



PANCONTINENTAL Oil & Gas NL
ACN 003 029 543

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ASX Companies Announcement Office
ASX Online

QUARTERLY ACTIVITIES REPORT
March 2006

INTERNATIONAL PROJECTS
MALTA.

OFFSHORE AREA 5; AREA 4, BLOCK 3.

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

In late February, the Maltese Government announced that "-- it had signed an agreement with the Tunisian Government for joint exploitation and exploration in zones of the continental shelf located between the two countries". It was also agreed "-- that the dead line to present the conclusions to the ministers of both countries within three months".

The Company is very pleased that the Tunisian border issue is being resolved, as that should open up additional areas for exploration within our permits. Previously, the company has been conducting all seismic surveys within undisputed Maltese waters.

The Joint Venture is currently awaiting approval from the Maltese Government to recommence the planned seismic survey to be carried out by Anadarko as part of its farmin earning obligations.

The seismic program to be carried out by Anadarko under the Participation (Farmout) Agreement (Agreement) will 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 and the Limoncello prospects having world class, multi hundred-million barrel recoverable oil potential, based on current mapping and representative reservoir parameters from neighbouring commercial fields. The prospects are in uncontested 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.

Although the western boundary of Area 5 with Tunisia appears to be approaching resolution, we believe that discussions regarding the southern boundary with Libya are also progressing towards a timely resolution.

KENYA

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

In December 2005 the company announced that, subject to approval by the Kenyan Government, a Farmout Agreement had been signed with Origin Energy Kenya Pty Limited for the Kenyan L-8 and L-9 offshore PSC areas.

Once the Farmout Agreement is endorsed by the Kenyan Government, the Joint Venture will contract for the acquisition of the extensive detailed seismic program over prospects already delineated in the two PSC areas.

Under the Farmout Agreement Origin has a right to earn up to 75% in each of the 2 areas by:-

- Conducting a US\$4.0 million 2-D detail seismic survey over existing mapped prospects to earn 50%.
- Optionally drilling and testing an exploration well in each PSC area to earn an additional 25% in that area.
- Origin will pay for all other Government and permit costs during the earning period.
- Under this Agreement Pancontinental (retaining 25%) will be carried for expenditures estimated to be in excess of Aus\$60.0 million if Origin exercises the options to drill in each of the 2 areas.
- As the Origin Agreement only applies to the L-8 and L-9 areas, the northern L-6 area remains under the operatorship of the Company.

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.

PEP 38716 ONSHORE TARANAKI BASIN

Pancontinental Oil & Gas NL – 9.42%

The PEP 38716 permit has been surrendered following expiry of the permit and a negative result of the post- drill Oru-1 well review and a review of seismic data to determine the remaining prospectivity of the permit.

AUSTRALIA.

EP 110 and EP 424 OFFSHORE CARNARVON BASIN. *Pancontinental Oil & Gas NL – 25%*

The processing and interpretation of the new 2-D seismic data is scheduled to be completed by the end of the June quarter. These new seismic data will determine the size and optimal drilling location for the Banyas prospect.

In December 2005 80 km of new 2-D seismic data was acquired 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. Banyas is currently estimated to have potential recoverable oil reserves of 60 million barrels.

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

Pancontinental Oil & Gas NL – 20.0%

The processing and interpretation of the 100 kms of 2-D seismic survey data acquired in December 2005, together with the new seismic in EP 110 and EP424 permits, is planned to be completed by the end of the June quarter. These new seismic data were acquired to further mature the Sherlock prospect and a number of other strong leads to a drillable status.

EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN

Pancontinental Oil & Gas NL – 5%

The permit remains the subject of the Shark Bay Marine Park Heritage Study and the forthcoming environmental operational guidelines that are expected to flow from that study. Accordingly exploration cannot be conducted until the study is completed and the terms and conditions of exploration have been established.

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, South and North Africa where it continues to review and appraise projects in those areas.

An application for an offshore Namibian area was made during the quarter. If successful, a more detailed overview will be duly forwarded.

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), MAAPG, MASEG, MFESWA, MPESA, 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")

31 March 2006

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	(39)	(1,031)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	8	47
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)	-	1
	Net Operating Cash Flows	(339)	(1,784)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	(1)
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)
1.13	Total operating and investing cash flows (carried forward)	(339)	(1,785)

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(339)	(1,785)
	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)	-	(14)
	Net financing cash flows	-	(14)
	Net increase (decrease) in cash held	(339)	(1,799)
1.20	Cash at beginning of quarter/year to date	1,400	2,860
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,061	1,061

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	168
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	21
Technical consulting fees	44
Technical & management salary	49
Administration, Directors & secretarial fees	54

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	133
4.2 Development	
Total	133

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	101	147
5.2 Deposits at call	960	1,253
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,061	1,400

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	PEP 38716		9.42%	0%
6.2 Interests in mining tenements acquired or increased				

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	331,748,330	331,748,330		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	1,600,000 4,025,000 3,625,000 1,625,000 1,100,000 2,875,000 250,000 250,000 9,500,000		<i>Exercise price</i> \$0.20 \$0.08 \$0.10 \$0.20 \$0.15 \$0.15 \$0.10 \$0.15 \$0.0925	<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 28 November 2010
7.8 Issued during quarter				
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>)		
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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 April 2006

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.

Mining exploration entity quarterly report

PANCONTINENTAL OIL & GAS NL – PETROLEUM PERMIT SCHEDULE

as at 31 March 2006

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%
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.