

PANCONTINENTAL OIL & GAS NL

ACN 003 029 543

INFORMATION MEMORANDUM

for the acquisition of petroleum exploration assets from Rockfield Investments Limited

including

NOTICE OF GENERAL MEETING, EXPLANATORY STATEMENT, INDEPENDENT EXPERT'S OPINION AND PROXY FORM

TO ASSIST SHAREHOLDERS IN THEIR CONSIDERATION OF RESOLUTIONS TO BE PUT AT A
GENERAL MEETING OF THE COMPANY TO BE HELD AT
PAVILION ROOM, THE SEBEL OF PERTH, 37 PIER STREET, PERTH, WESTERN AUSTRALIA
ON MONDAY, 19 JUNE 2000 AT 11.00 AM

**Rothsay Consulting Services Pty Ltd, the Independent Expert, have formed the opinion that
the proposed transaction is not fair but is reasonable to shareholders of Pancontinental Oil
& Gas NL not associated with Rockfield Investments Limited and its associates**

THIS DOCUMENT IS IMPORTANT

*If you do not understand this document or are in any doubt as to how to deal with this document, you should consult
your stockbroker, solicitor, accountant or other professional adviser immediately.*

PANCONTINENTAL OIL & GAS N.L.

ACN 003 029 543

MESSAGE FROM DIRECTORS

Dear Shareholder,

I enclose a Notice of Meeting, Explanatory Statement and Information Memorandum relating to a general meeting of the Company to be held on Monday, 19 June 2000. The business of the meeting is to seek shareholder approval for the acquisition of the group of petroleum properties that the Company has been evaluating over the last year. These properties are situated in Western Australia and are in locations with potential for the occurrence of oil and gas

When the Company acquired the main group of properties from Euro Pacific Energy Pty Ltd at the end of 1998 (which includes the Fuga Island, Philippines and New Zealand properties), it also had the option to evaluate the following properties by agreeing to fund exploration on those properties during 1999, and ultimately acquire them:

Permit number	Location	Percentage to be acquired
Vic/P39	Australia	33.0%
WA 272P	Australia	25.0%
EP 100 (Part 1)	Australia	1.278%
EP 414 (formerly EP100 Parts 2,3 & 4)	Australia	2.556%
EP369	Australia	95%
EP 110	Australia	8.2%
EP 406	Australia	50.0%

The Company has completed its evaluation programme and the directors recommend that the Company acquire the above properties with the exception of Vic/P39, which failed to meet the criteria to justify further expenditure.

The Company has reached agreement with Rockfield Investments Limited Group to acquire the properties, subject to shareholder approval, for a purchase price of \$380,000, which will be satisfied by the issue of 8,000,000 fully paid ordinary shares in the Company at an issue price of \$0.0475 per share.

The properties have recently been independently valued at between \$70,000 and \$460,000. A previous valuation of the properties in October 1998, including Vic/P39, indicated that they were valued at between \$200,000 and \$4,100,000, with the valuer electing a mid range of \$1,400,000. At that time, the Company had proposed to issue 14,000,000 shares to Euro Pacific Pty Ltd if it were to proceed with the acquisition of the complete package.

A more detailed explanation of the transaction, together with an Independent Expert's Report, is included further in this document.

Rothsay Consulting Services Pty Ltd, the Independent Expert, have formed the opinion that the transaction is not fair but is reasonable to shareholders of Pancontinental Oil & Gas NL not associated with Rockfield Investments Limited and its associates.

The directors of the Company are of the opinion that the additional projects have good exploration potential and will add to the Company's portfolio of exciting oil and gas exploration properties. Your directors recommend that you vote in favour of the proposed acquisition and ask that you complete the attached proxy in favour of the resolution and return it to the Company if you are unable to attend the meeting personally.

For and on behalf of the Board

I.R. Cornelius

PANCONTINENTAL OIL & GAS N.L.

ACN 003 029 543

NOTICE OF MEETING

Notice is hereby given that a General Meeting of Shareholders will be held at Pavilion Room, The Sebel of Perth, 37 Pier Street, Perth, Western Australia on Monday, 19 June 2000 at 11.00 am for the purpose of transacting the following business:-

SPECIAL BUSINESS

To consider and if thought fit to pass the following resolution as a special resolution: -

Issue of shares to Alwyn Resources Limited for acquisition of petroleum properties

That, for the purposes of Rules 7.1, 10.1, 10.6 and 10.11 of the Official Listing Rules of Australian Stock Exchange Limited, sections 208 and 611 of the Corporations Law and for all other purposes, the directors of the Company be authorised to issue to Alwyn Resources Limited (as nominee of Rockfield Investments Ltd) 8,000,000 fully paid ordinary shares in the Company at an issue price of \$0.0475 (4.75cents) each in consideration of the Company purchasing: a 25.0% interest in WA272P, a 1.278% interest in EP413 (formerly EP100 Part 1), a 2.556% interest in EP414 (formerly EP100 Parts 2, 3 and 4), an 8.2% interest in EP110 and a 100.0% interest in EP406.

Dated this 15th day of May 2000

By order of the Board of Directors

Karen E V Brown
Joint Company Secretary

Notes:

1. In accordance with Listing Rule 10.10.2, the Company advises that **Rothsay Consulting Services Pty Ltd, the Independent Expert, have formed the opinion that the proposed transaction is not fair but is reasonable to shareholders of Pancontinental Oil & Gas NL not associated with Rockfield Investments Limited and its associates.**
2. In accordance with Listing Rules 7.3.8, 10.10.1 and 10.13.6, the Company will disregard any votes cast on this resolution by a person, or any of their associates, who may participate in the proposed issue and a person, or any of their associates, who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and all parties to the transaction. 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.
3. For the purposes of section 224 of the Corporations Law, any votes cast on the resolution by or on behalf of Alwyn Resources Limited or its associates (save for any votes cast by any of those persons as a proxy appointed in writing where the appointment specifies how the proxy is to vote on the resolution) will be disregarded.
4. In accordance with section 611 of the Corporations Law and the abovementioned Listing Rules, no votes will be cast in relation to the resolution by Alwyn Resources Limited, Rockfield Investments Limited, Messrs Kennedy, Svalbe or Crabb or any of their associates.

Instructions for appointment of proxy

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of the member's votes that each proxy may exercise, each proxy may exercise half the votes.
3. A proxy need not be a member of the Company.
4. If a proxy is given by a corporation, a form of proxy must be executed by two directors or a director and secretary or by the sole director and sole secretary (as appropriate) (either with or without the Common Seal) of the corporation or under the hand of its attorney.
5. If a proxy is executed by an attorney of a member, the attorney must declare that he/she has no notice of a revocation of the power of attorney, and a copy of the power of attorney and of such declaration must accompany the form of proxy.
6. Proxy forms must be lodged with the Company at its Registered Office at 129 Edward Street, Perth, Western Australia 6000 (PO Box 8178, Perth Business Centre, Perth, Western Australia 6849) no later than 48 hours prior to the time of the meeting. Proxy forms can be lodged by facsimile to the following number: 61 8 9227 1231.

PANCONTINENTAL OIL & GAS N.L.

ACN 003 029 543

EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement has been prepared for the benefit of shareholders to assist them to better understand the resolution to be put to the General Meeting of the Company to be held on Monday, 19 June 2000 at 11.00 am.

SPECIAL RESOLUTION

The resolution is a special resolution requiring it to be passed by 75% or more of the votes cast by shareholders entitled to vote on it.

BACKGROUND

Pursuant to an agreement dated 9 October 1998 between Rockfield Investments Limited, Euro Pacific Energy Pty Ltd, Moondance Energy Limited, Kiwi Australian Resources Pty Ltd and the Company, the Company agreed to evaluate interests in various petroleum properties, details of which are set out in the Information Memorandum accompanying this Explanatory Statement during the year ended 31 December 1999 and undertook to meet the expenditure commitments on those properties during that period. If the Company was satisfied with the properties at the end of the period, it had the option to acquire certain interests in those properties in consideration for the issue of 14,000,000 fully paid ordinary shares in the Company. Under the agreement, the acquisition could only take place between 31 December 1999 and 31 March 2000.

As a result of subsequent negotiations between the parties, the number of properties in the portfolio has been reduced from seven to six. In addition, the value of the various interests in the properties has reduced from a range of between \$200,000 and \$4,100,000 in October 1998, to a current range of between \$70,000 and \$460,000.

As a consequence of this variation to the value of the portfolio, the consideration has been reduced to \$380,000, which will be satisfied by the issue of 8,000,000 fully paid shares in the Company at an issue price of \$0.0475 per share. **Rothsay Consulting Services Pty Ltd, the Independent Expert, have formed the opinion that the transaction is not fair but is reasonable to shareholders of Pancontinental Oil & Gas NL not associated with Rockfield Investments Limited and its associates.**

The agreement for the purchase of the interests in the various petroleum properties is subject to the approval of the Company's shareholders in general meeting and is otherwise on terms and conditions usual for an acquisition agreement of this nature.

Accordingly, the resolution seeks shareholder approval for the issue of 8,000,000 fully paid ordinary shares at an issue price of \$0.475 per share (the **Consideration Shares**) as consideration for the acquisition of the interests in the petroleum properties set out below (the **Petroleum Assets**):

Permit number	Location	Percentage to be acquired
WA 272P	Australia	25.0%
EP 100 (Part 1)	Australia	1.278%
EP 414 (formerly EP100 Parts 2, 3 & 4)	Australia	2.556%
EP369	Australia	95%
EP 110	Australia	8.2%
EP 406	Australia	100.0%

The Petroleum Assets will be acquired through the acquisition of Starstrike Resources Limited (**Starstrike**) and its subsidiary, Euro Pacific Energy Pty Ltd (ACN 003 835 765), which is the direct holder of the Petroleum Assets. The issued capital of Starstrike is owned by Rockfield Investments Limited (**Rockfield**). Rockfield is incorporated in

Cyprus and is the holding company of Starstrike. The Consideration Shares will be allotted to Rockfield's nominee, Alwyn Resources Limited (**Alwyn**).

REQUIREMENTS OF THE CORPORATIONS LAW AND THE LISTING RULES

1. The effect of section 606 of the Corporations Law (so far as is relevant for the purposes of the resolution) is to prohibit a person acquiring a relevant interest in issued voting shares in the Company if, because of the transaction, that person's or someone else's voting power (within the meaning of the Corporations Law) in the Company increases from 20% or below to more than 20%.
2. Under section 611 item 7 of the Corporations Law, however, an acquisition of a relevant interest in the Company's issued voting shares will be exempt from the prohibition in section 606 if it is approved beforehand by a resolution passed at a general meeting of the Company at which no votes are cast in favour of the resolution by the person who will acquire the relevant interest in shares in the Company (in this case, Alwyn as nominee of Rockfield) and its associates, and shareholders of the Company are given all information known to the Company that is material to the decision on how to vote on the resolution including certain matters set out in section 611 item 7 of the Corporations Law.
3. Rule 7.1 of the Listing Rules of Australian Stock Exchange Ltd (Listing Rules) requires Pancontinental to obtain shareholder approval for an issue of shares that exceeds, in any 12 month period, 15% of the issued capital of Pancontinental.
4. Listing Rule 10.1 requires Pancontinental to obtain shareholder approval for the acquisition or disposal of a substantial asset from or to a related party of Pancontinental.
5. Listing Rule 10.6 requires Pancontinental to obtain shareholder approval for the exercise of an option whereby it will acquire or dispose of a substantial asset from or to a related party of Pancontinental.
6. Listing Rule 10.11 requires Pancontinental to obtain shareholder approval when issuing shares to a related party.
7. Under Chapter 2E of the Corporations Law, the Company is required to obtain the approval of its shareholders by a resolution passed at general meeting in order to give a financial benefit (in the form of an issue of shares) to a related party of the Company.
8. For the purposes of Listing Rules 10.1, 10.6, 10.11 and Chapter 2E of the Corporations Law, Alwyn and Rockfield are related parties of Pancontinental due to the significant influence over those companies exerted by Henry David Kennedy (**Mr Kennedy**), a director of Pancontinental. In his capacity as a director of Pancontinental, Mr Kennedy is also a related party of the Company.
9. For the purposes of Listing Rules 10.1 and 10.6, the interests in the petroleum properties being acquired (through the acquisition of the shares in Starstrike) and the Pancontinental shares being issued in consideration for that acquisition are substantial assets.

EFFECT OF THE PROPOSED ACQUISITION

1. As at the date of this Explanatory Statement, Alwyn, Rockfield and Mr Kennedy have a relevant interest in 16,312,792 shares in Pancontinental (representing approximately 30.47% of the issued voting shares in Pancontinental on an undiluted basis), which are held by Alwyn.
2. If shareholders approve the resolution, Alwyn, Rockfield and Mr Kennedy will have a relevant interest in a further 8,000,000 shares in Pancontinental, resulting in them having a relevant interest in a total of 24,312,792 issued voting shares in Pancontinental respectively, representing approximately 39.5% of Pancontinental's issued voting shares on an undiluted basis and assuming no other shares in Pancontinental are issued in the meantime.
3. Shareholders should therefore note that their approval of the acquisition of the Petroleum Assets (through the acquisition of the issued capital of Starstrike) will result in Alwyn, Rockfield and Mr Kennedy having more than 20% of the voting power in Pancontinental without having to make an offer to all shareholders for their shares, as would otherwise be required under the Corporations Law.
4. As at the date of this Explanatory Statement, Pancontinental has 53,533,158 shares on issue. Although the issue of the Consideration Shares to Alwyn will not exceed the 15% limit imposed by Listing Rule 7.1, the effect of obtaining shareholder approval under that rule will be that the Consideration Shares to be issued to Alwyn will not be counted as reducing the number of securities which Pancontinental can issue in the future for the purposes of the 15% limit.
5. The Petroleum Assets and the Consideration Shares constitute "substantial assets" within the meaning of the Listing Rules. As Alwyn, Rockfield and Mr Kennedy are related parties of Pancontinental, approval is required for the transaction under Listing Rules 10.1, 10.6 and section 208 of the Corporations Law.

FURTHER INFORMATION FOR SHAREHOLDERS

The following information is provided to shareholders to enable them to assess the merits of the proposed acquisition of the Petroleum Assets:

1. The Consideration Shares will be issued as soon as practicable after the general meeting in a single tranche and, in any event, no later than one month after the date of the meeting.
3. From the date of allotment, the Consideration Shares will rank equally in all respects with Pancontinental's fully paid shares then on issue.
4. The Consideration Shares will be classified as restricted securities within the meaning of the Listing Rules and will be subject to escrow for a period of 12 months from the later of the date of issue and the date on which a restriction agreement in relation to those shares is entered into.
5. The market price of the Company's shares on ASX on the day immediately before the date of this Explanatory Statement was 10 cents.

6. The highest and lowest prices of the Company's shares on ASX in the last 3 months and the dates on which those prices occurred are:
- | | | | |
|-----------------------|------------|--------------|------------------|
| Lowest Price: | 6.9 cents | Date: | 15 February 2000 |
| Highest Price: | 13.9 cents | Date: | 29 March 2000 |
7. Alwyn, Rockfield and Mr Kennedy will each have a relevant interest in the Consideration Shares to be allotted to Alwyn.
8. Pancontinental understands that Alwyn, Rockfield and Mr Kennedy have the following intentions regarding the future of the Company (assuming that shareholders approve the acquisition of the Petroleum Assets and the issue of the Consideration Shares):
- (a) It is the present intention of Alwyn, Rockfield and Mr Kennedy to maintain the Company's focus on petroleum and mineral resources exploration and development.
 - (b) Alwyn, Rockfield and Mr Kennedy have no intention of injecting further capital into the Company at this stage. Similarly, the board of Pancontinental is not considering any other capital raisings at this point in time.
 - (c) Alwyn, Rockfield and Mr Kennedy have no intentions at present to change the employment arrangements of the Company's employees.
 - (d) There is no proposal whereby any property of Alwyn, Rockfield, Mr Kennedy or any of their respective associates will be transferred to the Company, except as referred to above and in the Information Memorandum. There is no proposal whereby any property of the Company will be transferred to Alwyn, Rockfield, Mr Kennedy or any of their respective associates.
 - (e) Alwyn, Rockfield and Mr Kennedy have no intention at present to redeploy the fixed assets of the Company.
 - (f) Alwyn, Rockfield and Mr Kennedy have no present intention of changing the composition of Pancontinental's board.
 - (g) Alwyn, Rockfield and Mr Kennedy have no present intention of significantly changing the financial or dividend policies of the Company.
9. Details of the agreement to acquire the Petroleum Assets are set out in this Explanatory Statement and the accompanying Information Memorandum. There are no other contracts or proposed contracts between the Company and Alwyn, Rockfield, Mr Kennedy or any of their respective associates which are conditional upon or directly or indirectly dependent upon shareholders' agreement to the issue of shares contemplated by the resolution.
10. The reasons for the acquisition of the Petroleum Assets are set out elsewhere in this Explanatory Statement and the Information Memorandum.
11. The current directors of Pancontinental (including the alternate directors), other than Mr Kennedy, have no personal interest in the outcome of the resolution.
12. The directors who approved the proposal to acquire the Petroleum Assets were Ian Cornelius, Peter Munachen and Andrew Svalbe. Mr Kennedy declared his interest when the transaction was discussed by Pancontinental's board, was not present when it was discussed and did not vote on it. Since Mr Kennedy was available for the meeting, his alternate, Mr Crabb, was not present. The board of Pancontinental noted that Andrew Svalbe and Colin Crabb are directors of Euro Pacific Energy Pty Ltd (the direct holder of the Petroleum Assets) and that Mr Crabb is entitled to 800,000 of the new shares, the subject of this transaction.
13. The independent directors, Messrs Cornelius, Munachen and Svalbe, recommend that shareholders vote in favour of the resolution since they consider the proposed acquisition of the Petroleum Assets to be in the best interests of the Company for the reasons set out elsewhere in this Explanatory Statement and the Information Memorandum.
14. In accordance with Australian Securities and Investments Policy Statement 74: *Acquisitions Agreed to by Shareholders*, Rothsay Consulting Pty Ltd has been commissioned to prepare an independent expert's report on the proposed acquisition of the Petroleum Assets. A copy of that report forms Appendix A to this Explanatory Statement and shareholders are urged to read the report in full. **It is the opinion of Rothsay that the proposed acquisition of the Petroleum Assets and the consideration being paid for that acquisition is not fair but is reasonable to shareholders of Pancontinental not associated with Rockfield or its associates.**
15. A valuation of the Petroleum Assets has also been commissioned. The valuation is contained in the report of Petro Val Australasia Pty Ltd, attached as an appendix to the report of Rothsay. Petro Val charged a fee of \$6,000 for their report.

PANCONTINENTAL OIL & GAS N.L.

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INFORMATION MEMORANDUM

Set out on the following pages is a proposed Information Memorandum intended to be used as the basis for a document making an offer of the Company's shares to Alwyn Resources Limited (as nominee of Rockfield Investments Ltd). Notwithstanding anything that follows, nothing in this Information Memorandum constitutes an offer or invitation to subscribe for securities in the Company. However, the Information Memorandum contains, amongst other things, details relating to the petroleum interests proposed to be acquired by the Company and will therefore be of interest to shareholders in considering the resolution to be proposed at the general meeting to be held on 19 June 2000.

Rothsay Consulting Services Pty Ltd, the Independent Expert, have formed the opinion that the transaction is not fair but is reasonable to shareholders of Pancontinental Oil & Gas NL not associated with Rockfield Investments Limited and its associates.

PANCONTINENTAL OIL & GAS N.L.

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CORPORATE DIRECTORY

Directors

Andrew Svalbe
Henry David Kennedy
Peter Lawson Munachen
Ian Raymond Cornelius
Lindsay A Colless (Alternate for Messrs Munachen and Cornelius)
Colin Crabb (Alternate for Henry David Kennedy)

Secretaries

Lindsay A Colless
Karen E V Brown

Registered Office

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PERTH WA 6000
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100 Stirling Street
PERTH WA 6000
Tel: 61 8 9227 7178
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e-mail: svalbe@pancon.com.au
home page: www.pancon.com.au

Share Registry

Advanced Share Registry Services
200 Adelaide Terrace
PERTH WA 6000
Tel: 61 8 9221 7288
Fax: 61 8 9221 7869
e-mail: advshare@vianet.net.au

Home Stock Exchange

Australian Stock Exchange Limited (ASX)
PERTH WA

ASX codes

Shares: PCL
Options: PCLO

PROJECT HIGHLIGHTS

PETROLEUM ASSETS TO BE PURCHASED

The following assets are to be purchased in consideration for the issue of 8,000,000 fully paid ordinary shares at an issue price of \$0.0475 per share to Alwyn Resources Limited (as nominee of Rockfield Investments Ltd).

WA-272-P; Perth Basin, offshore W.A.

Euro Pacific Energy Pty. Ltd. - 25%

The permit covers an area of 5,900 square kilometres and is located in the Vlaming Sub-Basin, which comprises the southern, offshore portion of the Perth Basin. The area is adjacent to Fremantle and the nearby Kwinana Oil Refinery. Water depths vary between 20 to 2,000 metres.

The permit was awarded to the joint venture on 12 August 1997 for a six year term. Commitments for the primary three year term are firm and the agreed work programme is as follows:

WA-272-P: Approved Work Programme		
Year	Commitment	Minimum Expenditure
	<i>Primary Term</i>	<i>\$(million)</i>
1	Data Review	0.20
2	500 km Seismic Survey	0.50
3	Seismic Interpretation	0.20
	Subtotal:	0.90
	<i>Secondary Term</i>	
4	One (1) well	6.00
5	3D Seismic Survey	2.50
6	One (1) well	5.60
	Subtotal:	14.10
	Total:	15.00

Gross permit expenditure for Year-1 has been \$0.13 million. A variation has been sought for the Year-2 seismic programme with a reduction to 100 km. West Oil N.L. as operator and with 50% equity intends to withdraw from the joint venture. An alternative party has indicated willingness to join the joint venture subject to the grant of variation of terms. This is contrary to the minimum guaranteed work programme.

The Vlaming Sub-basin contains a thick fluvial section of Jurassic and Cretaceous sediments. Previous exploration, which included the drilling of six wells, tested tilted fault blocks beneath the intra-Valanginian unconformity. These wells were interpreted to be unsuccessful, because they were either drilled off-structure or because effective seals were not encountered. A number of large undrilled anticlinal traps associated with erosional topographic highs at the intra-Valanginian unconformity have been identified and are interpreted to be sealed by the South Perth Shale. These traps are considered to be lower risk than the tilted fault block play. The Gage Roads-1 and 2 wells located immediately to the north of the permit tested oil from the Gage Sandstone and proved the presence of oil-prone source rocks.

During Year-1, a re-interpretation of the available data was completed and upgraded the Rissikia Prospect with about 30 square kilometres of closure and 360 metres of structural relief. The prospect lies in 400-700 metres of water. Further seismic is required to define a drilling location. The proposal for 100 kilometres of seismic is to upgrade the status of the prospect sufficient to attract a farminee to either acquire the remaining 400 km of the Year-2 programme or, to drill a well. If unsuccessful, the permit will be surrendered.

EP-413; Perth Basin, onshore W.A.

Euro Pacific Energy Pty. Ltd. – 1.278%

This permit comprising 11 graticular blocks or parts thereof, was renewed in August 1999 for a term of five years and the work programme is as follows:

EP-413 R1: Approved Work Programme		
Year	Commitment	Expenditure (A\$ million)
1	One well and geological and geophysical studies	1.10
2	50 km seismic	0.25
3	One well	1.00
4	Data review	0.05
5	One well	1.00
	Total:	3.40

NB: the Year-1 well may be drilled in either EP 413 or EP 414

PROJECT HIGHLIGHTS

The permit was split from EP-100 (parts 1, 2, 3 & 4), which after several relinquishments had been reduced to four separate areas and two joint ventures. Effectively, EP-100 (1) became the nucleus of EP-413 and EP-100 (2, 3 & 4) became EP-414 with separate titles, joint ventures and work programmes. However, an obligation for the drilling of a well in the previous EP-100 was transferred into the new permits. It is planned that the well will be drilled in EP-414 unless no reasonable prospect can be identified in which case the obligation reverts to EP-413.

The operator, Boral Energy has mapped the Freshwater Point Prospect with Permian objectives within the Wagina Sandstone and High Cliff Sandstone. The EMV for gas and oil respectively ranges between \$0.3-0.8 million. The budget for technical work for Year-1 is \$0.126 million and includes some seismic re-processing, geochemistry and fault seal analysis.

EP-414; Perth Basin, onshore W.A.

Euro Pacific Energy Pty. Ltd. – 2.556%

This permit comprises three parts for a total of 15 graticular blocks (six in part-1, four in part-2 and five in part-3), and was renewed in August 1999 for a term of five years and the work programme is as follows:

EP-414 R1: Approved Work Programme		
Year	Commitment	Expenditure (\$ million)
1	One well and data review	1.05
2	50 km seismic	0.25
3	One well	1.00
4	Data review	0.05
5	One well	1.00
Total:		3.35

NB: the Year-1 well may be drilled in either EP 413 or EP 414 (refer to EP 413)

During early 1999 the Dee Seismic Survey of 138 kilometres was acquired over the greater Walyering structure and the cost was \$0.7 million. Walyering-1 was drilled in the early 1970s and on test flowed gas initially at 10 mmscf/d from sandstones of the Cattamarra Coal Measures. However, the gas accumulation was only small and depleted over an extended production test of several months duration. The Walyering Prospect is mapped within a fault block adjacent to Walyering-1. The Cattamarra lies at about 3,300 metres depth and the undiscovered potential is ~260 Bcf of gas. Subject to final mapping and joint venture approval, a Walyering-4 well is anticipated for drilling during 2000.

EP-369; Merlinleigh Sub-basin, onshore W.A.

Euro Pacific Energy Pty. Ltd. - 95% (Operator)

The 2,425 square kilometres permit is located some 150 kilometres northwest of the coastal town of Carnarvon and is in the southern onshore Carnarvon Basin. The area has only been lightly explored with two wells and approximately 800 kilometres of seismic. The first permit term expired on 19 January 1998 and a renewal application has been lodged for a second five years with relinquishment points at the end of each year as follows:

EP-369: Proposed Second Renewal Programme		
Year	Commitment	Minimum Expenditure (\$million)
1	One (1) well	0.34
2	Data Review	0.02
3	Seismic reprocessing	0.05
4	Seismic Interpretation	0.03
5	Prospect Review	0.02
Total:		0.46

The joint venture has been given approval to defer the Year-1 commitment well to Year-2 to provide additional time to seek a farminee to fund the drilling of the Naomi prospect.

Naomi-1 is proposed as a 650 metre test of a broad anticlinal feature with the primary objective being the Permian Moogooloo Sandstone. The nearest well, Burna-1, is located some 10 kilometres east and was drilled in 1982 to test a tilted fault block but is thought to have been unsuccessful due to an inadequate fault seal. The well encountered 83 metres of Moogooloo Sandstone with fair reservoir quality.

Pancontinental Oil & Gas NL (Pancon) has recently reached an agreement with the title holders of the contiguous permits EP405 and EP410 for an equity swap which will give all parties equal equities in all three permits. Pancon will hold a 31.67% equity in the amalgamated permits. This agreement generates a combined exploration area in excess of 12,865 km² or 3.2 million acres, which contains three seismically mapped exploration prospects having combined potential recoverable reserves of 11.6 million barrels oil and 504 BCF gas.

PROJECT HIGHLIGHTS

EP-110; Carnarvon Basin, onshore W.A.

Euro Pacific Energy Pty. Ltd. – 8.2%

The permit was previously subdivided into two blocks, the main block with six participants and the Ruby block with five participants. The parties have executed a Deed for the consolidation of the two blocks, a new joint operating agreement is under negotiation and the operatorship is likely to be transferred to Pan Pacific Petroleum N.L. Euro Pacific will hold at least 8.2% equity in the consolidated permit, increasing to 10% by pro rata distribution of equity from Hardman Resources upon renewal approval.

An application has been submitted to renew the permit for the fourth and final term and proposes the following work programme for the remaining nine graticular blocks:

EP-110: Work Programme for a Proposed Permit Renewal		
Year	Commitment	Expenditure (A\$ million)
1	40 km seismic	0.25
2	Technical review	0.04
3	One well	0.50
4	Seismic re-processing	0.05
5	Technical review	0.05
Total:		0.89

The joint venture continues to await formal notification of the renewal of the permit but in the interim has conducted the Amethyst seismic survey of 26 kilometres and this has been accepted as fulfillment of the Year-1 renewal work programme.

Interpretation of the new seismic data has led to a reduction in the size of the Amethyst lead and a further six kilometres of seismic is recommended to identify the structural crest. This is considered the most promising lead and comprises an upthrown fault block with several local highs of limited independent closure. Jade-1 was previously drilled on the downthrown block and proved the extension of the reservoir rocks at the base Cretaceous.

EP-406; Carnarvon Basin, offshore W.A.

Euro Pacific Energy Pty. Ltd. – 100% (Operator)

This permit was awarded on 29 November 1996 and lies offshore encompassing the northern portion of Shark Bay and including Bernier and Dorre Islands. The approved work programme is as follows:

EP-406: Approved Work Programme		
Year	Commitment	Expenditure (\$ million)
1	Data review	0.05
2	100 km seismic	0.10
3	One well	0.50
4	One well	0.50
5	Data review	0.05
6	Data review	0.05
Total:		1.25

The anticipated exploration operations are subject to environmental constraints and in early 1998 the DOME advised that the Shark Bay Marine Reserves Heritage Area Commonwealth/State EPA assessment programme had been initiated and recommended an application for a suspension of terms for one year. Consequently, on the grounds of *force majeure*, the joint venture has been granted a suspension of the permit conditions for year-2 but due to a delay of the environmental study the suspension was extended for a second year to 28 November 2000.

Effective on 23 August, 1999 Tap Oil N.L. withdrew from the permit and assigned its equity to Euro. The net costs incurred to date are \$0.04 million.

It is advised in accordance with Australian Stock Exchange Limited Listing Rule 5.11 that the summary report on the above projects 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 summary report as it appears here.

EFFECT OF THE PROPOSED ISSUE ON THE COMPANY

The issue contemplated by this Information Memorandum will have an effect on the capital structure and the balance sheet of the Company. The effect on the Company's balance sheet will be to increase shareholders' funds and net assets by up to \$380,000 (less costs). There will be no immediate effect on the Company's profit and loss account.

Effect on Capital Structure

NUMBER	DETAILS
Shares	
47,043,158	Issued and fully paid up capital as at 31 December 1999
6,490,000	Shares placed since shortfall from prospectus issue
8,000,000	Shares to be issued as a placement pursuant to Prospectus dated 5 May 2000
8,000,000	Vendor shares issued for petroleum assets
69,533,158	New issued and paid up capital

Options

13,065,083	On issue as at 31 December 1999, exercisable at 20 cents each on or before 31 March 2002
4,645,000	Issued since shortfall from prospectus issue [<i>exercisable at 20 cents each on or before 31 March 2002</i>]
13,383,289	To be issued as a bonus to all shareholders in accordance with Prospectus dated 19 April 2000
2,000,000	To be issued as placement in accordance with Prospectus dated 5 May 2000
33,093,372	Total options on issue

Effect on Balance Sheet

Pro Forma Balance Sheet as at 31 December 1999

	Unaudited as at 31 Dec 1999	Pro forma as at 31 Dec 1999 adjusted to reflect issues after December 1999 \$	Pro forma as at 31 Dec 1999 adjusted to reflect this issue \$
Current Assets			
Cash	677,048	1,801,548	1,801,548
Receivables	7,344	7,344	7,344
Total Current Assets	684,392	1,808,892	1,808,892
Non-Current Assets			
Investments	87,434	87,434	87,434
Property, plant & equipment	6,164	6,164	6,164
Other – exploration tenements	1,698,482	1,698,482	2,078,482
Total Non-Current Assets	1,792,080	1,792,080	2,172,080
Total Assets	2,476,472	3,600,972	3,980,972
Liabilities			
Creditors and borrowings	73,160	73,160	73,160
Total Liabilities	73,160	73,160	73,160
Net Assets	2,403,312	3,527,812	3,907,812
Shareholders Equity			
Share capital	4,971,506	6,096,006	6,476,006
Accumulated losses	(2,568,194)	(2,568,194)	(2,568,194)
Total Shareholders Equity	2,403,312	3,527,812	3,907,812

Note:

The second column above is adjusted to reflect the shares placed since the end of the half-year ended 31 December 1999 as an increase in share capital and an increase in cash. The balance sheet has also been adjusted to reflect the placement issue pursuant to the Prospectus dated 5 May 2000 wherein cash and capital are anticipated to increase by \$800,000.

ADDITIONAL INFORMATION

Stock Exchange listing

The shares described by this Information Memorandum will be restricted securities within the meaning of the ASX Listing Rules. The shares will be escrowed for a period of 12 months from the later of the date of issue or the date of lodgement with ASX of a properly executed Restricted Securities Agreement. Allotment will take place in one tranche as soon as possible after the general meeting to be held on 19 June 2000. Upon the escrow period expiring, the Company will apply for quotation of the shares on ASX.

The fact that ASX may grant quotation of the shares described in this Information Memorandum is not to be taken in any way as an indication of the merits of the Company or of those shares. The ASX takes no responsibility as to the contents of this Information Memorandum.

Dividend policy on increased capital

The shares described in this Information Memorandum will rank *pari passu* in all respects including, without limitation, in respect of dividends and bonus issues, with all existing fully paid ordinary shares in the capital of the Company from the date of allotment. The directors do not envisage that a dividend will be payable in the foreseeable future. For further details specifically applicable to contributing shares please refer to the heading "Summary of rights attaching to the shares in the Company".

Summary of rights attaching to the shares in the Company

Full details of the rights attaching to the fully paid ordinary shares in the Company are set out in the Constitution, a copy of which can be inspected at the Company's registered office at 129 Edward Street, Perth WA 6000 during normal business hours.

The following is a broad summary (not an exhaustive or definitive statement) of the rights which attach to fully paid ordinary shares in the Company and which will attach to the shares described in this Information Memorandum:

a) Voting Rights

Each fully paid share entitles the holder or a proxy or representative of a member to have one vote on a show of hands and on a poll every member present in person, by proxy or representative shall have one vote per fully paid share.

b) Dividend Rights

Subject to the rights of holders of shares issued with any special or preferential rights (at present there are none), the profits of the Company which the directors may from time to time determine to distribute by way of dividend are divisible among shareholders in proportion to the shares held by them respectively and are paid irrespective of the amount paid up or credited as paid up on those shares.

c) Forfeiture of Partly Paid Shares

In the event that the Company makes a call on holders of partly paid shares for payment of all or part of the amount unpaid and the holder does not pay the amount called for in accordance with the terms and conditions of the call then the Company is entitled to forfeit the shares on which the amount called is unpaid and may sell those shares as partly paid shares or as fully paid shares in accordance with the requirements of the Corporations Law and the ASX Listing Rules. Because the Company is incorporated as a no liability company holders of partly paid shares cannot be compelled to pay the amount of an outstanding call.

d) Rights on Winding Up

Subject to the rights of holders of shares issued upon special terms and conditions (at present there are none), holders of ordinary shares will share in any surplus assets on a winding up in proportion to the shares held by them irrespective of the amounts paid up or credited as paid up thereon and this shall be so subject to Article 34.6 and section 254(2)(b) of the Corporations Law.

e) Transfer of Shares

Subject to the Constitution of the Company, the Corporations Law and the ASX Listing Rules, all ordinary shares whether fully paid up or partly paid are freely transferable.

f) Future Increases in Capital

The allotment and issue of any new shares is under the control of the Directors. Subject to restrictions on the allotment of shares to directors and their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Law, the directors may allot or otherwise dispose of new shares on such terms and conditions as they see fit.

g) Variation of Rights

At present the Company has only ordinary shares on issue. If shares of another class were issued, the rights and privileges attaching to ordinary shares could be altered with the approval of a resolution passed at a separate general meeting of holders of ordinary shares by a three-quarters majority of such holders as, being entitled to do so, vote at that meeting, or with the written consent of at least three-quarters of the ordinary shares on issue. On such a vote, partly paid shares have voting rights proportional to the amount paid on each share.

ADDITIONAL INFORMATION

Future prospects and associated risks

The directors are unable to predict the future prospects of the Company with certainty because of the risks associated with its activities.

The following risk factors are considered relevant to a decision to invest in the Company.

- The success of the Company depends on the successful delineation of economically mineable resources, access to required development capital, movements in the price of precious stones, precious metals, oil, gas and commodities and securing and maintaining title to its mineral and petroleum exploration, and mining tenements.
- The directors make no forecast in regard to the future price of commodities, oil and gas, precious metals and other metals.
- Exploration on the Company's existing mineral and petroleum tenements may be unsuccessful, resulting in a diminution of cash reserves of the Company and possible relinquishment of the Company's mineral and petroleum tenements.
- The success of the intended petroleum projects outlined earlier in the Information Memorandum and any further exploration and mining ventures, which may be embarked upon, will determine the future success of the Company.
- The future payment of a dividend is dependent on the successful exploration and development of the Company's mineral and petroleum tenements and it is not envisaged that dividends will be payable in the foreseeable future.
- As at the date of this Information Memorandum, the majority of the Company's activities are based in Australia. Legislative developments and judicial decisions, in particular the uncertainty created in the area of Aboriginal land rights by the Mabo case, the Commonwealth Native Title Act, various legislation commenced since the High Court decision in Mabo and legislation on native title and Aboriginal land rights (either enacted or foreshadowed) may have an adverse impact on the Company's exploration, evaluation and production activities and its ability to fund those activities. It is impossible at this stage to quantify the impact, if any, which these developments might have on the Company's operations.
- The areas of interest in New Zealand and the Philippines are subject to agreements with companies in those countries are subject to the governing laws of those countries, which may vary substantially to those of Australia.
- Some of the Company's interests are located in Eritrea and the Philippines where the financial obligations are denominated in either US dollars or local currency. The Company does not have any control over variations in the currency exchange rates.
- Changing economic events and factors which are beyond the control of the Company, such as inflation, currency fluctuations, interest rate movements, commodity prices and the vagaries of the stock markets may affect the value of the Company's assets and securities.
- The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular.

GLOSSARY OF TERMS

In this Information Memorandum unless the context otherwise requires:

Corporate

"*ASIC*" means the Australian Securities and Investments Commission.

"*ASX*" means Australian Stock Exchange Limited.

"*Business day*" means those days defined by the Listing Rules of the ASX as Business Days.

"*Company*" means Pancontinental Oil and Gas N.L., ACN 003 029 543.

"*directors*" means the directors of Pancontinental Oil and Gas N.L.

"*Listing Rules*" means the Official Listing Rules of ASX.

"*Information Memorandum*" means this Information Memorandum and includes all information contained in the document.

"*WST*" means Australian Western Standard Time.

PANCONTINENTAL OIL & GAS N.L.

ACN 003 029 543

PROXY FORM

Iof.....
NAME OF SHAREHOLDER ADDRESS OF SHAREHOLDER

being a member of Pancontinental Oil and Gas N.L. hereby appoint

.....of.....
NAME OF PROXY ADDRESS OF PROXY

or failing him

.....of.....
NAME OF PROXY ADDRESS OF PROXY

or failing them, the Chairman of the meeting as my proxy to vote for me and on my behalf at the General Meeting of the Company to be held on Monday, 19 June 2000 and at any adjournment thereof

RESOLUTION

	FOR	AGAINST
Issue of 8,000,000 shares to Alwyn Resources Limited	<input type="checkbox"/>	<input type="checkbox"/>

Dated this.....day of.....2000

Signed by the said member in the presence of:

.....
Member's signature Witness

Instructions for appointment of proxy

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights. If two proxies are appointed and the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half the votes.
3. A proxy need not be a member of the Company.
4. If a proxy is given by a corporation, a form of proxy must be executed by two directors or a director and secretary or by the sole director and sole secretary (as appropriate) (either with or without the Common Seal) of the corporation or under the hand of its attorney.
5. If a proxy is executed by an attorney of a member, the attorney must declare that he/she has no notice of a revocation of power of attorney, and a copy of the power of attorney and of such declaration must accompany the form of proxy.
6. Proxy forms must be lodged with the Company at its Registered Office, 129 Edward Street, Perth, Western Australia 6000 (PO Box 8178, Perth Business Centre, Perth, Western Australia 6849) no later than 48 hours prior to the time of the meeting. Proxy forms can be lodged by facsimile to the following number: 61 8 9227 1231.