

The AGE

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THOSE punters casting around for some high risk/high reward action among the junior oil stocks in response to the climb in the oil price to \$US125 a barrel (Brent) might find that Pancontinental Oil & Gas fits the bill.

It went in to a trading halt last week ahead of the completion of a \$5 million institutional placement managed by Lodge Partners to keep things ticking over while its shot at some big-time oil off east Africa takes shape in the next year or so.

PCL has been active for a decade or so building its portfolio of frontier oil and gas exploration acreage, with most interest in its offshore Kenya areas, including the Mbawa prospect. It has monster-sized potential. That potential - the drill bit is the ultimate test - has recently attracted the attention of two of the most respected independent oil explorers - US group Apache and British group Tullow.

Apache is farming in to the offshore Block L8, which is home to the Mbawa prospect, taking a 50 per cent interest from Origin Energy which is reducing to a 25 per cent interest. Apache is also becoming the operator of the joint venture. Tullow is picking up a 10 per cent interest from Pancontinental, leaving Pancontinental essentially "free carried" on its remaining 15 per cent interest.