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PCL Chairman's Address to AGM

Good morning everyone, I am David Kennedy, the Chairman of Pancontinental Oil & Gas and I welcome you to the Company's Annual General Meeting.

We have made significant progress in the financial year with several of our projects, and we have negotiated a very interesting new exploration licence, but we have had delays in a few projects where we had hoped to have drilling and other activity during the year.

Through the economic downturn commencing in 2008 oil prices have remained surprisingly stable at about US\$70 to \$80 per barrel. Oil and gas exploration has significantly increased around the globe and we have seen this in Africa, where much of the best exploration acreage has been taken under licence. In East Africa, recent oil and gas discoveries have very substantially raised the level of interest in our Kenya projects. Pancontinental is very familiar with this region and we have made a number of applications for new exploration licences.

Offshore Kenya, in area L8, our operator Origin carried out a 10 million dollar 3D seismic survey over the giant Mbawa Prospect and I am very pleased that early interpretation has verified that Mbawa is of world-class quality and size. This prospect remains very robust and we still see the "flat spots" on the seismic that suggest the presence of oil and gas. The 3D data processing has taken longer than planned, and Mbawa drilling has now been pushed into 2011. Pancontinental was "free carried" for the 3D program, and the Company now has a 25% working interest in this project. We are talking to a number of large companies who are looking at Mbawa as a farmin opportunity for drilling and I hope that we will be able to release more information on this in the next few weeks.

Next to L8 in Kenya, in area L6 where Pancontinental has a 40% interest, the operator has had difficulty obtaining approvals for an onshore seismic survey, and the joint venture has now shifted focus to the offshore prospects, where new studies suggest that we have a higher probability of finding economic oil and gas reserves. In L6 we are planning a 3D seismic survey for 2011, and we intend to farm this area out for the survey, and for drilling the following year.

In Southwest Africa, in Namibia, I am very pleased to report that our lengthy efforts have resulted in agreement by the Namibian authorities to grant Pancontinental an exploration licence over a large offshore area. We are currently finalising the documentation for this new project. Further details will be reported when we hold completed contracts.

Pancontinental's project offshore Malta remains suspended. We had meetings with the Maltese authorities during the year and will continue to make efforts to

recommence exploration. The border controversy between Malta and Libya over the southern margin of the area remains unresolved, although we understand that progress is being made.

In Australia, we are very pleased to be part of a joint venture which was awarded licence L15 over the West Kora oil field, onshore in the Canning Basin of Western Australia. We plan to refurbish the existing production facilities on the well and the tank facility, and attempt to re-establish oil production. Although this field historically produced only about 20,000 barrels of oil, the initial production rate of 350 barrels per day was very encouraging, and we will attempt to revive the modest but healthy financial returns from West Kora.

Since the end of the financial year in EP104 / R1 in the Canning Basin, the joint venture retested the Stokes Bay 1 well, that was drilled in 2007. Pancontinental had a 13% interest in this test and it is disappointing to report that the well flowed saline water and not oil or gas as we had hoped. The joint venture is now looking at exploring elsewhere in the blocks and we don't lose sight of the fact that these areas are on trend to the oil discoveries at Blina, Sundown and West Kora, amongst others.

In EP 424, offshore in the Carnarvon Basin, we have again experienced delays with our Baniyas Project. I am pleased to tell you that Pancontinental increased its equity in the project to 38% during the year. We continue to plan to drill Baniyas in 2011, however we need to finalise the acreage situation before we can commit to drill. The joint venture has for some time been negotiating to acquire some neighbouring acreage and the negotiations have not yet been finalised. Baniyas remains a very interesting prospect, with potential for some 30 million barrels of oil near shore and in proximity to substantial infrastructure.

To summarise the project activities, we have made excellent progress on most projects, but we have had some delays to drilling and other activities we had planned for the last year. We continue to seek worthwhile new projects in key areas, and we anticipate a high level of activity in the coming year.

The Company suffered the unfortunate loss of director Ian (Inky) Cornelius, who passed away in July 2010. Ian had been a director of Pancontinental since 1992 and played a valuable role in the Company's development and growth over a long period. His market sense and knowledge of the exploration industry will be sadly missed.

Our small management team has made an outstanding effort during the year and I thank them heartily for their efforts. As always I thank you, the Company's shareholders, for your continuing support.
