

PANCONTINENTAL OIL & GAS NL

(ACN: 003 029 543)

PROSPECTUS IN RELATION TO AN UNDERWRITTEN NON-RENOUNCEABLE RIGHTS ISSUE NOVEMBER 2009

LEAD MANAGER & UNDERWRITER – PATERSONS SECURITIES LIMITED

This Prospectus is in relation to an underwritten non-renounceable rights issue of one (1) New Share (74,035,832 New Shares in total) for every seven (7) Shares held by Shareholders registered as such on the Record Date at an issue price of \$0.03 per New Share to raise up to \$2,221,075.

This Prospectus provides important information to assist investors in deciding whether or not to invest in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions relating to an investment in the Company, you should consult your professional advisor.

An investment in New Shares offered by this Prospectus should be considered speculative.

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1 INFORMATION CONCERNING THIS PROSPECTUS

BASIC INFORMATION

This Prospectus is dated 6 November 2009.

A copy of this Prospectus was lodged with ASIC on 6 November 2009. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

This Prospectus will be issued in printed form and as an electronic prospectus, which may be viewed online at www.pancon.com.au. The offer of New Shares pursuant to this Prospectus is available to Eligible Shareholders in the case of the Rights Issue, and to Patersons pursuant to the Underwriting Agreement in the case of the Shortfall Offer, receiving a physical version or an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person an Entitlement and Acceptance Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a printed copy of this Prospectus by contacting the Company by e-mail at info@pancon.com.au.

Pursuant to Class Order 00/44 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and an electronic application form on the basis of a printed prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please e-mail the Company at info@pancon.com.au and the Company will send you, for free, either a printed copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.pancon.com.au.

No person or entity is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the New Shares offered by this Prospectus to be listed for Quotation.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for New Shares. There are risks associated with an investment in Pancontinental and the New Shares offered under this Prospectus must be regarded as a speculative investment. The New Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the New Shares.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in the Glossary.

All amounts are in Australian dollars unless otherwise specified.

SPECIAL PROSPECTUS CONTENT RULES FOR CONTINUOUSLY QUOTED SECURITIES

This Prospectus is a prospectus issued in accordance with section 713 of the Corporations Act. This means that the Prospectus is only required to disclose the information set out in that section. This is because the New Shares offered by this Prospectus are in a class of securities that have been continuously quoted securities.

The Company is listed on ASX and its Shares are quoted on ASX.

The Company is a “disclosing entity” for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations, which require it to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

If requested by any Shareholder or prospective investor, the Company will, at no cost to the Shareholder or the prospective investor, provide a copy of all documents lodged with ASIC (or alternatively copies of those documents may be obtained from, or inspected at, an ASIC office). Further, the Company will, at no cost to the Shareholder or prospective investor or to any person, provide to them a copy of:

- the annual financial report (“annual report”) most recently lodged with ASIC by the Company which was on 30 September 2009; and
- any continuous disclosure notices given by the Company after the lodgement of the annual report referred to in the first dot point of this section and before the lodgement of this Prospectus with ASIC (ie. between the period 30 September 2009 and 6 November 2009).

PURPOSE OF RIGHTS ISSUE

The purpose of the Rights Issue referred to in this Prospectus is to raise \$2,221,075 which funds are intended by the Company to be applied in the manner set out in the following table:

USE OF FUNDS:	Amount (\$)
Funding exploration activities on the Company’s Australian and Kenyan Projects	1,600,000
General Working capital	377,810
Expenses of the Offer	243,265
TOTAL:	2,221,075

The amounts referred to above are estimates only and actual amounts expended may vary depending on events as they occur.

UNDERWRITING

The Offer set out in this Prospectus is fully underwritten by Patersons and accordingly the minimum subscription is the sum of \$2,221,075. If the minimum subscription has not been raised within three (3) months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act. By virtue of the Underwriting Agreement, Patersons may terminate the underwriting upon giving the Company written notice before the date (in this section called "Completion") on which allotment of all of the New Shares offered by this Prospectus occurs if one or more of the following events occur:

- (a) **(Indices fall)**: any of the S&SP/ASX 200 Index or the S&P/ASX 200 Energy Index as published by ASX is at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement; or
- (b) **(Share Price)**: the closing price of the Shares on the ASX is less than the Price on any trading day, after the date of the Underwriting Agreement; or
- (c) **(Prospectus)**: the Company does not lodge this Prospectus by 6 November 2009 or the Prospectus or the offer is withdrawn by the Company; or
- (d) **(No Official Quotation)**: Official Quotation has not been granted by the Shortfall Notice Deadline Date as defined in the Underwriting Agreement or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (e) **(Supplementary prospectus)**:
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause (q)(vi) below forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter; or
- (f) **(Non Compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the effect of the Offer on the Company; and
 - (ii) the rights and liabilities attaching to the Rights Shares as defined in the Underwriting Agreement; or
- (g) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in the prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (h) **(Restriction on allotment)**: the Company is prevented from allotting the Rights Shares as defined in the Underwriting Agreement within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent

jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or

- (i) **(Withdrawal of consent to Prospectus)**: any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent; or
- (j) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date defined in the Underwriting Agreement has arrived, and that application has not been dismissed or withdrawn; or
- (k) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel; or
- (m) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples' Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (n) **(Authorisation)**: any Authorisation as defined in the Underwriting Agreement which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (o) **(Indictable offence)**: a director or senior manager of a Relevant Company as defined in the Underwriting Agreement is charged with an indictable offence; or
- (p) **(Sub-Underwriters)**: any of the Company Sub-Underwriters as defined in the Underwriting Agreement that are introduced by the Company do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements; or
- (q) **(Termination Events)**: any of the following events occur:
 - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
 - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
 - (iii) **(Contravention of constitution or Act)**: a contravention by a Relevant Company as defined in the Underwriting Agreement of any provision of its constitution, the Corporations Act, the Listing Rules or any other application legislation or any policy or requirement of ASIC or ASX; or
 - (iv) **(Adverse change)**: an event occurs which gives rise to a Material Adverse Effect as defined in the Underwriting Agreement or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company as defined in the

Underwriting Agreement including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time; or

- (v) **(Error in Due Diligence Results):** it transpires that any of the Due Diligence Results (as defined in the Underwriting Agreement) or any part of the Verification Material as defined in the Underwriting Agreement was false, misleading or deceptive or that there was an omission from them; or
- (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor; or
- (vii) **(Public Statements):** without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Rights Issue or the Prospectus; or
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Rights Issue or the affairs of any Relevant Company as defined in the Underwriting Agreement is or becomes misleading or deceptive or likely to mislead or deceive; or
- (ix) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation"; or
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
- (xi) **(Prescribed Occurrence):** a Prescribed Occurrence as defined in the Underwriting Agreement occurs, other than as disclosed in the Prospectus; or
- (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally; or
- (xiii) **(Events of Insolvency):** an Event of Insolvency as defined in the Underwriting Agreement occurs in respect of a Relevant Company as defined in the Underwriting Agreement; or
- (xiv) **(Judgement against a Relevant Company):** a judgement in an amount exceeding \$50,000 is obtained against a Relevant Company as defined in the Underwriting Agreement and is not set aside or satisfied within 7 days; or
- (xv) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus; or
- (xvi) **(Board and Senior Management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter which consent is not to be unreasonably withheld; or
- (xvii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company as defined in the Underwriting Agreement or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company as defined in the Underwriting Agreement; or

- (xviii) **(Timetable)**: there is a delay in any specified date in the Timetable as defined in the Underwriting Agreement which is greater than 7 Business Days; or
- (xix) **(Force Majeure)**: a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs; or
- (xx) **(Certain resolutions passed)**: a Relevant Company as defined in the Underwriting Agreement passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xxi) **(Capital Structure)**: any Relevant Company as defined in the Underwriting Agreement alters its capital structure in any manner not contemplated by the Prospectus; or
- (xxii) **(Investigation)**: any person is appointed under any legislation in respect of companies to investigate the affairs of a Relevant Company as defined in the Underwriting Agreement; or
- (xxiii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriter may not exercise its rights under paragraph (q) set out above unless, in the reasonable opinion of the Underwriter reached in good faith, the occurrence of a Termination Event set out in that paragraph has or is likely to have, or two or more Termination Events together have or are likely to have:

- (a) a Material Adverse Effect as defined in the Underwriting Agreement; or
- (b) could give rise to a liability of the Underwriter under the Corporations Act or otherwise.

Subject to certain exceptions the Company has also agreed to indemnify Patersons for, inter alia, all claims, expenses, costs and liabilities it suffers in respect of the Offer and in respect of any breach by the Company of its obligations under the Underwriting Agreement.

The fees payable to Patersons under the Underwriting Agreement are set out in Section 5.

The Underwriting Agreement allows Patersons to enter into sub-underwriting agreements and includes sub-underwriting by Directors of the Company or their associates. For further details on sub-underwriting by the Directors of the Company, please refer to Section 5 of this Prospectus.

INDICATIVE TIMETABLE

An indicative timetable for the Rights Issue is included below:

EVENT	2009
• Lodge Prospectus with ASIC and ASX	Friday, 6 November
• Ex-Date-Shares quoted ex-entitlement on ASX	Wednesday, 11 November
• Record Date	Tuesday, 17 November
• Prospectus Despatch to Shareholders and Rights Issue Opens	Monday, 23 November
• Closing Date	Monday, 7 December
• Shares Allotted, Holding Statements Despatched	Tuesday, 15 December

The Directors in consultation with the Underwriter, and subject to the Listing Rules, reserve the right to close the Offer early or extend the Closing Date at their discretion. Should this occur, this will have a consequential effect on the anticipated date of issue of the New Shares.

Please note that the abovementioned dates are indicative only.

PRIVACY DISCLOSURE

The Company collects information in relation to each Applicant as provided on an Entitlement and Acceptance Form (hereinafter in this Section called "Information") for the purpose of processing that form and, should the Application be successful, to administer the Applicant's security holding in the Company (hereinafter in this Section called "Purposes").

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to Patersons, Advanced, the Company's related bodies corporate, agents, contractors and third party service providers, and to ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, licensed securities dealers, mail houses and regulatory bodies including the Australian Taxation Office.

DIRECTORS

Henry David Kennedy - Chairman
Roy Barry Rushworth - Chief Executive Officer
Ernest Anthony Myers - Executive Director
Ian Raymond Cornelius - Non-Executive Director

COMPANY SECRETARY

Ernest Anthony Myers

REGISTERED OFFICE

Ground Floor, 288 Stirling Street, Perth 6000

SOLICITORS TO THE COMPANY

Mizen+Mizen
69 Mount Street
WEST PERTH WA 6005

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

LEAD MANAGER AND UNDERWRITER TO RIGHTS ISSUE

Patersons Securities Limited
Level 23, Exchange Plaza
2 The Esplanade
PERTH WA 6000

CONTACT DETAILS

Website: www.pancon.com.au
E-mail: info@pancon.com.au
Telephone: Pancontinental: (08) 9227 3220
Facsimile: Pancontinental: (08) 9227 3211
Telephone: Advanced: (08) 9389 8033

3 THE RIGHTS ISSUE OFFER

DETAILS OF THE OFFER

The Company offers each Eligible Shareholder the right to acquire one (1) New Share for every seven (7) Shares held by that Shareholder on the Record Date at the issue price of \$0.03 (3 cents) per New Share to raise up to \$2,221,075 before expenses.

All New Shares issued (74,035,832 New Shares in total) under this Prospectus will rank equally with existing Shares. All New Shares will have the same rights and liabilities as existing Shares. For further information on the rights and liabilities of the New Shares see Section 5.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded down to the nearest whole New Share.

ENTITLEMENTS AND ACCEPTANCE

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Prospectus.

Acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance exceeds your Entitlement, acceptance will be deemed to be for your maximum Entitlement and any surplus application monies will be returned to you.

NO RIGHTS TRADING

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the offer by the Closing Date, the offer to you will lapse.

UNDERWRITING

The Offer is underwritten by Patersons. A summary of the material terms of the Underwriting Agreement is set out in Section 1 of this Prospectus.

SHORTFALL

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The Shortfall Offer will be made to Patersons in accordance with the Underwriting Agreement. The issue price of any New Shares offered pursuant to the Shortfall Offer is \$0.03, being the price at which the Entitlement has been offered to Eligible Shareholders pursuant to this Prospectus. Applications for any part of the Shortfall must be made on the Entitlement and Acceptance Form accompanying this Prospectus and which is headed "Shortfall Application Form" which has been forwarded to you together with a complete and unaltered version of this Prospectus by Patersons.

OPENING AND CLOSING DATES

The Offer opens on the Opening Date, being 23 November 2009. The Company will accept Entitlement and Acceptance Forms until 4:00pm WDT on the Closing Date being 7 December 2009 or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

ISSUE AND DESPATCH

The expected dates for issue of New Shares offered by this Prospectus and despatch of holding statements is expected to occur on the dates specified in the Timetable (presently anticipated to be 15 December 2009) set out in Section 1 of this Prospectus under the heading "Indicative Timetable".

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

Until the allotment and issue of the New Shares under this Prospectus, application monies will be held in trust in a separate bank account opened for that purpose. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective of whether allotment of the New Shares takes place.

ASX LISTING

Applications for official quotation by ASX of the New Shares offered pursuant to this Prospectus will be made within seven (7) days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of three (3) months after the date of this Prospectus (or such period as varied by the ASIC) the Company will not issue any New Shares and will repay all application monies for the New Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

CHESS

The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without have to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

OVERSEAS ELIGIBLE SHAREHOLDERS

No Offer will be made to Eligible Shareholders resident outside Australia and New Zealand.

New Shares to which any Eligible Shareholders who are not resident in Australia or New Zealand would otherwise be entitled, will form part of the Shortfall and become subject to the Shortfall Offer and will be dealt with pursuant to the Underwriting Agreement.

TAXATION IMPLICATIONS

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Eligible Shareholders should consult their professional adviser in connection with subscribing for New Shares under this Prospectus.

RISK FACTORS

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 6.

ENQUIRIES CONCERNING PROSPECTUS

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Advanced by telephone on (08) 9389 8033 or the Company on (08) 9227 3220.

ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

HOW TO ACCEPT THE OFFER

Your acceptance of the Offer must be made on the personalised Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) If you wish to accept your Entitlement in full complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and follow the payment instructions set out in that form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) following the payment instructions set out in that form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**Pancontinental Oil & Gas NL** – Subscription Account" and crossed "**Not Negotiable**". Please note that payment via BPAY must be made by no later than 3:00pm Perth time on 4 December 2009. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay by BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return that form to the Company's Share Registry.

Your completed Entitlement and Acceptance Form and money must be forwarded to the Company's share registry, Advanced, so that they are received no later than 4:00pm (WDT) on the Closing Date being 7 December 2009. Entitlement and Acceptance Forms with cheques can be delivered as follows:

By Post: Advanced Share Registry Services
 PO Box 1156
 Nedlands WA 6909

By Hand: Advanced Share Registry Services
 150 Stirling Highway
 Nedlands WA 6009

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

CAPITAL STRUCTURE

The capital structure of the Company immediately following the completion of the Offer, assuming all available rights are taken up and none of the Option holders exercise their Options, is expected to be as follows:

SHARES	Number
Shares on issue at date of this Prospectus	518,250,826
New Shares now offered	74,035,832
Total Shares on issue at completion of the Offer	592,286,658
OPTIONS	
Options on issue at date of this Prospectus*	27,225,000

NOTES:

- * Holders of Options will not be entitled to participate in the Offer. The Options currently on issue may be exercised by the Option holder prior to the Record Date in order to participate in the offer.

4 EFFECT OF THE RIGHTS ISSUE ON THE COMPANY

PRO FORMA BALANCE SHEET

Set out below, for the purposes of illustration only, is a pro forma statement of financial position of the Company after taking account of the Rights Issue, the subject of this Prospectus. It is based on the unaudited statement of financial position of the Company as at 30 September 2009. The pro forma statement of financial position illustrates the effect of the Rights Issue as if the issue of New Shares had occurred on 30 September 2009 (based on the assumptions set out below).

	Unaudited 30 September 2009 \$	Adjustments	Pro forma
CURRENT ASSETS			
Cash	687,907	1,977,810	2,665,717
Receivables	30,870		30,870
TOTAL CURRENT ASSETS	718,777		2,696,587
NON-CURRENT ASSETS			
Property, plant & equipment	3,913		3,913
Exploration expenditure capitalised	9,816,418		9,816,418
TOTAL NON-CURRENT ASSETS	9,820,331		9,820,331
TOTAL ASSETS	10,539,108		12,516,918
CURRENT LIABILITIES			
Payables	64,697		64,697
TOTAL CURRENT LIABILITIES	64,697		64,697
TOTAL LIABILITIES	64,697		64,697
NET TOTAL ASSETS	10,474,411		12,452,221
EQUITY			
Contributed Equity	30,573,832	1,977,810	32,551,642
Reserves	1,256,527		1,256,527
Accumulated Losses	(21,435,999)		(21,435,999)
Current Year Profit	80,051		80,051
TOTAL EQUITY	10,474,411		12,452,221

The assumptions used in the preparation of the pro forma statement of financial position set out above are:

- (a) the Company issues 74,035,832 New Shares at \$0.03 per New Share pursuant to this Prospectus, raising proceeds of approximately \$2,221,075;
- (b) estimated costs of the Offer of \$243,265 have been recognised directly against Share Capital, as a reduction of the proceeds of the Rights Issue; and
- (c) the net cash adjustment to the pro forma statement of financial position is therefore an increase of \$1,977,810.

CAPITAL STRUCTURE FOLLOWING RIGHTS ISSUE

Based on the assumption that none of the Option holders exercise their Options and that the number of options on issue continue to be 27,225,000, the capital structure of the Company following the completion of the Rights Issue is summarised below:

DESCRIPTION	NUMBER OF SHARES	AMOUNT RAISED \$
Shares on Issue	518,250,826	
New Shares the subject of the Offer	74,035,832	2,221,075
	592,286,658	2,221,075

5 ADDITIONAL INFORMATION

NEW RIGHTS ATTACHING TO SHARES

Full details of the rights attaching to New Shares are set out in the Company's Constitution a copy of which can be inspected, free of charge, at its registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all New Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All New Shares issued pursuant to this Prospectus will from the time they are issued, rank pari passu with all the Company's existing Shares.

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the same proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited).

RIGHTS ON WINDING UP

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company, assets that may be legally distributed among members, will be distributed in proportion to the number of fully paid Shares held by them irrespective of the amount paid up or credited as paid up on the Shares.

TRANSFER OF SHARES

Subject to the Constitution of the Company, the Corporations Act, and any other laws and ASTC Settlements Rules and ASX Listing Rules, Shares are freely transferable.

FUTURE INCREASES IN CAPITAL

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

VARIATION OF RIGHTS

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes or Shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

DIVIDEND RIGHTS

Subject to the rights of holders of Shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them.

INTERESTS, FEES AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no:

- (a) director of the Company; or
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus; or
- (c) financial services licensee named in this Prospectus as a financial services licensee involved in the Rights Issue;

has, or had, within two (2) years before the date of this Prospectus, any interest in:

- (i) the formation or promotion of the Company; or
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Rights Issue; or
- (iii) the Rights Issue.

Other than as set out elsewhere in this Prospectus, no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any of the above persons as an inducement to become or to qualify him as a director of the Company or for services rendered by him in connection with the formation or promotion of the Company or the Rights Issue

INTERESTS OF DIRECTORS

At the date of this Prospectus the Directors have the following relevant interests in Shares:

NAME	NUMBER OF SHARES
Henry David Kennedy	138,517,882
Roy Barry Rushworth	34,764,181
Ernest Anthony Myers	Nil
Ian Raymond Cornelius	Nil

At the date of this Prospectus the Directors have the following relevant interests in Options:

DIRECTOR	EXERCISABLE 15 CENTS – EXPIRY 28 NOV 2009	EXERCISABLE 9.25 CENTS - EXPIRY 28 NOV 2010	EXERCISABLE 9.6 CENTS - EXPIRY 28 NOV 2011	EXERCISABLE 5.9 CENTS - EXPIRY 28 NOV 2012
Henry David Kennedy	500,000	750,000	750,000	750,000
Roy Barry Rushworth	0	1,500,000	1,500,000	1,500,000
Ernest Anthony Myers	500,000	1,000,000	1,000,000	0
Ian Raymond Cornelius	500,000	750,000	750,000	750,000

Resource Services International (Aust) Pty Ltd, a company associated with Director Mr E A Myers, has agreed with Patersons to sub-underwrite 3,333,333 New Shares and will be obliged to subscribe for its proportionate share in respect of any Shortfall Offer for a fee of 1.5% of the total amount sub-underwritten.

INTERESTS OF ADVISERS

Patersons will be paid a management fee of \$30,000 (plus GST), a fee of six per cent (6%) of the dollar amount underwritten by it and out of pocket expenses incurred by it.

Mizen+Mizen will be paid a fee of approximately \$20,000 (plus GST) for assistance in preparing this Prospectus. It has undertaken work for the Company for at least the last seven years.

CONSENTS

The following persons have given their written consent to be named in this Prospectus and have not withdrawn such consent before lodgement of this Prospectus with ASIC:

- (a) Mizen+Mizen has consented to being named as Solicitors to the Company in this Prospectus in the form and context in which it is named.
- (b) Patersons has consented to being named as Lead Manager and Underwriter in this Prospectus in the form and context to which it is named.
- (c) Advanced has consented to being named as the Company's Share Registry in this Prospectus in the form and context in which it is named.

Other than as disclosed above, none of the abovementioned parties:

- (a) has been involved in the preparation of, or authorisation or caused the issue of, this Prospectus; and
- (b) to the maximum extent permitted by law expressly disclaims and takes no responsibility for any material in or omission from this Prospectus other than a reference to its name.

The Directors have consented to the statement in Section 8 in the form and context of that statement.

EXPENSES OF THE RIGHTS ISSUE

It is estimated that the expenses of the Rights Issue and this Prospectus will be \$243,264 (inclusive of the fees to be paid to Patersons) made up as follows:

DESCRIPTION	\$
Underwriting Fee	133,265
Management Fee	30,000
Solicitor's Fee	20,000
Printing & Postage & Share Registry	40,000
Other	10,000
	<hr/>
	233,265
GST	10,000
	<hr/>
TOTAL	243,265
	<hr/>

6 RISKS

An investment in the Company is not risk free and Eligible Shareholders and prospective new investors through the Shortfall Offer should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

RISKS SPECIFIC TO THE COMPANY

RELIANCE ON KEY PERSONNEL

The success of the Company in part will depend on the ability of the Directors, management team and other executive personnel (employed by the Company or its business partners) to develop the Company's project portfolio and enhance project value. Should one or more of the key personnel cease to be involved, for whatever reason, then the capability of the Company may be expected to be impaired pending a suitable replacement being identified and retained by the Company or its business partners.

CONTRACTUAL RISK

The Company is reliant to a certain extent on the cooperation and compliance of parties to the agreements to which it is a party. In particular, the Company has entered into various joint venture agreements and the ability of the Company to achieve its objectives will depend on the performance by each of the parties of their respective obligations under these agreements. If a party defaults in the performance of their obligations it may adversely affect the Company or its projects. In the event of dispute, there can be no guarantee that seeking enforcement or of compensation under such agreements will provide an efficient or satisfactory outcome.

ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under this capital raising. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner. Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, and scale back its exploration programs and surrender permits and licences, as the case may be.

CURRENCY RISK

The Company is exposed to currency risk on currency denominated purchases in a currency other than the respective functional currency of the Company, primarily the Australian Dollar (AUD). The other currency that these transactions are denominated in is the United States Dollar (USD).

The Company has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency.

SOVEREIGN AND POLITICAL RISK

The Company has exploration interests in Kenya and applications for exploration interests pending in Namibia, Kenya and Morocco each of which fall into the category of "developing countries".

There can be no assurance that the political and economic condition in these countries and their neighbouring countries will continue as they are at present time. Changes in political or economic conditions in these countries may have an adverse effect on the Company's business and its results of operations.

RISKS SPECIFIC TO OIL & GAS EXPLORATION & DEVELOPMENT COMPANIES

EXPLORATION SUCCESS

The future profitability of the Company and the value of its securities are directly related to the results of exploration. The prospects held by the Company are at various stages of exploration and production, and potential investors should understand that exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's prospects, or any other prospects that may be acquired in the future, will result in the discovery of a commercial oil or gas reserve. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited or will flow at commercial rates.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company viability.

OPERATING RISKS

If the Company achieves exploration success that leads to a decision to conduct feasibility work and then develop production operations, the development and ongoing production from such operations may be adversely affected by various factors, including failure to locate or identify oil reserves; failure to achieve predicted well production flow rates; operational and technical difficulties encountered in production; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated reservoir problems which may affect field production performance; adverse weather conditions; industrial and environmental accidents; industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

OIL RESERVES & COMMERCIAL OIL FLOW

Oil reserves are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, oil reserves are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and commercial oil flow plans which may, in turn, adversely affect the Company's operations.

COMMODITY PRICE VOLATILITY, EXCHANGE RATE & GOVERNMENT RISKS

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. In particular, changes in the current and expected future price of crude oil and other commodities can change rapidly and significantly and this can have a substantial effect on the value of the Company's assets and the potential future revenue and profits that might be earned from any successful development of those assets.

If the Company achieves exploration success leading to commercial oil production, the revenue it will derive through the sale of crude oil exposes the potential income of the Company to crude oil price and exchange rate risks. Commodity prices fluctuate and are affected by many factors affecting their demand and supply beyond the control of the Company. Such factors include global industrial production levels and economic sentiment, inflation and interest rates, industrial disputes, wars and other military activity, technological advancements, forward selling activities, government environmental policies, infrastructure investment, weather conditions and general exploration success.

Changes in government, monetary policies, taxation and other laws and regulations can also have a significant influence on the outlook for projects and companies and the actual and potential returns to investors.

NATIVE TITLE & COMMUNITY RISKS

Many countries have native title, community title / empowerment, or heritage legislation and / or regulations. These rules impose certain requirements on Oil and Gas companies who undertake or plan to undertake various exploration, development or drilling activities. The risks associated with the rules are generally associated with the imposition of various uncertainties as to timetables and costs. No assurance can be given that the Company will be able to explore or conduct drilling activities within acceptable timeframes or on terms acceptable to it.

ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are subject to laws and regulation concerning the environment. As with most production operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to extensive liability.

CONDITIONS OF PERMITS & LICENCES

The Company has entered into agreement with joint venture parties who hold lease rights and permits to explore and implement the projects. There is a risk that the Company does not have or might lose any or all of those permits or licences required for the operation of the projects, or that the Company will not comply with the ongoing requirements imposed under those permits or licences. There is also a risk that the permits and licences required or the conditions imposed on the Company under them will change from time to time. The Company's ongoing compliance costs may increase as a result. Either of the above may adversely affect the Company's financial performance.

GENERAL SECURITIES RISKS

ECONOMIC RISKS

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

SHARE MARKET CONDITIONS

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors, such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;

- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the New Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

While the Directors recommend the Offer, Eligible Shareholders and potential investors should consider that the investment in the Company is speculative and should consult their professional advisers, make their own assessment of the likely risks and determine whether an investment in Pancontinental is appropriate for their circumstances.

7 GLOSSARY

Advanced	Means Advanced Share Registry Services (ABN 51 736 575 978).
Applicant	Refers to a person who submits an Entitlement and Acceptance Form.
Application	Refers to the submission of an Entitlement and Acceptance Form.
ASIC	Means Australian Securities & Investments Commission (ABN 86 768 265 615).
ASX	Means ASX Limited (ACN: 008 624 691) and where the context permits, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	Means Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
Board	Means the Board of directors of the Company as constituted from time to time.
CHES	Means ASX Clearing House Electronic Subregistry System.
Closing Date	Means the date on which this Offer closes, being 4:00pm (WDT) 7 December 2009.
Corporations Act	Means the Corporations Act 2001 (Cth).
Company or Pancontinental	Means Pancontinental Oil & Gas NL (ACN: 003 029 543).
Dollar or \$	Means Australian dollar unless otherwise stated.
Eligible Shareholder	Means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date.
Entitlement	Means the entitlement to subscribe for one (1) New Share for every seven (7) Shares held by an Eligible Shareholder on the Record Date and Entitlements has a corresponding meaning.
Entitlement and Acceptance Form	Means the personalised Entitlement and Acceptance Form accompanying this Prospectus in respect of the Rights Issue and the Entitlement and Acceptance Form accompanying this Prospectus given to a potential investor by Patersons in respect of the Shortfall Offer.
Listing Rules	Means the official Listing Rules of the ASX.


Mizen + Mizen	Means Mizen + Mizen (ABN 76 326 293 573)
New Share	Means a New Share proposed to be issued pursuant to this Offer.
Offer	Means the non-renounceable pro rata offer of New Shares at an issue price of \$0.03 each on the basis of one (1) New Share for every seven (7) Shares held on the Record Date pursuant to this Prospectus.
Offer Period	Means the period commencing on the Opening Date and ending on the Closing Date.
Opening Date	Means 23 November 2009.
Option	Means an option to acquire a Share.
Patersons or Underwriter	Means Patersons Securities Limited (ABN: 69 008 996 311).
Quotation	Means quotation of the New Shares on ASX.
Record Date	Means 17 November 2009.
Rights Issue	Means the Offer.
Section	Means a section of this Prospectus.
Share	Means an ordinary fully paid share in the capital of the Company.
Shareholder	Means a holder of Shares.
Shortfall	Means the number of New Shares comprising the difference between 74,035,832 and the number of the New Shares for which valid Applications have been received and accepted by the Company by the Closing Date from the Eligible Shareholders.
Shortfall Offer	Means the offer for the Shortfall pursuant to this Prospectus made to Patersons pursuant to the Underwriting Agreement.
Underwriting Agreement	Means the underwriting agreement between Patersons and the Company dated 5 November 2009.
WST	Means time in Perth, Western Australia.

8 DIRECTORS' STATEMENT AND CONSENT

The Directors consent to the issue of this Prospectus and state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by other persons, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, that those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with ASIC, or to the Directors' knowledge, before any issue of New Shares pursuant to this Prospectus.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisers.

Dated 6 November 2009



R B RUSHWORTH
CHIEF EXECUTIVE OFFICER AND DIRECTOR