



PANCONTINENTAL Oil & Gas NL
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ASX Companies Announcement Office

QUARTERLY ACTIVITIES REPORT ***March 2007***

Highlights for Quarter

- Origin completes US\$4.0 million seismic acquisition in Kenya Blocks L8 & L9.
- Gippsland Offshore Petroleum completes US\$1.2 million seismic acquisition in Kenya Block L6.
- Valentine -1 exploration well and Stokes Bay-1 appraisal well approved for June drilling in Canning Basin.
- Award of an exclusive Reconnaissance Licence offshore Namibia

INTERNATIONAL PROJECTS **KENYA**

OFFSHORE BLOCKS DESIGNATED L-8 AND L-9

Pancontinental Oil & Gas NL – 50%

Origin completed the acquisition of approximately 3,759 km of its regional infill and detail 2-D seismic farm in program within Blocks L8 and L9 using the contracted Northern Explorer seismic vessel. This followed the completion and granting of all environmental and regulatory approvals. The acquisition of the new seismic commenced on 19th December 2006 and was completed on January 24th 2007.

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

- Conducting a minimum 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.

OFFSHORE BLOCK DESIGNATED L-6

Pancontinental Oil & Gas NL – 40%

During the Quarter, Gippsland Offshore Petroleum (GOP) completed acquisition of 1,240 km of 2D seismic in the offshore portion of the L6 Block. Prior to the commencement of the L-6 seismic survey, a detailed bathymetric survey was conducted to determine the accessibility of nearshore shallow water areas. The seismic survey using the vessel, Geomariner, commenced the survey on February 16th and completed the acquisition on 27th February 2007.

In April an airborne gravity crew was mobilising into the area to commence acquisition of 1,500 square kilometres of Falcon AGG data over both offshore and onshore areas of the Block L6. The survey is scheduled to start shortly once all equipment has been checked and is operational.

Under the Agreement GOP will:-

- Earn 60% in the L-6 block by conducting 2-D seismic, high resolution airborne gravity and possible geochemical acquisition programs costing a minimum of US\$ 1.9 million.
- Pay all permit fees and other associated costs during the earning period.
- Pancontinental will retain 40% after a free carry through the earning program.

The seismic and airborne gravity programs in L6 will determine the viability of a number of significant prospects delineated by the 2003 and earlier seismic surveys. These prospects based on current mapping and using representative reservoir parameters and industry analogues, are estimated to have significant, speculative oil and gas reserves potential.

Woodside completed the drilling of Pomboo-1, the first of two deepwater exploration wells in the adjoining PSC L-5 and L-7 areas during the Quarter. Both Pomboo, and the second well, Sokwe South-1, will drill prospects structurally similar to those in the eastern areas of L-8 and L-9. However, the L-8 and L-9 prospects are in much shallower waters and are adjacent to two major inboard “kitchen” trough areas. These kitchen areas are not available to the Pomboo and Sokwe South locations as they are separated by a major geological ridge. The Pomboo-1 well encountered suitable reservoir and seal rocks but apparently did not intersect any hydrocarbon-bearing zones. The second well has been deferred for up to one year.

MALTA.

OFFSHORE AREA 5; AREA 4, BLOCK 3.

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

Negotiations on the detailed terms of the Production Sharing Contract (PSC), which will govern the revenue distribution, work obligations and administrative matters within PSC areas,

are continuing in anticipation of the Joint Venture being given approval by the Maltese Government for Anadarko to recommence the planned seismic survey as part of its farm-in earning obligations. The principal terms and elements of the PSC were agreed on granting of the Exploration Study Agreement (ESA) in 2001. Under this ESA title all the previous and forthcoming seismic surveys and other exploration work has and will be carried out.

The Anadarko seismic program 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 and in the same geological province as world class oil and gas fields offshore Libya and Tunisia.

NAMIBIA

Reconnaissance Licence, Offshore Walvis Basin

Pancontinental Oil & Gas NL – 100%

Pancontinental was awarded an exclusive Reconnaissance Licence (RL) for over 30,000 square kilometres of the offshore continental margin of Namibia, South West Africa. The principle program is to purchase and evaluate available non-exclusive seismic data with a view to progressing to an exclusive petroleum agreement over part or all of the RL within two years.

Offshore Namibia is an under-explored region of West Africa yet it lies between the prolific basins of Angola to the north and the oil & gas discoveries of the Orange Basin to the south. Pancontinental believes there is a strong chance that there exists an active petroleum system with both oil and gas potential.

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.

AUSTRALIAN PROJECTS

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

The structural interpretation of both the new 2-D seismic and reprocessed historical seismic data over the Baniyas prospect has been completed. This interpretation is now being augmented with more sophisticated seismic “amplitude with offset” analytical techniques aimed at the assessment of fluid types within the target zones of the prospect. This work is due for completion in the second Quarter of 2007. Planning for the drilling of the well has commenced but a rig slot has not yet been secured. Most of the active offshore drilling units are currently contracted until the middle of 2008.

The Baniyas 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. Baniyas is currently estimated to have potential (Pmean) recoverable reserves of 34mmboe (million barrels oil equivalent).

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL -25%

A technical review of the permit was commenced and is in progress.

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

Pancontinental Oil & Gas NL – 20.0%

A technical summary and prospect assessment aimed at evaluating the Sherlock prospect and the viability of a number of other strong leads concluded that given their size and risk they were not commercially viable. Consequently the Joint Venture agreed to surrender the permit and not enter the next permit year which contained a drilling obligation..

EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN

Pancontinental Oil & Gas NL – 5%

Nothing to report.

EP 104 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 8.0 %.(increasing to 10 %)

Drilling of the back to back Valentine No 1 exploration well and the gas appraisal Stokes Bay No 1 well is now planned to commence in early June 2007 by the newly appointed operator Arc Energy. The Joint Venture will be drilling both wells from the same surface location, with a deep vertical well to test the oil and gas potential of the Valentine Prospect, and then with a subsequent sidetrack, to target a subsurface location of the (Point Torment) gas accumulation. This procedure very cost effective while achieving all the technical objectives of the drilling program.

Pancontinental will be contributing 10.67% to the well costs to increase its participating interest from 8% to10%.

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.

Enquiries:

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Director, CEO

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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. Mr Svalbe has the relevant degree in geology and has been practising petroleum geology for 38 years.

Mr Svalbe is a full-time employee 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.

Mining exploration entity quarterly report

Name of entity

Pancontinental Oil & Gas NL

ABN

95 003 029 543

Quarter ended ("current quarter")

31 March 2007

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	(131)	(333)
1.3 Dividends received	(112)	(831)
1.4 Interest and other items of a similar nature received	10	28
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(233)	(1,136)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	-	(8)
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	-	(8)
1.13 Total operating and investing cash flows (carried forward)	(233)	(1,144)

Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(233)	(1,144)
1.14	Proceeds from issues of shares, options, etc.	-	2,027
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	-	2,027
	Net increase (decrease) in cash held	(233)	883
1.20	Cash at beginning of quarter/year to date	1,711	595
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,478	1,478

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	184
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	50
Technical & management salary	59
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	84
4.2	Development	
Total		84

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	1,241	1,474
5.2	Deposits at call	237	237
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,478	1,711

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			

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	370,748,330	370,748,330		
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>			<i>Exercise price</i>	<i>Expiry date</i>
	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
	9,500,000		\$0.0925	28 November 2010
	9,250,000		\$0.096	28 November 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

7.11	Debentures (totals only)		
7.12	Unsecured notes (totals only)		

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: 27 April 2007
(Director/Company secretary)

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 31 March 2007

Project	Permit reference	Interest
Petroleum prospects		
Western Australia	EP 104 (R4)	8.0 % (increasing to 10% after 1 well)
	EP 406	5%
	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% - diluting to 40%
	L8	100% - diluting to 50%
	L9	100% - diluting to 50%
Morocco	Mediterranee Est. Block**	100% - diluting to 80%

** Awaiting award of R/L.