



PANCONTINENTAL Oil & Gas NL
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The Companies Announcement Office
Australian Securities Exchange
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sirs

PANCONTINENTAL LODGES PROSPECTUS FOR NON-RENOUNCEABLE ENTITLEMENT ISSUE

Pancontinental Oil & Gas NL (Pancontinental) today lodged a prospectus for the 1:6 non-renounceable entitlement issue (Issue). The Issue will raise approximately \$3.8 million before expenses.

Non-Renounceable Entitlement Issue

The Issue is an offer of fully paid ordinary shares to existing shareholders as at the record date (12 June 2007), on the basis of 1 share for every 6 shares held.

Under the Issue, Pancontinental will issue up to 63,538,587 new ordinary shares at 6 cents each to raise \$3.8 million before expenses.

Funds raised from the Issue, after meeting the expenses of the Issue, will primarily be used for:

- corporate and operating overheads;
- drilling Stokes Bay & Valentine wells in EP 104;
- acquisition of seismic data for offshore Namibia;
- exploration expenditure where required on other projects; and
- research and expenditure on new projects.

The Issue will be extended to existing shareholders of Pancontinental. The Company will not be sending an offer under the Issue to any security holders in the United States or Canada.

Pancontinental has decided that it is unreasonable to make offers to shareholders in the United States or Canada having regard to:

- the numbers of holders in the United States or Canada;

- the number and value of securities the holders in the United States or Canada would be offered; and the cost of complying with the legal requirements, and the requirements of a regulatory authority in the United States or Canada.

Pancontinental expects the Issue to be conducted on the following timetable:

Record Date to determine Entitlements	12 June 2007
Opening Date	18 June 2007
Closing Date	2 July 2007
Allotment of Shares and dispatch of holding statements	10 July 2007

A prospectus for the Issue has been lodged with ASIC and ASX and is available on the ASX website and the Pancontinental website. A copy of the prospectus together with the Entitlement and Acceptance Form will be sent to participating shareholders on 18 June 2007.

For and on behalf of
Pancontinental Oil & Gas NL

PL Munachen
Director