



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 22 November 2013 at 10:00am.

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 22 November 2013 at 10:00am.

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 2013.

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 2013”

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 – Barry Rushworth

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 Roy Barry Rushworth, retires by rotation, and being eligible, is re-elected as a Director.”

Special Business

Resolution 3 - Approval of 10% Placement Capacity

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

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Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any 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 need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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:

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 21st day of October 2013

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 22 November 2013 at 10.00am (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 2013 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 Resolution 1 – 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 2013 annual report.

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

The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

3 Resolution 2 – Re-election of Mr Barry Rushworth as a Director

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

Mr Rushworth, has more than twenty five years experience in petroleum exploration. He is a graduate of Sydney University, with a Bachelor of Science Degree in Geology and Marine Sciences. Commencing with positions in exploration operations, his career then extended to a period as Chief Geologist and subsequently Exploration Manager for an Australian listed company. A number of oil and gas discoveries were made by the company during that time. More recently, as the General Manager and Director of Afrex Limited, he was responsible for acquiring international new venture opportunities for Afrex Limited and its then co-venturer Pancontinental Oil & Gas NL. In this position he identified and negotiated projects in Malta, Kenya and Morocco. Following the merger of Afrex Limited with Pancontinental in August 2005, he accepted the position of Director - New Ventures for Pancontinental and is now the Chief Executive Officer of the Company.

The Directors of the Company recommend that Shareholders vote in favour of the re-election of Mr Rushworth.

The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

4 Resolution 3 – Approval of 10% Placement Capacity

4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility pursuant to Listing Rule 7.1A.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) below).

The Directors of the Company believe that Resolution 3 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. This Resolution is a special resolution requiring approval of 75% of the votes cast by Shareholders entitled to vote in order to be passed.

4.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the only quoted Equity Securities the Company has on issue are Shares.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and

7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 1,150,994,096 Shares and has a capacity to issue:

(i) 172,649,114 Equity Securities under Listing Rule 7.1; and

- (ii) subject to Shareholder approval being sought under Resolution 115,099,410 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule

7.1A.2.

(e) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

4.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted. There is also a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

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- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%.
Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.034 50% decrease in Issue Price	\$0.068 Issue Price	\$0.102 50% increase in Issue Price
Current Variable A 1,150,994,096 Shares	10% Voting Dilution	115,099,410 Shares	115,099,410 Shares	115,099,410 Shares
	Funds raised	\$3,913,380	\$7,826,760	\$11,740,140
50% increase in current Variable A 1,726,491,144 Shares	10% Voting Dilution	172,649,114 Shares	172,649,114 Shares	172,649,114 Shares
	Funds raised	\$5,870,070	\$11,740,140	\$17,610,210
100% increase in current Variable A 2,301,988,192 Shares	10% Voting Dilution	230,198,819 Shares	230,198,819 Shares	230,198,819 Shares
	Funds raised	\$7,826,760	\$15,653,520	\$23,480,280

The table has been prepared on the following assumptions:

1	The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2	The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
3	The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
4	The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
5	The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
6	The issue price is \$0.068, being the closing price of the Shares on ASX on 25 September 2013.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resource assets and investments. In such circumstances the Company may comply with the minimum issue price limitation under Listing Rule 7.1A.3 and will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised for exploration activities on the Company's African Projects, the acquisition of new permits and for general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (iii) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iv) the effect of the issue of the Equity Securities on the control of the Company;
- (v) the financial situation and solvency of the Company; and

- (vi) advice from corporate, financial and broking advisers (if applicable). The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- (e) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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.

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.

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PROXY FORM

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 22 November 2013 at 10:00am (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): 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 Resolution 1 (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 Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel.

Important for Resolutions 1, 2 and 3 – 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, 2 and 3, you should mark the appropriate boxes opposite Resolutions 1, 2 and 3, (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, 2 and 3, as appropriate (see above).

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

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-elect RB Rushworth as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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:

Dated this.....day of.....2013

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)

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

*Delete whichever is not applicable

or

Signature

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

If the member is an individual or joint holders:

Dated this.....day of.....2013

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 two proxies to vote on the member's behalf.
2. Where two 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 20 November 2013 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