

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 Thursday, 29 November 2007 at 11.00am.

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 Thursday, 29 November 2007 at 11.00am.

AGENDA

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 2007.

BY ORDINARY RESOLUTION

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

1. Resolution 1 – Remuneration Report

To receive and adopt the Remuneration Report for the year ended 30 June 2007.

Note that the vote on this item is advisory only and does not bind the Directors or the Company.

2. Resolution 2 – Election of Director – Mr Henry David Kennedy

To re-elect Mr Henry David Kennedy, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election as a Director.

3. Resolution 3 – Issue of Options to Director – HD Kennedy

That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be and are authorised to issue, for no consideration, 750,000 Options, each exercisable on or before 28 November 2012 and at an exercise price equal to the amount which is 125% of the closing sale price of Shares on ASX on the last business day preceding the date Shareholders resolve to issue the Options, to Mr HD Kennedy or his nominee(s), on the terms and conditions set out in the Explanatory Statement which accompanies the Notice of Annual General Meeting (including section 2 of the Explanatory Statement).

The Company will in accordance with section 224 of the Corporations Act 2001 (Cth) disregard any votes cast on Resolution 3 by Mr Kennedy and any associate of Mr Kennedy. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Kennedy or an associate of Mr Kennedy.
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4. Resolution 4 – Issue of Options to Director – PL Munachen

That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be and are authorised to issue, for no consideration, 1,500,000 Options, each exercisable on or before 28 November 2012 and at an exercise price equal to the amount which is 125% of the closing sale price of Shares on ASX on the last business day preceding the date Shareholders resolve to issue the Options, to Mr PL Munachen or his nominee(s), on the terms and conditions set out in the Explanatory Statement which accompanies the Notice of Annual General Meeting (including section 2 of the Explanatory Statement).

The Company will in accordance with section 224 of the Corporations Act 2001 (Cth) disregard any votes cast on Resolution 4 by Mr Munachen and any associate of Mr Munachen. However, the Company need not disregard a vote if
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it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Munachen or an associate of Mr Munachen.

5. Resolution 5 – Issue of Options to Director – IR Cornelius

That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be and are authorised to issue, for no consideration, 750,000 Options, each exercisable on or before 28 November 2012 and at an exercise price equal to the amount which is 125% of the closing sale price of Shares on ASX on the last business day preceding the date Shareholders resolve to issue the Options, to Mr IR Cornelius or his nominee(s), on the terms and conditions set out in the Explanatory Statement which accompanies the Notice of Annual General Meeting (including section 2 of the Explanatory Statement).

The Company will in accordance with section 224 of the Corporations Act 2001 (Cth) disregard any votes cast on Resolution 5 by Mr Cornelius and any associate of Mr Cornelius. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Cornelius or an associate of Mr Cornelius.

6. Resolution 6 – Issue of Options to Director – RB Rushworth

That, for the purposes of Listing Rule 10.11 and section 208 of the Corporations Act and for all other purposes, the Directors be and are authorised to issue, for no consideration, 1,500,000 Options, each exercisable on or before 28 November 2012 and at an exercise price equal to the amount which is 125% of the closing sale price of Shares on ASX on the last business day preceding the date Shareholders resolve to issue the Options, to Mr RB Rushworth or his nominee(s), on the terms and conditions set out in the Explanatory Statement which accompanies the Notice of Annual General Meeting (including section 2 of the Explanatory Statement).

The Company will in accordance with section 224 of the Corporations Act 2001 (Cth) disregard any votes cast on Resolution 6 by Mr Rushworth and any associate of Mr Rushworth. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Rushworth or an associate of Mr Rushworth.

7. Approval of Non-Executive Directors' Fees

That, pursuant to Listing Rule 10.17 and clause 15.8 of the Company's Constitution, and for all other purposes, the fees payable in aggregate to the non-executive Directors be increased from a maximum of \$200,000 per annum to a maximum of \$400,000 per annum, with the distribution to be at the discretion of the Board.

The Company will disregard any votes cast on Resolution 7 by Directors and any associates of Directors. However, the Company will 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.

Dated at Perth this 16th day of October 2007
By Order of the Board

E A Myers
Company Secretary

NOTES

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

Defined words and phrases used in this Notice of Annual General Meeting are defined in section 3 of the accompanying Explanatory Statement.

Voting Entitlements

In accordance with regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that Shares held as at 5.00pm (WDT) on 27 November 2007 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.

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 himself or herself 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 during office hours.	288 Stirling Street, Perth, Western Australia 6000	By Facsimile:	+ 61 8 9227 3211
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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 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 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.

Pancontinental Oil & Gas NL

ABN 95 003 029 543

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 29 November 2007 at 11.00am (WDT) other than those relating to the ordinary business of receiving accounts and election of Directors.

Defined words and phrases used in this Explanatory Statement are defined in section 3 of this Explanatory Statement.

Section 1: The Resolutions

Financial Statements and Reports

The Corporations Act 2001(Cth) and the Company's Constitution require the following reports in respect of the year ended 30 June 2007 to be laid before the meeting:

- (i) the Financial Report (which includes the financial statements and Directors' declaration); and
- (ii) 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.

The Corporations Act and the Company's Constitution do not require shareholder approval of these reports.

Resolution 1. 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. 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. The Remuneration Report can be found in the Company's Annual Report 2007.

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

Resolution 2. Re-election of Mr H D Kennedy as a Director

Pursuant to clause 15.2 of the Company's Constitution, Mr Kennedy, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Kennedy is a geologist who 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 and 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.

Resolutions 3 to 6. Issue of Options to Directors

Shareholders will be asked at the meeting to approve the issue to Directors of a total of 4,500,000 Options, each exercisable on or before 28 November 2012 and at an exercise price equal to the amount which is 125% of the closing sale price of Shares on ASX on the last business day preceding the date Shareholders resolve to issue the Options to the Directors. The Options have the following vesting conditions:

- 50% of the Options cannot be converted to Shares until after a period of 6 months from date of issue; and

- 100% of the Options cannot be converted to Shares until after a period of 12 months from date of issue.

The full terms and conditions of the Options are set out in Section 2 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 125% of the closing sale price of Shares on ASX on the last business day preceding 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 Directors, Messrs Kennedy and Cornelius, is contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However, the Board considers the issue of the Options pursuant to Resolutions 3 and 5 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 4,500,000 Options proposed to be issued will not be listed on the ASX and as such will not be tradeable.

The 4,500,000 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.

Related Party Transactions generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Directors is considered to be a related party of the Company.

Resolutions 3 to 6 provide for the issue of Options to the Directors which is a financial benefit which requires shareholder approval.

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 Annual General Meeting:

Director	Associates	Number of Shares	Number of unlisted options
HD Kennedy (Note 1)	Held directly Alwyn Resources Ltd	105,000 27,207,516	Nil Nil

	Sundowner International Ltd Troy Resources Limited Ticket Nominees Pty Ltd	268,508 110,673,700 Nil	Nil Nil 500,000 (\$0.08, 27/11/07) 500,000 (\$0.10, 21/11/08) 500,000 (\$0.15, 28/11/09) 750,000 (\$0.0925, 28/11/10) 750,000 (\$0.096, 28/11/11)
PL Munachen (Note 2)	Helen Mulrone Kala Nominees Pty Ltd	72,916 Nil	Nil 750,000 (\$0.08, 27/11/07) 750,000 (\$0.10, 21/11/08) 750,000 (\$0.15, 28/11/09) 1,500,000 (\$0.0925, 28/11/10) 1,500,000 (\$0.096, 28/11/11)
IR Cornelius (Note 3)	Goldtrek Pty Ltd	Nil	500,000 (\$0.08, 27/11/07) 500,000 (\$0.10, 21/11/08) 500,000 (\$0.15, 28/11/09) 750,000 (\$0.0925, 28/11/10) 750,000 (\$0.096, 28/11/11)
RB Rushworth (Note 4)	Held directly Skye Grantees Limited	9,057,670 25,706,511	Nil 1,500,000 (\$0.0925, 28/11/10) 1,500,000 (\$0.096, 28/11/11)

Notes:

- 1: Mr Kennedy is a director of Alwyn, Sundowner, Troy and Ticket and exercises control over those companies.
- 2: Helen Mulrone is Mr Munachen's wife.

Mr Munachen is a director of Kala Nominees Pty Ltd.
- 3: Mr Cornelius is a director and major shareholder of Goldtrek Pty Ltd.
- 4: Skye Grantees Limited holds the Pancontinental shares and options in its capacity as trustee for the Mulberry Trust of which Mr Rushworth is a beneficiary.

Information Requirements

For the purposes of Chapter 2E of the Corporations Act, the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given:

Subject to shareholder approval, the following maximum number of Options will be issued to the following related parties, or their respective nominees:

Director	Number of Options
HD Kennedy, or his nominee(s)	750,000
PL Munachen, or his nominee(s)	1,500,000
IR Cornelius, or his nominee(s)	750,000
RB Rushworth, or his nominee(s)	1,500,000
Total	4,500,000

The nature of the financial benefit

The proposed financial benefit to be given is the issue of Options for no consideration to the Directors as noted above. The terms and conditions of the Options to be issued to the Directors are set out in section 2 to this Explanatory Statement.

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Munachen, Cornelius 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(s).

Messrs Kennedy, Cornelius and Rushworth (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Munachen 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(s).

Messrs Kennedy, Munachen and Rushworth (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Cornelius 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(s).

Messrs Kennedy, Munachen and Cornelius (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Rushworth 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(s).

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

The proposed ordinary Resolutions 3 to 6 would have the effect of giving power to the Directors to issue a total of 4,500,000 Options on the terms and conditions as set out in section 2 to this Explanatory Statement and as otherwise mentioned above.

The Company currently has 444,770,113 Shares on issue and the following unlisted options on issue:

Number of options	Exercise price	Expiry
4,025,000	\$0.08	27 December 2007
1,625,000	\$0.20	31 December 2007
250,000	\$0.10	30 June 2008
250,000	\$0.15	30 June 2008
3,625,000	\$0.10	31 December 2008
1,100,000	\$0.15	21 November 2009
2,875,000	\$0.15	28 November 2009
9,500,000	\$0.0925	28 November 2010
9,250,000	\$0.096	28 November 2011
32,500,000		

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 approximately 1.00%. The market price of the Company's Shares during the period of 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.

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 to 6 are as follows:

Director	Salary/Fees p.a. (\$)	Value of Director Options (\$)	Total Financial Benefit (\$)
HD Kennedy	50,000	32,250	82,250
PL Munachen	83,000	64,500	147,500
IR Cornelius	35,000	32,250	67,250
RB Rushworth	195,000	64,500	259,500

The above range of valuations is based on the share price of the Company of \$0.054, which is the price of Shares as at the date of the valuation, being 8 October 2007. A further valuation will be undertaken at the date of the actual issue of the Options to the Directors or their respective nominees.

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 5.4 cents (\$0.054) with a risk-free rate of 6.42%, volatility of 113% and an assumed exercise price of \$0.0675. The BSOPM values each Option at approximately \$0.043, or a total value to each individual Director as follows:

Mr H D Kennedy	\$32,250
Mr PL Munachen	\$64,500
Mr IR Cornelius	\$32,250
Mr RB Rushworth	\$64,500

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 2007:

Security	Highest Price (\$)	Date of highest price	Lowest Price (\$)	Date of lowest price	Latest Price on 8 October 2007 (\$)
Shares	\$0.839	20 November 2006	\$0.054	8 October 2007	\$0.054

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.

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.

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:

- (a) the Options will be issued to the Directors, or their nominees, as noted above;
- (b) the maximum number of Options to be issued is 4,500,000;

- (c) the Options will be allotted and issued on a date which will be no later than 1 month after the date of this meeting, unless otherwise extended by way of ASX granting a waiver to Listing Rule 7.3.2;
- (d) the Options will be issued for no consideration;
- (e) no funds will be raised by the issue of the Options; and
- (f) the terms and conditions of the Options are set out in section 2 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.

Resolution 7. Approval of Non-Executive Directors' Fees

Under clause 15.8 of the Company's Constitution and Listing Rule 10.17, the fees payable to non-executive Directors for their services as Directors are determined by the Board within a maximum annual aggregate limit approved by Shareholders.

The present maximum annual aggregate of \$200,000 was approved by Shareholders at the annual general meeting of the Company on 29 November 2004. The Board considers this amount is now inadequate.

A review of fees paid to Directors was conducted in early 2007 to ensure that the fees paid by the Company are comparable to fees paid by similar sized companies in the industry and to allow it to attract and retain high calibre directors.

In consideration of the factors noted above, it is proposed to increase the amount of the funds available for payment of fees to non-executive Directors from a maximum aggregate amount of \$200,000 per annum to an amount of \$400,000 per annum.

It is not intended that, should Resolution 7 be passed, the maximum annual aggregate of fees payable to non-executive Directors will be utilised immediately. The proportion remaining unused at present will provide the Company with the ability to attract and retain high quality directors in the future, to make any appropriate increases to the size of the Board and to increase fees in the future in line with market conditions.

The Directors make no recommendation to Shareholders regarding Resolution 7 as they are excluded from voting on the resolution.

Section 2: Terms and Conditions of the Options proposed to be issued to Directors

- a) No monies are payable for the issue of the Options.
- b) Each Option carries the right in favour of the Option holder to subscribe for one Share.
- c) Subject to the Listing Rules, Shares subscribed for on exercise of the Options are issued at the Exercise Price of an amount equal to 125% of closing sale price of Shares on ASX on the last business day preceding the date on which it was resolved by shareholders to issue the Options to Directors.
- d) Unless otherwise approved by resolution of Shareholders the Options are exercisable as follows:
 - i. 50% may be converted to Shares after a period of six months has elapsed from the date of issue;
 - ii. 100% may be converted to Shares after a period of twelve months has elapsed from the date of issue;
- e) The Options issued must be exercised on or before 28 November 2012.
- f) Notwithstanding paragraph (d) an Option holder may exercise any of the Options during a Takeover Period.
- g) 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.
- h) The Options cannot be listed for official quotation on ASX nor on any other official stock exchange in any other country.

- i) 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.
- j) The Company must allot the resultant Shares and dispatch the holding statements within five business days of the exercise of the Options.
- k) Shares allotted pursuant to an exercise of Options rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- l) 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.
- m) 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.
- n) 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).
- o) 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.
- p) 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.

Pancontinental Oil & Gas NL

ABN 95 003 029 543

Section 3: 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 board of Directors.

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

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).

Directors means the directors of the Company.

Dollar or \$ means Australian dollars unless otherwise indicated.

Eligible Nominee means a 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.

Listing Rules means the official Listing Rules of the ASX.

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 section 2 of this Explanatory Statement.

Share means an ordinary fully paid share in the Company.

Shareholder means the holder of one or more Shares.

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 Part A Statement on the Company in relation to that takeover bid, the Takeover Period is deemed to have commenced at the time of that announcement.

WDT means Australian Western Daylight Time

Pancontinental Oil & Gas NL

ABN 95 003 029 543

PROXY FORM

Iof.....
being a member of Pancontinental Oil & Gas NL hereby appoint

.....of.....
or failing him

.....of.....

or failing them, the Chairman of the meeting as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held at the Holiday Inn City Centre, 788 Hay Street, Perth, Western Australia, on Thursday 29th November 2007 at 11.00am WDT and at any adjournment thereof.

If no person is named above or if the person named does not attend the meeting or is not a legally effective choice the Chairman of the meeting will be my/our proxy to vote for me/us on my/our behalf at the meeting or any adjournment of the meeting. I/we understand that the Chairman intends to vote undirected proxies in favour of Resolutions 1 to 7.

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 3 and 7, please place a mark in the box.

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 3 and 7 and that votes cast by the Chairman of the meeting for Resolutions 3 and 7 other than as a proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on Resolutions 3 and 7 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 3 and 7.

I/we understand that if I/we have not directed my/our proxy how to vote, my/our proxy may vote or abstain from voting as he or she thinks fit.

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
1 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director - Mr H D Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Options to Director - HD Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Options to Director – PL Munachen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Options to Director – IR Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Options to Director – RB Rushworth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Non-Executive Directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this.....day of.....2007

Pancontinental Oil & Gas NL

ABN 95 003 029 543

If the member is a company, it must affix its Common Seal or sign by duly authorised officers.

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)

.....
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 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.

Pancontinental Oil & Gas NL

ABN 95 003 029 543

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 WDT on 27 November 2007 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