

Major Points

- ▶ PCL's main asset is an interest in 3 permits - L6, L8 & L9 offshore Kenya (PCL 40%, reducing to 10%). Huge prospects potentially exceeding billions of barrels of oil or trillions of cubic feet of gas have been identified from preliminary mapping of 2D seismic data.
- ▶ In Aug'03 PCL reached a farm-out agreement with Woodside Petroleum (WPL) whereby WPL will become operator of all 3 Kenyan permits. PCL will be free-carried through all seismic acquisition and potentially 6 wells
- ▶ Terms are:
 - WPL has shot 2,000km of 2D seismic to earn 50% in L6, L8 & L9;
 - WPL has the right to conduct additional 2D or 3D seismic at its own cost;
 - WPL has the option to drill 2 wells in each permit to increase its interest to 75% in each permit;
 - PCL and UK listed Afrex will retain 10 and 15% respectively;
 - If WPL do not exercise its option PCL and Afrex will retain the remaining 50%.
- ▶ If WPL elect to drill 2 exploration wells in each permit - indicative expenditure on behalf of PCL would total +A\$20m or 13cps. The first well will likely be drilled in early 2005.
- ▶ Offshore Kenya exhibits strong geological similarities to Australia's NW Shelf - generated by parallel development in the breakup and separation of the Gondwana landmass in the Mesozoic and Tertiary Periods. Neighboring Tanzania to the south has already proven the theory with the Songo Songo gas field holding several trillion cubic feet of gas.
- ▶ PCL hold 40% (reducing to 32%) in 3 permits offshore Malta. Following an encouraging interpretation of an initial 2D seismic survey that indicated the potential viability of large prospects, the JV is due to acquire its second seismic survey over the permits shortly. PCL are free-carried through 2D seismic before a potential farmout to major. PCL anticipate 1 exploration well in CY'05.
- ▶ Offshore Eritrea (PCL 30%) is PCL's latest offshore venture - the 11,550km² Massawa Block. Re-mapping of existing seismic will be followed by the acquisition of new seismic data if deemed necessary. HDR (30%) is carrying PCL and Afrex (40%) through the first US\$50,000 of expenditure.
- ▶ PCL's Australian (6 permits) and NZ (2 permits) projects are in various stages of interpretation. Point Torment-2 (PCL 8%) located onshore Canning Basin is the only well planned at this stage for CY'04. The well is targeting 35 bcf gas and expected to spud in June/July.
- ▶ With a market capitalisation of just \$23m, PCL exhibits sensational leverage to a potential company making project in Kenya. We anticipate value should be added as milestones are achieved along to path to an extensive exploration program in 2005. Important milestones are potential 3D seismic acquisition and WPL committing to drilling wells.

COMPANY ACTIVITIES

Pancontinental Oil & Gas is a Perth based oil & gas exploration company with a portfolio of assets in Australia, NZ and offshore Africa.

Activities are currently focused offshore Kenya and Malta and onshore Canning Basin, Australia.

In Aug'03 PCL reached a farmout agreement with Woodside Petroleum on its 3 offshore Kenya blocks. This was a milestone for the company potentially leading to the drilling of up to 6 wells - with PCL receiving a 10% free-carried interest. This agreement with Woodside highlights PCL's strategy of acquiring prospective acreage "ground floor" at high equity levels, working up prospects, before farming out to major companies on attractive terms.

TOP 20 SHAREHOLDERS

AS AT 01 NOVEMBER 2003

Shareholder	shares (m)	(%)
1 Alwyn Resources Ltd	24.04	16.49
2 Mr BL & Mrs VRD Williams	6.00	4.12
3 Nefco Nominees Pty Ltd	2.50	1.71
4 Berenes Nominees Pty Ltd	1.50	1.03
5 Commodore Pty Ltd	1.43	0.98
6 Fogbell Nominees Pty Ltd	1.36	0.93
7 Mr L Cornelius	1.30	0.89
8 National Nominees Ltd	1.28	0.88
9 Commodity Traders Ltd	1.25	0.86
10 Comsec Nominees Pty Ltd	1.19	0.81
11 Mr GJ Howe	1.10	0.75
12 Mrs M Kopcheff	1.00	0.69
13 Mr GF Le Clezio	1.00	0.69
14 Mr A Yianni	1.00	0.69
15 African Metals Pty Ltd	1.00	0.69
16 Elko Interiors Pty Ltd	1.00	0.69
17 Mr WJ & Mrs S Tyler	1.00	0.69
18 Cliff Investments Pty Ltd	1.00	0.69
19 Mr MJ Janson	0.99	0.68
20 Berne No 132 Nominees Pty Ltd	0.86	0.60
TOTAL	51.80	35.56

MARKET STATISTICS

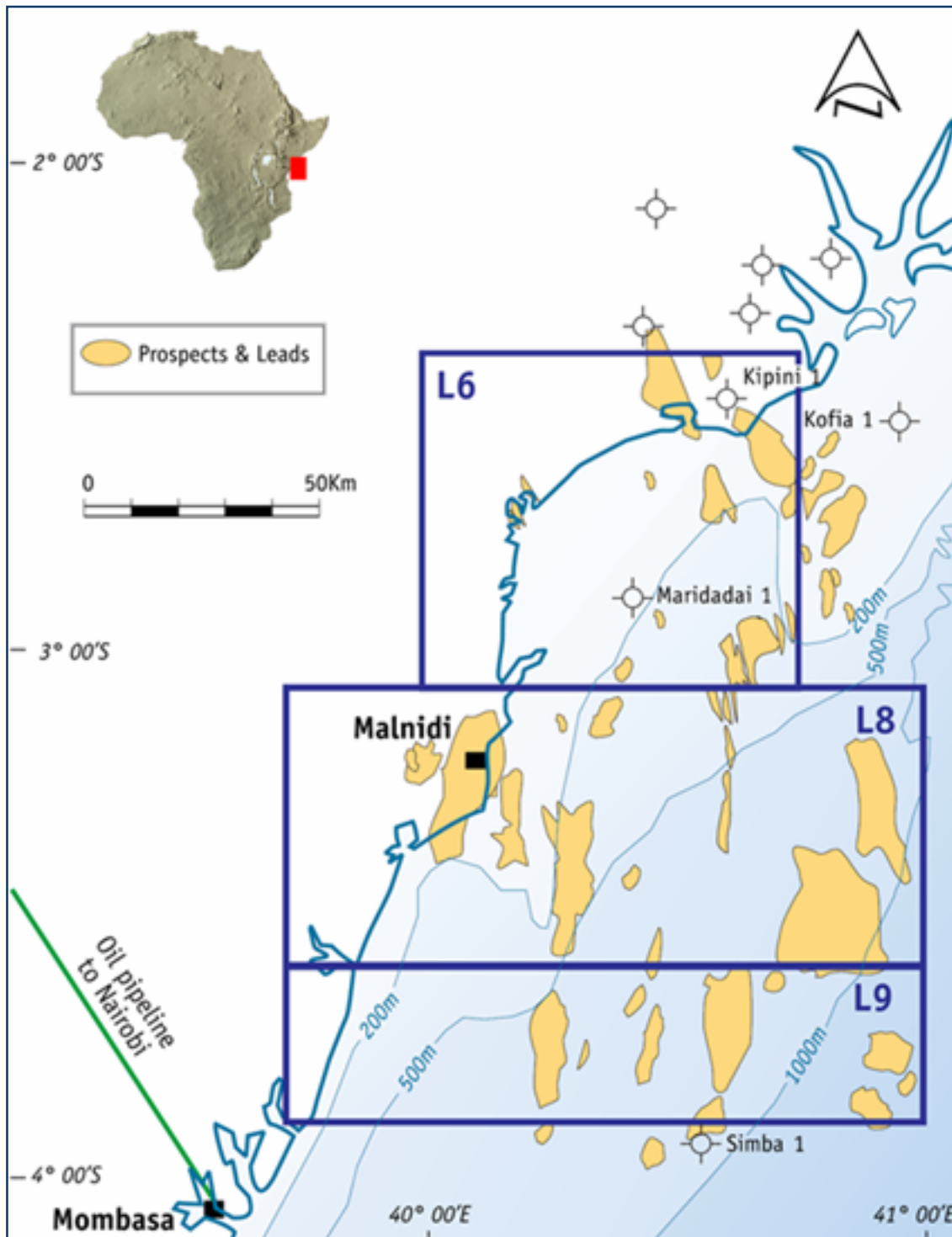
Share Price	\$0.15A\$/sh	Directors	
Issued Capital		D Kennedy	Chairman
FP Ord	154.8m	A Svalbe	CEO
(opt @ var prices)	34.7m	P Munachen	Director
Total Dil FPOrd	189.5m	I Cornelius	Director
Market Capitalisation	\$23m		
Enterprise Value	\$22.6m		
Debt	nil		
Cash	\$0.4m		

SHARE PRICE PERFORMANCE



Disclosure: Euroz Securities declares that it has acted as underwriter to, and/or arranged an equity issue in, and/or provided corporate advice to Pancontinental Oil & Gas during the last year. Euroz Securities has received a fee for these services.

Offshore Kenya Permit Map Prospects & Leads L-6, L-8, L-9



Source: Pancontinental Oil & Gas