



Pancontinental Oil & Gas NL

ABN 95 003 029 543

Notice of General Meeting & Explanatory Statement

Proxy Form

For a General Meeting of Shareholders of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on 28 May 2012 at 9.30am (WST).

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Notice of Meeting

Notice is hereby given that the General Meeting of Shareholders will be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on 28 May 2012 at 9.30am (WST) (**Meeting**).

AGENDA

BY ORDINARY RESOLUTION

To consider, and if thought fit, to pass the following Resolutions as ordinary resolutions with or without amendment:

Resolution 1 – Ratification of First Tranche Placement

“That, pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 129,000,000 Shares each at an issue price of 17.5 cents each per Share (**First Tranche Shares**) on the terms and conditions in the Explanatory Statement.”

Voting exclusion

The Company will disregard any votes cast on this Resolution by a person (or any associates of such a person) who participated in the issue of the First Tranche Shares. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 2 – Approval to issue Shares under the Second Tranche Placement

“That, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 128,142,858 Shares each at an issue price of 17.5 cents each per Share (**Second Tranche Shares**) on the terms and conditions in the Explanatory Statement.”

Voting exclusion

The Company will disregard any votes cast on this Resolution by a person (or any associates of such person) who may participate in the issue of the Second Tranche Shares and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 3 - Approval for Mr Roy Barry Rushworth to participate in the Second Tranche Placement

“That, subject to Resolution 2 being passed and pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 571,429 Shares under the Second Tranche Placement to Mr Roy Barry Rushworth and/or his nominees on the terms and conditions in the Explanatory Statement.”

Voting exclusion

The Company will disregard any votes cast on this Resolution by Mr Rushworth or any of his associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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Resolution 4 - Approval for Mr Ernest Anthony Myers to participate in the Second Tranche Placement

"That, subject to Resolution 2 being passed and pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 285,715 Shares under the Second Tranche Placement to Mr Ernest Anthony Myers and/or his nominees on the terms and conditions in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast on this Resolution by Mr Myers or any of his associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 5 – Approval for Mr Henry David Kennedy to participate in the Second Tranche Placement

"That, subject to Resolution 2 being passed and pursuant to and in accordance with ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 571,429 Shares under the Second Tranche Placement to Mr Henry David Kennedy and/or his nominees on the terms and conditions in the Explanatory Statement."

Voting exclusion

The Company will disregard any votes cast on this Resolution by Mr Kennedy or any of his associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated at Perth this 27 April 2012

By Order of the Board

V Petrovic
Company Secretary

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NOTES

These notes form part of the Notice. The Notice should be read in conjunction with the accompanying Explanatory Statement.

Defined words and phrases used in this Notice of General Meeting are defined in Section 5 of the accompanying Explanatory Statement.

Voting Entitlements

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to attend and vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 26 May 2012. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlements to attend and vote at the Meeting.

Proxies

A Proxy Form is attached to the end of the Explanatory Statement.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member entitled to attend and vote at the Meeting has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise half of the votes (with any fraction of votes remaining being discarded).

The member may specify the way in which the proxy is to vote on each Resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the Meeting (Proxy Forms can be lodged by facsimile). If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments:

By mail and by hand during office hours: Ground Floor, 288 Stirling Street,
Perth, Western Australia 6000

By Facsimile: + 61 8 9227 3211

Bodies corporate

A Shareholder who is a body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at the Meeting. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

Explanatory Statement to Shareholders to Accompany Notice of General Meeting

This Explanatory Statement has been prepared for the information of Shareholders in connection with the Resolutions to be put to Shareholders at the Meeting to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia, on 28 May 2012 at 9.30am (WST).

The Explanatory Statement should be read in conjunction with, and forms part of, the accompanying Notice. The purposes of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice

Defined words and phrases used in this Explanatory Statement are defined in Section 5.

1. Background

As announced on 19 April 2012, the Company proposes to undertake a capital raising to raise up to \$50 million (before costs) through a placement of up to 257,142,858 Shares at 17.5 cents to various sophisticated and professional investors who are clients of Hartleys Limited (ACN 104 195 057) (**Hartleys**), a licensed securities dealer (AFSL 230052) and certain Directors (**Placement**).

The Company also intends to undertake a share purchase plan, where eligible Shareholders will be given the opportunity to subscribe for Shares at the same price as the Shares to be issued under the Placement (**Share Purchase Plan**).

The Placement and Share Purchase Plan referred to in this Explanatory Statement as the **Capital Raising**.

The funds raised from the Capital Raising will be used to fund further exploration expenditure on the Company's existing exploration projects in Kenya and Namibia, namely:

- seismic program over Kenya L6, the costs of which are expected to be approximately US\$6 million and be incurred in around June 2012;
- well costs in relation to Kenya Block L8 (over and above the US\$9 million free carry on the Mbawa well) which are expected to be approximately US\$9 million and be incurred in the third quarter of 2012;
- ongoing exploration over Kenya L10A & L10B, which may include the spudding of up to two wells the costs of which are expected to be approximately US\$30 million and potentially be incurred in the 2012/13 financial year (depending upon drill ship availability);
- further seismic program over Kenya L8; the costs of which are expected to be approximately US\$2 million and be incurred in the 2012/13 financial year; and
- seismic program over Namibia EL0037, the costs of which are expected to be approximately US\$1 million and be incurred in the 2012/13 financial year,

as well as for business development and to provide general working capital to meet corporate and other administrative costs.

Shareholders should be aware that actual exploration expenditure may differ from budgeted exploration expenditure for a range of reasons, including (without limitation) availability of drill ships, escalation of contractor costs, exchange rate fluctuations, administrative delays in obtaining any necessary approvals and the like.

Placement

The Placement is proposed to be undertaken in two tranches as follows:

- tranche 1 consists of the issue of 129,000,000 Shares (being the subject of Resolution 1) at 17.5 cents per Share to raise approximately \$22,575,000 (before costs) (**First Tranche Placement**); and
- tranche 2 consists of the issue of up to 128,142,858 Shares (being the subject of Resolution 2) at 17.5 cents per Share to raise approximately \$22,425,000 (before costs) (**Second Tranche Placement**).

The Placement is not underwritten.

As the First Tranche Placement are to be issued under the Company's 15% placement capacity under ASX Listing Rule 7.1 and will be completed before the date of the Meeting, Resolution 1 seeks Shareholder ratification of the issue of Shares under

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the First Tranche Placement to provide the Company with greater flexibility to issue Shares in the future without the need to call a meeting of Shareholders to approve such an issue.

The Second Tranche Placement, which is in excess of the Company's 15% placement capacity under ASX Listing Rule 7.1, is subject to Shareholder approval. Resolution 2 seeks this approval for the purposes of ASX Listing Rule 7.1.

Resolutions 3, 4 and 5 seek the approval of Shareholders for the participation of certain of the Directors (namely Messrs Rushworth, Myers and Kennedy) in the Second Tranche Placement.

The pro forma capital structure of the Company, assuming all of the Resolutions are approved by the requisite majorities, is indicated below:

	Number
Existing shares as at 27 April 2012	862,279,809
Existing options on issue as at 27 April 2012	5,250,000
Existing issued capital (fully diluted)	867,529,809
Shares to be issued under the First Tranche Placement	129,000,000
Maximum number of Shares to be issued under the Second Tranche Placement	128,142,858
Maximum number of Shares to be issued under the Share Purchase Plan	28,571,429
Maximum number of Shares on issue after completion of the Capital Raising (fully diluted)	1,153,244,096

Share Purchase Plan

Under the Share Purchase Plan, 28,571,429 Shares will be offered at 17.5 cents per Share to Shareholders on the register as such on 18 April 2012. The terms of the Share Purchase Plan will be set out in formal Share Purchase Plan documentation, which will be sent to eligible Shareholders shortly.

2. Resolution 1 – Ratification of the First Tranche Placement

ASX Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval provided the issue did not breach the 15% threshold set by ASX Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 1 seeks the approval of Shareholders under ASX Listing Rule 7.4 to ratify the issue of 129,000,000 Shares each at an issue price of 17.5 cents each per Share under the First Tranche Placement to certain sophisticated and professional investors.

The Company confirms that the issue and allotment of the Shares the subject of the First Tranche Placement did not breach ASX Listing Rule 7.1. The Company also confirms that the sophisticated and professional investors who will participate in the First Tranche Placement are not related parties of the Company.

Specific information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, information regarding the First Tranche Placement the subject of Resolution 1 is provided as follows:

- a) The number of Shares issued by the Company under the First Tranche Placement will be 129,000,000 Shares.
- b) These Shares were issued to sophisticated and professional investor clients of Hartleys.
- c) These Shares were issued at a price of 17.5 cents per Share.
- d) These Shares were issued as fully paid ordinary Shares which rank equally with the existing shares on issue;
- e) The funds raised under the Capital Raising will be used to fund further exploration expenditure on the Company's existing exploration projects in Kenya and Namibia, business development and to provide general working capital to meet corporate and other administrative costs, as set out in more detail in Section 1 above.
- f) A voting exclusion statement is included in the Notice for Resolution 1.

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3. Resolution 2 – Approval to issue Shares under the Second Tranche Placement

ASX Listing Rule 7.1 places a restriction, subject to certain exceptions, on the Company's ability to issue more than 15% of its share capital in any 12 month period unless prior approval is obtained from its Shareholders.

Resolution 2 seeks the approval of Shareholders pursuant to ASX Listing Rule 7.1 for the issue of up to 128,142,858 Shares each at an issue price of 17.5 cents per Share under the Second Tranche Placement, to certain sophisticated and professional investors.

The effect of passing Resolution 2 will be to allow the Directors to issue the Second Tranche Shares without using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

Specific information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, information regarding the Second Tranche Placement the subject of Resolution 2 is provided as follows:

- a) The maximum number of Shares the Company will issue under the Second Tranche Placement is 128,142,858 Shares.
- b) These Shares will be issued no later than three months after the date of the Meeting (or such longer periods of time as ASX, may in its discretion allow, pursuant to a waiver of ASX Listing Rule 7.3.2).
- c) These Shares will be issued by the Company at a price of 17.5 cents per Share.
- d) These Shares will be fully paid ordinary Shares and will rank equally with the existing Shares on issue.
- e) These Shares will be issued to sophisticated and professional investor clients of Hartleys, other than Messrs Rushworth, Myers and Kennedy whose participation in the Second Tranche Placement is the subject of Resolutions 3, 4 and 5, respectively.
- f) The funds raised under the Placement will be used to fund further exploration expenditure on the Company's existing exploration projects in Kenya and Namibia, business development and to provide general working capital to meet corporate and other administrative costs, as set out in more detail in Section 1 above.
- g) A voting exclusion statement is included in the Notice for Resolution 2.

4. Resolutions 3, 4 and 5 – Approval for Messrs Roy Barry Rushworth, Ernest Anthony Myers and Henry David Kennedy to participate in the Second Tranche Placement

Resolutions 3, 4 and 5 seek the approval of Shareholders pursuant to ASX Listing Rule 10.11 to enable Messrs Rushworth, Myers and Kennedy (or their nominees) to participate in the Second Tranche Placement on the same terms and conditions as other subscribers under the Placement.

Shareholder approval is required under ASX Listing Rule 10.11 because Messrs Rushworth, Myers and Kennedy, by reason of their positions as Directors, are related parties of the Company. ASX Listing Rule 10.11 restricts the Company's ability to issue securities to a related party unless approval is obtained from Shareholders.

The effect of passing Resolutions 3, 4 and 5 will be to allow the Company to issue up to 571,429 Shares to Mr Rushworth (or his nominees), 285,715 Shares to Mr Myers (or his nominees), and 571,429 Shares to Mr Kennedy, without breaching ASX Listing Rule 10.11 or using up the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolutions 3, 4 and 5 will not take effect unless Resolution 2 is also passed.

Specific information required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval for issue of the Shares to Messrs Rushworth, Myers and Kennedy pursuant to ASX Listing Rule 10.11:

- a) The Shares will be issued to Messrs Rushworth, Myers and Kennedy (each of whom is a Director) or their nominees.
- b) The maximum number of Shares to be issued to Messrs Rushworth, Myers and Kennedy (or their nominees) is as follows:

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- i) Mr Rushworth – 571,429 Shares;
 - ii) Mr Myers – 285,715 Shares; and
 - iii) Mr Kennedy – 571,429 Shares
- c) The Company will issue the Shares no later than 1 month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
 - d) The Shares will be issued at 17.5 cents per Share, being the same price as the Shares issued to unrelated parties under the Second Tranche Placement, and are fully paid ordinary Shares and rank equally with the existing Shares on issue.
 - e) The funds raised under the Placement will be used to fund further exploration expenditure on the Company's existing exploration projects in Kenya and Namibia, business development and to provide general working capital to meet corporate and other administrative costs, as set out in more detail in Section 1 above.
 - f) A voting exclusion statement is included in the Notice for each of Resolutions 3, 4 and 5.

5. Glossary of defined terms

The following terms and abbreviations used in this Explanatory Statement and Notice have the following meanings:

\$ means Australian dollars unless otherwise indicated.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the listing rules of ASX.

Capital Raising has the meaning given in Section 1.

Company means Pancontinental Oil & Gas NL (ABN 95 003 029 543).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement attached to this Notice.

First Tranche Placement has the meaning given in Section 1.

First Tranche Shares has the meaning given in Resolution 1.

Hartleys has the meaning given in Section 1.

Meeting has the meaning given in the introductory paragraph of this Notice.

Notice means the notice of meeting, to which this Explanatory Statement forms part.

Placement means the First Tranche Placement and the Second Tranche Placement.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution contained in this Notice.

Second Tranche Placement has the meaning given in Section 1.

Second Tranche Shares has the meaning given in Resolution 2.

Section means a section contained in this Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of one or more Shares.

Share Purchase Plan has the meaning given in Section 1.

US\$ means US dollars unless otherwise indicated.

WST means Australian Western Standard Time, being the time in Perth, Western Australia.

In this Notice and Explanatory Statement words importing the singular include the plural and vice versa.



PROXY FORM

I/weof.....
being a member of Pancontinental Oil & Gas NL ABN 95 003 029 543 (**Company**) hereby appoint

the chairman of the Meeting (**Chairman**) (mark box)

OR if you are NOT appointing the Chairman as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing person/body corporate named, or if no person/body corporate is named, the chairman of the meeting (**Chairman**), as my/our proxy to vote for me and on my behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the general meeting of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia, on 28 May 2012 at 9.30am (WST) (**Meeting**) and at any postponement or adjournment of the Meeting.

I/we understand that the Chairman intends to vote undirected proxies in favour of the resolutions set out below (Resolutions).

RESOLUTIONS

	FOR	AGAINST	ABSTAIN*
1 Ratification of the First Tranche Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval to issue Shares under the Second Tranche Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval for Mr Roy Barry Rushworth to participate in the Second Tranche Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for Mr Ernest Anthony Myers to participate in the Second Tranche Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for Mr Henry David Kennedy to participate in the Second Tranche Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular item you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this.....day of.....2012

If the member is a Company, it must sign in accordance with its constitution

Please sign on the reverse of this form.

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Proxy forms (and power of attorney, if any, under which the proxy form is signed) must be:
sent by mail or delivered to Ground Floor, 288 Stirling Street ,Perth, Western Australia, 6000 or by fax to: +61 8 9227 3211

If the member is a company:

EXECUTED by)
)
ACN)
in accordance with section 127 of the Corporations Act)
)

.....
Director/Company Secretary*

.....
Director/Sole Director and Sole Company Secretary*

.....
Name of Director/Company Secretary*
(BLOCK LETTERS)

.....
Name of Director/Sole Director and Sole Company
Secretary* (BLOCK LETTERS)

*Delete whichever is not applicable

OR

.....
Signature

.....
(Insert capacity in which duly authorised officer is signing
for a member which is a company)

If the member is an individual:

.....
Signature of individual shareholder

.....
Signature of individual joint shareholder
(if any)

.....
Signature of individual joint shareholder
(if any)

Instructions for appointment of proxy

1. A member entitled to attend and vote at the Meeting convened by the accompanying notice of general meeting is entitled to appoint not more than 2 proxies to vote on the member's behalf.
2. Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise half of the member's voting rights (with any fraction of votes remaining being discarded).
3. A proxy need not be a member.
4. Proxy forms (and the power of attorney, if any, under which the proxy form is signed) must be received at Ground Floor, 288 Stirling Street, Perth, Western Australia, fax number (+618) 9227 3211 no later than 48 hours before the time fixed for holding the Meeting.
5. Appointment of a proxy by a member being a natural person must be under the hand of the member or of an attorney appointed in writing by the member.
6. Appointment of a proxy by a member being a body corporate must be executed by body corporate or under the hand of an attorney appointed in writing by the body corporate.
7. If signing under a power of attorney, the power of attorney must be deposited at the Company's registered office for inspection and return, when the proxy is lodged.
8. The proxy appointment may be a standing appointment for all general meetings until it is revoked.