Pancontinental Oil & Gas NL

ACN 003 029 543

Financial Report

for the

Half-Year ended 31 December 2011

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2011 and any public announcements made by Pancontinental Oil & Gas NL during the Half-Year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Directors' Report
31 December 2011

The Directors present their Report on the consolidated entity consisting of Pancontinental Oil & Gas NL ("Pancontinental" or "the Company") and the entities it controlled at the end of or during the Half-Year ended 31 December 2011.

The names and particulars of Directors and Officers of the Company during the whole of the Half-Year and up to the date of this Report are:

Name	Particulars
Henry David Kennedy Geologist and Company Director with extensive commercial experience in resource companies. Appointed 31 August 1999	Chairman
Roy Barry Rushworth Petroleum Geologist with extensive experience and involvement in the oil and gas exploration industry. Appointed 10 August 2005	Chief Executive Officer
Ernest Anthony Myers Certified Practicing Accountant with over 30 years management and administration experience in the resources industry. Appointed 5 January 2009	Finance Director
Anthony Robert Frederick Maslin Stockbroker with corporate experience in both management and promotion, along with an extensive understanding of financial markets. Appointed 17 December 2010	Non-Executive Director
Vesna Petrovic Certified Practicing Accountant with experience in the resources sector, particularly with companies involved in Africa. Appointed 16 April 2010	Company Secretary

PANCONTINENTAL OIL & GAS NL
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Directors' Report
31 December 2011

Review and Results of Operations

The review of the Company's operations during the Half-Year ended 31 December 2011 is as follows.

Financial

	$
Revenue	63,458
Expenses	(766,445)
Operating profit/(loss)	(702,987)
Income Tax	-
Operating profit/(loss) for Half-Year	(702,987)

Review of Operations

During the Half-Year Pancontinental maintained its focus on oil and gas exploration in Kenya and Namibia.

The activities undertaken during the period are detailed as follows:

KENYA OFFSHORE BLOCK L8

Pancontinental Oil & Gas NL – 15%

In October 2011 Tullow completed the farmin to a 10% interest in offshore Block L8 that contains the giant Mbawa Prospect. Pancontinental will retain a 15% interest in L8, from which Tullow will then have an option to earn a further 5%.

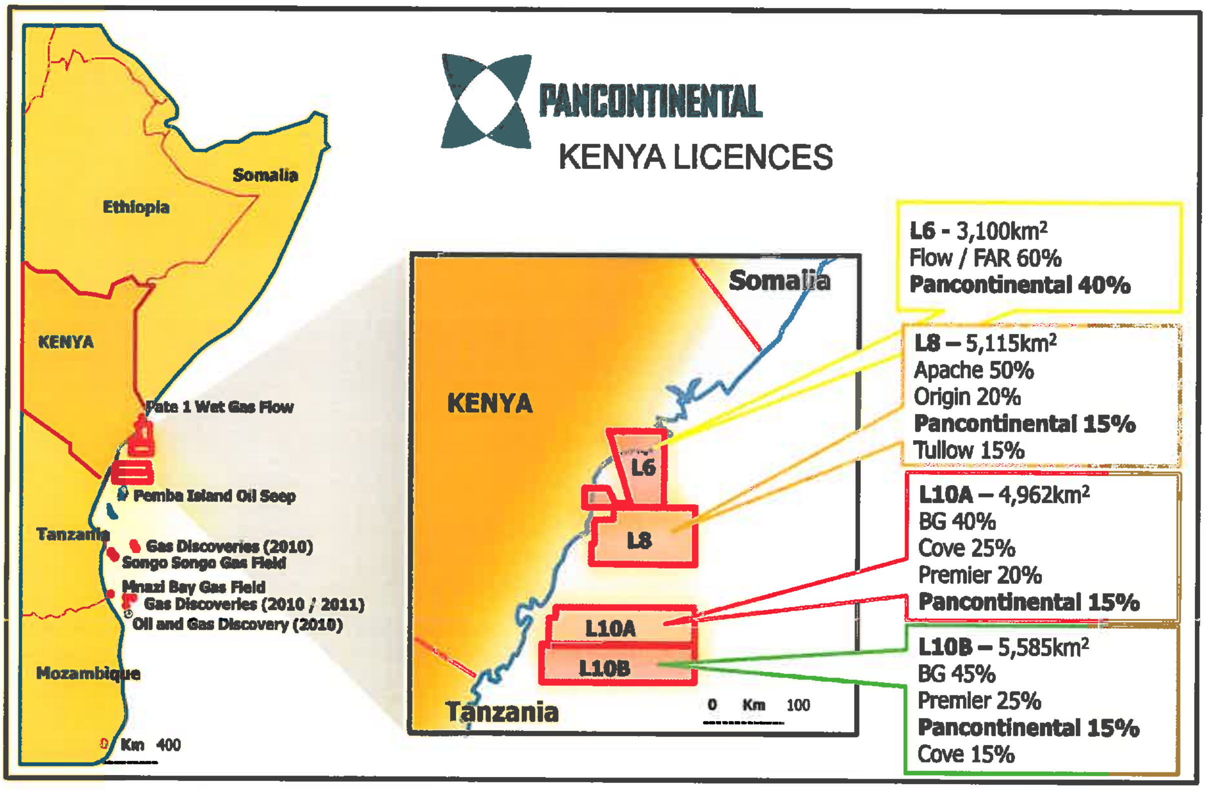
Under the farmout Tullow earns a 10% interest in the licence over offshore Kenya Block L8 by reimbursing Pancontinental US$ 1 million for past expenditure in respect of Pancontinental's interest and spending a further US$9 million to "carry" Pancontinental though the next part of the L8 work programme including drilling the Mbawa Prospect. Tullow will also pay for its own 10% of expenditure with respect to the interest acquired.

The Kenya L8 joint venture consists of:

Apache Corporation (Operator)	50%
Origin Energy Limited	20%
Pancontinental Oil & Gas NL	15%
Tullow Kenya B.V.	15%

Pancontinental will retain a 15% interest in L8 and after the first earning phase Tullow will have an option to earn a further 5% by providing further funding on its own and on Pancontinental's behalf.

On 28 November 2011, Pancontinental announced that preparations for drilling the Mbawa Prospect are proceeding as planned. Pancontinental's best estimate for the commencement of drilling is mid-year or Q3 2012.



KENYA ONSHORE / OFFSHORE BLOCK L6

Pancontinental Oil & Gas NL – 40%

The L6 Block covers an area of 3,134km2 in water depths ranging from zero to 350m. FAR Limited, the Operator, has mapped seven prospects to date on 2D seismic and a 3D seismic program is planned for Q2 2012 with a first well targeted to be drilled in Q2 2013. FAR is the operator of Block L-6 and holds a 60% equity interest in the block.

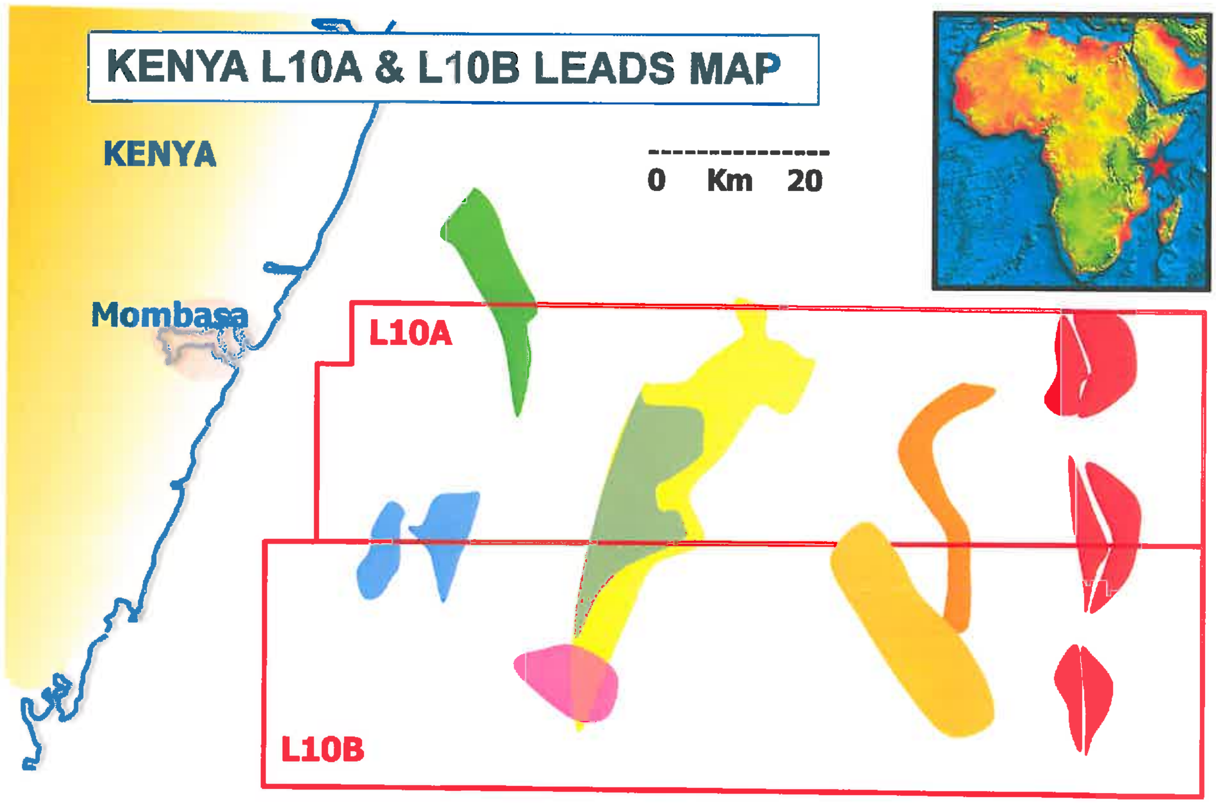
KENYA OFFSHORE BLOCKS L10A & L10B

Pancontinental Oil & Gas NL – 15%

Blocks L10A and L10B have respective areas of 4,962.03 sq km and 5,585.35 sq km and water depths of 200 to 1,900m.

Extensive new 3D and 2D offshore seismic surveys commenced mid November 2011, and were completed mid January 2012. Processing and interpretation is expected to be completed mid 2012.

The 3D survey covered leads in the eastern part of the Blocks, while the 2D survey was completed in the western part of the Blocks.



The Kenya L10A joint venture consists of:

BG Group (Operator)	40%
Pancontinental Oil & Gas NL	15%
Cove Energy Plc	25%
Premier Oil Plc	20%

he Kenya L10B joint venture consists of:

BG Group (Operator)	45%
Pancontinental Oil & Gas NL	15%
Premier Oil Plc	25%
Cove Energy Plc	15%

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NAMIBIA

OFFSHORE WALVIS BASIN EL 0037

Pancontinental Oil & Gas NL - 85%

In July 2011 Pancontinental announced that it had executed a Petroleum Agreement ("PA") for Petroleum Exploration Licence No. 0037 ("EL") with the Ministry of Mines and Energy of the Republic of Namibia, effective 28 June 2011. The EL area is located in the Walvis Basin offshore northern Namibia.

The location of the EL was selected over approximately 17,295 sq km from an earlier Reconnaissance Licence held by Pancontinental.

The EL gives exclusive rights to the holders for a first exploration period of four years followed by two additional periods of two years each and also provisions for the continuation of the exclusive rights under any oil or gas development.

Pancontinental holds the PA and EL (85% interest) with Namibian participant Paragon Holdings (Pty) Ltd. In exchange for certain rights under a Joint Venture Agreement with Paragon, Pancontinental has agreed to "free carry" Paragon until the commencement of the development of any oil or gas discovery.

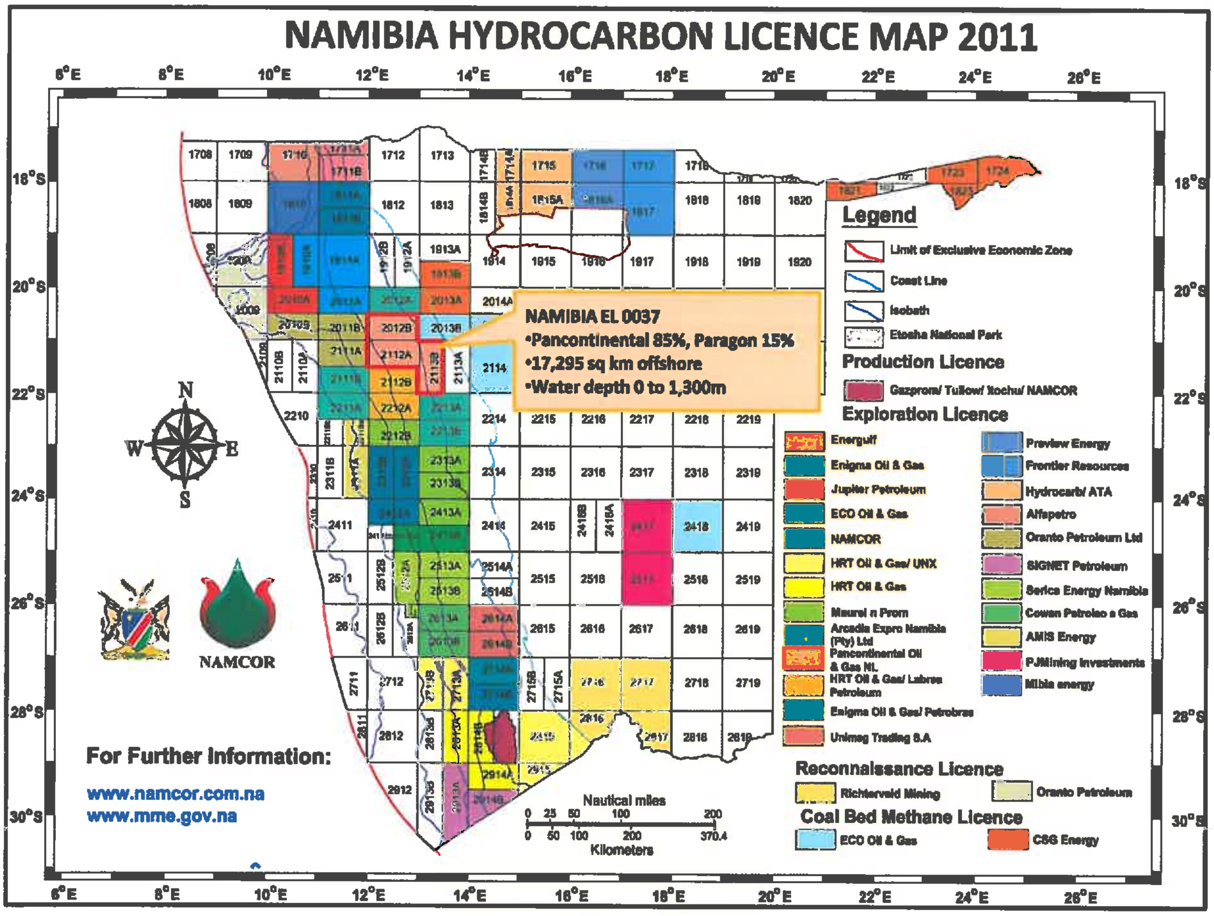
Offshore Namibia is the plate tectonic "conjugate" of offshore Brazil, where world-scale oil and gas discoveries have been made in recent years and it lies on the West African continental margin adjacent to Angola, where there have also been major oil discoveries.

Pancontinental will explore the ponded basin floor turbidites, slope fans and channels seen under the company's earlier Reconnaissance Licence. These targets are associated with a restricted graben trough interpreted to hold the rich and mature oil source rocks seen in regional wells.

Pancontinental has completed a study of the oil and gas prospectivity of the EL 0037 area and is proceeding to gather further data for mapping and additional studies.

On 17 October 2011, Pancontinental announced the appointment of Mr Ger Kegge as country manager for Namibia. Mr Kegge has wide international experience including more than 30 years in technical, supervisory and managerial positions with upstream companies of the Royal Dutch / Shell Group and extensive experience in Namibia as the former Managing Director of Shell Exploration and Production Namibia B.V. and Shell Namibia Exploration B.V. More recently Mr Kegge was the Country Manager and Special Adviser for Tullow Oil plc in Namibia.

This appointment as strengthened Pancontinental's commitment to the Namibian Project and also bolstered the management team.



AUSTRALIAN PROJECTS

EP 104 / R1 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 10%

Petroleum Retention Lease R1 was renewed by the Minister of Mines and Petroleum of Western Australia for a period of five years from 8 November 2010.

The joint venture will now undertake an examination of the prospectivity of the licence areas and plan a new forward exploration programme.

The EP 104/R1 joint venture consists of:

Buru Energy Ltd (Operator)	38.95%
Pancontinental Oil & Gas NL	10.00%
Empire Oil & Gas NL	14.80%
Emerald gas Ltd	12.75%
Phoenix Resources Plc	10.00%
FAR Ltd	8.00%
Indigo Oil Pty Ltd	5.50%

Pancontinental is examining the future potential and value of this project.

L15 ONSHORE CANNING BASIN

Pancontinental Oil & Gas NL – 12%

Pancontinental and its co-venturers have been granted Petroleum Production Licence L15 over the West Kora-1 oil discovery well in the Canning Basin of Western Australia. The licence is for 21 years commencing 1 April 2010.

West Kora-1 was drilled in 1984 and produced some 20,000 Barrels of oil during an extended production test, commencing at a rate of 350 BOPD.

The L15 Joint Venture is considering the viability of upgrading the existing production facility ato restore oil production from West Kora -1.

The L15 joint venture consists of:

Buru Energy Ltd (Operator)	17%
Pancontinental Oil & Gas NL	12%
Empire Oil & Gas NL	49%
FAR Ltd	12%
Indigo Oil Pty Ltd	8%
Other	2%

Pancontinental is examining the future potential and value of this project.

EP 424 OFFSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

EP 424 contains the Baniyas prospect which straddles the adjoining acreage. Commercial negotiations to gain access to the entire Baniyas prospect have reached a point where there is little likelihood that the adjoining acreage can be secured.

Following a technical review of the Baniyas potential and due to the absence of success in extending Joint Venture access over all of the Baniyas Prospect, it was decided to consider selling or otherwise disposing of the licences.

The EP 424 joint venture consists of:

Strike Energy (Operator)	61.538%
Pancontinental Oil & Gas NL	38.462%

EP 110 ONSHORE CARNARVON BASIN

Pancontinental Oil & Gas NL – 25%

This permit is operated in conjunction with EP-424. The parties in EP-110 have identical equities to those in permit EP-424.

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EP 406 OFFSHORE SHARK BAY, CARNARVON BASIN

Pancontinental Oil & Gas NL – 0%

This permit, of which Pancontinental had a 5% interest, was not renewed. The area had not been explored for a number of years as it is subject to a Marine Park and World Heritage Listing.

MALTA

An application by Pancontinental to the Court in Malta for an injunction sought to be served on the Government of Malta ("Government") was heard on the 9th December 2011.

The hearing followed an earlier interim injunction by the Court in Malta issued in favour of the Joint Venture to preserve the status quo pending the full hearing.

On 15 December 2011 Pancontinental received advice that the Company's request to the Court in Malta for a full injunction against the Government of Malta was not been acceded to by the Court.

The Company is considering its legal position and whether any further course of action is warranted in relation to this matter.

CORPORATE

Shares

During the Half-Year, the Company issued 99,100,000 shares at $0.075 as the first tranche of a Placement, managed by Hartleys, to raise $7,432,500. In early January the second tranche of 100,900,000 was completed raising a further $7,567,500 before costs.

Options

During the Half-Year:

- 9,250,000 options exercisable at $0.096 expired;
- 2,250,000 options exercisable at $0.21 were issued to Directors; and
- No options were exercised.

Changes In State of Affairs

During the Half-Year ended 31 December 2011, there was no significant change in the entity's state of affairs other than that referred to in the Half-Year Financial Statements or Notes thereto.

This Report is made in accordance with a Resolution of the Directors.

E.A. Myers

E A Myers
Director
PERTH, 17th day of February 2012

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Directors' Report
31 December 2011

The Directors
Pancontinental Oil & Gas NL
288 Stirling St
Perth WA 6000

Dear Sirs,

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2011 Half-Yearly financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants
17 February 2012

This Report is made in accordance with a Resolution of the Directors.

E.A. Myers

E A Myers
Director
PERTH, 17th day of February 2012

ROTHSAY

Level 18, Central Park Building, 152-158 St Georges Terrace, Perth WA 6000
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 6364 5076 www.rothsay.com.au

Independent Review Report to the Members of Pancontinental Oil & Gas NL

The financial report and directors' responsibility
The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Pancontinental Oil & Gas NL for the half-year ended 31 December 2011.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2011 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Pancontinental Oil & Gas NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Pancontinental Oil & Gas NL is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2011 and of the performance for the half-year ended on that date; and

- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

GRSw.

Graham R Swan
Partner

Dated 17th February 2012

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Directors' Declaration
For The Half-Year Ended 31 December 2011

The Directors declare that:

(a) The attached Financial Statements and Notes thereto comply with Accounting Standards;

(b) The attached Financial Statements and Notes thereto give a true and fair view of the financial position and performance of the consolidated entity;

(c) In the Directors' opinion, the attached Financial Statements and Notes thereto are in accordance with the Corporations Act, 2001; and

(d) In the Directors' opinion, there are reasonable grounds to believe that Pancontinental Oil & Gas NL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors pursuant to section 303(5) of the Corporations Act, 2001.

On behalf of the Directors

E.A. Myers

E A Myers
Director
PERTH, 17th day of February 2012

PANCONTINENTAL OIL & GAS NL
ACN 003 029 543

Condensed Consolidated Statement of Comprehensive Income For the Half-Year Ended 31 December 2011

Continuing Operations	Note	Half-Year Ended 31-Dec-11	Half-Year Ended 31-Dec-10
Revenue from Operating Activities		**$**	**$**
Interest received		63,458	28,964
Total Revenues from Operating Activities		**63,458**	**28,964**
Depreciation		(734)	(581)
Salaries and employee benefits		-	(962)
Director remuneration and benefits expense		(229,063)	(150,833)
Audit fees		(3,500)	(8,500)
Exploration costs written off		-	(50,932)
Generative exploration expenditure		(13,201)	(20,859)
Annual report costs		(6,828)	(17,292)
ASX fees		(31,639)	(25,868)
Administration, accounting and secretarial fees		(145,583)	(109,643)
Insurance		(625)	(516)
Legal fees		(873)	(3,923)
Share registry costs		(19,422)	(8,992)
Rent and outgoings		(43,731)	(38,840)
Travel		(62,729)	(21,781)
Other		(208,517)	(25,770)
Profit/(Loss) before Income Tax Expense		**(702,987)**	**(456,328)**
Income Tax Expense		-	-
Profit/(Loss) for the Period		**(702,987)**	**(456,328)**
Other Comprehensive Income /(Loss)			
Other comprehensive income		-	-
Other Comprehensive Income/(Loss) for the Period, Net of Income Tax		-	-
Total Comprehensive Income/(Loss) for the Period		**(702,987)**	**(456,328)**
Basic Loss per share (cents per share)	5	(0.11)	(0.08)
Diluted loss per share (cents per share)		(0.11)	(0.08)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

PANCONTINENTAL OIL & GAS NL
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Condensed Consolidated Statement of Financial Position
As at 31 December 2011

	Note	Half-Year Ended 31-Dec-11 $	Annual Report 30-Jun-11 $
Current Assets			
Cash and cash equivalents	3	9,180,769	5,710,905
Trade and other receivables		119,885	44,028
Total Current Assets		**9,300,654**	**5,754,933**
Non-Current Assets			
Plant and equipment		1,670	2,404
Deferred exploration and evaluation expenditure		12,535,719	9,879,712
Total Non-Current Assets		**12,537,389**	**9,882,116**
Total Assets		**21,838,043**	**15,637,049**
Current Liabilities			
Trade and other payables		112,402	187,740
Total Current Liabilities		**112,402**	**187,740**
Total Liabilities		**112,402**	**187,740**
Net Assets		**21,725,641**	**15,449,309**
Equity			
Contributed equity	4	45,145,573	38,166,253
Reserves		215,551	764,258
Accumulated losses	2	(23,635,483)	(23,481,202)
Total Equity		**21,725,641**	**15,449,309**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

PANCONTINENTAL OIL & GAS NL
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Consolidated Statement of Changes in Equity
For the Half-Year ended 31 December 2011

Consolidated	Share Capital $	Retained Earnings $	Option Reserve $	Total Equity $
Balance at 1 July 2010	33,433,998	(22,937,128)	1,187,215	11,684,085
Profit or loss	-	(456,328)	-	(456,328)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	-	-	-	-
Share options	-	422,957	(422,957)	-
Balance at 31 December 2010	**33,433,998**	**(22,970,499)**	**764,257**	**11,227,757**
Balance at 1 July 2011	38,166,253	(23,481,202)	764,258	15,449,309
Profit or loss	-	(702,987)	-	(702,987)
Other comprehensive income/(loss)	-	-	-	-
Shares issued (net of costs)	6,979,320	-	-	6,979,320
Share options	-	548,706	(548,707)	(1)
Balance at 31 December 2011	**45,145,573**	**(23,635,483)**	**215,551**	**21,725,641**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PANCONTINENTAL OIL & GAS NL
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Consolidated Statement of Cash Flows
For The Half-Year Ended 31 December 2011

	Half-Year Ended 31-Dec-11 $	Half-Year Ended 31-Dec-10 $
Cash Flows from Operating		
Payments to suppliers and employees	(704,146)	(456,614)
Interest received	63,310	28,964
Other	-	-
Net Cash from Operating Activities	**(640,836)**	**(427,650)**
Cash Flows from Investing		
Acquisition of plant & equipment	(958)	-
Exploration expenditure	(2,869,186)	(269,505)
Net Cash from Investing Activities	**(2,870,144)**	**(269,505)**
Cash Flows from Financing		
Issue of shares	6,980,844	-
Net Cash from Financing Activities	**6,980,844**	**-**
Net Increase (Decrease) In Cash and Cash Equivalents	3,469,864	(697,155)
Cash and Cash Equivalents at beginning of Half-Year 1 July	5,710,905	1,639,859
Cash and Cash Equivalents at end of Half-Year	**9,180,769**	**942,704**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the Half-Year ended 31 December 2011

1. Basis of Preparation of Half-Year Financial Statements

This general purpose financial report for the Half-Year ended 31 December 2011 has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. This Half-Year Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2011 and public announcements made by Pancontinental Oil & Gas NL during the Half-Year in accordance with any continuous disclosure obligations arising under the Corporations Act, 2001.

The accounting policies have been consistently applied to all the periods presented, unless otherwise stated.

Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Pancontinental Oil & Gas NL and the companies it controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for that part of the reporting period during which the company had control.

All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full.

Cash

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Taxation

The Company has not brought to account the estimated future income tax benefits attributable to tax losses and temporary differences as a deferred tax asset, as it is not yet considered probable that future taxable profit will be available for utilisation.

Impairment of Assets

The recoverable amount of an asset is determined as the higher of net selling price and value in use. Plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses (the cost method). The fair value of plant and equipment, as determined by reference to observable prices, is not materially different to the carrying amount.

Capitalisation of Exploration and Evaluation Costs

The Company complies with AASB 6 *Exploration for and Evaluation of Mineral Resources*. Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area that is abandoned are written off in the year which the decision to abandon is made.

Notes to the Financial Statements
For the Half-Year ended 31 December 2011

1. Basis of Preparation of Half-Year Financial Statements Continued

Going Concern
The financial statements have been prepared on a going concern basis. When making this assessment management took into account the forecast budget for the next twelve months and all available relevant information. It was also noted that the Group has a history of being able to raise funds and also has the option of farming out exploration commitments to more manageable levels should the circumstances arise.

Significant Accounting Policies & Changes in Accounting Policies
The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2011.

In the half-year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

2. Accumulated Losses

	Half-Year Ended 31-Dec-11 $	Half-Year Ended 31-Dec-10 $
Loss from ordinary activities after related income tax expense	(702,987)	(456,328)
Accumulated profits (losses) brought forward	(23,481,202)	(22,937,128)
Adjustment from options (options vesting and expiring)	548,706	422,957
Accumulated profits (losses) at end of Half-Year	**(23,635,483)**	**(22,970,499)**

3. Reconciliation of Cash

Cash at the end of the Half-Year as shown in the Statement of Cash Flows is reconciled to the related items in the Financial Statements as follows:	Half-Year Ended 31-Dec-11 $	Half-Year Ended 31-Dec-10 $
Deposits – at call	6,795,891	-
Deposits – security	2,207,700	
Cash on hand and at bank	177,178	942,704
Cash and Equivalents at 31 December 2011	**9,180,769**	**942,704**

Notes to the Financial Statements
For the Half-Year ended 31 December 2011

4. Issued and Quoted Securities at end of current Half-Year

Category of Securities	Number Issued	Number Quoted	Exercise	Expiry
Ordinary Shares:	660,779,809	660,779,809		
Issued during Half-Year ended 31 December 2011:	99,100,000	99,100,000		
	759,879,809	**759,879,809**		
Options at beginning of the Half-Year				
	9,250,000	-	$0.10	28 Nov 11
	4,500,000	-	$0.06	28 Nov 12
	13,750,000	-		
Issued during the Half-Year				
	2,250,000	-	$0.21	28 Nov 14
	2,250,000	-		
Expired during the Half-Year				
	9,250,000	-	$0.10	28 Nov 11
	9,250,000	-		
Options at end of the Half-Year				
	4,500,000	-	$0.06	28 Nov 12
	2,250,000	-	$0.21	28 Nov 14
	6,750,000	-		

5. Earnings per Share

	Half-Year Ended 31-Dec-11	Half-Year Ended 31-Dec-10
Basic earnings per share - cents	(0.11)	(0.08)
Diluted earnings per share is not materially different from Basic earnings per share	(0.11)	(0.08)
The weighted average number of ordinary shares outstanding during the Half-Year used in the calculation of basic earnings per share	617,067,206	592,286,658

6. Segmental Information

The Company operates in Australian and African regions, however internal reporting is conducted on an entity wide basis.

Notes to the Financial Statements
For the Half-Year ended 31 December 2011

7. Subsequent Events

No matters or circumstances have arisen since the end of the Half-Year which significantly affected or may significantly affect the operations of the Company, the results of the Company, or the state of affairs of the Company as reported to the Half-Year ended 31 December 2011 other than:

- Pancontinental issued 100,900,000 shares at $0.075 to sophisticated and professional investors in January 2012. The funds were raised to advance exploration activities in offshore Kenya and Namibia as well as to pursue further growth opportunities and supplement working capital.

8. Commitments for Expenditure (Contingent Liability)

Oil Leases and Permits

In order to maintain current rights of tenure to permits, the Company is required to perform minimum expenditure requirements of various authorities and pay fees. The Company may be required to outlay an amount of approximately $4,179,231 in the next year with respect to permit lease rentals and exploration expenditures to meet these minimum expenditure requirements. The balance of these obligations will be fulfilled in the normal course of operations, which may include farmout, joint venture and direct exploration expenditure.