

Pancontinental Oil & Gas NL

ABN 95 003 029 543



Pancontinental Oil & Gas NL

ABN 95 003 029 543

Notice of Annual General Meeting

including

Explanatory Statement

Proxy Form

To assist Shareholders in their consideration of resolutions to be put to the Annual General Meeting of Shareholders of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on 30 November 2012 at 2:30pm.

Notice of Meeting

Notice is hereby given that the Annual General Meeting of Shareholders will be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on 30 November 2012 at 2:30pm.

Ordinary Business

Annual Financial Statements

To receive and consider the Annual Financial Statements, the Directors' Report and Auditor's Reports of the Company for the year ended 30 June 2012.

Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass, the following Resolution in accordance with section 250R(2) of the Corporations Act:

“To receive and adopt the Remuneration Report for 30 June 2012”

Voting Prohibition: The Company will disregard any votes cast on Resolution 1 by:

- 1 a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- 2 a Closely Related Party of such a member.

However, a person described above may vote on this Resolution 1 if:

- 3 the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- 4 the vote is not cast on behalf of a person described in paragraph 1 or 2 above.

Note: This Resolution is advisory only and does not bind the Directors of the Company.

Resolution 2 – Re-Election of Director – Henry David Kennedy

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purpose of rule 11.7 of the Constitution and for all other purposes, Mr Henry David Kennedy, retires by rotation, and being eligible, is re-elected as a Director.”

Special Business

Resolution 3 – Issue of Options to Director – Henry David Kennedy

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue 500,000 Options to Mr Henry David Kennedy (or his nominee) on the terms and conditions set out in the Explanatory Statement”

Voting Prohibition: The Company will disregard any votes cast on Resolution 3 by:

- 1 a member of the Key Management Personnel; and
- 2 a Closely Related Party of such a member.

However, a person described above may vote on this Resolution 3 if:

- 3 the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- 4 the vote is not cast on behalf of a person described in paragraph 1 or 2 above.

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by:

- 1 a person (and any associates of such a person) who may participate in the proposed issue; and
- 2 a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if it is:

- 3 cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 4 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 4 – Issue of Options to Director – Roy Barry Rushworth

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue 1,000,000 Options to Mr Roy Barry Rushworth (or his nominee) on the terms and conditions as set out in the Explanatory Statement”

Voting Prohibition: The Company will disregard any votes cast on Resolution 4 by:

- 1 a member of the Key Management Personnel; and
- 2 a Closely Related Party of such a member.

However, a person described above may vote on this Resolution 4 if:

- 3 the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- 4 the vote is not cast on behalf of a person described in paragraph 1 or 2 above.

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by:

- 1 a person (and any associates of such a person) who may participate in the proposed issue; and
- 2 a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if it is:

- 3 cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 4 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 – Issue of Options to Director – Ernest Anthony Myers

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue 750,000 Options to Mr Ernest Anthony Myers (or his nominee) on the terms and conditions as set out in the Explanatory Statement”

Voting Prohibition: The Company will disregard any votes cast on Resolution 5 by:

- 1 a member of the Key Management Personnel; and
- 2 a Closely Related Party of such a member.

However, a person described above may vote on this Resolution 5 if:

- 3 the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- 4 the vote is not cast on behalf of a person described in paragraph 1 or 2 above.

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by:

- 1 a person (and any associates of such a person) who may participate in the proposed issue; and
- 2 a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if it is:

- 3 cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 4 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 6 – Issue of Options to Director – Anthony Robert Frederick Maslin

To consider and if thought fit, to pass, with or without amendment, the following Resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given for the Company to issue 500,000 Options to Mr Anthony Robert Frederick Maslin (or his nominee) on the terms and conditions as set out in the Explanatory Statement”

Voting Prohibition: The Company will disregard any votes cast on Resolution 6 by:

- 1 a member of the Key Management Personnel; and
- 2 a Closely Related Party of such a member.

However, a person described above may vote on this Resolution 6 if:

- 3 the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution; and
- 4 the vote is not cast on behalf of a person described in paragraph 1 or 2 above.

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by:

- 1 a person (and any associates of such a person) who may participate in the proposed issue; and
- 2 a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons.

However, the Company will not disregard a vote if it is:

- 3 cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
or
- 4 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.

Notes

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

Defined words and phrases used in this Notice of Meeting are defined in the Glossary.

Voting Entitlements

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Company determines that Shares held as at 5.00pm (WST) on 28 November 2012 will be taken, for the purposes of the annual general meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Majorities required

Each of the Resolutions will be passed if at least 50% of the votes on that Resolution (either in person, proxy, attorney or by corporate representative) are in favour of that Resolution.

Important information concerning proxy votes on Resolutions 1, 3, 4, 5 and 6

The Corporations Act places certain restrictions on the ability of Key Management Personnel and their Closely Related Parties to vote on the advisory resolution to adopt the remuneration report and Resolutions connected directly or indirectly with the remuneration of the Company's Key Management Personnel. Key Management Personnel of the Company are Directors and all other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2012. Closely Related Party includes certain family members, dependants and companies controlled by Key Management Personnel.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all Resolutions. In particular, Shareholders who intend to appoint the Chairman as their proxy (including an appointment by default) are encouraged to direct the Chairman as to how to vote on all Resolutions.

If the Chairman is appointed, or taken to be appointed, as your proxy, you can direct the Chairman to vote for, against or abstain from voting on Resolutions 1, 3, 4, 5 and 6 by marking the appropriate box opposite the respective Resolutions on the proxy form. You should direct the Chairman how to vote on these Resolutions.

However, if the Chairman of the Meeting is your proxy and you do not direct the Chairman how to vote in respect of Resolution 1, 3, 4, 5 and/or 6 on the proxy form, you will be deemed to have directed and expressly authorised the Chairman to vote your proxy in favour of Resolutions 1, 3, 4, 5 and/or 6. This express authorisation acknowledges that the Chairman may vote your proxy even if:

- Resolutions 1, 3, 4, 5 or 6 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company; and
- the Chairman has an interest in the outcome of Resolution 1, 3, 4, 5 or 6 and that votes cast by the Chairman for this Resolution, other than as authorised proxy holder, will be disregarded because of that interest.

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 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.

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

Pancontinental Oil & Gas NL

ABN 95 003 029 543

By mail and by hand 288 Stirling Street, Perth, WA 6000 **By Facsimile:** + 61 8 9227 3211
during office hours:

Each member entitled to vote at the annual general meeting has the right to appoint a proxy to attend and vote at the meeting on his or her behalf. 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 or her 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.

Bodies corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. 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.

Dated at Perth this 26th day of October 2012

By Order of the Board

V Petrovic
Company Secretary

Explanatory Statement to Shareholders to Accompany Notice of Annual General Meeting

This Explanatory Statement has been prepared for the information of Shareholders in Pancontinental Oil & Gas NL in connection with the resolutions to be put to Shareholders at the Annual General Meeting of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia, on 30 November 2012 at 2.30pm (WST).

Defined words and phrases used in this Explanatory Statement are defined in the Glossary.

1 Financial Statements and Reports

The Corporations Act and the Constitution require the following reports in respect of the year ended 30 June 2012 to be laid before the meeting:

- the financial report (which includes the financial statements and Directors' declaration); and
- the Directors' report and the auditor's report.

In accordance with the Corporations Act, Shareholders as a whole will be given a reasonable opportunity at the annual general meeting to ask questions.

Neither the Corporations Act nor the Constitution require shareholder approval of these reports.

2 Adoption of remuneration report

Section 250R(2) of the Corporations Act requires the Company to propose a resolution that the remuneration report be adopted. Section 250R(3) provides that the vote on this Resolution is advisory only and does not bind the Company or the Directors. The remuneration report sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive directors, specified executives and non-executive directors of the Company. In accordance with the Corporations Act, Shareholders as a whole will be given a reasonable opportunity to ask questions about, or make comments on, the remuneration report. A copy of the remuneration report can be found in the Company's 2012 annual report.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

3 Resolution 2 – Re-election of Mr Henry David Kennedy as a Director

Pursuant to the Constitution, Mr Kennedy, being a Director and retiring by rotation, offers himself for re-election as a Director.

Mr Kennedy has had a long association with Australian and New Zealand resource companies and as a technical Director, has been instrumental in the formation and/or development of a number of successful listed companies. During his term as Executive Director, these companies were involved in discovery of the Tubridgi gas field, South Pepper, North Herald and Chervil oil fields in Western Australia and the Kupe South and Rua oil/gas condensate fields in New Zealand. As Chairman and Chief Executive of Kiwi International Resources NL and Associated Gold Fields NL, Mr Kennedy was involved in the discovery and development of the Obotan gold project in Ghana prior to the Company being merged with Resolute Samantha Ltd in May/June 1996.

The Directors of the Company recommend that Shareholders vote in favour of the re-election of Mr Kennedy. The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

4 Resolutions 3 to 6 – Issue of Options to Directors

4.1 Background

Shareholders will be asked at the meeting to approve the issue to Directors a total 2,750,000 Options, as follows:

HD Kennedy	500,000 Options
RB Rushworth	1,000,000 Options
EA Myers	750,000 Options
ARF Maslin	500,000 Options

Each Option is exercisable on or before 29 November 2016 and at an exercise price equal to the amount which is 150% of the closing sale price of Shares on the ASX on the date Shareholders resolve to issue the Options to the Directors. The Options vest with the recipients immediately from the date of issue.

The full terms and conditions of the Options are set out in the Schedule of this Explanatory Statement.

The issue of the Options is designed to encourage the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances, the Directors consider that the incentives intended for the Directors represented by the issue of these Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The number of Options to be issued to each of the Directors has been determined based upon a consideration of:

- the remuneration of the Directors;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards. The Directors have considered the proposed number of Options to be issued will ensure that the Directors' overall remunerations is in line with market standards; and
- incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise.

The exercise price to be struck, being 150% of the closing sale price of Shares on ASX on the date Shareholders resolve to issue the Options, was determined by the Directors as fair and equitable way for them to participate in any upside in the Company's performance.

The Company acknowledges the issue of Options to non-executive Director, Mr Kennedy, is contrary to recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the issue of the Options pursuant to Resolution 3 to be reasonable in the circumstances given the Company's size and stage of development and the necessity to attract and retain the highest calibre of professionals to the role, whilst maintaining the Company's cash reserves.

The 2,750,000 Options proposed to be issued will not be listed on the ASX and as such will not be tradeable.

The 2,750,000 Options may be converted to ordinary shares by payment of the exercise price and may not have a present value at the date of issue. The Options may acquire future value dependent upon the extent to which the value of the ordinary shares exceeds the exercise price during the term of the Options.

4.2 Listing Rule 10.11

Listing Rule 10.11 requires Shareholder approval by ordinary resolution to any issue by a listed company of securities to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the issue of Options to the Directors.

4.3 Corporations Act requirements

Chapter 2E of the Corporations Act also requires Shareholder approval where a public company seeks to give a "financial benefit" to a "related party" (unless an exception applies). Directors such as Messrs Kennedy, Rushworth, Myers and Maslin are considered to be related parties within the meaning of the Corporations Act. The Options to be granted to Messrs Kennedy, Rushworth, Myers and Maslin will constitute a financial benefit for the purposes of Chapter 2E of the Corporations Act.

One of the exceptions to the requirement to obtain shareholder approval in accordance with Chapter 2E applies where the financial benefit constitutes part of the related party's "reasonable remuneration". The Board (other than individual Directors who are not able to make a recommendation due to the interest in their own resolution), considers that the grant of the Options and any issue of Shares upon the exercise of those Options constitutes part of the Directors' reasonable remuneration. In reaching this conclusion, the Board has had regard to a variety of factors including market practice and the remuneration offered to persons in comparable positions at comparable companies. In particular, the Board has had regard to the global and competitive

nature of the business and Mr Kennedy's role as Chairman, Mr Rushworth's role as a CEO and Managing Director, Mr Myer's roles as Finance Director and Mr Maslin's non-executive role.

4.4 Current holdings

Set out below are details of each of the Directors' relevant interest in the securities of the Company as at the date of this Notice of Meeting:

Director	Number of Shares	Number of unlisted options
HD Kennedy	473,346 held directly 132,828,256 held for the benefit of HD Kennedy by Sundowner International Ltd	750,000 exercisable at \$0.059 on or before 28/11/12, held for the benefit of HD Kennedy by Denne Pty Ltd 750,000 exercisable at \$0.1275 on or before 28/11/14, held for the benefit of HD Kennedy by Denne Pty Ltd
RB Rushworth	9,057,670 held directly 26,277,940 held for the benefit of RB Rushworth by CM Skye Trustees Limited.	1,500,000 exercisable at \$0.059 on or before 28/11/12, held for the benefit of RB Rushworth by CM Skye Trustees Limited 1,500,000 exercisable at \$0.1275 on or before 28/11/14, held for the benefit of RB Rushworth by CM Skye Trustees Limited
EA Myers	285,715 held for the benefit of EA Myers by Pinegold Enterprises Pty Ltd	Nil
ARF Maslin	14,583 held directly	Nil

4.5 Effect on issued capital

Resolutions 3 to 6 would have the effect of giving power to the Directors to issue a total of 2,750,000 Options on the terms and conditions as set out in the Schedule to this Explanatory Statement and as otherwise mentioned above.

The Company currently has 1,148,744,096 Shares on issue and the following unlisted options on issue:

Number of options	Exercise price	Expiry
2,250,000	\$0.059	28 November 2012
2,250,000	\$0.1275	28 November 2014

If all Options issued as proposed above are exercised, and assuming no existing options on issue have been exercised, the effect would be to dilute the share holding of existing Shareholders by less than 1%. The market price of Shares during the exercise period for the Options will normally determine whether or not the Directors exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.

4.6 Effect on remuneration

The Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period as a result of the issue of the Options the subject of Resolutions 3, 4, 5 and 6 are as follows:

Director	Salary/Fees per annum	Value of Options	Total financial benefit
HD Kennedy	\$50,000	\$39,500	\$89,500
RB Rushworth	\$550,000	\$79,000	\$629,000
EA Myers ¹	\$48,000	\$59,250	\$107,250
ARF Maslin	\$48,000	\$39,500	\$87,500

Note 1: Mr Myers is a director of Resource Services International (Aust) Pty Ltd which provides staff, administration, accounting & corporate services to Pancontinental. The Company received fees of \$289,500 for these services in respect of the year ended 30 June 2012.

The above range of valuations is based on the share price of the Company of \$0.105, which is the price of Shares as at the date of the valuation, being 5 October 2012. A further valuation will be undertaken at the date of the actual issue of the Options to the Directors or their respective nominees.

4.7 Valuation of the Options

The Black-Scholes Option Pricing Model (**BSOPM**) for valuing options has been adopted assuming a market value of the ordinary shares of 10.5 cents (\$0.105) with a risk-free rate of 2.52%, volatility of 110% and an assumed exercise price of \$0.158. The BSOPM values each Option at approximately \$0.079, or a total value to each individual Director as per Section 4.6.

The following table gives details of the highest, lowest and latest price of the Company's Shares trading on ASX over the past 12 months ending on 8 October 2012:

Security	Highest Price	Date of		Date of	Latest Price on 8 October 2012
		Highest Price	Lowest Price		
Shares	\$0.2250	11 September 2012	\$0.0750	23 December 2011	\$0.1150

Under the Australian Equivalent of IFRS, the Company is required to expense the value of the Options in its statement of financial performance for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Options pursuant to Resolutions 3 to 6.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions.

4.8 Additional Information

The following information in relation to the Options to be issued pursuant to Resolutions 3 to 6 is provided to Shareholders for the purposes of Listing Rule 10.13:

- the Options will be issued to Messrs Kennedy, Rushworth, Myers and Maslin (or their nominees);
- the maximum number of Options to be issued is 2,750,000;
- the Options will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting, unless otherwise extended by the ASX;
- the Options will be issued for no consideration;
- no funds will be raised by the issue of the Options; and
- the terms and conditions of the Options are set out in the Schedule to this Explanatory Statement.

If approval is given for the issue of the Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

4.9 Directors' recommendation

Messrs Myers, Maslin and Rushworth (who have no interest in the outcome of Resolution 3) recommend that Shareholders vote in favour of Resolution 3. Mr Kennedy declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him (or his nominee).

Messrs Kennedy, Myers and Maslin (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Rushworth declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him (or his nominee).

Messrs Kennedy, Rushworth and Maslin (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Myers declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him (or his nominee).

Messrs Kennedy, Rushworth and Myers (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Maslin declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed issue of Options to him (or his nominee).

Schedule

Terms and Conditions of the Options proposed to be issued to Directors

- 1 In these terms and conditions:
- (a) **ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
 - (b) **Company** means Pancontinental Oil & Gas NL (ABN 95 003 029 543).
 - (c) **Corporations Act** means *Corporations Act 2001* (Cth).
 - (d) **Director** means a director of the Company.
 - (e) **Eligible Nominee** means spouse of a Director, a body corporate in which a Director is beneficially entitled to not less than 50% of the issued voting share capital, or a trustee of a family trust established for the benefit of the family of the Director, in their capacity as trustee.
 - (f) **Exercise Price** means the exercise price set out in paragraph 3 of these terms and conditions.
 - (g) **Listing Rules** means the official listing rules of the ASX.
 - (h) **Option** means an option to subscribe for one Share.
 - (i) **Share** means a fully paid ordinary share in the Company.
 - (j) **Shareholder** means a holder of one or more Shares.
 - (k) **Takeover Period** in relation to a takeover bid in respect of shares in the Company, means the period referred to in section 624 of the Corporations Act as extended under the Corporations Act, provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Takeover Period is deemed to have commenced at the time of that announcement.
- 2 No monies are payable for the issue of the Options.
- 3 Subject to the Listing Rules, Shares subscribed for on exercise of the Options are issued at the Exercise Price of an amount equal to 150% of closing sale price of Shares on ASX on the date on which it was resolved by Shareholders to issue the Options to Directors.
- 4 Unless otherwise approved by resolution of Shareholders, the Options are exercisable immediately from the date of issue.
- 5 The Options issued must be exercised on or before 29 November 2016.
- 6 Notwithstanding paragraph 4, an Option holder may exercise any of the Options during a Takeover Period.
- 7 Subject to the Listing Rules, an Option holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of the Options, other than to an Eligible Nominee of that Option holder.
- 8 The Options cannot be listed for official quotation on ASX nor on any other official stock exchange in any other country.
- 9 The Options are exercisable by the delivery to the Company of the Option exercise form appearing on the reverse of the option certificate stating the intention of the Option holder to exercise all or a specified number of the Options held by the Option holder accompanied by the option certificate and a cheque made payable to the Company for the Exercise Price for each of the Options to be exercised. An exercise of only some of the Options does not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- 10 The Company must allot the resultant Shares and dispatch the holding statements within five business days of the exercise of the Options.
- 11 Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 12 The Company must within 3 business days of allotment make application to have Shares allotted pursuant to an exercise of the Options listed for official quotation by ASX and any other stock exchange on which the Shares are quoted from time to time.
- 13 There are no participating rights or entitlements inherent in the Options and holders are not entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 business days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- 14 There will be no change to the Exercise Price of the Option or the number of Shares over which the Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than a bonus issue).
- 15 If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Option holder would have received if the Options had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- 16 In the event of a re-organisation of the issued capital of the Company, the Options must be re-organised in accordance with the Listing Rules.

Glossary of Defined Terms

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

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

Board means the current board of Directors.

Business Day means a day on which trading takes place on the stock market of the ASX.

Closely Related Party of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001* (Cth).

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

Constitution means the Company's constitution.

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

Director means a director of the Company.

Dollar or \$ means Australian dollars unless otherwise indicated.

Explanatory Statement means the explanatory statement accompanying the Notice.

Listing Rules means the official Listing Rules of the ASX.

Key Management Personnel has the same meaning as in the accounting standards. Broadly speaking this includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Directors.

Notice or **Notice of Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Options means the options to acquire Shares proposed to be granted pursuant to Resolutions 3 to 6, the terms and conditions of which are set out in the Schedule of this Explanatory Statement.

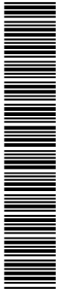
Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means an ordinary fully paid share in the Company.

Shareholder means the holder of one or more Shares.

WST means Australian Western Standard Time.

Pancontinental Oil & Gas NL
ABN 95 003 029 543
PROXY FORM



PCL-88800021170

TEMPIO GROUP OF COMPANIES
 LIMITED
 SUITE 701 7TH FLOOR
 6-8 POTTINGER STREET
 CENTRAL
 HONG KONG HKG

Sub-Register	CHESS
HIN / SRN	X8283028

I/We being a member/s of **Pancontinental Oil & Gas NL** and entitled to attend and vote hereby appoint

the Chairman
 of the Meeting
 (mark with an
 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Shareholders of Pancontinental Oil & Gas NL ABN 95 003 029 543 to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia on 30 November 2012 at 2:30pm (Perth time)** and at any adjournment or postponement of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chairman authorised to exercise proxies on remuneration related resolutions (Resolutions 1, 3, 4, 5 and 6): Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolutions 1, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention below) and acknowledge that the Chairman of the Meeting may exercise my/our proxy even though Resolutions 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel.

Important for Resolutions 1, 3, 4, 5 and 6 – If the Chairman of the Meeting is your proxy or is appointed as your proxy by default: If you wish to give the Chairman specific voting directions on Resolutions 1, 3, 4, 5 and/or 6, you should mark the appropriate boxes opposite Resolutions 1, 3, 4, 5 and/or 6, (directing your proxy to vote 'for', 'against' or to 'abstain' from voting). If you have appointed the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default), and you do not mark the boxes above, you are expressly authorising the Chairman of the Meeting to vote in favour of Resolutions 1, 3, 4, 5 and/or 6, as appropriate (see above).

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

		FOR	AGAINST	ABSTAIN
1	Remuneration Report			
2	Re-elect HD Kennedy as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Issue of Options to HD Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Issue of Options to RB Rushworth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Issue of Options to EA Myers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Issue of Options to ARF Maslin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Proxy forms (and power of attorney, if any, under which the proxy form is signed) must be sent by mail or delivered to 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)
Law)

Director/Company Secretary*

Director/Sole Director and Sole Company Secretary*

Name of Director/Company Secretary*
(BLOCK LETTERS)
*Delete whichever is not applicable

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

or

Signature

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

If the member is an individual or joint holders:

Signature

Signature

INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A member entitled to attend and vote at the Annual General Meeting convened by the above Notice of Annual 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.
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 288 Stirling Street, Perth, Western Australia, fax number (08) 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 under the common seal of the 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.

As permitted by the Corporations Act, the Company has determined that all securities of the Company registered as at 5.00pm WST on 28 November 2012 will be taken for purposes of the meeting, to be held by the persons who are the registered holders. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxy forms (and power of attorney, if any, under which the proxy form is signed) must be:

sent by mail or delivered to 288 Stirling Street, Perth, Western Australia, 6000 or by fax to: +61 8 9227 3211