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ASX Companies Announcement Office

QUARTERLY ACTIVITIES REPORT
June 2009

HIGHLIGHTS

- **Kenya L8– 3D seismic imminent over Mbawa Prospect**
- **Carnarvon Basin EP 424 - Baniyas Prospect readying for drilling**
- **Namibia- area selected for negotiation of a new exploration licence**

INTERNATIONAL PROJECTS

KENYA

OFFSHORE BLOCKS L8

Pancontinental Oil & Gas NL – 50%, reducing to 25%

Bids have been received for the acquisition phase of a minimum 300 square kilometres 3D seismic survey offshore Kenya in Licence Area L8. The acquisition is planned for 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 has Upper Cretaceous/ Lower Tertiary potential for 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 originate from sea - floor leakage from the Prospect, suggesting the presence of an active petroleum generating system.

Jurassic aged objectives in Mbawa are also mapped in a larger structural closure below the Tertiary/Cretaceous closure.

Other prospects in the L8 area also have high volumetric potential and are associated with interpreted slicks.

The Mbawa structure remains an exploration prospect and will need to be drilled to establish the presence of hydrocarbons or otherwise.

Operator Origin is actively seeking other companies to 'farm in' for 3D seismic and drilling.

OFFSHORE BLOCK L-6

Pancontinental Oil & Gas NL – 40%

To satisfy the L6 licence requirement for mandatory partial relinquishment of the licence area, a relinquishment pattern has been agreed which will see the retention of the main prospects and leads.

A farminee is currently being sought for the project.

It is anticipated that onshore 2D seismic will be acquired during the next permit year over prospects identified from existing seismic data.

Following receipt of invoices received from project operator Gippsland Offshore Petroleum, Pancontinental has disputed such invoices. Gippsland was previously listed on the Australian Securities Exchange (ASX), but sought to delist in June 2009. Pancontinental has been taking steps to resolve the dispute with the operator.

MALTA

OFFSHORE AREA 5; AREA 4, BLOCK 3.

Pancontinental Oil & Gas NL - 80%

Activities on the ESA areas have been suspended since September 2005 under force majeure provisions of the ESA due to border issues between Malta, Libya and Tunisia.

Operatorship reverted to Pancontinental Oil & Gas NL in the March 2009 quarter as Anadarko International Energy Company, who farmed in three years ago, withdrew from the permit in late December 2008 due to the lack of progress on the border issue.

Since resuming operatorship, Pancontinental has been engaged in communication with the Oil Exploration Department of the Ministry of Resources and Rural Affairs of Malta ("OED") to refresh the ESA title and allow exploration of the area to recommence at some time in the future when the border issues have been resolved.

In late May 2009, without any prior warning, Pancontinental received a letter from the OED claiming that the ESA expired in August 2008. Pancontinental has written to the Department disputing the expiry of the ESA and seeking clarification of the reasons for the Department's claim and reserving its rights and potential remedies. The Department responded in July 2009 by stating that Pancontinental/Sun Resources/Anadarko's July 2008 request via then Operator Anadarko for the grant of a 2 year extension to the term of the ESAs was not acceded to.

Pancontinental intends to seek legal advice about this matter from a firm of Maltese lawyers.

NAMIBIA

RECONNAISSANCE LICENSE RL 1 / 2007, OFFSHORE WALVIS BASIN

Pancontinental Oil & Gas NL – 100%

Pancontinental has received from the Ministry of Mines and Energy of Namibia an invitation to select an offshore area for the negotiation of a Petroleum Agreement and Exploration licence. The original Reconnaissance Licence has now expired.

The company has notified the Ministry of a selected area and now awaits the commencement of negotiations.

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. There has been no progress since the last report.

AUSTRALIAN PROJECTS

EP 104 / R1 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 10%

Planning continued for renewed testing of the Nullara Limestone reservoir in the Stokes Bay 1 well. The project operator has been considering equipment types and availability. The type of future testing will be determined by a number of factors, including equipment availability and cost.

Previous testing of Stokes Bay 1 produced small amounts of gas, however the large volume of mud lost into the well during drilling has been only partly recovered.

Interpretation of well pressure data indicates a Nullara reservoir pressure up to 140 psi above the regional water gradient. This could be indicative of a hydrocarbon column, although other interpretations are possible.

If there is closure of the cavernous trend around Stokes Bay 1 it could be in the order of some 7 sq km based on current mapping, but could extend over a much larger area. Operator Buru interprets the areal closure has the potential to be up to 17 sq km. The actual areal and vertical extent of a hydrocarbon accumulation (if any) can only be determined by further work, including further testing.

It is anticipated that testing will resume later in 2009.

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

The EP424 Joint Venture has been notified by the regulatory authority of agreement to variations of the licence conditions.

The project operator has sought to extend the joint venture's interest in the Baniyas Prospect over neighbouring acreage and awaits finalisation of this matter.

The joint venture then plans to seek a farminee for drilling an exploration well on Baniyas in 2009 or 2010.

The Baniyas prospect is within an established oil producing area and is on-trend to the Roller, Saladin and Skate oil fields. The crest of the Baniyas feature has anomalous seismic amplitudes, consistent with the presence of gas-over-oil or gas-over-water, although it is possible that other factors may be responsible for the anomaly.

Baniyas is estimated to have potential for recoverable reserves of 34 million barrels (P mean) oil equivalent. These potential reserves are of a speculative nature until the prospect has been evaluated by drilling.

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL -25%

This permit is operated in conjunction with EP- 424. The parties in EP-110 have identical equities to those in permit EP-424. There were no developments this quarter.

EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN

Pancontinental Oil & Gas NL – 5%

Permission is awaited to explore this area, which is subject to a Marine Park and World Heritage Listing.

CORPORATE

During the Quarter the Company raised A\$813,000 before costs, through a Share Placement.

NEW VENTURES

- The company is seeking a full exploration and production licence offshore Namibia (see 'Namibia' above).
- The company awaits advice concerning four applications for new exploration areas in East Africa.

Enquiries:

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The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, CEO of Pancontinental Oil & Gas NL. Mr Rushworth has the relevant degree in geology and has been practising petroleum geology for more than 25 years.

Mr Rushworth is a Director 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.