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PANCONTINENTAL Oil & Gas NL
ABN 95 003 029 543

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Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT

New Issue to raise \$1.189m to fund ongoing exploration activities

Pancontinental Oil & Gas NL plans to raise \$1.189 million to provide working capital for a range of quality near, middle and longer term Australasian and African projects in which it is participating.

In the short term, success from the current New Zealand drilling programs will result in the Company being required to contribute funds for the next phase of activities leading to production from any successful discovery. On a mid and longer term basis the Company will be required to contribute to its Australian and African joint venture interests as programs are developed and applications approved.

Further information about the Company's activities are detailed below.

THE ISSUE

The Company proposes to issue approximately 26,441,980 new shares at an issue price of 4.5 cents together with an attaching free 31st March, 2005 option.

The exercise price of the options is as follows;

- 7.5 cents, if exercised at any time before 31st March, 2003
- 15 cents, if exercised at any time between 1st April, 2003 and 31st March, 2004
- 20 cents, if exercised at any time between 1st April, 2004 and 31st March, 2005

The issue will be to all shareholders registered at 19th March, 2002 on a one for four basis.

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It is intended to lodge a prospectus for the issue with ASIC and ASX on 8th March and dispatch to shareholders on 22nd March 2002.

The issue, if fully subscribed, will raise \$1,189,889 before costs. It is proposed to close the issue on 11th April 2002 and any shares not taken up by existing shareholders will be placed by the directors.

EXPLORATION ACTIVITIES

New Zealand

Makino 1

Drilling at Makino 1 in PEP38728 New Zealand is currently in progress. Although the Company does not have a direct interest in this permit it adjoins PEP 38716 in which the Company holds a 6.6% interest and a discovery at Makino 1 will yield attributable reserves to Pancontinental and its joint venture partners in respect to the portion of the structure currently being drilled which falls within PEP38716. The operator of the Makino permit estimates potential gross recoverable reserves of 48 million barrels oil and 168 billion cubic feet associated gas in the structure.

Huinga Deepening

Following the release of the rig from Makino 1, the Huinga 1 well in PEP38716, in which the Company has a direct 6.6% interest, will be re-entered and deepened from 2,500 metres to approximately 4,250 metres. The Huinga deepening is expected to take 35 days which will take the program into mid to late April 2002. Potential mean recoverable reserves for the Tariki Sandstone reservoirs in the Huinga and Huinga South prospects are estimated by the operator at 46 million barrels oil and 161 billion cubic feet gas, and 24 million barrels oil and 85 billion cubic feet gas respectively.

Waingaromia 2

Concurrent with the Huinga program drilling is also planned to commence during March at the East Coast Basin Waingaromia 2 exploration well (Pancontinental 38.5%). Waingaromia 2 will be drilled to a minimum depth of 500 metres adjacent to the historical no. 1 well which reached a depth of 402 metres in the 1880's and located near the Waitangi surface oil seep. A strong flow of gas during drilling at Waingaromia 1 caused a blow out of oil and gas which was ignited by flames from the boiler room, resulting in the wooden derrick and rig burning down. The well, if successful, will provide production rates, primary geological, reservoir quality and seismic depth information for a shallow and potentially large hydrocarbon accumulation.

Australia

Australian efforts will be mainly focused on the recently acquired North West Shelf WA-312-P permit which is adjacent to the producing Stag and Wandoo oil fields. The Company has a 33.3% interest in the permit and exploration activities will be concentrated on interpreting and mapping of data generated from a multi client seismic survey to define future drill targets.

Africa

Malta

The Company has the right to acquire a 40% interest in two large offshore permits covering approximately 14,800 square kilometres under an Exploration Study Agreement (ESA) with the Maltese Government.

A review of data indicates the presence of geological features of similar age and characteristics to major commercial oil and gas fields in both offshore Tunisia and Libya. The Tunisian 300-400 million barrel Isis oil field is approximately 20 kilometres to the west of the permit boundary and the Libyan Bouri field, 55 kms to the south, is reported to have reserves in excess of a billion barrels of oil.

Interpretation to date of seismic data has provided encouraging information and further work continues to evaluate the potential of these permits.

Other African Interests

The Company in conjunction with London based private company Afrex Ltd is reviewing a number of other opportunities in Africa and presently has applications for oil and gas exploration permits before several African nations. Pancontinental is contributing 40% to the costs of this acquisition program.

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It is advised in accordance with Australian Stock Exchange Limited Listing Rule 5.11 that the report on the above project has been prepared by Mr Andrew Svalbe, AAPG, PESA, ASEG, FESWA who has had more than the required five years experience and is a competent person as defined in the Listing Rules of Australian Stock Exchange Limited and has consented in writing to the inclusion of this report as it appears here.