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Companies Announcements Office

KENYA L8 PROJECT UPDATE

MBAWA 3D SEISMIC SURVEY COMPLETION

Pancontinental Oil & Gas (ASX : PCL) is pleased to announce the completion of the data acquisition phase of the Mbawa 3D Seismic Survey in licence area L8 offshore Kenya on 28 December 2009.

Pancontinental has a 25% free carried interest in the Mbawa survey over the giant Mbawa Prospect.

Seismic contractor Fugro Geoteam SA carried out the acquisition over 800 square kilometres under the supervision of operator Origin Energy, commencing 2 December 2009.

Mbawa has potential for P10 recoverable reserves of 3.6 Billion Barrels of oil or 1.5 Billion Barrels oil plus a gas cap of 400 Billion Cubic feet in the Lower Tertiary / Upper Cretaceous at a drill depth of approximately 2,100m. An alternative model has P10 recoverable potential for 11 Trillion Cubic Feet of gas. Water depth is 800m, well within the range of modern drilling and development technology.

The oil potential of Mbawa is supported by interpreted dual "flat spots" ("AVO anomalies") on existing 2D seismic data, consistent with a possible gas column of about 55 vertical metres overlying a possible oil column of about 105 vertical meters in the Lower Tertiary / Upper Cretaceous. The current mapped area of Mbawa at this level is 179 sq km.


Over Mbawa, "slicks" of light oil or condensate are interpreted from satellite data on the sea surface. These are thought to result from sea - floor leakage, suggesting the existence of an active petroleum generating system. Other prospects in L8 are also associated with interpreted slicks.

Additional very large oil and gas potential lies in a deeper Jurassic closure in Mbawa below 2,800m drill depth and in other large prospects in L8.

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

Data processing will now commence and interim results are expected in 3 to 4 months, with full results in approximately 6 months. Following mapping, the Joint Venture will select a drilling location, and drilling will commence at the earliest in the second half of 2010.

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

A handwritten signature in black ink, appearing to read "E. A. Myers". The signature is written in a cursive, slightly slanted style.

Ernie Myers
Director & Company Secretary

