

AUSTRALIA			
ASX 200 TODAY	4977	+0.0	+0.0%
ASX 200 FUTURES	5022	+66.0	+1.3%
ALL ORDS YESTERDAY	4939	-55.6	-1.1%
ASX 200 YESTERDAY	4977	-60.9	-1.2%
OVERNIGHT MARKETS			
DOW JONES	11117	+93.7	+0.8%
NASDAQ	2198	+29.1	+1.3%
S & P	1273	+14.3	+1.1%
FTSE	5678	+90.6	+1.6%
NIKKEI	15694	-213.5	-1.4%
BOND MARKETS			
AUSSIE 3 YR BOND YIELD	5.71	+3.0 bp	+0.5%
AUSSIE 10 YR BOND YIELD	5.74	+3.0 bp	+0.5%
US 2 YR BOND YIELD	4.954	+2.3 bp	+0.5%
US 10 YR BOND YIELD	5.07	+2.9 bp	+0.6%
OIL and GOLD			
OIL	70.92	+1.45	+2.0%
LIGHT CRUDE (US)	71.35	+1.55	+2.2%
GOLD US	648.00	+10.50	+1.6%
GOLD UK	643.75	-23.75	-3.7%
GOLD in A\$	850.62	+4.57	+0.5%
US GOLD STOCKS	142.1	+6.59	+4.6%
METALS			
LME COPPER (3M)	8099	+269	+3.3%
LME NICKEL (3M)	22125	-225	-1.0%
LME ALUM (3M)	2755	+15	+0.5%
LME ZINC (3M)	3540	+75	+2.1%
COMEX COPPER	370.75	+6.85	+1.8%
METAL INDEX	71.35	+1.55	+2.2%
CURRENCIES			
A\$ v US\$	0.7605	+0.00	+0.0%
A\$ v UK£	0.4057	-0.00	-0.1%
US\$ v YEN	111.65	-0.07	-0.1%
US\$ v EURO	0.7813	+0.00	+0.0%
OVERSEAS PRICES			
BHP ADR		+3.36%	
RIO ADR		+4.73%	
News Corp ADR		+0.98%	
BHP in the UK		+3.04%	
RIO in the UK		+3.14%	
Brambles in the UK		+2.76%	

Research Today

Pancontinental Oil & Gas (PCL)

Recommendation: Spec. Buy Share Price: \$0.07

Market Cap: \$23.2m Risk Rating: High

By: Jürgen Hendrich

Emerging junior explorer with exposure to Africa, Australia and NZ.

The CEO - Mr Andrew Svalbe - and the Exploration Manager - Mr Matthew Battrick - of Pancontinental Oil & Gas (PCL) gave an update on the company. We see PCL as an interesting junior exploration play given company's exposure to emerging oil and gas province offshore Kenya, as well as to more established areas such as Morocco, Malta, Australia and New Zealand. We see PCL being attractively priced when compared with peers of similar profile - Global Petroleum (GBP) and Baraka Petroleum (BKP), while recognizing that the company will likely need to raise additional capital in the near future.

The potentially company making exploration drilling in Kenya and Malta is still some time away - late 2007 and into 2009. However we see some earlier catalysts for the company's shares. Late this year Woodside (WPL) and Global Petroleum (GBP) will begin a two well exploration drilling program offshore Kenya in a permit that is immediately adjacent to PCL's licenses. We believe any success from this program will put PCL into the spotlight. In addition, drilling is scheduled for late 2006 - early 2007 in offshore Carnarvon Basin, WA at the Baniyas prospect that has 50 mmbd potential (PCL 10-12%).

One caveat in this interesting story is that the company has limited cash on hand (\$1.1m) and while the high impact exploration in Kenya and Malta is largely financed by farminees, PCL will likely need to raise funds in the not

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