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ASX Companies Announcement Office

QUARTERLY ACTIVITIES REPORT
March 2010

HIGHLIGHTS

- Kenya L8 – 3D seismic processing under way over giant Mbawa Prospect
- Malta Area 5 and Block 3 of Area 4 - meeting held with authorities in Malta
- Kenya L6- Environmental Impact Assessment and permitting for onshore seismic in 2010
- EP 424 Carnarvon Basin - Baniyas Prospect readying for drilling 2010
- EP 104 Canning Basin- planning for retesting Stokes Bay 1
- Namibia - meeting planned to negotiate exploration licence

INTERNATIONAL PROJECTS

KENYA

OFFSHORE BLOCK L8

Pancontinental Oil & Gas NL - 25%

Pancontinental has a 25% free carried interest in the Mbawa 3D Seismic Survey, in which data acquisition was completed in December 2009. The Mbawa Prospect has world-class potential for oil and gas.

Data processing is now underway with preliminary results expected in April this year, and final processed results end May.

Following mapping the Joint Venture will select a location for drilling commencing in the second half of 2010 at the earliest.

Mbawa has modelled P10 potential alternatives in the Lower Tertiary / Upper Cretaceous at 2,100m drill depth and 800m water depth for-

- (i) 3.6 Billion Barrels of oil recoverable or
- (ii) 1.5 Billion Barrels oil recoverable plus a gas cap of 400 Billion Cubic feet or
- (iii) 11 Trillion Cubic Feet gas recoverable

Mbawa has interpreted Lower Tertiary / Upper Cretaceous dual "flat spots" / "AVO anomalies" on existing seismic data, consistent with a gas column of 55 metres over an oil column of 105 meters. The mapped area at this level is 179 sq km.

Sea surface "slicks" of light oil or condensate are interpreted from satellite data. These may be derived from sea - floor leakage from Mbawa, suggesting an active petroleum generating system. Other prospects in L8 also have interpreted slicks.

A deeper Jurassic closure in Mbawa holds further very large potential below 2,800m drill depth, with additional follow-up potential in other large prospects in L8.

Pancontinental also holds a 40% interest in adjacent licence area L6.

ONSHORE / OFFSHORE BLOCK L6

Pancontinental Oil & Gas NL – 40%

An Environmental Impact Assessment and community relations activities continued during the quarter, in preparation for an onshore 2D seismic survey. The survey will cover prospects and leads identified from existing seismic data.

A farminee is currently being sought for the project.

Pancontinental has disputed invoices received from operator Flow Energy Limited (formerly Gippsland Offshore Petroleum) and continues to await a satisfactory response from Flow.

MALTA

OFFSHORE AREA 5; AREA 4, BLOCK 3.

Pancontinental Oil & Gas NL - 80%

Operator Pancontinental, its Maltese legal representative and the Maltese authorities met to discuss the licence status during the quarter. The company anticipates further discussions in the forthcoming quarter.

Activities on the company's Malta areas have been suspended since September 2005 under force majeure provisions of the ESA due to border issues between Malta, Libya and Tunisia. The Joint Venture is seeking to re-commence exploration as soon as possible.

NAMIBIA

RECONNAISSANCE LICENSE RL 1 / 2007, OFFSHORE WALVIS BASIN

Pancontinental Oil & Gas NL – 100%

Pancontinental has received an invitation from the Ministry of Mines and Energy of Namibia to select an offshore area for the negotiation of a Petroleum Agreement and Exploration licence.

The company has notified the Ministry of its selected area and will be meeting Ministry representatives to negotiate the licence in Namibia during April 2010.

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%

Renewed testing of the Stokes Bay 1 well is anticipated mid year. The joint venture has been considering equipment types, availability and cost.

Previous testing of Stokes Bay 1 produced small amounts of gas. The large volume of mud lost during drilling into the cavernous Nullara Limestone has been only partly recovered and future testing will aim to recover more of this mud and produce a definitive sample of natural reservoir fluid.

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 may 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.

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

The Joint Venture is continuing to negotiate an extension of its interest in the Baniyas Prospect into neighbouring acreage. A farminee will then be sought for drilling a Baniyas exploration well in 2010.

Baniyas lies within an established oil producing trend which includes 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.

Baniyas has estimated potential for recoverable reserves of 34 million barrels (P mean) oil equivalent. These potential reserves remain speculative until the prospect has been evaluated by drilling.

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.

NEW VENTURES

- The company is seeking a full exploration and production licence offshore Namibia (see 'Namibia' above).
- Discussion commenced for a possible new project onshore Australia.
- The company awaits advice concerning applications for new exploration areas in East Africa.

CORPORATE

Since the end of the quarter the Company has strengthened the management team with the appointment of Vesna Petrovic as Company Secretary. Pancontinental has \$2.2m in cash as at 31 March 2010.

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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.