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Continental Energy Completes Bengara-II 2007 Drilling

DALLAS, Dec. 12 /PRNewswire-FirstCall/ -- Continental Energy Corporation (OTC Bulletin Board: CPPXF) today advised that its 18% owned Indonesian subsidiary Continental-GeoPetro (Bengara-II) Ltd. ("CGB2") has completed its 2007 drilling program in the Bengara-II block East Kalimantan, Indonesia.

Drilling of the Seberaba-3 has been completed to a total depth of 2,594 meters. An open hole drill stem test successfully flowed oil and minor gas at surface from one zone. The open hole test confirms lateral continuity of the Seberaba reservoir with at least one of the three zones from which oil was recovered during testing of the Seberaba-1 discovery well. The Seberaba-3 has been logged and casing has been set and a more comprehensive production testing program is planned.

Drilling of the Punga-1 has been completed at a total depth of 2,500 meters. The well has been logged and casing has been set. A testing program is also now planned for Punga-1 to evaluate zones with oil and gas shows.

The company's previous production testing of several zones in the Seberaba-1 was hampered by formation damage caused by invasive drilling fluids. The company is evaluating techniques and options for mitigating the effects of similar formation damage in the testing programs planned for Seberaba-3 and Punga-1. Production testing of Seberaba-3 and Punga-1 will commence later this month upon arrival of additional testing and stimulation equipment and materials ordered for this purpose and should be completed in early 2008

About Continental Energy Corporation:

Continental Energy Corporation is an international oil and gas exploration company, focused on making major oil or gas discoveries in Indonesia. For further information, please visit our web site at www.continentalenergy.com.

No securities regulatory authority has either approved or disapproved the contents of this news release.

Certain matters discussed within this press release may be forward-looking statements within the meaning of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. Although Continental believes the expectations reflected in such forward-looking statements including reserves estimates, production forecasts, feasibility reports and economic evaluations are based on reasonable expectations and assumptions, it can give no assurance that its expectations will be attained. Factors that could cause actual results to differ materially from expectations include financial performance, oil and gas prices, drilling program results, regulatory changes, political risk, terrorism, changes in local or national economic conditions and other risks detailed from time to time in Continental's periodic filings with the US Securities Exchange Commission.

SOURCE Continental Energy Corporation