

Pancontinental Oil & Gas NL

ACN 003 029 543

Information Memorandum

including

Notice of Meeting
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 Pavilion Room, The Sebel of Perth Hotel, 37 Pier Street, Perth, Western Australia on Wednesday 27th November 2002 at 11.30am.

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Notice of Meeting

Notice is hereby given that the Annual General Meeting of shareholders will be held at The Pavilion Room, The Sebel of Perth, 37 Pier Street, Perth on Wednesday 27th November 2002 at 11:30 am.

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 2002.

BY ORDINARY RESOLUTION

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

1. Election of Director

To elect Mr Ian R. Cornelius, who retires by rotation in accordance with the Constitution and, being eligible, offers himself for re-election as a director.

SPECIAL BUSINESS

2. Ratification of past placements

"That, for the purposes of Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and all other purposes, the Company ratifies and confirms the issue of an aggregate of (11,050,000) fully paid ordinary shares in the Company at an issue price of 4 cents (\$0.04) each, to the following:

Applicants	Shares
INXS Pty Limited	1,000,000
Reynolds (Nominees) Pty Ltd	2,000,000
Cameron Investments Pty Ltd	100,000
DLN Pty Ltd	500,000
Dover Trading Co Pty Ltd	100,000
Dunbar Investments Pty Ltd	500,000
Everyburns, Kathryn	250,000
G I T Incorporated	200,000
Gamog (NO8) Pty Ltd	100,000
Giles, Christopher M	150,000
Howard, R & H, A (Lobster superannuation fund A/c)	375,000
Jacqueline Kay Pty Ltd	650,000
J K Administration Pty Ltd	375,000
Liriata Pty Ltd	250,000
Lucas, Michael Nicholas	500,000
Moon, Peter	250,000
Neild, Mary Graham	100,000
Oceanridge Limited	500,000
Winpar Holdings Limited	100,000
Cameron, R F (Frank Renouf Super A/c)	100,000
DB Hamilton Pty Ltd	500,000
Lee, Kok Leong	1,000,000
Chan, Char Kok	250,000
Sixth Erra Pty Ltd	100,000

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Applicant (continued ...)	Shares
Marege Trading Co Pty Ltd	100,000
Schumacher, Uwe	100,000
Miles Projects Pty Ltd	100,000
Cliff, Mr S & Cliff, Mrs K	100,000
Calabro, Slvatore	100,000
Muir, Gregory Milton	100,000
Strahan, Trevor (Strahan Super Fund)	100,000
Hawkes, Wendy Joy	100,000
Hawkes, Garry Charles	100,000
Oliver John Morgan (The Morgan Family Superannuation Fund)	200,000
Total	11,050,000

3. Ratification of past placements

“That, for the purposes of Rule 7.4 of the Listing Rules of Australian Stock Exchange Limited and all other purposes, the Company ratifies and confirms the issue of an aggregate of 8,000,000 fully paid ordinary shares in the Company at an issue price of 5.5 cents (\$0.055) each, and 2,000,000 31st March 2005 options to the following:

Applicant	Shares	Options
INXS Pty Ltd	1,000,000	250,000
Foster Stockbroking Nominees Pty Ltd (no 4 account)	1,000,000	250,000
G J Alt Pty Ltd	1,000,000	250,000
Distance Investments Pty Ltd	2,000,000	500,000
Intersuisse Issues Pty Ltd	1,000,000	250,000
Bruce Birnie Pty Ltd	1,000,000	250,000
T O & A M Bayley	250,000	62,500
Chevis Investmetns Pty Ltd	250,000	62,500
D H Ronald	300,000	75,000
Perpetual Custodians Limited	200,000	50,000
Total	8,000,000	2,000,000

Please see the Explanatory Statement for the terms and conditions of issue of the Options

4. Placement

That, for the purposes of Rule 7.1 of the Listing Rules of Australian Stock Exchange Limited and all other purposes, the directors be authorised to issue, not later than three months after the date of this meeting, up to 40,000,000 fully paid ordinary shares in the Company, at an issue price of not less than 80% of the average market price calculated over the last 5 days on which sales in the Company's ordinary shares were recorded before the day on which the issue is made.

5. Employee Option Plan

That, for the purposes of Rule 7.2 of the Listing Rules of Australian Stock Exchange Ltd (**Listing Rules**) and all other purposes, the directors are authorised to implement and maintain an employee option plan to be called the **Pancontinental Oil & Gas NL Employee Option Plan** on and subject to the terms and conditions of the Plan, a copy of which is Section 2 of the Explanatory Statement which accompanies the Notice of Meeting (or such other terms and conditions as may be determined by the directors from time to time, subject to the requirements of the Listing Rules).

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6. Issue of Options to Directors

That, for the purposes of Rules 7.1 and 10.11 of the Listing Rules of Australian Stock Exchange Limited and for all other purposes, the Company be authorized to issue free options to subscribe for fully paid shares in the capital of the company, within one month of the date of the meeting to the following directors or their nominees at an exercise price of 8 cents (\$0.08) each, and in all other respects, on the same terms and conditions of the Plan, the subject of Resolution 5, the details of which are set out in Section 2 of the Explanatory Statement which accompanies the Notice of Meeting:

Schedule

Name of director	No. of options
A K Svalbe	1,125,000
P L Munachen	750,000
I R Cornelius	500,000
H D Kennedy	500,000
C Crabb	750,000

Pursuant to the ASX Listing Rules a director may not participate in an issue of securities unless prior approval is received from shareholders.

In respect of the directors of the Company listed in the schedule to this resolution, the following information is supplied for the purposes of Rule 10.13 of the ASX Listing Rules:

- the total number of Options to be issued to directors is 3,625,000, and the maximum number to be issued to each director is set out in the schedule to the resolution;
- each Option will be issued free;
- the exercise price of each Option will be 8 cents;

Dated at Perth this 21 day of October 2002

By Order of the Board

Peter L Munachen
Secretary

NOTES

These notes form part of the Notice of Annual General Meeting. The notice of 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.

Section 1109N determination

In accordance with section 1109N of the Corporations Act 2001, the Company determines that ordinary shares held as at 11.00am (WST) on 25th November 2002 will be taken, for the purposes of the 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.

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Voting exclusion statements

Under Rule 14.11 of the Listing Rules of Australian Stock Exchange Limited, the Company will disregard any votes cast on resolutions 2,3,4,5 and 6 by the following persons:

RESOLUTION	PERSONS EXCLUDED FROM VOTING
Resolution 2	<ol style="list-style-type: none">Any person who participated in the issue (see further the accompanying Explanatory Statement).Any person who is an associate of a person referred to in item 1 above.
Resolution 3	<ol style="list-style-type: none">Any person who participated in the issue (see further the accompanying Explanatory Statement).Any person who is an associate of a person referred to in item 1 above
Resolution 4	<ol style="list-style-type: none">Any person who may participate in the proposed issue and any person who might obtain a benefit if resolution 4 is passed (except a benefit solely in the capacity of a security holder).Any person who is an associate of a person referred to in item 1 above.
Resolution 5	<ol style="list-style-type: none">A.K.Svalbe, H.D.Kennedy, I.R.Cornelius, P.L.Munachen and C.Crabb.Any person who is an associate of a person referred to in item 1 above
Resolution 6	<ol style="list-style-type: none">A.K.Svalbe, H.D.Kennedy, I.R.Cornelius, P.L.Munachen and C.Crabb.Any person who is an associate of a person referred to in item 1 above

However, the Company need not disregard a vote if:

- it is cast by a 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 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.

Proxies

A proxy form is attached to the end of the Explanatory Statement.

In accordance with section 249L of the Corporations Act 2001, 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 2001, each proxy may exercise half of the votes.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

By mail and by hand during office hours.	100 Stirling Street, Perth, Western Australia 6000	By Facsimile:	+ 61 8 9227 9079
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Each member entitled to vote at the 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.

Explanatory Statement to Shareholders to Accompany Notice of Meeting

This Statement has been prepared for the information of shareholders in Pancontinental Oil & Gas NL in connection with the resolutions to be put to members at the Annual General Meeting of the Company to be held on 27th November 2002 other than those relating to the ordinary business of receiving accounts and election of directors..

Section 1: The Resolutions

2. Ratification Of Share Placements

This resolution ratifies a placement of 11,050,000 fully paid ordinary shares to the persons named in the resolution. The placement was announced by the Company on 6 February and 13 February 2002 and was completed on 13 February 2002.

The following additional information is provided to shareholders in accordance with ASX Listing Rule 7.5 to assist in assessing resolution 2:

- a) The number of securities allotted was 11,050,000 fully paid ordinary shares.
- b) The price at which the shares were issued was 4 cents per share.
- c) The terms of the shares are the same as those governing the current issued ordinary shares in the Company.
- d) The name of the allottees were as listed in the resolution.
- e) The funds raised (\$442,000) were used to fund further exploration expenditures and for the day to day operating expenses of the Company.
- f) The shares were quoted on ASX on 11th February and 18th February 2002.

This resolution is an ordinary resolution requiring a simple majority.

3. Ratification Of Share Placements

This resolution ratifies a placement of 8,000,000 fully paid ordinary shares and 2,000,000 free attaching 31 March 2005 options to the persons named in the resolution. The placement was announced by the Company on 6 September and was completed on 11 September 2002.

The following additional information is provided to shareholders in accordance with ASX Listing Rule 7.5 to assist in assessing resolution 3:

- a) The number of securities allotted was 8,000,000 fully paid ordinary shares and 2,000,000 options.
- b) The price at which the shares were issued was 5.5 cents per share. Every four shares subscribed for entitled the applicant to one free option.
- c) The terms of the shares are the same as those governing the current issued ordinary shares in the Company.
- d) The terms of the options are set out below.
- e) The name of the allottees were as listed in the resolution.
- f) The funds raised (\$440,000) were used to fund further exploration expenditures and for the day to day operating expenses of the Company.
- g) The shares and options were quoted on ASX on 11 September and 13 September 2002.

Terms and conditions of the options are:

- a) The exercise price of the Options is as follows:
If exercised at any time on or before 31 March 2003, 7.5 cents;
If exercised at any time between 1 April 2003 and 31 March 2004, 15 cents; and
If exercised at any time between 1 April 2004 and 31 March 2005, 20 cents.

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- b) The Options may be exercised at any time on or before 5:00 pm (WST) on 31 March 2005 ("**Expiry Date**").
- c) Each Option carries the right to subscribe for one Share.
- d) Subject to the Corporations Act, 2001, the ASX Listing Rules and the Constitution of the Company, the Options are freely transferable.
- e) The Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the option holder to exercise all or a specified number of Options, accompanied by the relevant holding statement (or an issuer sponsored sub-register statement) and a cheque made payable in Australian currency to the Company for the relevant amount to exercise the Options. An exercise of only some of the Options held by an option holder shall not affect the rights of the option holder in respect of the balance of the Options held by that option holder.
- f) The Company shall issue the resultant Shares and deliver notification of Share holdings within five (5) business days of the exercise of the Options.
- g) All Shares issued pursuant to an exercise of Options shall rank equally with the then existing Shares in all respects.
- h) The Company shall make application within seven business days of the date Shares are issued pursuant to an exercise of Options to have those Shares admitted to quotation on ASX.
- i) Holders of Options may only participate in new issues of securities to holders of Shares if the Options have been exercised and Shares issued in respect of those Options before the record date for determining entitlements to the new issue. For this purpose, the Company must give option holders at least 7 Business Days' notice of the record date for the new issue.
- j) There will be no change to the exercise price of the Options or the number of Shares over which the w Options are exercisable in the event of the Company making a pro rata issue of shares or other securities to the holders of Shares in the Company (other than a Bonus Issue as defined in item k) and a reconstruction as defined in l) below).
- k) If there is a bonus issue of Shares ("**Bonus Issue**") to the holders of Shares in the Company, 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 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 on issue as at the date of issue of the Bonus Shares.
- l) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Expiry Date, the rights of the option holder will be treated in the manner prescribed by the ASX Listing Rules applying to reconstructions at that time.

This is an ordinary resolution requiring a simple majority.

4. Share Placement

This resolution gives authority to directors to place, no later than three months after the date of this meeting, up to 40,000,000 fully paid ordinary shares at an issue price of not less than 80% of the average market price over the last 5 days prior to the placement.

The following additional information is provided to shareholders in accordance with ASX Listing Rule 7.5 to assist in assessing resolution 4:

- a) The number of securities to be allotted is up to 40,000,000 fully paid ordinary shares.
- b) The price at which the shares will be issued is not less than 80% of the average market price on the five days prior to the date of the placement.
- c) The terms of the shares are the same as those governing the current issued ordinary shares in the Company.
- d) The name of the allottees are not yet available. The basis upon which the allottees will be determined will be at the discretion of the directors.
- e) The funds to be raised will be used to fund further exploration expenditures and for the daytoday operating expenses of the Company. The main project expenditures to be made from the funds to be raised will be allocated to fund the Company's share of the contemplated re-entry and production testing of the New Zealand Huinga project, the continued drilling and testing of its interest in the Jingemia project, its share of African joint venture costs for exploration projects in Malta and Kenya, as well as

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contributing to its share of costs of its other project interests. Part of the funds will also be allocated to meeting corporate and other administrative costs including the salary of the CEO. More specific details of expenditures will be included in a prospectus that will be issued at the time it is proposed to issue any securities approved under this Resolution, at which stage more precise information will be available based on activities or proposed activities at that time.

- f) The Company will apply to have the shares quoted on ASX .

This resolution is an ordinary resolution requiring a simple majority.

5. Pancontinental Oil & Gas NL Employee Option Plan

The directors consider it is important in a company of the nature of Pancontinental Oil & Gas NL to provide an incentive scheme for its employees, consultants and officers. A special resolution will be put to members for the introduction of an option plan to be known as the "Pancontinental Oil & Gas NL Employee Option Plan", which will enable eligible employees, consultants and officers to be issued with free options in the Company. The primary objective of the Plan is to attract, motivate and reward key employees, officers, consultants and contractors.

The Company's directors believe that the future success of the Company in the oil and gas industry will depend in large measure on the skills and motivation of the people engaged in exploration, production and management. It is therefore important that the Company is able to attract and retain employees, officers, consultants and contractors of the highest caliber.

The exercise price of each EOP Option will be the "Strike Price" (being the sum equal to 200% of the closing sale price of fully paid ordinary shares in the Company on Australian Stock Exchange Limited (**ASX**) on the business day preceding the date on which it was proposed to issue OEP Options to eligible Employees). Unless the share price increases subsequently, there will be no benefit to the holder. The incentive is there for all recipients of the EOP Options to work towards growth and profitability of the Company, which is to the benefit of all shareholders.

The terms of the Plan provide that outstanding EOP Options may only be exercisable as follows: -

- a) 50% of the EOP Options may be exercised after a period of six months has elapsed from the date of issue; and
- b) 100% of the EOP Options may be exercised after a period of twelve months has elapsed from the time of issue.

EOP Options that a holder is entitled to exercise must be exercised within 6 months of the relevant employee, consultant, contractor or officer ceasing to be an Eligible Employee as defined in the terms of the Plan.

Shares issued on exercise of EOP Options will rank equally with existing ordinary shares and application will be made for quotation of those shares on ASX.

The complete terms and conditions of the Pancontinental Oil & Gas NL Option Plan are set out in Section 2 of this Explanatory Statement.

This is an ordinary resolution requiring a 50% majority.

6. Issue of Options to Directors

Shareholders will be asked at the meeting to approve a special resolution approving the issue to Directors of Options to acquire fully paid ordinary shares at an exercise price of 8cents (\$0.08) each on the same terms and conditions applicable to the EOP Options referred to above and set out in Section 2.

Rule 10.11 of the Listing Rules of ASX prohibits the Company from issuing options to Directors without the prior approval of shareholders by special resolution in general meeting.

The Options are to be issued to the Directors in recognition of their services to the Company and as an incentive for future performance.

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The Company currently has 135,795,117 fully paid ordinary shares on issue, together with 24,021,208 listed 31 March 2005 options. In addition there are on issue 1,400,000 February 2005 unlisted options exercisable at 20 cents each and 1,600,000 December 2006 unlisted options exercisable at 20 cents each. These unlisted options have been issued to the Directors pursuant to previous shareholder approval.

The total number of Options to be issued under resolution 6 is 3,625,000. If all these Options were to be exercised, this would represent 2.6% of the issued capital of the Company [*on an undiluted basis*], assuming no other shares were issued in the meantime.

The Company will incur no liabilities or costs in respect of the issue of the Options to Directors other than:

- the cost of holding the Meeting, estimated at \$5,000 (which would be payable regardless of whether or not any options are issued to directors); and
- the fees payable to ASX for quotation of the shares issued on exercise of the directors' options. At current rates this would be approximately \$1,740.

This is an ordinary resolution requiring a 50% majority.

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Section 2: Rules of the Pancontinental Oil & Gas NL Employee Option Plan

1. Commencement

Subject to the passing of an ordinary resolution authorising the establishment of the Plan at the general meeting of the Company to be held on 27th November 2002 the Plan shall take effect from such date subsequent to that meeting which is not more than three years from the date of that meeting as is resolved by the Board.

2. Interpretation

In these Rules, unless the context otherwise requires:

- **ASX** means Australian Stock Exchange Limited
- **Company** means Pancontinental Oil & Gas NL, ACN 003 029 543;
- **Directors** means the Board of Directors, or any of them, of the Company from time to time;
- **Eligible Employee** means a part time employee, full time employee, contractor, consultant, officer, executive director or non-executive director of the Company or a related corporation.
- **Eligible Nominee** means a spouse of an Eligible Employee, a body corporate in which an Eligible Employee 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 Eligible Employee, in their capacity as trustee;
- **Listing Rules** means the Listing Rules of ASX;
- **Options** means options to subscribe for fully paid ordinary shares in the capital of the Company;
- **Plan** means the Pancontinental Oil & Gas NL Employee Option Plan established in accordance with these Rules;
- **Related Corporation** means a related body corporate within the meaning of section 50 of the Corporations Law;
- **Rules** means these rules as from time to time amended;
- **Shares** means fully paid ordinary shares in the capital of the Company;
- **Strike Price** means the amount equal to 200% of the closing sale price of Shares on ASX on the last business day preceding the date on which it was proposed to issue EOP Options to Eligible Employees; and
- **Takeover Period**, in relation to a takeover scheme or takeover announcement in respect of shares in the Company, means the period referred to in the definition of that expression in section 603 of the Corporations Law, provided that where a takeover scheme is publicly announced prior to the service of a Part A Statement on the Company in relation to that takeover scheme, the Takeover Period will be deemed to have commenced at the time of that announcement.

Words denoting the singular number shall include the plural number and vice versa and words denoting the masculine gender shall include the feminine gender.

3. Eligibility

- All Eligible Employees who the Directors may determine, in their absolute discretion without having to assign reasons therefore, shall be eligible to participate in the Plan;
- Directors may only participate in the Plan with the prior approval of shareholders in accordance with the Listing Rules

4. Limitation on Number of Options Issued

The total number of Shares the subject of an offer or invitation to Eligible Employees made under the Plan (**the Offer**) at any time shall not exceed 7.5% of the total number of issued shares in that class at the date of the Offer when aggregated with:

- the total number of Shares in the same class as the Shares the subject of the Offer that would be issued were each outstanding offer, invitation or option to acquire unissued Shares made pursuant to the Plan, otherwise on issue or any other employee share scheme accepted or exercised (as the case may be); and
- the number of Shares in the same class as the Shares the subject of the Offer issued by the Company under all employee share plans or employee option plans during the previous five years.

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5. Entitlements

Subject to Rule 4, the number of Options (if any) which an Eligible Employee is granted shall be determined by the Directors in their discretion. The determination of the Directors in each case shall be absolute and the Directors shall not be obliged to give reasons to an Eligible Employee for any such determination. Nothing in these Rules shall prohibit the Directors from determining to grant Options to an Eligible Employee on more than one occasion.

6. Application

If the Directors determine that Options are to be granted to certain Eligible Employees under the Plan, such Eligible Employees who are chosen shall be invited to apply in their own names or in those of an Eligible Nominee to take up, in whole or in part, their entitlement to those Options under the Plan.

7. Acceptance

The Company shall be obliged to accept any application made in terms of Rule 6, provided that the application accords, in all respects, with these Rules and is for such number of Options, or part thereof, to which the Eligible Employee is entitled. Upon acceptance of a duly complying application the Company, within ten business days, shall deliver an Option certificate in respect of the Options applied for to the Eligible Employee or the Eligible Nominee, as the case may be.

8. Terms and Conditions

- a) No monies will be payable for the issue of Options.
- b) Each Option shall carry the right in favour of the Option holder to subscribe for one Share.
- c) Subject to the Listing Rules, the Shares subscribed for on exercise of Options shall be issued at the Strike Price and shall be payable in full on exercise of the Options.
- d) Unless otherwise approved by resolution of Directors, Options issued pursuant to the Plan shall, subject to paragraph (g), be 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) Options issued pursuant to the Plan must be exercised within five years after their date of issue.
- f) Notwithstanding paragraph (d), but subject always to paragraph (g), an Option holder may exercise any Options during a Takeover Period.

For the avoidance of doubt, paragraph (g) does not permit the exercise of any Option by any Option holder who:

 - i. ceased to be an Eligible Employee; or
 - ii. is the Eligible Nominee of a person who ceased to be an Eligible Employee, prior to the commencement of the Takeover Period.
- g) Unless otherwise approved by a resolution of the Directors, upon a person ceasing to be an Eligible Employee (**the Past Eligible Employee**) all Options issued to the Past Eligible Employee or his Eligible Nominee pursuant to the Plan must be exercised by the Past Eligible Employee or the executor or administrator of the Past Eligible Employee's estate in the event of death within 6 months of the Past Eligible Employee ceasing to be an Eligible Employee (**Retirement Date**) or they will cease to have any force or effect but only those Options that the Past Eligible Employee or his Eligible Nominee was entitled (other than by virtue of paragraph (f)) to exercise at the Retirement Date may be exercised.
- h) 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.
- i) Options shall not be listed for official quotation on ASX nor on any other official stock exchange in any other country.
- j) Options shall be exercisable by the delivery to the Registered Office of 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 Options held by the Option holder accompanied by the Option certificate and a cheque made payable to the Company for the subscription moneys for the Shares. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- k) The Company shall allot the resultant Shares and despatch the holding statements within five business days of the exercise of the Option.
- l) Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.

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- m) The Company shall within 3 business days of allotment make application to have Shares allotted pursuant to an exercise of Options listed for official quotation by ASX and any other stock exchange on which the Shares are quoted from time to time.
- n) There are no participating rights or entitlements inherent in the Options and holders will not be 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.
- o) 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).
- p) If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which the Option is exercisable will be increased by the number of Shares which the Option holder would have received if the Option 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.
- q) In the event of a re-organisation of the issued capital of the Company the Options shall be re-organised in accordance with the Listing Rules.

9. **Amendment of the Plan**

The Plan may not be amended without the prior approval of shareholders of the Company in general meeting held in accordance with the Listing Rules.

10. **Rights of the Employees**

The Plan shall not form part of any contract of employment between the Company and any of its employees and shall not confer directly or indirectly on any employee any legal or equitable right whatsoever against the Company.

11. **Powers of the Directors**

The Plan shall be administered by the Directors who shall have the power to:

- determine procedures from time to time for administration of the Plan consistent with these Rules;
- subject to Rule 9 and the Listing Rules, amend or modify these Rules;
- resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- delegate to any one or more persons for such period and on such conditions as the Directors may determine the exercise of any of the Board's powers or discretions arising under the Plan.

12. **Termination of the Plan**

The Plan may at any time be terminated by resolution of the Directors. At the time of convening the meeting of Directors at which it is proposed to consider the resolution to terminate the Plan, the Company shall notify ASX.

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ACN 003 029 543

Section 3: Glossary of Defined Terms

The following terms and abbreviations used in this Notice of Meeting have the following meanings:

Term	Meaning
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Stock Exchange Limited.
Board	means the board of directors of the Company.
Business Day	means a day on which trading takes place on the stock market of the ASX.
Company or Pancontinental	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.
EOP Option	means an option over a Share issued under the plan.
Listing Rules	means the Official Listing Rules of the ASX.
Option	means the free attaching option attaching to 31 March 2005 options issued under resolution 3.
Participating Organisation	has the meaning given to that term in the Listing Rules.
Plan	means the Pancontinental Oil & Gas NL Employee Option Plan established under resolution 5
Share	means an ordinary fully paid share in the Company.
WST	means Australian Western Standard Time

Pancontinental Oil & Gas NL

ACN 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 on Wednesday 27th November 2002 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 in favour of resolutions 1,2,3and 4.

If you do not wish to direct your proxy how to vote, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of resolutions 1,2,3,4,5 and 6, and votes cast by him other than as a proxy holder will be disregarded because of that interest.

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	Election of Director - Mr I R Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Ratification of past placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Ratification of past placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Adoption of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Issue of options to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this.....day of.....2002

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

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 100 Stirling Street ,Perth, Western Australia, 6000 or

by fax to; +61 8 9227 9079

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 General Meeting convened by the above Notice 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 100 Stirling Street, Perth, Western Australia, fax number (08) 9227 9079 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.
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 48 hours before the time appointed for the meeting will be taken for purposes of the meeting, to be held by the persons who are the registered holders thereof at 11.30am (WST) on 25th November 2002. 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 100 Stirling Street ,Perth, Western Australia, 6000 or

by fax to: +61 8 9227 9079