



PANCONTINENTAL Oil & Gas NL
ACN 003 029 543

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ASX Companies Announcement Office
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QUARTERLY ACTIVITIES REPORT
September 2005

HIGHLIGHTS

- The Oru-1 exploration well, onshore New Zealand Taranaki Basin, planned for late October spud.
- Purchase of Afrex Ltd approved by a General Meeting of Pancontinental shareholders.
- Seismic survey contracts awarded for offshore NW Shelf permits WA-340-P and EP-424.
- Successful Budget and Program presentations to Kenya Government.
- Anadarko International Energy Company, as farminee, introduced to Malta Government.

INTERNATIONAL PROJECTS**MALTA.****OFFSHORE AREA 5; AREA 4, BLOCK 3.**

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

During September senior representatives of Anadarko were introduced to the Maltese Minister and senior Department officials by Pancontinental's CEO. The Maltese Government is pleased to have Anadarko join the Joint Venture and contribute its extensive international technical and commercial skills to the project.

To date, the western and southern boundaries of Area 5 with Tunisia and Libya have not been finalised, and until now the company has conducted seismic surveys within undisputed Maltese waters away from the disputed areas. The Maltese Government has requested the Joint venture suspend the planned late 2005 seismic survey for 6 months to facilitate negotiations. The Company is very pleased that the border issues are being resolved, as that should open up additional areas for exploration within our permits.

The seismic program will be carried out by Anadarko under the Participation Agreement (Agreement) to determine the viability of a number of prospects including the very large Chianti and Limoncello Prospects delineated in 2004 by the Joint Venture. These prospects have a large speculative reserve potential, with the Chianti Prospect, 455 (mean) million barrels recoverable oil potential and the Limoncello Prospect, 968 (mean) million barrels recoverable oil potential, based on current mapping and representative reservoir parameters from neighbouring commercial fields. The prospects are in undisputed Maltese waters.

Under the Agreement, Anadarko has options to earn a 65% interest in a Production Sharing Contract area on completion of one well, and to increase its interest to 75% by drilling a further well at no cost to the Malta Joint Venture partners. The company currently has 80% equity in the project which will reduce to 28% after a first Anadarko well and to 20% after a second well.

KENYA**OFFSHORE BLOCKS DESIGNATED L6, L8 AND L9** *Pancontinental Oil & Gas NL – 100%*

During the quarter, the Company, as operator, presented the annual technical and financial reports on the past years technical program results and project expenditures, together with the coming years proposed budget and work program to the Kenyan Ministry of Energy and the National Oil Corporation. These reports demonstrated that the permits were in good standing and that expenditures were considerably in excess of the permit obligations in all 3 permit areas.

During the quarter the Company continued 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 prospects in order to define the layout for the next round of 2-D detailed seismic which is scheduled to be acquired in 2006.

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 – 100% (diluting to 80%)

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

NEW ZEALAND PROJECT

PEP 38716 ONSHORE TARANAKI BASIN

Pancontinental Oil & Gas NL – 9.42%

The OD&E Rig 19, as contracted by the operator Austral Pacific (Austral), has been released from the previous client and will commence the drilling the Oru -1 exploration well in late October.

The Oru-1 drilling site is located 8 kilometres ESE of the town of Stratford and 2 kilometres east of the Waihapa oil field and associated production facilities. The well will be directionally drilled to a target location approximately 250 meters NNE of the surface location. The well will be drilled to a total measured depth of 1677m below ground level over a 14 day period, once spudded.

The Oru Prospect is a simple anticlinal structure mapped on seismic near the base of the Mid Miocene-aged Mount Messenger Formation. The primary objectives for Oru-1 are the (Mako 'A' and 'B') sandstones, plus the Mt Messenger Formation. These sandstones were encountered at Wingrove-1, drilled 1.5 kilometres to the north in 1993. Secondary objectives are present within thin bedded sandstone units of the upper Mt Messenger and intra-Urenui Formations. In Wingrove-1, extensive oil and gas shows were documented while drilling and coring this interval. These were subsequently drill stem tested in Wingrove-1 resulting in a minor oil recovery.

The Joint Venture has also approved construction of the site and access road into the Pukengahu prospect, immediately to the south east of Oru. The Joint venture will make the final decision to drill Pukengahu-1 after the results of Oru-1 are known.

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, has completed negotiations with offshore seismic vessel contractors to acquire 100 kms of new seismic data to further mature the Sherlock prospect, and a number of other strong leads to a drillable status. This survey is currently planned to commence in late November/December, 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 has approved the acquisition of 80 km of new 2-D seismic data to mature the Banyas lead to possible drill status. The Banyas 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. The 2-D survey is scheduled to commence in late November/December 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%

No exploration work was carried out in EP 406 during the period.

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 the Eastern Mediterranean, East and North Africa where it continues to review and appraise projects in those areas.

CORPORATE

Afrex Limited Acquisition

A General Meeting of Shareholders held on 5 August 2005 approved the acquisition of Afex Limited by the issue of up to 142 million shares to the vendors. 122,650,229 shares were issued during the quarter pursuant to the acquisition agreement. The balance will be issued when further milestones are achieved pursuant to the agreement. As a result of that approval by shareholders, Pancontinental increased its equity in all the African joint venture projects by 150%.

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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

Name of entity

Pancontinental Oil & Gas NL

ABN

95 003 029 543

Quarter ended ("current quarter")

30 September 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...3.. 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	(305)	(305)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	24	24
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	1	1
Net Operating Cash Flows	(577)	(577)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets		
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		
1.13 Total operating and investing cash flows (carried forward)	(577)	(577)

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(577)	(577)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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		
	Net increase (decrease) in cash held	(577)	(577)
1.20	Cash at beginning of quarter/year to date	2,860	2,860
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,283	2,283

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	129
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	35
Technical & management salary	49
Administration, Directors & secretarial fees	45

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	776
4.2 Development	
Total	776

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	43	40
5.2 Deposits at call	2,240	2,820
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	2,283	2,860

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

Malta area 5		32%	80%
Malta block 3 of area 4		32%	80%
Kenya L6		40%	100%
Kenya L8		40%	100%
Kenya L9		40%	100%
Morocco Appl		40%	100%

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	331,748,330	331,748,330		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	122,650,229	122,650,229	7.95 cents	7.95 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				

Mining exploration entity quarterly report

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:
(Director/Company secretary)
Date: 28 October 2005

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 September 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 38716	9.42%
Malta	Area 5	80% (reducing to 28% after one well)
	Block 3 of Area 4	80% (reducing to 28% after one well)
Kenya	L6	100%
	L8	100%
	L9	100%
Morocco	Mediterranee Est. Block**	100% - diluting to 80%

** Awaiting award of R/L.