



Pancontinental Oil & Gas NL

ACN 003 029 543

Share Purchase Plan Offer

This is an important document.

The Offer does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder. Accordingly, before making a decision whether or not to accept the Offer, you should consult your financial or other professional adviser.

This document is not a prospectus or other disclosure document under the Corporations Act.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS.

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Key offer information

1 Key dates

Event	Date
Record Date	5.00 pm (Perth time) on 18 April 2012
Announcement Date	19 April 2012
Documents mailed to Eligible Shareholders	27 April 2012
Offer opens	30 April 2012
Offer closes	5.00 pm (Perth time) on 14 May 2012
Allotment Date	21 May 2012
Despatch of holding statements / confirmation advices	21 May 2012

The timetable is indicative only and Pancontinental may, at its discretion, vary any of the above dates by sending a revised timetable to ASX.

Defined terms and abbreviations used in this document are set out in the Glossary at the end of this document.

2 Important notices

The offer contained in this document is not a recommendation to purchase Pancontinental shares. If you are in any doubt about the Offer, you should consult your financial or other professional adviser.

If you apply to participate in the Offer by making a BPAY[®]¹ payment or completing and returning the Application Form with a cheque or money order, you are accepting the risk that the market price of Shares may change between the date of the Offer and the Allotment Date. This means it is possible that, up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Offer Price.

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

Pancontinental recommends that you monitor its announcements and the Share price, which can be found on its website at www.pancon.com.au and on the ASX website at www.asx.com.au (ASX code: PCL). The Share price can also be found in the financial pages of major Australian metropolitan newspapers.

¹ [®] Registered to BPAY Pty Limited ABN 69 079 137 518. New Zealand based shareholders cannot apply using BPAY[®] unless they have an Australian bank account.

3 Questions

If you have any questions in relation to the Offer or how to complete the Application Form, please call the Share Registry, Advanced Share Registry Services, on (08) 9389 8033, or consult your financial or other professional adviser.

Letter from the Chairman

27 April 2012

Dear Shareholder

Pancontinental Oil & Gas NL Share Purchase Plan Offer

On behalf of the Board, I am pleased to offer you the opportunity to apply for New Shares in Pancontinental under the Offer.

The funds raised from the Capital Raising will be used to fund further exploration expenditure on Pancontinental's existing exploration projects in Kenya and Namibia, business development and to provide general working capital to meet corporate and other administrative costs.

The Offer will open on 30 April 2012 and will remain open until 5.00 pm (Perth time) on 14 May 2012.

Under the Offer you can acquire up to A\$15,000 worth of New Shares without paying any brokerage or other charges.

The Offer Price is A\$0.175, representing a discount of 12.5% to Pancontinental's closing Share price on ASX on 16 April 2012 (being the last trading day before the details of the Offer were announced).

A maximum of 28,571,429 Shares (approximately A\$5 million) will be issued under the Offer. If Pancontinental receives applications significantly in excess of the A\$5 million sought under the Offer, Pancontinental reserves the ability to scale back applications and excess funds will be returned to applicants without interest. Participation in the Offer is optional and is open to Eligible Shareholders who are holders of Shares in Pancontinental at 5.00 pm (Perth time) on 18 April 2012 and whose registered address is in Australia or New Zealand.

Full details of the Offer and how to participate are contained in the Terms and Conditions on pages 6 to 11 of this document which I encourage you to read and consider carefully.

If you have any questions, please contact the company's share registry, Advanced Share Registry Services, on (08) 9389 8033, or consult your financial or other professional adviser.

Thank you for your continued support of Pancontinental.

Yours sincerely

HD Kennedy
Chairman

Frequently asked questions

Set out below are answers to some key questions that you may have about the Offer. This table is qualified by and should be read in conjunction with the Terms and Conditions on pages 6 to 11 of this document.

Question	Answer
What is the Offer?	<p>The Offer enables Eligible Shareholders to apply to purchase up to A\$15,000 worth of fully paid ordinary shares in Pancontinental at \$0.175 per Share without paying any brokerage or other charges.</p> <p>The Offer Price of A\$0.175 per Share is a discount of 12.5% to Pancontinental's closing Share price on ASX on 16 April 2012 (being the last trading day before the details of the Offer were announced). This is also less than the VWAP of Shares of A\$0.189 over the five day trading period of 10 to 16 April 2012.</p>
Am I eligible to participate?	<p>You are eligible to participate if you fulfil the criteria set out in clause 2 of the Terms and Conditions.</p> <p>You must have been a holder of Shares at 5.00 pm (Perth time) on 18 April 2012 (being the Record Date) and your registered address must be in Australia or New Zealand for you to be eligible to participate.</p> <p>If you are a nominee or custodian holding Shares on behalf of one or more beneficial holders, you may also apply to purchase up to A\$15,000 worth of Shares on behalf of each beneficial holder, subject to complying with the criteria set out in clause 7(b) of the Terms and Conditions.</p>
Do I have to participate?	Participation is optional.
Can I transfer my entitlement to participate?	You cannot transfer your right to purchase Shares under the Offer to anyone else.
How do I apply?	<p>To apply for Shares under the Offer you can either:</p> <p>Option 1: Pay by BPAY®</p> <p>Make payment by BPAY as shown on the Application Form. New Zealand based Shareholders cannot apply using BPAY unless they have an Australian bank account.</p> <p>Option 2: Pay by cheque or money order</p> <p>Complete and return the enclosed Application Form together with a cheque or money order made payable to "Pancontinental Oil & Gas NL Share Purchase Plan" as shown on the Application Form.</p>
What is the maximum investment for each Shareholder?	The maximum investment for each Shareholder under the Offer is A\$15,000.
What is the maximum number of Shares being issued under the Offer?	A maximum of 28,571,429 Shares (approximately A\$5 million) will be issued under the Offer.
How many New Shares will I receive?	You may apply for a parcel of Shares under the Offer with one of the application amounts set out in clause 6(b) of the Terms and Conditions. If Pancontinental receives applications significantly in excess of A\$5 million, Pancontinental reserves the ability to scale back applications and excess funds will be returned to applicants without interest.
When will I receive my New Shares?	New Shares will be allotted on 21 May 2012 (being the Allotment Date). Holding statements will be despatched by 21 May 2012.

Question**Answer**

When can I trade my New allocated Shares?

You can trade your New Shares after the Allotment Date. However, given the possibility that applications may be scaled back, you should confirm your holding on or after the Allotment Date before trading any New Shares you believe you have acquired under the Offer.

Terms and conditions

1 Offer

The Offer entitles Eligible Shareholders to apply to purchase up to A\$15,000 worth of New Shares.

2 Eligibility to participate

- (a) You are eligible to participate in the Offer if you were a registered holder of Shares as at the Record Date with a registered address in Australia or New Zealand, unless:
 - (i) you hold Shares on behalf of another person who resides outside Australia or New Zealand; or
 - (ii) you are, or are acting for the account or benefit of, a US Person.
 - (iii) Pancontinental has determined that it is either unlawful or impracticable for holders of Shares with registered addresses in jurisdictions outside Australia and New Zealand to participate in the Offer.
- (b) If you are the only registered holder of a holding of Shares, but you receive more than one offer (for example, due to multiple registered holdings), you may only apply for one maximum parcel of New Shares.
- (c) Joint holders of Shares will be taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and a certification under **clause 8(a)(vii)** by one joint holder will be effective in respect of the other joint holder(s).
- (d) If you are a Custodian for a beneficiary or beneficiaries, you may apply for one maximum parcel of New Shares for each beneficiary (or if you are a Custodian for two or more joint beneficiaries, for each such holding as if it was held by a single person). Further information in relation to how Custodians may apply for New Shares is set out in **clause 7(b)**.
- (e) Directors and employees of Pancontinental who hold Shares may be Eligible Shareholders.

3 Rights are non-renounceable

If you are an Eligible Shareholder, your rights under the Offer are personal to you and are non-renounceable, which means that you cannot transfer your rights to another person.

4 Offer price

- (a) The Offer Price for each New Share is A\$0.175, representing a discount of 12.5% to Pancontinental's closing Share price on ASX on 16 April 2012 (being the last trading day before the details of the Offer were announced).
- (b) This is also less than the VWAP of Shares of A\$0.189 over the five day trading period of 10 to 16 April 2012.
- (c) The Offer Price is fixed, regardless of any changes in the market price of Shares during the offer period.

5 Timing

- (a) The Offer opens on 30 April 2012 and closes at 5.00 pm (Perth time) on 14 May 2012 unless extended. Pancontinental proposes to allot New Shares on 21 May 2012 and send confirmations to Shareholders by 21 May 2012.
- (b) Pancontinental reserves the right to extend the Offer, or the proposed Allotment Date at any time by making an announcement to ASX.

6 Applying for New Shares

- (a) You may apply for a parcel of New Shares under the Offer with one of the application amounts set out in the table below. The maximum investment under the Offer is A\$15,000.
- (b) Subject to clause 10, the number of New Shares you will receive, at each of the available levels, is set out below:

Application amount	Number of New Shares
A\$2,500	14,286
A\$5,000	28,571
A\$10,000	57,143
A\$15,000	85,714

- (c) You may not apply for more than A\$15,000 of Shares in aggregate under the Offer, even though you may receive more than one offer, or offers in more than one capacity, under the Offer.
- (d) If you wish to apply for New Shares under the Offer you should either:
 - (i) pay directly via BPAY[®] on the internet or by telephone, using the details on the Application Form (New Zealand based Shareholders cannot apply using BPAY unless they have an Australian bank account).² The Application Form does not need to be returned in this case; or
 - (ii) complete the Application Form and forward it with your payment by cheque (or money order) in Australian dollars made payable to "Pancontinental Oil & Gas NL Share Purchase Plan" to the Share Registry, at the address set out on the Application Form. A reply paid envelope is enclosed for the convenience of Australian Shareholders.
- (e) Do not forward cash. Receipts for payment will not be issued.
- (f) Funds paid via BPAY or Application Forms (with application payments) must be received by the Share Registry by **5.00 pm (Perth time) on 14 May 2012**. Pancontinental may reject applications received after this time. If your cheque does not clear, your application will not be accepted and you agree to be responsible for any dishonour fees or other costs incurred.
- (g) If your Application Form or application is incomplete, contains errors or is otherwise invalid or defective, Pancontinental may, in its sole discretion, accept, reject, correct or amend your application, issue such number of New Shares to you as it considers appropriate, refund your application money, or take any combination of these actions.

² Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should take this into consideration when making any electronic payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received in time.

Any necessary refund will be paid to you shortly after the close of the Offer. No interest will be paid on any refunded money.

- (h) You cannot withdraw or revoke your application once you have sent in an Application Form or paid via BPAY.

7 Effect of making an application

- (a) If you submit a BPAY payment or complete and return the Application Form:
 - (i) you will be deemed to have represented and warranted that you are an Eligible Shareholder, you have read and understood these Terms and Conditions and you subscribe for New Shares in accordance with these Terms and Conditions;
 - (ii) you authorise Pancontinental to correct minor errors in your Application Form and to complete the Application Form by inserting any missing minor details;
 - (iii) you acknowledge that the market price of Shares may rise or fall between the date of this offer and the Allotment Date and that the Offer Price you pay for the New Shares may exceed the market price of the Shares on the Allotment Date;
 - (i) you accept the risk associated with any refund that may be despatched to you at your address as shown on the Share register;
 - (ii) you are responsible for any dishonour fees or other costs Pancontinental may incur in presenting a cheque for payment which is dishonoured;
 - (iii) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia or New Zealand, and accordingly, the New Shares purchased under the Offer may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
 - (iv) you represent and warrant that you are not a US Person, and are not applying under the Offer for or on behalf of a US Person;
 - (v) you represent and warrant that you have not and will not send any materials relating to the Offer to any person in the United States that is, or is acting for the account or benefit of, a US Person;
 - (vi) you acknowledge that you have not been provided with investment advice or financial product advice by Pancontinental or the Share Registry; and
 - (vii) you certify that you have not applied for, or instructed a Custodian to apply on your behalf for, New Shares with an application price which, when aggregated with the application price for any Shares issued to you or a Custodian on your behalf under the Offer or any similar Pancontinental arrangement in the 12 months prior to your application, exceeds A\$15,000. This certification by one joint holder of Shares will be effective in respect of the other joint holder(s).
- (b) if you are a Custodian, you certify:
 - (i) that as at the Record Date, you hold Shares on behalf of one or more beneficiaries, and that those beneficiaries have instructed you to apply for New Shares;
 - (ii) details of the number of beneficiaries who have instructed you to apply for New Shares on their behalf, their names and addresses, the number of Shares you

hold on their behalf and the number of New Shares they have instructed you to apply for are correct;

- (iii) you have not applied for New Shares on behalf of any beneficiary with an application price which, when aggregated with the application price for any Shares issued to you on behalf of that beneficiary under the Offer or any similar Pancontinental arrangement in the 12 months prior to your application, exceeds A\$15,000; and
 - (iv) you hold an Australian financial services licence that covers the provision of a custodial or depositary service (within the meaning given by section 766E of the Corporations Act or includes a condition requiring the holder to comply with the requirements of ASIC class order 02/294 (or is exempt from the requirement to hold an Australian financial services licence as described in the Class Order).
- (b) Custodians wishing to participate on behalf of one or more beneficiaries should contact the Share Registry to obtain more information on how to apply and the form of certification to be given.
- (c) Please note that if you hold Shares in the capacity of a trustee or a nominee for another person but you do not hold an Australian financial services licence of the kind described in **clause 7(b)** above and you are not exempt from the requirement to hold such a licence as described in the Class Order, you cannot participate for beneficiaries in the manner outlined in **clause 7(b)** above. In this case, the rules for multiple registered holdings as described in **clause 2(b)** apply.

8 Rights attached to the New Shares

New Shares issued under the Offer will rank equally with existing Shares and will carry the same voting rights, dividend rights and other entitlements as at the Allotment Date. Pancontinental will apply for the New Shares to be quoted on ASX.

9 Costs of participation

No brokerage, commissions or other transaction costs will be payable by Eligible Shareholders in respect of the application for, and allotment of, New Shares under the Offer.

10 Applications may be scaled back

- (a) If Pancontinental receives applications significantly in excess of A\$5,000,000, Pancontinental reserves the ability to scale back applications.
- (b) If applications are scaled back, Pancontinental may in its absolute discretion apply the scale back to the extent and in any manner that it sees fit. If the scale back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allocated will be rounded down to the nearest whole number of New Shares.
- (c) In the event of a scale back, the difference between the application monies received, and the number of New Shares allocated to you multiplied by the Offer Price, will be refunded by Pancontinental, without interest, following allotment.

11 Refunds

- (a) Refunds pursuant to the Offer may be paid under various circumstances. For example, if applications are made incorrectly the entire payment may be refunded, or if allocations are scaled back a partial refund may be made.
- (b) If a refund is made, payment will be by cheque mailed to your address as shown on Pancontinental's Share register.
- (c) You will not receive any interest on funds refunded to you.
- (d) Any refund made to you is despatched at your risk.

12 United States

- (a) Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person. Participation in the Offer, directly or indirectly, in violation of these restrictions is not permitted, and any such participation will be invalid.
- (b) This document is not an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Pancontinental's Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person, except in accordance with an available exemption from registration.
- (c) Because of the legal restrictions summarised above, you must not send copies of any Offer materials to any of your clients (or any other person) in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Consistent with the warranties set out above, you are also advised not to submit any Application Form or make payment by BPAY or otherwise in respect of the purchase of New Shares under the Offer on behalf of any of your clients (or any other person) in the United States or that is, or is acting for the account or benefit of, a US Person. Failure to comply with these restrictions may result in violations of applicable securities laws.

13 Dispute resolution

Pancontinental reserves the right to settle in any manner it thinks fit, any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Offer and the decision of Pancontinental will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

14 Waiver, amendment, suspension and termination

- (a) Pancontinental may, in its discretion, waive compliance with any provision of these Terms and Conditions, amend or vary these Terms and Conditions or suspend, withdraw or terminate the Offer at any time. Any such waiver, amendment, variation, suspension, withdrawal or termination will be binding on all Eligible Shareholders even where Pancontinental does not notify you of the event.

- (b) Pancontinental is not liable for loss, cost or expense arising out of any exercise of its discretions under these Terms and Conditions.

15 ASIC relief

- (a) The Offer is made in accordance with the Class Order. The Class Order grants relief from the requirement to prepare a prospectus for the offer of New Shares up to A\$15,000 under the Offer, subject to certain terms and conditions.
- (b) In accordance with the terms of the Class Order, Pancontinental has on 27 April 2012 given a notice to ASX that complies with section 708A(6) of the Corporations Act.

16 Governing law

These Terms and Conditions are governed by the laws in force in Western Australia.

17 Binding terms

By accepting the offer to purchase New Shares under the Offer, you agree to be bound by these Terms and Conditions and the constitution of Pancontinental.

18 No underwriting

The Offer is not underwritten. However, the Directors reserve the right to place any New Shares which are not subscribed for under the Offer in their absolute discretion, to the extent any such placement can be made having regard to section 708 of the Corporations Act and the ASX Listing Rules.

Glossary

Definition	Meaning
Allotment Date	The date the New Shares are allotted, expected to be 21 May 2012.
Application Form	The application form which accompanies this Share Purchase Plan Offer.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited or the Australian Securities Exchange, as the context requires.
Class Order	ASIC class order CO 09/425.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Custodian	The meaning given in the Class Order.
Eligible Shareholder	A person who is eligible to participate in the Offer in accordance with clause 2 of the Terms and Conditions.
New Shares	The Shares offered in the Share Purchase Plan Offer.
Offer	The offer of New Shares in the Share Purchase Plan Offer.
Offer Price	A\$0.175 per New Share.
Pancontinental	Pancontinental Oil & Gas NL ACN 003 029 543.
Record Date	The date for determining a Shareholder's eligibility to participate under the Offer, being 18 April 2012.
Share Purchase Plan Offer	This document.
Share Registry	Advanced Share Registry Services
Shares	Fully paid ordinary shares in Pancontinental.
Terms and Conditions	The terms and conditions of the Offer set out on pages 6 to 11 of this Share Purchase Plan Offer.
US Person	A "U.S. person" as defined in <i>Regulation S</i> under the <i>US Securities Act of 1933</i> .
US Securities Act	<i>US Securities Act of 1933</i> .
VWAP	Volume weighted average price.

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