granted a 30,000 km² Reconnaissance Licence (RL) in February 2007. Pancontinental will evaluate available non-exclusive seismic data with a view to progressing to an exclusive petroleum agreement over part or all of the RL within two years

Offshore Namibia is an under-explored region of West Africa yet it lies between the prolific basins of Angola to the north and the oil & gas discoveries of the Orange Basin to the south. Pancontinental believes there is a strong chance that there exists an active petroleum system with both oil and gas potential.

MOROCCO

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

Pancontinental Oil & Gas NL – 100% (diluting to 80%)

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

AUSTRALIAN PROJECTS

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

The structural interpretation of both the new 2-D seismic and reprocessed historical seismic data over the Baniyas prospect has been completed. This interpretation is now being augmented with more sophisticated seismic “amplitude versus offset” (AVO) analytical techniques aimed at the assessment of fluid types within the target zones of the prospect. This work was continuing at the end of June 2007 and the JV will meet to review the results when complete to decide future plans. Planning for the drilling of a well has commenced but a rig slot has not yet been secured. Most of the active offshore drilling units are currently contracted until the middle of 2008 and none are currently capable of drilling the Baniyas prospect.

The Baniyas prospect is adjacent to, and has strong similarities with the Roller, Saladin and Skate oil fields to the immediate north and west in the neighbouring permits. Baniyas is currently estimated to have potential (Pmean) recoverable reserves of 34 million barrels oil equivalent.

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL -25%

A technical review of the permit was commenced and is in progress.

EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN

Pancontinental Oil & Gas NL – 5%

Nothing to report.

EP 104 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 8.0 %.(increasing to 10 %)

Drilling of the back to back Valentine No 1 exploration well and the gas appraisal Stokes Bay No 1 well is now planned to commence in early August 2007 by the newly appointed operator Arc Energy.

The Joint Venture will be drilling both wells from the same surface location, with a deep vertical well to test the oil and gas potential of the Valentine Prospect, and then with a subsequent sidetrack, to target a subsurface location of the (Point Torment) gas accumulation. This procedure is very cost effective while achieving all the technical objectives of both of the drilling programmes.

Pancontinental will be contributing 10.67% to the well costs to increase its participating interest from 8% to 10%. If successful, these two prospects have the potential to add a combined 7 to 10 million barrels of oil resources, net to Pancontinental.

CORPORATE

The Company offered shareholders an opportunity to acquire more shares in the Company pursuant to a pro-rata non renounceable entitlement issue to shareholders of up to 63,538,587 ordinary fully paid shares ("Shares"). The offer was on the basis of one Share for every six Shares held by shareholders at 5.00pm WST on 12 June 2007, at an issue price of 6 cents per Share, to raise approximately \$3,812,315 ("Issue"). This offer was made pursuant to a Prospectus that was lodged with ASX and despatched to persons holding shares as at the

Record Date of 12 June 2007. The issue closed on 2 July 2007, and the shortfall of 22,827,248 shares has been placed with institutions and other investors.

NEW VENTURES

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

Enquiries:

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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.