



PANCONTINENTAL Oil & Gas NL
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ASX Companies Announcement Office
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QUARTERLY ACTIVITIES REPORT
March 2005

HIGHLIGHTS

- Offshore Malta 2D seismic survey confirms a number of drill targets with potential world class oil reserves.
- PEP 38330 Onshore Taranaki Basin New Zealand, committed to drill the Oru 1 exploration well, as the first of possibly two wells in mid 2005.
- Onshore East Coast Basin New Zealand, the PEP 38330 JV commenced the Tolaga Bay seismic survey.
- Share issue raises \$ 1m for ongoing exploration.

INTERNATIONAL PROJECTS

MALTA PERMITS

OFFSHORE AREA 5; AREA 4, BLOCK 3

Pancontinental Oil & Gas NL - 40 % (reducing to 32%).

In early 2005 the Joint Venture completed the interpretation and mapping of the 260 kms of 2-D seismic data acquired during August 2004. The survey was designed to define the extent of the stacked reefal/biohermal trends present within Area 5 of the offshore Malta blocks

This interpretation has now provided a quantitative understanding of the prospects and leads present in the area and confirmed the presence of several leads with potential world class oil reserves.

These features 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 30 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 one billion barrels of oil.

During the quarter, as part of the statutory reporting requirements, the Joint Venture reviewed their technical findings and proposed work program and budget to the Maltese Government.

The two large Malta offshore 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.

The company has received approaches from, and is in discussions with, a number of multinational and large independent petroleum exploration companies that have expressed interest in the offshore Malta areas. The Joint Venture has commenced discussions with these interested parties

ERITREA PSC APPLICATION

MASSAWA BLOCK OFFSHORE ERITREA, RED SEA

Pancontinental Oil & Gas NL - 0.0%

In December 2004 notification was received from the Eritrean Department of Energy that the MOU and any other documents relating to the Massawa Block have been declared null and void.

The joint venture sought clarification from the Eritrean authorities and was advised that the Massawa block is no longer available. The Eritrean Government however invited an application for the neighbouring Thio Block.

The Joint Venture had originally applied for an area comprising of both the Massawa and Thio Blocks, as both areas had similar prospectivity.

The Joint Venture is proceeding with an application for the Thio Block.

MOROCCO PERMIT

MEDITERRANEE EST. BLOCK, OFFSHORE MOROCCO, MEDITERRANEAN SEA.

Pancontinental Oil & Gas NL – 40.0%

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

KENYA PERMITS.

OFFSHORE BLOCKS DESIGNATED L6, L8 AND L9

Pancontinental Oil & Gas NL – 40%

During the quarter, the Joint Venture gave technical presentations of the work conducted and the proposed work and budget program to the Kenyan Government in Nairobi.

The 2003 regional grid of new seismic data confirmed and added to the inventory of highly attractive prospects and leads in the permit areas. The larger of these prospects continue to have potential recoverable reserves exceeding a billion barrels of oil or several trillion cubic feet of gas. It must be stressed that these expectations will only be confirmed or refuted by the drilling of exploration wells on those prospects.

As operator of the neighbouring permits to the east and north east, Woodside has announced plans to drill at least one exploration well, in deep water depths, during late 2005. The company believes that this exploration drilling program will test prospects very similar to those in much shallower water depths in the eastern areas of the L-6, L-8 and L-9 blocks.

The company has received approaches from, and is in discussions with, a number of multinational and large independent petroleum exploration companies that have expressed interest in the offshore Kenyan areas. The Joint Venture has commenced discussions with these interested parties.

NEW ZEALAND PROJECTS

PEP 38716 ONSHORE TARANAKI BASIN

Pancontinental Oil & Gas NL – 9.42%

The Joint Venture has committed to drill the Oru-1 prospects, targeting the productive Mt Messenger formation, in mid 2005. The Joint Venture has also a contingency plan for the drilling of a second well on the Pukengahu prospect following Oru-1.

As reported last quarter, interpretation of the 14 kms of 2-D seismic recorded over the Atarangi and Rawhitiroa prospects, targeting deeper zones, revealed the shallower Oru and Pukengahu anticlinal traps at the Mt Messenger formation level. Both the Oru and Pukengahu prospects are culminations adjacent and up dip of the Cheal oil discovery which produces from the same target zone. The Joint Venture is planning to commence drilling operations by mid year, subject to rig availability.

The Waihapa gas and oil field and associated petroleum processing plant lies immediately west of the PEP 38716 permit. A gas and oil discovered at Oru or Pukengahu could be readily connected to the Waihapa facilities. The Waihapa field produces from the prolific Tikorangi limestone reservoir and the underlying Tariki sandstone unit. Further to the north of the Waihapa field, on the same trend, are the Tariki and Ahuroa gas and oil fields of the “TAWN” trend.

PEP 38330 ONSHORE EASTCOAST BASIN

Pancontinental Oil & Gas NL – 42.87 %

Preparations for the acquisition of the 18 km 2-D Tolaga Bay seismic survey have commenced with surveying and line clearing operations. Recording will commence shortly, with the program due to be completed in May. This new seismic data is planned to delineate a drilling location in one of three semi-mature prospects. Processing and interpretation of these new data should be completed by end of the September quarter, placing the Joint Venture in a position to plan possible drilling operations by year end.

AUSTRALIAN PROJECTS

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

Pancontinental Oil & Gas NL – 33.3%

No exploration work was carried out in WA -312-P during the period.

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

Pancontinental Oil & Gas NL – 20.0%

The WA-340-P Joint Venture is planning the acquisition of additional seismic data following completion of a technical review. An inventory of attractive prospects has been mapped, but in order to mature potential drilling locations, additional seismic control is required. The WA-340-P survey will be integrated with a series of similar shallow water seismic surveys along the coast, including the companies EP 110/424 permit (see below). These surveys are scheduled to commence in the September quarter.

EP 439 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 23%

On 10 February 2005 Pancontinental and its joint venture partners were granted Petroleum Exploration Permit 439 located in the Gascoyne Sub Basin, Southern Carnarvon Basin, Western Australia. The port of Carnarvon is 100 kilometres to the south west of the Permit.

The immediate focus of exploration in the EP 439 Permit is the large oil prospect called Lake McLeod with estimated potential recoverable oil reserves in the order of 150 million barrels.

The structure is interpreted from seismic data as an anticlinal feature where Devonian-aged carbonate sediments drape over an older Silurian-aged fault block. This structure therefore exhibits the necessary prerequisites of structural timing for oil generation and entrapment. Good oil-prone source rocks are present in organic-rich marine shales in the lower part of Devonian Gneudna Formation. This is based on published data from the existing petroleum wells in the Basin.

EP 104 ONSHORE CANNING BASIN.

Pancontinental Oil & Gas NL – 8.0%.

No exploration work was carried out in EP 104 during the period.

EP 110 and EP 424 ONSHORE CARNARVON BASIN.

Pancontinental Oil & Gas NL – 25%

The Joint Venture is planning the acquisition of 60-100 km of additional seismic data in the September quarter. Following the reprocessing and interpretation of existing data over the Jasper and neighbouring Hastings prospect, the operator has recommended the acquisition of additional seismic data in order to mature potential drilling locations.

EP 406 OFFSHORE SHARK BAY

Pancontinental Oil & Gas NL – 5%

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

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 where it continues to review and appraise opportunities in those areas.

CORPORATE

Rights Issue

In March 2005 the Company issued a Prospectus for a non-renounceable share issue offering 41m shares on a one for four basis at 7 cents per share. The Company raised \$1,012,124 from the offer and D J Carmichael & Co has now been engaged to place the shortfall of 27m shares on a best endeavours basis.

Afrex Limited Acquisition

All documentation relating to the acquisition of Afrex Limited has been settled and will shortly be lodged with ASX/ASIC. Once approved by these authorities, notices of the General Meeting of Shareholders will be mailed to shareholders. Given the ASX/ASIC approvals, the General Meeting to consider and approve the acquisition is planned for early July 2005.

Enquiries:

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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

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Pancontinental Oil & Gas NL

ABN

95 003 029 543

Quarter ended ("current quarter")

31 March 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...9.. 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	(197) (300)	(333) (717)
1.3 Dividends received	9	38
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	13	15
Net Operating Cash Flows	(475)	(997)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	 (2)	 (14)
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	(2)	(14)
1.13 Total operating and investing cash flows (carried forward)	(477)	(1,011)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(477)	(1,011)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	3	3
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	3	3
	Net increase (decrease) in cash held	(474)	(1,008)
1.20	Cash at beginning of quarter/year to date	1,199	1,733
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	725	725

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	192
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	39
Technical & management salary	79
Administration & secretarial fees	74

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	540
4.2 Development	
Total	540

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	121	172
5.2 Deposits at call	604	1,027
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	725	1,199

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			

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining
tenements acquired or
increased

EP 439		0%	23%
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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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	167,282,103	167,282,103		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,937	15,937	20 cents	20 cents
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>(description and conversion factor)</i>	23,534,222	23,534,222	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 31 March 2005
	1,600,000		\$0.20	6 December 2006
	4,025,000		\$0.08	27 December 2007
	3,625,000		\$0.10	31 December 2008
	1,625,000		\$0.20	31 December 2007
	1,100,000		\$0.15	21 November 2009
	2,875,000		\$0.15	28 November 2009
	250,000		\$0.10	30 June 2008
	250,000		\$0.15	30 June 2008
7.8 Issued during quarter	250,000		\$0.10	30 June 2008
	250,000		\$0.15	30 June 2008
7.9 Exercised during quarter				
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: Date: 29 April 2005
(Director/Company secretary)

E A Myers
Print name:

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 31 March 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 38330	42.87%
	PEP 38716	9.42%
Malta	Area 5	40% diluting to 32%
	Block 3 of Area 4	40% “ “
Kenya	L6	40%
	L8	40%
	L9	40%
Morocco	Mediterranee Est. Block**	40% - diluting to 32%

** Awaiting award of R/L.