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ASX Announcements

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CHAIRMAN'S ADDRESS

Welcome to the Annual General Meeting of Pancontinental Oil & Gas.

You cannot help but be aware of the existing turmoil in the international financial markets and the considerable worldwide slide in equities prices since June this year. Your Company's shares have not escaped the troubles, but the share price has paralleled the S&P ASX 200 index, indicating that Pancontinental has not been singled out for undue penalties in this market.

As reported in the Company's annual report, we believe a strong underlying demand for oil and gas continues. Although the oil price has been reduced by some sixty percent, the fact remains that prices are still a long way above the US\$20 per barrel of a few years ago. A recent 'think tank' report by the International Energy Agency predicts that prices will soon be back to US\$ 100 per barrel. The fundamentals have not changed for the company -- strong oil prices and a very significant exploration base remain Pancontinental's buttress. Nevertheless, Directors are continuing to position the Company for a 'bumpy ride', in the near term, and a sluggish return to normal market conditions.

Turning to the Company's activities, I can report that it has been a year of 'business as usual'. The Company has had a reduction in staff numbers, but I am pleased to tell you that the current staff more than adequately drives Pancontinental's projects.

Our main projects have seen a significant level of activity, particularly in Kenya and in Australia at Stokes Bay. Acting Chief Executive Barry Rushworth will discuss all of the Company's activities following the main business of the Meeting.

Your Company continues what it does best -- offering large-scale discovery opportunities in an increasingly competitive environment. The exciting situation being tested at Stokes Bay, if it does indeed prove to contain oil or gas, should underpin the future of the company. Any success offshore Kenya has the potential to make Pancontinental a major Australian oil production company, and other longer-term projects, including Malta, have similar potential.

Thank you for attending this meeting, and for your continuing support.

H. D. [David] Kennedy
Chairman