



# Notice of Annual General Meeting

Friday, 30 November 2018

10:00am (AWST)

The Park Business Centre  
45 Ventnor Avenue  
West Perth, Western Australia 6005

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## Pancontinental Oil & Gas NL

ABN 95 003 029 543

### Directors

Henry David Kennedy  
Ernest Anthony Myers  
Vesna Petrovic  
John Douglas Begg  
Roy Barry Rushworth  
Marie Michele Malaxos

Non-Executive Chairman  
Executive Director  
Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

### Company Secretary

Vesna Petrovic

### Registered Office

Level One, 10 Ord Street,  
West Perth WA 6005  
Telephone: +61 8 6363 7090  
Facsimile: +61 8 6363 7099

### Internet Address & Contact

[www.pancon.com.au](http://www.pancon.com.au)  
[info@pancon.com.au](mailto:info@pancon.com.au)

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<b>Items of business</b>			<b>Type of resolution</b>	<b>Voting restrictions and further information</b>
<b>ORDINARY BUSINESS</b>				
<b>1.</b>	<b>Discussion of financial statements and reports</b>	To receive and consider the Annual Report for the Company for the year ending 30 June 2018, which includes the Financial Report, Directors' Report and Auditor's Report.	Not applicable	Page 5
<b>2.</b>	<b>Adoption of Remuneration Report</b>	To receive and adopt the Remuneration Report for the year ended 30 June 2018.	Non-binding Resolution	Page 5
<b>3.</b>	<b>Re-election of Director Henry David Kennedy</b>	That, for the purposes 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 of the Company.	Ordinary Resolution	Page 5
<b>4.</b>	<b>Election of Director Vesna Petrovic</b>	That, for the purposes of rule 11.3 of the Constitution and for all other purposes, Mrs Vesna Petrovic retires, having been appointed since the Company's last annual general meeting, and being eligible, is elected as a Director of the Company.	Ordinary Resolution	Page 5
<b>SPECIAL BUSINESS</b>				
<b>5.</b>	<b>Approval of 10% placement capacity</b>	That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities in the Company 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 Notes.	Special Resolution	Page 6
<b>6.</b>	<b>Renewal of Proportional Takeover Provisions in Constitution</b>	That, pursuant to sections 136(2) and 648G of the Corporations Act 2001, the proportional takeover provisions in rule 5 of the Constitution of the Company are renewed for a period of three years from the date of the Annual General Meeting.	Special Resolution	Page 7

Terms used in this Notice and the Explanatory Notes are defined in the glossary on page 9.

# Pancontinental Oil & Gas NL

## NOTICE OF MEETING 2018

### VOTING

#### Voting record date

Shareholders recorded on the Company's register of members at 4:00pm (AWST) on Wednesday, 28 November 2018 will be entitled to attend and vote at the AGM.

#### Becoming a Shareholder

Shareholders who become registered Shareholders after the date of dispatch of this Notice and who wish to vote at the AGM by proxy should call +61 8 6363 7090 to request a Proxy Form.

Shareholders who become beneficial Shareholders of Shares by acquiring Shares after the date of dispatch of this Notice and who wish to vote at the AGM by proxy should contact their broker or intermediary for instructions on how to do so.

#### How to vote

Shareholders can vote in one of two ways:

- by attending the AGM and voting; or
- by appointing a proxy to attend and vote on their behalf.

The voting prohibitions and exclusions for each Item are set out in the Explanatory Notes to this Notice.

Shareholders are asked to arrive at the venue 30 minutes prior to the time designated for the AGM, if possible, so that the Company may check their shareholding against the Company's share register and note attendances.

### PROXY FORMS

#### Proxy Form

Enclosed with this Notice is a personalised Proxy Form. The Proxy Form allows Shareholders not attending the AGM to either lodge their vote directly or appoint a proxy to vote on their behalf.

If you hold Shares in more than one capacity, please be sure to complete the Proxy Form relevant to each holding.

#### Appointing proxies

Shareholders who are entitled to attend and vote at the AGM may appoint a proxy to act generally at the AGM on their behalf, and to vote.

To appoint a proxy, the attached Proxy Form should be completed and lodged in accordance with the instructions on that form. A proxy or nominee need not be a Shareholder of the Company.

A Shareholder entitled to cast two or more votes can appoint up to two proxies, and should specify the proportion or number of votes each proxy or nominee is appointed to exercise.

If no proportion or number is specified, each proxy or nominee may exercise half of the Shareholder's votes, with any fractional entitlements disregarded. If you wish to appoint two proxies or two nominees, please call +61 8 6363 7090 and request an additional Proxy Form.

Any directed proxies that are not voted on a poll at the AGM will automatically default to the Chair, who is required to vote proxies as directed.

A corporate Shareholder or proxy must appoint a person as its corporate representative.

#### Appointing the Chair as your proxy

Any undirected proxy given to the Chair for Item 2 by a Shareholder entitled to vote on that Item will be voted by the Chair in favour of Item 2 in accordance with the express authorisation on the Proxy Form.

The Chair intends to vote all valid undirected proxies for all other Items in favour of those Items, subject to the voting prohibitions and exclusions set out in this Notice.

#### Power of attorney and corporate representatives

If the Proxy Form is signed by an attorney, the power of attorney or a certified copy must be sent with the Proxy Form.

A body corporate member or proxy may elect to appoint a representative, rather than a proxy. In such circumstances, written proof of the representative's appointment must be lodged with, or presented to, the Company before the AGM.

A body corporate appointed as a proxy must also lodge a "Certificate of Appointment of a Corporate Representative".

## **LODGING PROXY FORMS**

### **Deadline**

Proxy Forms must be received by 10:00am (AWST) on Wednesday, 28 November 2018.

### **How to lodge Proxy Forms**

You can lodge your Proxy Forms:

**In person:** to the Company at Level 1, 10 Ord Street, West Perth, WA 6005

**Mail:** to the Company at PO Box 1154, West Perth, WA 6872

**Email:** [shareholder@pancon.com.au](mailto:shareholder@pancon.com.au)

**Facsimile:** to the Company on +61 8 6363 7099

Further details on how to lodge your Proxy Form can be found on the Proxy Form.

## **ENQUIRIES**

Shareholders are invited to contact the Company Secretary by email at [shareholder@pancon.com.au](mailto:shareholder@pancon.com.au) or by telephone on +61 8 6363 7090 if they have any queries in respect of the matters set out in these documents.

## **By order of the Board of Directors**

**Vesna Petrovic**

**Company Secretary**

30 October 2018

# Pancontinental Oil & Gas NL

## EXPLANATORY NOTES

### ITEM 1 – DISCUSSION OF FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, Shareholders will have a reasonable opportunity to ask questions concerning the Company's Annual Report, which includes the Company's Financial Report, Directors' Report and Auditor's Report, for the year ended 30 June 2018.

A copy of the Company's Annual Report is available on its website at [www.pancon.com.au](http://www.pancon.com.au) or through ASX at [www.asx.com.au](http://www.asx.com.au).

The Company's auditor, Rothsay Chartered Accountants, will be present at the AGM and Shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the Auditor's Report, the Company's accounting policies, and the independence of the auditor.

The auditor will also respond to any written questions provided these are submitted to the Company no later than five business days prior to the AGM.

There is no requirement for Shareholders to approve the Company's Annual Report.

### ITEM 2 – ADOPTION OF REMUNERATION REPORT

#### Background

The Remuneration Report for the financial year ended 30 June 2018 is set out in the Company's Annual Report.

The Remuneration Report sets out the Company's remuneration arrangements for Directors, including the Chief Executive Officer / Executive Director.

The Chair will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report at the AGM. Shareholders will then be asked to vote on the Remuneration Report.

The vote is advisory only and does not bind the Company or its Directors. The Company's Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the AGM when reviewing the Company's remuneration policies.

#### Voting prohibitions

In accordance with the Corporations Act, the Company will disregard any votes cast on Item 2:

- by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or their Closely Related Parties, regardless of the capacity in which the votes are cast; or
- by a person who is a member of the Key Management Personnel at the date of the Annual General Meeting, or their Closely Related Parties, as a proxy.

However, votes will not be disregarded if they are cast as a proxy for a person entitled to vote on Item 2:

- in accordance with a direction as to how to vote on the proxy; or
- by the Chair pursuant to an express authorisation to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of the Key Management Personnel.

If the Chair is to act as your proxy (whether by appointment or by default) and you have not given directions on how to vote in the voting directions section of the proxy form for the relevant Item, the proxy form expressly directs and authorises the Chair to cast your votes "for" the relevant Item. This express authorisation is included because without it the Chair would be precluded from casting your votes as these Items are connected with the remuneration of Key Management Personnel. Subject to any voting prohibitions that may apply to the Chair in respect of Item 2 to restrict the Chair from voting undirected proxies, the Chair intends to vote all undirected proxies in favour of Item 2.

#### Board recommendation

The Board unanimously recommends that Shareholders vote **in favour** of the adoption of the Remuneration Report.

Subject to the voting prohibition above, the Chair intends to vote undirected proxies in favour of Item 2.

### ITEM 3 – RE-ELECTION OF DIRECTOR

The Constitution provides that no Director, other than a Managing Director, may retain office (without re-election) for more than three years or past the third annual general meeting following the Director's appointment, whichever is longer. In accordance with the Constitution, Mr Henry David Kennedy will retire in accordance with rule 11.7 of the Constitution and, being eligible, offers himself for re-election as a Director.

Mr Kennedy is a Geologist with a long history in Australian and New Zealand oil and gas companies. During his time as a technical director he was instrumental in the formation and development of a number of successful listed companies. These companies were involved in numerous discoveries in Western Australia and New Zealand. At Pancontinental, Mr Kennedy has used his wide knowledge base to assist with the strategic direction of the company. Mr Kennedy has been a director of Pancontinental since August 1999 and is currently the Non-Executive Chairman.

#### Board recommendation

The Board (other than Mr Kennedy) recommends that Shareholders vote **in favour** of the re-election of Mr Kennedy.

The Chair intends to vote undirected proxies in favour of Item 3.

### ITEM 4 – ELECTION OF DIRECTOR

The Constitution provides that if a person is appointed as a Director by the Board, the Company must confirm the appointment at the next annual general meeting. Mrs Petrovic was appointed a Director by the Board on 5 September 2018. In accordance with Rule 11.3 of the Constitution, the Company seeks the Shareholders' approval for the appointment of Mrs Vesna Petrovic as Director.

Mrs Petrovic is an Accountant who holds a Bachelor of Commerce, Major in Accounting and Business Law and has completed the Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Roles in accounting and finance of numerous publicly listed entities, particularly those involved in Africa, have provided Mrs Petrovic a base from which to contribute to the accounting and governance functions at Pancontinental.

Mrs Petrovic was appointed Company Secretary in April 2010, Alternate Director for Mr Kennedy in July 2017 and Executive Director in September 2018.

#### Board recommendation

The Board (other than Mrs Petrovic) recommends that Shareholders vote **in favour** of the election of Mrs Petrovic.

The Chair intends to vote undirected proxies in favour Item 4.

## ITEM 5 – APPROVAL OF 10% PLACEMENT CAPACITY

The Company seeks Shareholder approval under Listing Rule 7.1A to increase the Company's capacity to issue Equity Securities equivalent to 10% of the Company's ordinary securities (calculated at the time of issue) in accordance with the formula prescribed by Listing Rule 7.1A.2 (**10% Capacity**).

The 10% Capacity would be in addition to the existing capacity to issue Equity Securities equivalent to 15% of the Company's ordinary securities under Listing Rule 7.1.

To seek approval under Listing Rule 7.1A, a company must be an eligible entity. The Company is an eligible entity for the purposes of Listing Rule 7.1A as the Company is an entity that is not included in the S&P ASX 300 Index and has a market capitalisation of \$300 million or less.

#### Purpose of approval

Shareholder approval is being sought to provide the Company with the maximum flexibility to raise funds by issuing Equity Securities without the need for further Shareholder approval.

If the 10% Capacity is not approved, the Company may be required to obtain Shareholder approval at the time of an issue of securities, which may limit the Company's ability to take advantage of opportunities to raise equity capital.

Under Listing Rule 7.1A, the Company must obtain Shareholder approval at the AGM to issue Equity Securities equivalent to 10% of the Company's ordinary securities in the 10% Placement Period.

The 10% Capacity must be approved by a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The number of Equity Securities that the Company will have the capacity to issue under the 10% Capacity will be

calculated at the date of issue of the Equity Securities in accordance with the formula set out in Listing Rule 7.1A.2.

Any Equity Securities issued under the 10% Capacity must be in the same class as an existing quoted class of Equity Security of the Company.

#### Details of the 10% Capacity

**Minimum issue price** The Company will not issue securities under the 10% Capacity at a price less than 75% of the VWAP for the securities in the same class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within five trading days of the date in the paragraph above, the date on which the securities are issued.

**Date of issue** The 10% Capacity will expire on the earlier of:

- the date that is 12 months after the date of the AGM; or
- the date Shareholders approve a significant change to the nature or scale of the Company's activities under Listing Rule 11.1.2 or a disposal of the Company's main undertaking under Listing Rule 11.2, (**10% Placement Period**).

**Purpose of issue** Shares may be issued for:

- cash consideration, in which case the Company intends to use the funds raised for exploration activities on the Company's projects, the acquisition of new permits and for general working capital purposes; or
- non-cash consideration for the acquisition of new assets or resources. In such circumstances the Company will 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.

The Company will comply with its disclosure obligations under Listing Rules 3.10.5A and 7.1A.4 in relation to any issue of securities under the 10% Capacity.

**Allocation policy** The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Capacity. The identity of allottees will be determined on a case-by-case basis having regard to factors which may include, but are not limited to:

- the methods of raising funds which are available to the Company, including the time and market exposure associated with the various methods of raising capital applicable at the time of the raising;
- the effect of an issue on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers.

As at the date of this Notice, the allottees have not been determined. They may, however, include substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

**Previous approval** At the Company's annual general meetings on 30 November 2017, 30 November 2016, 30 November 2015, 28 November 2014 and 22 November 2013, Shareholders approved the Company's capacity to issue Equity Securities equivalent to 10% of the Company's ordinary securities.

The approval given at the 2017 Annual General Meeting will expire on 30 November 2018.

For the purposes of ASX Listing Rule 7.3A.6, the Company had 5,756,422,817 Equity Securities on issue on 30 November 2017, being the date that is 12 months preceding the date of the AGM. The Company has issued 417,426,830 Equity Securities in the 12 months preceding the date of the AGM which represents 7% of the Equity Securities on issue at the start of the 12 months preceding the date of the AGM. Please refer to Schedule 1 of these Explanatory Notes for details of the Equity Securities issued by the Company in the 12 months preceding the date of the AGM.

### Is there a risk of economic and voting dilution to you?

There is a risk of economic and voting dilution to the ordinary security holders of the Company if this Item is approved. There is a specific risk that:

- the market price for the Company's Equity Securities may be significantly lower on the date of the issue than on the date of the AGM; and
- 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,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the 10% Capacity, using different variables for the number of ordinary securities for variable "A" (as defined in Listing Rule 7.1A) and the market price of Shares. The table shows:

- examples where variable "A" is at its current level and 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 that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- examples of where the issue price of ordinary securities is at the current market price as at close of trading on 17 October 2018, being \$0.002, and where the issue price has decreased by 50% and increased by 50%.

The dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the 10% Capacity are issued.

Variable "A" in Listing Rule 7.1A.2	Dilution	50% decrease in issue price	Issue Price	50% increase in issue price
		\$0.001	\$0.002	\$0.003
Current Variable "A"	10%	540,671,549	540,671,549	540,671,549
5,406,715,498 Shares	Funds raised	\$540,672	\$1,081,343	\$1,622,015
50% increase in Current Variable "A"	10%	811,007,324	811,007,324	811,007,324
8,110,073,247 Shares	Funds raised	\$811,007	\$1,622,015	\$2,433,022
100% increase in Current Variable "A"	10%	1,081,343,099	1,081,343,099	1,081,343,099
10,813,430,996 Shares	Funds raised	\$1,081,343	\$2,162,686	\$3,244,029

### Assumptions and explanations

- The Company issues the maximum number of Equity Securities available under the 10% Capacity.
- No options of other securities (including the convertible notes currently on issue) are exercised into Shares on or before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table does not show an example of dilution that may be caused to a particular Shareholder (taking into account that Shareholder's holding at the date of the AGM).
- The table does not show the effect of issues under the 15% share issue capacity under the Listing Rule 7.1.
- The issue of securities under the 10% Capacity consists only of Shares.
- The issue price of the 10% Capacity used in the table does not take into account discount to market price (if any).

### Voting exclusions

The Company will disregard any votes cast in favour of this Item by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an associate of that person.

However, the Company need not disregard a vote if:

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

The persons eligible to participate in a proposed issue (if any) are not known by the Company as at the date of the Notice. Accordingly, no Shareholders are currently excluded from voting on this Item.

### Board recommendation

The Board unanimously recommends Shareholders vote **in favour** of granting the Company the additional equity raising capacity equivalent to 10% of the Company's ordinary securities.

The Chair intends to vote undirected proxies in favour of Item 5.

## ITEM 6 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS IN CONSTITUTION

In 2012, as part of the proposal to adopt a new constitution, Shareholders approved the insertion of rule 5 "Approval Required for Proportional Takeover" (as set out in Annexure A to this Notice).

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders. Such provisions cease to apply at the end of 3 years after their adoption. Accordingly, the proportional takeover provisions in rule 5 of the Constitution ceased to apply in 2015.

Approval is now sought to re-adopt the proportional takeover provisions for a further 3 years from the date of the Annual General Meeting.

Where the approval of shareholders is sought to include proportional takeover provisions in a constitution, the Corporations Act requires the company to provide shareholders with an explanation of the proposed proportional takeover provisions. That information is set out below so that Shareholders may make an informed decision on whether to support or oppose Item 6.

Item 6 must be approved by a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in

the case of a corporate Shareholder, by a corporate representative).

### **What is a proportional takeover bid?**

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's Shares.

Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of their Shares and retain the balance.

### **Effect of the provisions to be inserted**

If a proportional takeover bid is made to Shareholders of the Company, the board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid. That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the Shares of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the approving resolution is voted on. However, if no resolution is voted on before the end of the 14<sup>th</sup> day before the close of the offer, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the ASX Listing Rules, the Settlement Operating Rules and the Company's Constitution. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover provisions do not apply to full takeover bids and only apply for three years after the date of adoption of the provisions. The provisions may be renewed for a further three year term, but only by a special resolution of Shareholders.

### **Reasons for proposing the resolution**

The Directors consider that Shareholders should have the opportunity to include proportional takeover provisions in the Constitution.

Without the inclusion of such a provision, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The proposed provision deals with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provisions is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

### **No knowledge of present acquisitions proposals**

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

However, the Directors are aware of recent M&A activity in the region in which the Company's assets are located.

### **Impact of previous proportional takeover provisions**

While the proportional takeover provisions contained in rule 5 of the Constitution were in effect, no takeover bids for the Company were made, either proportional or otherwise.

Accordingly, no actual advantages or disadvantages of the proportional takeover provisions contained in rule 5 of the Constitution, for the Directors or the Shareholders, could be reviewed. The Directors are not aware of any potential takeover bid that was discouraged by the previous inclusion of proportional takeover provisions in the Constitution.

### **Potential advantages and disadvantages for the Directors and Shareholders of the Company**

#### *Advantages:*

The inclusion of the proportional takeover provisions will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that insertion of such a provision has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that inserting proportional takeover provisions will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid.

The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

#### *Disadvantages:*

As to the possible disadvantages to Shareholders of inserting the proportional takeover provisions, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

### **Board recommendation**

On balance, the Board considers that the possible advantages outweigh the possible disadvantages such that the insertion of the proportional takeover provisions is in the interests of Shareholders.

The Board recommends that Shareholders vote **in favour** of Item 6. Each Director intends to vote all the Shares owned or controlled by him or her in favour of the Resolution.

If Item 6 is approved, the proportional takeover provisions will apply for 3 years from the date of the Annual General Meeting.

The Chair intends to vote undirected proxies in favour of Item 6.

# Pancontinental Oil & Gas NL

## GLOSSARY

<b>10% Capacity</b>	Has the meaning given to that term in the Explanatory Notes to Item 5.	<b>Company or Pancontinental</b>	Pancontinental Oil & Gas NL (ABN 95 003 029 543).	<b>Ordinary Resolution</b>	A resolution that must be passed by at least 50% of the votes cast by Shareholders being in favour of the resolution.
<b>10% Placement Period</b>	Has the meaning given to that term in the Explanatory Notes to Item 5.	<b>Constitution</b>	The Company's constitution.	<b>Proxy Form</b>	The Proxy Form included with the Notice.
<b>A\$ or \$</b>	Australian dollars.	<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).	<b>Remuneration Report</b>	The Remuneration Report forming part of the Directors' Report in the Annual Report.
<b>Annual Report</b>	The Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2018.	<b>Director</b>	A Director of the Company.	<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>AGM or Annual General Meeting</b>	The Annual General Meeting of Shareholders of the Company to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia 6005 on Friday, 30 November 2018 at 10:00am (AWST), or any adjournment thereof.	<b>Directors' Report</b>	The Directors' Report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities for the year ended 30 June 2018.	<b>Shareholder</b>	Any person holding a Share in the Company's share register.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691), or as the context requires, the financial market operated by it.	<b>Equity Security</b>	Has the meaning given to that term in the Listing Rules.	<b>Special Resolution</b>	A resolution that must be passed by at least 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) being in favour of the resolution.
<b>Auditor's Report</b>	The auditor's report on the Financial Report.	<b>Explanatory Notes</b>	The Explanatory Notes attached to the Notice of Meeting.	<b>VWAP</b>	Volume Weighted Average Price.
<b>AWST</b>	Australian Western Standard Time.	<b>Financial Report</b>	The financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities for the year ended 30 June 2018.		
<b>Board</b>	The Board of Directors of the Company.	<b>Item</b>	Each resolution set out in the Notice of Meeting or item of business.		
<b>Chair</b>	The Chair of the Annual General Meeting.	<b>Key Management Personnel</b>	Has the meaning given to that term in the Corporations Act and means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.		
<b>Closely Related Party</b>	Has the meaning given to that term in the Corporations Act, under which a Closely Related Party of a member of the Key Management Personnel refers to a company the member controls, the member's spouse, child or dependent (or a child or dependent of the member's spouse), or anyone else who is one of the member's family and may be expected to influence or be influenced by the member in the member's dealing with the entity.	<b>Listing Rules</b>	The listing rules of the ASX.		
		<b>Managing Director</b>	The Managing Director of the Company (if any) from time to time.		
		<b>Notice or Notice of Meeting</b>	The notice convening the Annual General Meeting.		

# Pancontinental Oil & Gas NL

## SCHEDULE 1

### ISSUE OF EQUITY SECURITIES SINCE 30 NOVEMBER 2017

Date	Quantity	Class	Recipients	Issue price	Form of consideration
Issue – 12 December 2017  Appendix 3B – 12 December 2017	1) 60,000,000 2) 12,500,000	1) Unlisted Class E Options exercisable at \$0.006 each on or before 11 December 2021 <sup>1</sup>  2) Unlisted Class F Options exercisable at \$0.006 each on or before 11 December 2021 <sup>1</sup>	1) Issue of Class E Options to Directors as approved by Shareholders on 30 November 2017  2) Issue of Class F Options to Eligible Employees under the Employee Share Option Plan approved by Shareholders on 30 November 2017	Nil	Issued as incentives to Directors and Eligible Employees as approved at the 2017 AGM  1) Current value = \$0.003 <sup>2</sup> per option (total \$180,000)  2) Current value = \$0.003 <sup>2</sup> per option (total \$37,500)
Issue – 27 March 2018  Appendix 3B – 21 March 2018	1,600 Convertible Notes (200,000,000 ordinary shares when converted)	Convertible Notes with the following features: <sup>3</sup> <ul style="list-style-type: none"> <li>• Face value: \$1,000 per Note</li> <li>• Conversion price: \$0.008 per fully paid ordinary share ("Share") after 1 July 2018</li> <li>• Transferability: The Convertible Notes will be transferable, subject to the transferee being an 'exempt' investor or 'sophisticated' investor.</li> <li>• Interest rate: 10% per annum</li> <li>• Interest payments: Interest will accrue daily and will be paid at the Maturity Date or upon conversion</li> <li>• Maturity date: 12 months from date of issue of the Convertible Notes</li> <li>• Redemption: The Company may repay some or all of the Convertible Notes at any time</li> </ul>	Issue of convertible notes to sophisticated investors	\$1,000 per Note	Amount raised = \$1,600,000  Amount spent = \$1,600,000  Proceeds of the issue have been used to fund the Dempsey Gas Project, Tulainyo Gas Project, Namibia PEL 87 and for working capital purposes <sup>4</sup>

<sup>1</sup> The full terms and conditions were disclosed in the notice of meeting for the Company's 2017 annual general meeting.

<sup>2</sup> The value of options is measured using the Black & Scholes option pricing model.

<sup>3</sup> Further terms and conditions were disclosed in the Company's announcement to ASX "Pancontinental Raises \$1.6 Million Via Convertible Note Issue" on 21 March 2018.

<sup>4</sup> This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

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		<p>prior to the Maturity Date by providing at least 10 days written notice to the noteholders. If the Company elects to repay a Convertible Note prior to the Maturity Date, the Company will pay to the holder of the Convertible Note all of the interest that would otherwise have been paid had those Convertible Notes been held until the Maturity Date. The noteholder may convert at any time during the notice period.</p>			
<p>Issue – 19 September 2018</p> <p>Appendix 3B – 19 September 2018</p>	<p>1) 66,000,000</p> <p>2) 78,926,830</p>	<p>1) Shares<sup>5</sup></p> <p>2) Shares<sup>5</sup></p>	<p>1) Rock Doc Pty Ltd - Shares issued upon conversion of options</p> <p>2) Zenix Nominees Pty Ltd - Shares issued upon conversion of options</p>	<p>\$0.004 per Share, representing a discount of 50% to the closing market price of Shares on ASX on the date of issue</p>	<p>Amount raised = \$579,707.32</p> <p>Amount spent = \$0</p> <p>Proceeds of the issue will be used to fund the Dempsey Gas Project, Namibia PEL 87 and for working capital purposes<sup>6</sup></p>

<sup>5</sup> Fully paid ordinary shares in the capital of the Company, ASX Code: PCL (the full terms and conditions are set out in the Constitution).

<sup>6</sup> This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

## ANNEXURE A

### EXTRACT OF RULE 5 OF THE COMPANY'S CONSTITUTION

#### **5. Approval required for proportional takeover**

##### **5.1 Definitions**

In this **rule 5**:

- (a) **Approving Resolution** means a resolution of Eligible Shareholders approving a Proportional Takeover.
- (b) **Deadline** means the day which is the 14th day before the last day of the bid period for a Proportional Takeover.
- (c) **Proportional Takeover** means offers for shares made under a proportional takeover bid within the meaning of the Corporations Act.
- (d) **Eligible Shareholder** means a person (other than the bidder or an associate of the bidder) who, as at the end of the day on which the first offer under a Proportional Takeover was made, held shares in the class of shares to which the Proportional Takeover relates.

##### **5.2 Transfer not to be registered**

The registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover is prohibited unless and until an Approving Resolution is passed (or is taken to have been passed) in accordance with this Constitution.

##### **5.3 Approving Resolution**

- (a) Where offers have been made under a Proportional Takeover, the directors must, before the Deadline, convene a meeting of the Eligible Shareholders to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover.
- (b) The provisions of this Constitution relating to general meetings apply, with such modification as is necessary, to a meeting convened under this **rule 5.3** as if that meeting were a general meeting.
- (c) Any vote cast on an Approving Resolution by the bidder or any of its associates will be disregarded.
- (d) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (e) If an Approving Resolution is voted on in accordance with this **rule 5.3** before the Deadline, a director or a secretary must, on or before the Deadline, give the bidder and the Exchange (if required) notice stating that an Approving Resolution has been voted on and whether it was passed or rejected.
- (f) If no Approving Resolution has been voted on in accordance with this rule as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this **rule 5**, to have been passed in accordance with those provisions.

##### **5.4 Cessation of effect**

Rules 5.1 to 5.3 cease to have effect at the end of three years after:

- (a) where those rules have not been renewed since their adoption, the date on which those rules were adopted by the Company; or
- (b) if those rules have been renewed since their adoption, the date on which they were last renewed.

# Pancontinental Oil & Gas NL

## PROXY FORM

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

	the Chair of the AGM (mark with an 'X')	<b>OR</b>	
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If you are not appointing the Chair of the AGM 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 Chair of the AGM, 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 Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia 6005 on 30 November 2018 at 10:00am (AWST)** 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.

**Chair authorised to exercise proxies on remuneration related resolution (Item 2):** Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy in respect of Item 2 (except where I/we have indicated a different voting intention below) and acknowledge that the Chair may exercise my/our proxy even though Item 2 is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

**Important information for Item 2– If the Chair of the AGM is your proxy or is appointed as your proxy by default:** If you wish to give the Chair specific voting directions on Item 2, you should mark the appropriate box opposite Item 2 (directing your proxy to vote 'for', 'against' or to 'abstain' from voting). If you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), and you do not mark the boxes above, you are expressly authorising the Chair to vote in favour of Item 2, as appropriate (see above).

The Chair of the AGM intends to vote all available proxies in favour of Items 2 to 6.

ITEM	RESOLUTIONS	FOR	AGAINST	ABSTAIN
2	Adoption of Remuneration Report			
3	Re-election of Director HD Kennedy			
4	Election of Director V Petrovic			
5	Approval of 10% placement capacity			
6	Renewal of Proportional Takeover Provisions in Constitution			

Dated this.....day of.....2018

Please sign on the reverse of this form. 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 to PO Box 1154, West Perth WA 6872; or
- delivered to Level 1, 10 Ord Street, West Perth, WA 6005; or
- emailed to shareholder@pancon.com.au; or
- faxed to +61 8 6363 7099

and must be received no later than 10:00am (AWST), Wednesday 28 November 2018.

# Pancontinental Oil & Gas NL

## If the member is a company:

EXECUTED by )  
)  
ACN )  
in accordance with section 127 of the Corporations )  
Act 2001 (Cth) )

\_\_\_\_\_  
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:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

### INSTRUCTIONS FOR APPOINTMENT OF PROXY

1. A Shareholder entitled to attend and vote at the Annual General Meeting convened by the above Notice is entitled to appoint a proxy to vote on the Shareholder's behalf. A Shareholder entitled to cast two or more votes can appoint not more than two proxies.
2. Where two proxies are appointed and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the Shareholder's voting rights.
3. A proxy need not be a Shareholder.
4. Proxy Forms (and the power of attorney, if any, under which the Proxy Form is signed) must be received by mail at PO Box 1154, West Perth WA 6872 or delivered to Level 1, 10 Ord Street, West Perth, WA 6005, or by email to [shareholder@pancon.com.au](mailto:shareholder@pancon.com.au) or by fax to +61 8 6363 7099 no later than 10:00am (AWST), Wednesday 28 November 2018.
5. Appointment of a proxy by a Shareholder being a natural person must be under the hand of the Shareholder or of an attorney appointed in writing by the Shareholder.
6. Appointment of a proxy by a Shareholder 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 4:00pm (AWST) on 28 November 2018 will be taken for purposes of the AGM, 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 AGM.