20 May 2010

ASX Companies Announcement Office

Pancontinental Farms-in to drill Irriculla 2 on Cooper Basin margin

Pancontinental Oil & Gas NL ("PCL") is very pleased to announce that it has agreed on a farmin to drill Irriculla 2 in the Cooper-Eromanga Basin later this year.

PCL's 20% in Irriculla 2 and surrounding Queensland permit ATP 587P will come from operator DVM International Limited ("DVM").

Irriculla 2 will test the Eromanga sequence close to the margin of the underlying Cooper Basin in a Basal Jurassic sand "high side" fault trap, adjacent to oil shows in Irriculla 1 drilled in the downthrown fault block. Several other regional wells also had oil shows, including the commercial oil discovery at Inland 1.

DVM calculates that the Irriculla Prospect has P10 potential to contain 34.6 Million Barrels of oil, and P50 potential of 5 Million Barrels.

PCL will earn its 20% by funding up to $500,000 of the well cost and will thereafter pay pro-rata 20%. The current estimated well cost is $1.5 million.

ATP 587P also holds the Cattle Creek and Carella Creek South Prospects and the large Braidwood Prospect (see accompanying Maps).

The farmin has been agreed by PCL and DVM subject to final approval by the Authorities, which is not expected to be withheld.

PCL's CEO and Director Barry Rushworth commented-
"Irriculla 2 is a low-cost well with considerable commercial upside and some significant oil shows in the geological system close to the planned well site. This edge of the Cooper Basin is poorly explored and the discovery of the Inland Field some years ago highlights the possibility of further discoveries on the Cooper margins. PCL is very pleased to be joining this exploration project".

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

Ernie Myers
Finance Director