



PANCONTINENTAL OIL & GAS NL

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PANCONTINENTAL

ASX Companies Announcement Office

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KENYA L8- MBAWA DRILLING UPDATE

Pancontinental Oil & Gas NL ("Pancontinental") is pleased to announce that the Mbawa well has reached a depth of 2,006m RT (below the drill floor), where a second casing string is being set.

Operations are continuing according to the drilling plan.

Both the primary and main secondary exploration targets are deeper than the current drill depth and it is anticipated that these will be penetrated at several levels below the casing once the casing has been set and drilling has recommenced.

The planned Total Depth of the well is 3,275m RT and the deepest of the exploration targets is near to the final planned drilling depth. The drillship Deepsea Metro 1 is expected to spend a total of about 60 days for well operations.

Additional information about Mbawa is available in previous reports issued by Pancontinental and available on the company's website www.pancon.com.au

The Kenya L8 Joint Venture consortium consists of-

Apache Corporation (Operator)	50%
Origin Energy Limited	20%
Pancontinental Oil & Gas NL	15%*
Tullow Kenya B.V.	15%

* Pancontinental's 15% interest is "free-carried" through Mbawa drilling by Tullow Oil plc up to a "cap" of US\$ 9 million (as reduced by other exploration expenditure). After the first earning phase Tullow has an option to earn a further 5% by providing funding on Pancontinental's behalf to a cap of US\$ 6 million in any second well.

Pancontinental's website is www.pancon.com.au/

Yours sincerely for and on behalf of
Pancontinental Oil & Gas NL

Barry Rushworth, CEO and Director

The summary report on the oil and gas projects is based on information compiled by Mr R B Rushworth, BSc, MAAPG, MPESGB, MPESA, 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 30 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.