



PANCONTINENTAL Oil & Gas NL
ACN 003 029 543

Ground Floor
288 Stirling Street, Perth
Western Australia 6000
P O Box 8260
Perth Business Centre
Western Australia 6849

Tel: (61 8) 9227 3220
Fax: (61 8) 9227 3211
Email: svalbe@pancon.com.au
Web: www.pancon.com.au

ASX Companies Announcement Office
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QUARTERLY ACTIVITIES REPORT ***MARCH 2004***

HIGHLIGHTS

- Pancontinental has signed an Agreement to purchase the issued capital of Afrex Limited to increase its equity in the Offshore Kenyan, Eritrean, Maltese and Moroccan permits by 150%. (For more details please see "Corporate " below).
- Pursuant to an Agreement signed with Woodside Petroleum Ltd for the offshore Kenya L6, L8 and L9 blocks. (Pancontinental 40%) Woodside has completed the processing of the 2272 kms of 2-D seismic survey over the 3 blocks to earn 50% of each permit.
- Negotiations with the Governments of Morocco are at an advanced stage for the award of an exploration permit over a technically and commercially attractive offshore area.

INTERNATIONAL PROJECTS.

KENYA PERMITS

Offshore blocks designated L6, L8 and L9

***Pancontinental Oil & Gas NL – 100% reducing to 50%.
(includes Afrex interest)***

As a consequence of agreeing to purchase Afrex Limited and all its assets, the Company will increase its equity in the project from 40% to 100%. As Woodside has completed the first stage of its earning obligation through the acquisition of the regional 2-D seismic survey, the Company's interest will reduce to 50%. Woodside, as operator, can earn additional equity under the terms of the staged agreement by:-

- Following the completion of the first earning stage obligations, the acquisition of at least 2,000km of 2D seismic to earn 50% of PSCs L6, L8 and L9.

- has the right to then conduct additional infill seismic (2D or 3D) in each of the permits if it so elects;
- must then elect in respect of each PSC to drill, and if warranted test, one well in the relevant PSC to increase its interest to 65%, or return the 50% interest in that PSC back to Pancon and Afrex;
- has a further option in respect of each PSC to increase its interest to 75% by drilling, and if warranted testing, a second well in each permit.

If Woodside exercises all the drilling options, the estimated gross expenditures for the 6 wells, seismic surveys and associated work will probably exceed US\$100 million dollars, the respective equities will be :-

- | | |
|------------|------|
| ○ Pancon | 25%. |
| ○ Woodside | 75% |

These exploration programs and expenditure commitments will fulfil and exceed all the existing Government work obligation schedules for the duration of the earning period, as well as all other cost associated with the permits, at no cost to the Company.

The Company believes that its L-6, L-8 and L-9 permits are in an optimum location with respect to basin position, source and generation kitchens, structural trends and water depth. This view is supported by results of a comprehensive technical study, conducted by the Joint Venture, which exceeded the original expectations for the area and confirmed the initial assessments which postulated very strong geological similarities to the North West Shelf of Western Australia. These geological similarities were generated by the parallel development of both areas during the break-up and separation of the Gondwana landmass during the Mesozoic and Tertiary Periods. As demonstrated on the North West Shelf, the deposition of favourable sequences of reservoir, source and seal sediments, when combined with optimal structural and thermal regimes for the generation of oil and gas, can give rise to a major petroleum province.

Preliminary mapping of the larger prospects in the permit indicate potential recoverable reserves easily exceeding a billion barrels of oil or several trillion cubic feet of gas. It must be stressed that these are the first preliminary results arising from the study, and the acquisition of infill seismic data to define drilling locations on the mapped prospects, and the drilling of exploration wells are the only means by which these expectations will be confirmed or refuted.

The Company's Kenyan Production Sharing Contracts (PSC) L6, L8 and L9 cover an area of approximately 21,200 km² (5.3 million acres). These PSC's represent about one third of the entire offshore area of Kenya under petroleum licenses. The majority of the acreage is in water depths less than 1,000 m with only the most south-west corner of L-9 reaching approximately 1,500m. These water depths are comfortably within the range of offshore exploration and production operations.

In neighbouring Tanzania, a commercial gas discovery has already been made in a comparable geological setting to the Company's Kenyan permits. The near-shore Songa-Songa gas field, with reserves of one to two trillion cubic feet (TCF), is now under development, including the building of a 300km gas pipeline to the capital Dar-Es-Salaam and the city's power generation station.

MALTA PERMITS

Offshore Area 5; Area 4, Block 3

*Pancontinental Oil & Gas NL - 100%
(includes Afrex interest)*

Plans to acquire 250 kms of 2-D seismic data to define the extent of the stacked reefal/biohermal trends present within the Area 5 permit are progressing as scheduled with a number of contractors indicating the availability of suitable seismic vessels over the next months. An audit of the technical specifications

and capabilities of the respective vessels and survey costs are being completed. Given this status, it is anticipated that the survey can be completed in May, with the processing and interpretation completed within 3 months of acquisition.

The forthcoming survey, in water depths of 250 metres, will further define the size and extent of a number of prospects and leads, which appear to be very similar in age and geological character to major commercial oil and gas fields in neighbouring offshore Tunisian and Libyan waters. Included amongst the largest and closest of these neighbouring fields are the offshore Tunisian 300-400 million barrel Ashtart and Isis oil fields, approximately 20 kms west of the permit boundary. The Bouri field, 55 kms to the south in Libyan waters, is reported to have reserves in excess of a billion barrels of oil.

The Joint Venture has confirmed with the Malta Government that it has the right to obtain a Production Sharing Contract (PSC) over all and any portion of the area of the proposed seismic survey. The right to obtaining a PSC is a condition of the June 2003 Farmout Agreement with Sun Resources (Sun), whereby Sun will earn 20% equity in the permit areas by paying the costs of acquisition, processing and interpretation of the seismic data. The Company will retain 80% equity in the project

The Malta permits cover an area of approximately 14,800 sq kms (3.7 million acres) and are in water depths which range from 100 to 400 metres. These water depths are considered to be shallow water by current offshore drilling and production technologies.

ERITREA PERMIT

MASSAWA BLOCK OFFSHORE ERITREA, RED SEA .

*Pancontinental Oil & Gas NL – 70%
(includes Afrex interest)*

Pancontinental announced in early January that it had signed a Memorandum of Understanding (MOU) with the Government of Eritrea over the 11,550 sq km Massawa Block offshore Eritrea, Red Sea. Pancontinental has been joined by Afrex Limited (Afrex 40%) and Hardman Resources Limited (Hardman 30%) in this venture. Hardman has agreed to “carry” the other two joint venture parties for the first US\$50,000 of expenditure.

The MOU covers the principal terms negotiated over the last 12 months with the Government for a Production Sharing Contract (PSC) over the Massawa Block. Terms of the Production Sharing Contract (PSC) will be finalised over the next six months, giving the joint venture exclusive rights to explore for hydrocarbons in the Massawa Block for up to 7 years.

The Massawa Block lies in the salt basin of the southern Red Sea. Salt basins are amongst the most productive in the world. Other prolific oil bearing salt basins include the Gulf Coast province of the Gulf of Mexico, offshore Nigeria in West Africa, the North Sea and more recently offshore Mauritania, where Woodside and Hardman have made significant commercial oil and gas discoveries.

To the north of the Massawa Block, in offshore Egypt, a large number of commercial oil and gas fields have been discovered over the past 20 years. These are supported by a sophisticated production and transport infrastructure.

Closer to the Massawa Block, an exploration well drilled to the north in Eritrean waters “blew-out”, with large volumes of gas flowing uncontrolled to the surface. It is believed that an appraisal of this discovery is planned by another operator in the near future.

In the Massawa Block and surrounding areas, a major multinational oil company had previously identified a number of large, seismically defined, salt related prospects, and oil has already been seen in a number of surface oil seeps in the Dahlak Islands. The joint venture will assess these prospects as potential drilling targets.

The exploration programme in the Massawa Block will commence with re-mapping of the existing seismic data (and seismic reprocessing if necessary) followed by the acquisition of new seismic data. The joint venture will then consider inviting farminees to earn equity in the Block by drilling one or more exploration wells.

Eritrea has no indigenous hydrocarbon production. Much of the earlier exploration work in this very interesting petroleum province was curtailed by a protracted and now settled Eritrean/Ethiopian border conflict.

Mining companies associated with Pancontinental are carrying out mineral exploration activities onshore Eritrea and have established an excellent working relationship with the reputable, energetic and professional Ministry and Government. The Government is keen to advance the country's economy by promoting the development of energy resources following the cessation of hostilities 3 years ago.

AUSTRALIAN PROJECTS

WA-312-P OFFSHORE BARROW DAMPIER SUB-BASIN, NORTHWEST SHELF

Pancontinental Oil & Gas NL – 33.3%

An inventory of attractive drillable prospects has been defined and the Joint Venture has commenced proceedings to attract parties willing to earn equity in the permit by funding exploration well drilling costs.

The potential unrisks recoverable reserves of the top 5 ranked prospects ranges from 15 to 144 million barrels. The Joint Venture believes that such undrilled reserves would be of interest to the Joint Ventures operating the neighboring oil producing platforms, and transport and other infrastructure facilities, as the relevant reserves are in decline. The tie-in of new discoveries proximal to these existing facilities can be achieved at low incremental cost.

Up to nineteen leads and prospects have been mapped by the Joint venture, with several being at the stratigraphic level of the neighboring Wandoo and Stag producing oil fields. The balance of prospects is at deeper stratigraphic levels, at which commercial discoveries have been made in neighboring areas of the basin.

WA-312-P has an area of 1850 sq kms, and is situated approximately 50 kms to the north of Karratha. The Permit is less than 1 kilometer south of the 75 million barrels recoverable Wandoo Oil Field, currently producing approx 20,000 barrels of oil per day, and the Hampton-1 gas discovery, and 11 kms to the east of the 55 million barrels recoverable Stag Oil Field, currently producing 15,000 barrels of oil per day.

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

Pancontinental Oil & Gas NL – 20.0%

WA-340-P is located on the southern margin of the Dampier Sub-Basin, 35 km northwest of the Burrup Peninsula.

The permit has been granted for a period of six years and is adjacent to and south of WA-312P, where Pancontinental has a 33.3% working interest. Application for the WA-340-P permit was motivated by the recognition of a number of leads, having significant hydrocarbon potential, that were trending south-westwards across the WA-312-P permit boundary into the WA-340-P area. In addition, several other interesting leads were recognised within the WA-340-P area at the same stratigraphic levels as in the WA-312-P permit

Work has continued over the quarter to further evaluate these attractive and interesting leads by reprocessing the existing seismic data in order to mature them for farmout and early drilling. Reprocessing of the data was completed with interpretation progress on schedule during the quarter.

EP 414 ONSHORE PERTH BASIN

Pancontinental Oil & Gas NL –

2.56%

No exploration work was carried out in EP 414 during the period.

EP 104 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 8.0%

Point Torment -1, 20 kms north of Derby in EP-104, was drilled in 1992 and tested gas at 4.3 million cubic feet of gas per day. At that time there was no significant gas market in the Kimberley region, but that is now changing with a growing power generation demand in the area, coupled with a significant cost saving conversion of existing facilities from diesel to LNG.

The Joint Venture has negotiated an agreement for the sale of Point Torment gas reserves to LNG International (LNGI). Pursuant to the Agreement, LNGI will purchase 6.0 million cubic feet of gas per day at a price of Aus\$2.70 per gigajoule (one gigajoule is equivalent to approximately 930 cubic feet of gas) at the wellhead and adjusted to the Consumer Price Index for the life of the field. LNGI will build a mini gas processing plant in Derby to produce and transport gas to power generators in the Kimberley. The Agreement is subject to the Joint Venture drilling and production testing an appraisal well on the Point Torment structure to establish at least 35 billion cubic feet (BCF) of proven gas reserves in the field. Subject to farmout, this appraisal well is planned to be drilled in June-July 2004, some 5.5 kms to the north west of the Point Torment-1 well and some 70 metres updip.

Based on current mapping, the Point Torment field is estimated to have potential recoverable gas reserves of 80 BCF. The gas also contains condensate, which would be stripped to provide additional cash flow. A deeper oil pool of up to 10 million barrels potential reserves was also indicated by the Point Torment -1 well.

As reported earlier, the Joint Venture has been granted a Retention Lease over the Point Torment Gas field, providing long term tenure over the gas resource.

The Joint Venture has been also been advised that the granting of the Production Licence over the West Kora Oil Field (Pancon 12%) has made substantial progress. There is now a strong expectation that the Licence could be awarded in the near term.

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

No exploration work was carried out in EP110 during the period.

The Joint venture has negotiated to participate in a neighbouring graticular block, recently awarded by the WA State Government, but subject to the procedural clearance of Native Title issues. This block is interpreted to contain the crestal location of the Jasper prospect, on which the Jasper 1 well, within EP110, was drilled in the late 1980's. Jasper 1 recorded strong hydrocarbon shows within a well developed and thick Birdrong sandstone reservoir, interpreted to indicate that the well was drilled down-dip of a possible hydrocarbon accumulation which is located in a more crestal position. Once the Native

Title process has been completed, seismic reprocessing and remapping will be carried out to determine the size and location of the structural crest of the Jasper prospect. If the strong hydrocarbon shows in the down-dip Jasper 1 well are close to an oil/water contact, the prospect has potential to contain recoverable reserves in the vicinity of 20 million barrels. Such reserves are adequate for commerciality given the shallow water and depth to the target horizon.

Subject to final documentation, the Company will increase equity in the permit from 10% to 25% as a consequence of the withdrawal of some parties.

EP 406 OFFSHORE SHARK BAY

Pancontinental Oil & Gas NL – 5%

No exploration work was carried out in EP-406 during the year, as it is still subject to the Shark Bay Marine Park Heritage Study and forthcoming environmental operational guidelines that are expected to flow from that study.

NEW ZEALAND PROJECTS

PEP 38716 ONSHORE TARANAKI BASIN

Pancontinental Oil & Gas NL – 7.56%

In April the PEP 38716 Joint Venture commenced the acquisition of 14 kms of 2-D seismic data in the south-western areas of the permit to delineate the Atarangi and Rawhitiroa prospects. Both of these prospects are culminations south along the Waihapa anticlinal trend. The major producing Waihapa gas and oil field and associated petroleum processing plant lies immediately west of the PEP 38716 permit and produce from the prolific Tikorangi limestone reservoir and the underlying Tariki sandstone unit. Further to the north of the Waihapa field, along the same trend, are the Tariki and Ahuroa fields.

Following the interpretation and mapping of the new seismic data, the robustness of the closure of two prospects will be determined, and indicate whether the prospects can be drilled in the near term. As currently mapped, both prospects are of significant size with Atarangi possibly being in excess of 10square kms.

The reprocessing of existing seismic data in the area of Huinga and Huinga South prospects was completed and has the objective of producing better images at the level of the Tariki and Kapuni sandstones where the Huinga wells encountered and recovered significant “residual” oil and gas. This work is ongoing and will provide a better understanding of the trapping geometries within the overthrust structural trend in the PEP 38716 permit and along the eastern margin of the Taranaki Basin. An agreement to exchange data between the Huinga and neighbouring Makino Joint Venture will assist these studies.

The financial incentives to explore in New Zealand have risen considerably over the past year with the realization by Government and Industry that, with the premature depletion of the offshore Maui Gas Field, and the inability of remaining fields to meet the commercial, industrial and domestic consumer demands, gas prices are expected to rise considerably throughout New Zealand.

One of the main options being considered by Government is the importing of liquefied natural gas (LNG). To implement this, a substantial increase in historical gas prices will be needed to accommodate the high capital and other costs associated with such a project. Obviously, this environment is, and would be, highly favourable for successful local explorers to supply gas (and oil) into the local market.

PEP 38330 ONSHORE EASTCOAST BASIN

Pancontinental Oil & Gas NL – 42.87 %

The stratigraphic information gained by the drilling of Waingaromia-2 last year, indicated that the Joint Venture needed to focus on a group of substantial prospects mapped in the eastern areas of the permit. It was interpreted that good quality sandstone reservoirs at drillable depths could be expected. In order to mature these prospects for drilling additional seismic was needed to increase confidence that structural closure and valid traps were present in those prospects.

To assist in the planning of the new seismic surveys, a review of seismic acquisition parameters and energy source sizes was completed. In addition, the reprocessing of existing seismic data over two attractive prospects in the north and north-east of the permit was carried out to improve data quality. These prospects will be remapped and integrated with geological information to determine their priority for additional seismic control. This work is ongoing with the Joint Venture planning to acquire a minimum of 15 kms of new 2-D data over a number of prospects this year in order to mature drillable prospects. Potential reserves estimates for a number of these prospects in estimated to be in excess of a hundred billion cubic feet of gas and 10 million barrels oil.

As pointed out earlier, the financial incentives to explore in New Zealand have risen considerably over the past year with the realization by Government and Industry that, with the premature depletion of the offshore Maui Gas Field, and the inability of remaining fields to meet the commercial, industrial and domestic consumer demands, gas prices are expected to rise considerably throughout New Zealand.

NEW VENTURES

The Company continues to review all Australasian onshore and offshore acreage gazettals, both at Federal and State Government levels. In addition, the Company is strongly focused on overseas opportunities, especially East and North Africa.

Discussions with the Moroccan Government are well advanced, and the Company hopes that it will be able to announce a Moroccan permit in the near future. The Moroccan offshore area of interest meets the technical and commercial criteria established by the Company in its international ventures.

CORPORATE.

African project equity increase and share placement

The Company has executed heads of agreement to increase its equity in the Pancon/Afrex African joint venture projects by 150% from its current 40% interest to 100% interest by acquiring its joint venture partner – Afrex Limited (“Afrex”).

Under the agreement Pancon will acquire all of the issued capital of Afrex Limited (“Afrex”) by issuing 178,426,000 ordinary fully paid shares to Afrex shareholders as consideration for their shareholdings in Afrex.

Pancon is currently in joint venture with Afrex in a number of African projects (see below) in which the ratios are 40% Pancon and 60% Afrex , of the interests not held by other parties. The acquisition will result in Pancon holding the combined interest of both parties.

The Company has also arranged to place up to 12 million shares to clients of Euroz Securities Limited at 14 cents each to raise \$1,680,000 (before costs) to fund its increased project commitments resulting from the transaction.

The placement and transaction will increase the issued capital of the Company by approximately 120% from 155,226,166 shares to 345,652,166 shares, to achieve the 150% increase in the African project equities.

The issue of the shares to acquire Afrex is conditional upon receipt of ASX, regulatory and shareholder approvals. Following the necessary approvals, interests associated with Pancon Chairman Mr HD Kennedy, will receive 131,392,900 shares of the total of 178,426,000 shares to be issued to Afrex shareholders. This will result in Mr Kennedy's interest in Pancon increasing to 158,158,070 shares, representing approximately 46% of the expanded capital. The new shares to be issued to Mr Kennedy's interests will be escrowed for a period of twelve months.

The company is currently conducting its due diligence on Afrex and is also in the process of preparing a notice of meeting and explanatory statement detailing all aspects of the acquisition and providing shareholders with the necessary independent experts reports.

Subject to shareholder approval for the acquisition, Mr Barry Rushworth, an executive director of Afrex and the person primarily responsible for the negotiations for the acquisition of the Pancon/Afrex joint venture projects, will join the board of Pancon to take up an executive role. He will be responsible for Business Development and Exploration.

Summary of project interests held by Pancon in joint ventures with Afrex

| Project | Pancon Current equity | Pancon equity post Afrex | Comments |
|--|------------------------------|---------------------------------|---|
| Malta Area 4 and 5,Block 3 | 40% | 100% (reducing to 80%) | Sun Resources earning 20% by funding seismic programme |
| Kenya Offshore blocks L6, L8 and L9 | 40% | 100% (reducing to 25%) | Woodside has right to earn 75% interest by drilling two wells on each of the three permits. |
| Eritrea Offshore Massawa | 30% | 70% | Hardman Resources Limited holds 30% |
| Morocco (application) | 40% | 100% (reducing to 80%) | Negotiations in process with third party that when concluded will result in the third party earning 20% by funding seismic programme. |

Enquiries:

Andrew Svalbe

Director, CEO

Tel: 08 9227 7178

Fax: 08 9227 9079

Email: svalbe@pancon.com.au

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.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

PANCONTINENTAL OIL & GAS NL

ABN

95 003 029 543

Quarter ended ("current quarter")

31 March 2004

Consolidated statement of cash flows

| | Current Quarter \$A'000 | Year to date (9 Months) \$A'000 |
|---|----------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales (petroleum) and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (95) | (338) |
| (b) development | | - |
| (c) production | | - |
| (d) administration | (173) | (526) |
| 1.3 Dividends received | | - |
| 1.4 Interest and other items of a similar nature received | 3 | 8 |
| 1.5 Interest and other costs of finance paid | | - |
| 1.6 Income taxes paid | | - |
| 1.7 Other (provide details if material) | (4) | (4) |
| Net operating cash flows | (269) | (860) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (4) | (4) |
| 1.9 Proceeds from sale of | | |
| (a) prospects – EP 413 | 23 | 509 |
| (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 | 19 | 505 |

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|--------------|------------|
| 1.13 | Total operating and investing cash flows (carried forward) | (250) | (355) |
| 1.13 | Total operating and investing cash flows (brought forward) | (250) | (355) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 71 | 611 |
| 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 –costs of issue | - | (27) |
| | | 71 | 584 |
| Net increase (decrease) in cash held | | (179) | 229 |
| 1.20 | Cash at beginning of quarter/year to date | 482 | 74 |
| 1.21 | Exchange rate adjustments to Item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 303 | 303 |

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 | 99 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

Explanation necessary for an understanding of the transactions

| | |
|---|-----------|
| Payments to companies associated with directors for: | \$000s |
| Corporate consulting fees | 9 |
| Administration/secretarial fees | 49 |
| Technical & management salary (incl. PAYG & superannuation) | <u>41</u> |
| | 99 |

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

Appendix 5B
Mining exploration entity quarterly report

Kenya – PSC’s L-6,8 &9. Woodside Energy Ltd advises that expenditures during the quarter amounted to \$385,496. These initial expenditures were incurred pursuant to the farmin agreement in which it may earn up to a maximum of 75% interest. (Refer text of the Sept. ASX quarterly for complete details of farmin arrangements)

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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outlays for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 437 |
| 4.2 Development | - |
| TOTAL | 437 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

| | Current Quarter \$A'000 | Previous Quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 303 | 482 |
| 5.2 Deposits at call | | |
| 5.3 Bank overdraft | | |
| 5.4 Other | | |
| Total: cash at end of quarter (item1.22) | 303 | 482 |

Changes in interests in petroleum permits

| Permit Reference | Nature of Interest [note (2)] | Interest at Beginning of Quarter | Interest at End of Quarter |
|------------------|-------------------------------|----------------------------------|----------------------------|
| | | | |

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 Preferences securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks, redemptions | | | | |
| 7.3 Ordinary securities | 155,266,166 | 155,266,166 | | |
| 7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks | 471,049 | 471,049 | \$0.15 | |
| 7.5 Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted | | | | |
| 7.7 Options <i>Public options PCLOA</i> <i>Directors options</i> <i>Directors options</i> <i>Directors and staff options</i> <i>options</i> | 23,550,159 1,400,000 1,600,000 4,025,000 3,625,000 | 23,550,159 | <i>Exercise price</i> 15 / 20cents 20cents 20cents 8cents 10 cents | <i>Expiry date</i> 31/03/2005 02/02/2005 06/12/2006 27/11/2007 31/12/2008 |
| 7.8 Issued during quarter <i>Directors and staff options</i> | | | | |
| 7.9 Exercised during quarter <i>Public options PCLOA</i> | 471,049 | - | | |

Appendix 5B
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/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:
(Company Secretary)

Date: 30 April 2004

Print name: Ernie 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 the topic, the Australian standard on that topic (if any) must be complied with.

Appendix 5B
Mining exploration entity quarterly report

PANCONTINENTAL OIL & GAS NL – PETROLEUM PERMIT SCHEDULE

as at 31 December 2003

| Project | Permit reference | Interest |
|----------------------------|------------------------------|-------------------------------------|
| Petroleum prospects | | |
| Western Australia | EP 104 (R4) | 8.0 % |
| | EP 110 | 10.0% |
| | EP 414 | 2.78% |
| | EP 406 | 5% |
| | WA-312-P | 33.3% |
| | WA-340-P | 20% |
| New Zealand | PEP 38330 | 42.87% |
| | PEP 38716 | 7.56% |
| Malta | Area 5 | 40% Subject to JV- diluting to 32% |
| | Block 3 of Area 4 | 40% “ “ |
| Kenya | L6 | 40% Subject to JV – diluting to 10% |
| | L8 | 40% “ “ |
| | L9 | 40% “ “ |
| Eritrea | Massawa Block – offshore MOU | 30% |