



PANCONTINENTAL Oil & Gas NL
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1 June 2007

Dear Shareholder

As you may be aware, Pancontinental Oil & Gas NL ("**Company**") is currently undertaking a non-renounceable issue pursuant to a prospectus dated 31 May 2007 ("**Prospectus**"). The Company expects that the rights issue will close on 2 July 2007.

The Prospectus is for an entitlement issue to existing shareholders of 63,538,587 fully paid ordinary shares in the capital of the Company on the basis of one (1) new share for every six (6) share held on the record date, at an issue price of 6 cents per new share, to raise approximately \$3812,315.

The Company has determined, pursuant to Listing Rule 7.7.1(a) of the Listing Rules of Australian Securities Exchange Limited ("**ASX Listing Rules**"), that it would be unreasonable to make offers under the Prospectus to shareholders in Canada and the USA. Accordingly, in compliance with ASX Listing Rule 7.7.1(b), the Company wishes to advise you that it will not be extending the rights issue to you.

Should you have any queries please contact the Company's Share Registry on 618 9389 8033.

Yours faithfully

Peter L Munachen
Director
Pancontinental Oil & Gas NL