

## **PANCONTINENTAL OIL AND GAS NL**

LADIES AND GENTLEMEN, WELCOME TO THIS, THE 8<sup>th</sup> ANNUAL GENERAL MEETING OF PANCONTINENTAL OIL AND GAS NL.

THIS AGM FINDS YOUR COMPANY IN RATHER A STATE OF FLUX IN SEVERAL WAYS.

FIRSTLY, CHIEF EXECUTIVE ANDREW SVALBE TOOK RETIREMENT IN JULY OF THIS YEAR, AND HAS NOW ALSO RETIRED AS A DIRECTOR. ON YOUR BEHALF, AND ON BEHALF OF THE OTHER MEMBERS OF THE BOARD, I THANK ANDREW FOR HIS LONG SERVICE TO PANCONTINENTAL.

MORE RECENTLY, WE WERE REGRETFULLY OBLIGED TO ANNOUNCE THE RESIGNATION OF MATTHEW BATTRICK, WHO HAD BECOME GENERAL MANAGER ON ANDREW'S RETIREMENT, AND WOULD IMMINENTLY HAVE BEEN OFFERED THE POSITION OF CHIEF EXECUTIVE AND DIRECTOR.

MATTHEW'S RESIGNATION, WHICH IS EFFECTIVE AT THE END OF THE YEAR, HAS LEFT A GAP IN THE COMPANY'S MANAGEMENT WHICH WILL TAKE SOME TIME TO FILL UNDER CURRENT MARKET CONDITIONS.

HOWEVER, THERE IS A GREAT DEAL OF MANAGEMENT EXPERIENCE AMONG YOUR DIRECTORS, AND PANCONTINENTAL WILL OPERATE VERY ADEQUATELY IN THE INTERIM. EXECUTIVE DIRECTOR PETER MUNACHEN WILL CONTINUE TO MANAGE FINANCIAL AND CORPORATE MATTERS AS HE HAS DONE CAPABLY FOR A NUMBER OF YEARS. NON-EXECUTIVE DIRECTOR BARRY RUSHWORTH, WHO IS A GEOLOGIST WITH

CONSIDERABLE YEARS OF TECHNICAL AND MANAGEMENT EXPERIENCE IN THE PETROLEUM INDUSTRY, AND WHO BEARS PRIMARY RESPONSIBILITY FOR SECURING THE COMPANY'S EXCELLENT INTERNATIONAL ASSEMBLAGE OF EXPLORATION LICENSES, HAS AGREED TO ACCEPT THE ROLE OF ACTING GENERAL MANAGER UNTIL A NEW CHIEF EXECUTIVE IS LOCATED. MEANWHILE, DIRECTORS THANK MATTHEW FOR HIS EXCELLENT SERVICE, AND OFFER THEIR BEST WISHES FOR HIS FUTURE CAREER.

WE ARE ALSO PRESENTED WITH SOME UNCERTAINTY CONCERNING RESULTS OF THE RECENTLY DRILLED STOKES BAY – 1 WELL. EFFORTS ARE CONTINUING IN ATTEMPT TO STIMULATE FLOW FROM THIS WELL, WHICH GAVE EVIDENCE OF POTENTIAL PRODUCIBILITY IN EARLIER TESTING. UNFORTUNATELY, RAINS IN THE NORTH ARE PRESENTLY INTERFERING WITH ENDEAVOURS TO CLEAR DRILLING FLUIDS FROM THE WELL TO ENABLE CONCLUSION OF FLOW TESTING.

ALSO, DUE TO INTERNATIONAL BOUNDARY DISPUTES, THERE ARE CONTINUING FRUSTRATIONS REGARDING THE AWARD OF THE COMPANY'S LICENCE OFFSHORE MOROCCO AND CONTINUING IMPOSED DELAYS IN CARRYING OUT THE SECOND SEISMIC PHASE WITHIN OUR OFFSHORE MALTA LICENCES, HELD IN JOINT VENTURE WITH MAJOR INDEPENDENT ANADARKO PETROLEUM. WE HAVE SUGGESTED POSSIBLE METHODS OF RESOLVING BOTH OF THESE QUANDARIES, AND

HAVE HOPES OF EARLY RESOLUTION.

WORK TO DATE HAS DEMONSTRATED POSSIBLE BILLION BARREL DISCOVERY POTENTIAL IN OUR MALTA PROSPECTS, AS WELL IN OUR OFFSHORE KENYA PROSPECTS, WHICH ARE HELD IN JOINT VENTURE WITH ORIGIN AND WITH GIPPSLAND OFFSHORE OIL. DIRECTORS BELIEVE THERE IS EVERY LIKELIHOOD THAT SIMILAR POTENTIAL WILL BE REVEALED OFFSHORE MOROCCO, AND WITHIN OUR RECENTLY AWARDED PERMIT OFFSHORE NAMIBIA.

PANCONTINENTAL HAS MADE ADDITIONAL APPLICATIONS FOR EXPLORATION AREAS IN THE INTERNATIONAL ARENA, AND HAS REASON TO EXPECT SUCCESS IN SECURING THESE AREAS AND FOR ACHIEVING THEIR JOINT VENTURE AT AN EARLY STAGE.

PLANNING IS ONGOING FOR DRILLING OF THE NORTHWEST SHELF BANIYAS PROSPECT BEFORE MID-2008. AND WE CONTINUE TO HOPE AND EXPECT THAT STOKES BAY-1 WILL PROVE AN EARLY SUCCESS FOR PANCONTINENTAL.

WITH REGARD TO FINANCE, THE COMPANY WAS SUCCESSFUL IN RAISING \$3.8M DURING THE YEAR, AND IS ADEQUATELY FUNDED FOR THE NEAR TO MEDIUM TERM.

MATTHEW BATTRICK WILL GIVE AN OPERATIONAL REVIEW FOLLOWING THE

CONCLUSION OF BUSINESS, AND HE AND THE DIRECTORS WILL BE HAPPY TO ANSWER QUESTIONS THEREAFTER.

THANK YOU FOR YOUR KIND ATTENTION. WE WILL NOW MOVE TO THE BUSINESS OF THE MEETING.