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## **Pancontinental to increase interest in African projects**

*Perth, 3 May, OGT—Perth-based Pancontinental Oil & Gas has moved to increase its overseas interests by entering into a heads of agreement to acquire Afrex Limited, its joint venture partner in a number of African projects.*

Under the agreement, Pancon will acquire all of the issued capital of Afrex by issuing 178,426,000 ordinary fully paid shares to Afrex shareholders as consideration for their shareholdings in Afrex.

Pancon has also arranged to place up to 12 million shares to clients of Euroz Securities Limited at 14 cents to raise A\$1,680,000 (before costs) to fund its increased project commitments resulting from the transaction.

The issue of the shares to acquire Afrex is conditional upon receipt of ASX, regulatory and shareholder approvals.

"The proposed merger of the African interests of both companies brings considerable value to the company and is of great benefit to shareholders," Andrew Svalbe, Pancon CEO, said.

"Having all the equity in one public listed company will allow for a much stronger negotiating position when dealing with majors on any future farmouts and will still leave the company with a substantial equity in any project, such as the current agreement with Woodside where we now stand to retain a free carried interest of 25% through to production."

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