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ASX Companies Announcement Office

QUARTERLY ACTIVITIES REPORT
September 2009

HIGHLIGHTS

- Kenya L8– 3D seismic over Mbawa Prospect planned start-up November 2009
- Kenya L6- Planning and groundwork for onshore 2D seismic in 2010
- EP 424 Carnarvon Basin - Baniyas Prospect readying for drilling

INTERNATIONAL PROJECTS

KENYA

OFFSHORE BLOCK L8

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

Preparation and planning has continued for an offshore 3D seismic survey to mainly assess the giant Mbawa Prospect. The survey, over a minimum 300 square kilometres, has a minimum cost of US \$10 million and an estimated November 2009 start-up date. Pancontinental will have a 25% free carried interest in the survey.

Mbawa has estimated recoverable potential in the Upper Cretaceous/ Lower Tertiary for 3.6 billion barrels of oil (P10), or up to 1.5 billion barrels of oil plus a gas cap of 400 billion cubic feet. Alternatively, there is P10 potential for 11 trillion cubic feet of recoverable gas.

Mbawa has interpreted seismic "flat spots" ("AVO Anomalies"), indicating possible gas and oil columns. Light oil or condensate "slicks" on the sea surface above the Prospect are interpreted to originate from sea - floor leakage, suggesting the presence of an active petroleum generating system.

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

The Ministry Of Energy has approved the L8 Joint Venture's mandatory partial relinquishment proposal, which has reduced the L8 area to 5,115 sq km.

ONSHORE / OFFSHORE BLOCK L6

Pancontinental Oil & Gas NL – 40%

Under a mandatory partial relinquishment requirement for L6, a relinquishment pattern has been agreed by the Ministry of Energy of Kenya which will see the retention of the main prospects and leads. The L6 area is now approximately 3,100 sq km.

The Ministry also approved a Work Programme variation under which a 2D seismic programme is required in the two years commencing 18 June 2009 and in the two subsequent years, one well is required in each year.

Planning and initial local ground-work has been undertaken for an onshore 2D seismic survey in 2010 over prospects and leads identified from existing seismic data.

A farminee is currently being sought for the project.

Pancontinental has disputed invoices received for project operator Gippsland Offshore Petroleum and now awaits a response from Gippsland.

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.

Since resuming operatorship in early 2009, Pancontinental has been in communication with the Maltese authorities to refresh the ESA title and allow exploration of the area to recommence.

In late May 2009, without any prior warning, Pancontinental received a letter from the Maltese authorities claiming that the ESA expired in August 2008. Pancontinental has engaged a lawyer in Malta to act on behalf of the Joint Venture to resolve the title matters.

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 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 Stokes Bay 1 well. The project operator has been considering equipment types, availability and cost.

Previous testing of Stokes Bay 1 produced small amounts of gas, however the large volume of mud lost into the Nullara Limestone in 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 now anticipated that testing will resume in 2010.

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

The Joint Venture awaits finalisation of efforts to extend its interest in the Baniyas Prospect over neighbouring acreage. The Joint Venture then plans to seek a farminee for drilling an exploration well on Baniyas in 2010.

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.

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.

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

On 17 September an Extraordinary General Meeting of the Company ratified a share placement of 58,333,332 Ordinary Shares.

NEW VENTURES

- The company is seeking a full exploration and production licence offshore Namibia (see 'Namibia' above).
- The company awaits advice concerning 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, Chief Executive Officer 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.