



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 advise that the Mbawa well has reached a depth of 2,553m RT (below the drill floor).

The Mbawa well operator, Apache Corporation, has advised Pancontinental that between the last casing set at 1997.53m RT and the current depth of 2553m RT elevated mud gas readings have been seen during some of the drilling. Wireline logs are being run before drilling proceeds further. The significance of the elevated gas readings will not be known until wireline logs have been run and an evaluation has been made.

Operations are continuing according to the drilling plan. The secondary exploration target is deeper than the current drill depth and it is anticipated that this will be penetrated once the current wireline logs have been run and drilling has recommenced. The planned Total Depth of the well is 3,275m.

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.