THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document comprises an admission document drawn up in accordance with the rules of the AIM market of the London Stock Exchange ("AIM") and has been issued in connection with the application for admission to trading of the entire issued and to be issued share capital of Pantheon Resources plc ("the Company" or "Pantheon"). This document does not constitute an offer to the public for purposes of Section 85 of the Financial Services and Markets Act 2000 ("FSMA") and does not constitute a prospectus under the Prospectus Rules. Accordingly, this document has not been pre-approved by the Financial Services Authority pursuant to Section 85 of FSMA. Application has been made for the Ordinary Shares to be admitted to trading on AIM. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.**

The rules of AIM are less demanding than those of the Official List of the United Kingdom Listing Authority. Prospective investors should read the whole text of this document and should be aware that an investment in Pantheon is speculative and involves a degree of risk. **In particular, prospective investors should consider the section entitled "Risk Factors" set out in Part V of this document. All statements regarding the Company's business should be viewed in light of these risk factors.** It is expected that the Ordinary Shares of the Company will be admitted to trading on AIM on 5 April 2006.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended or under any applicable securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan (together "Prohibited Territories"). The Ordinary Shares may not be offered or sold or delivered, directly or indirectly, in or into any Prohibited Territory. This document must not be mailed or otherwise distributed or sent to or into any Prohibited Territory. For further information on certain transfer restrictions please see the paragraph entitled "Overseas Transfer Restrictions" in Part III of this document.

This document does not constitute an offer to sell or to subscribe for, or the solicitation of an offer to buy or to subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful.

Pantheon Resources plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with Registered No. 5385506)

Admission to trading on AIM
Placing of up to 10,000,000 Ordinary Shares at 100p per share

Nominated Advisor and Broker

Oriel Securities Limited

Share capital immediately following Admission

Authorised		*Issued and fully paid*	
Number	*Amount*	*Number*	*Amount*
1,000,000,000	£10,000,000	15,552,329	£155,523.29

The Placing is conditional, *inter alia*, upon Admission taking place on or before 5 April 2006 (or such later date as the Company and Oriel Securities Limited ("Oriel") may agree). The Placing Shares will rank in full for all dividends or other distributions hereafter declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with all other Ordinary Shares which will be in issue on completion of the Placing.

Oriel has been appointed as nominated adviser and broker to the Company. In accordance with the AIM Rules, Oriel has confirmed to the London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, in its opinion and to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No liability whatsoever is accepted by Oriel for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which it is not responsible. The Company and the Directors of the Company, whose names appear on page 3 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. Oriel is regulated by the Financial Services Authority and is acting exclusively for the Company and no-one else in connection with the Admission. Oriel will not regard any other person as its customer or be responsible to any other person for providing the protections afforded to customers of Oriel nor for providing advice in relation to the transactions and arrangements detailed in this document. Oriel is not making any representation or warranty, express or implied, as to the contents of this document.

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Copies of this document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Oriel Securities Limited, 125 Wood Street, London EC2V 7AN and from the registered office of the Company, 30 Farringdon Street, London EC4A 4HJ from the date of this document until one month from Admission.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	Susan Graham *(Executive Chairman)* Robert John Rosenthal *(Technical Director)* Justin George Hondris *(Non-Executive Director)* Andrew Granville Waller *(Non-Executive Director)* all of: 30 Farringdon Street London EC4A 4HJ
Company Secretary	John Bottomley
Registered Office	30 Farringdon Street London EC4A 4HJ
Nominated Adviser and Broker	Oriel Securities Limited 125 Wood Street London EC2V 7AN
Solicitors to the Nominated Adviser and Broker	Jones Day 21 Tudor Street London EC4Y 0DJ
Solicitors to the Company	Watson, Farley & Williams LLP 15 Appold Street London EC2A 2HB
US Counsel to the Company	Haynes and Boone LLP 1 Houston Center 1221 McKinney, Suite 2100 Houston, Texas 77010
Auditors and Reporting Accountants	UHY Hacker Young St Alphage House 2 Fore Street London EC2Y 5DH
Independent Technical Consultants	WestlawnGeo LLC 2905 Maple Avenue Manhattan Beach California 90266
Principal Bankers	Barclays Bank plc Piccadilly Corporate Banking Centre 50 Pall Mall London SW1A 1QA
Registrars	Computershare Investor Services plc Vintners' Place 68 Upper Thames Street London EC4V 3BJ

KEY INFORMATION

The following information is derived from, and should be read in conjunction with, the full text of this document. In particular, your attention is drawn to the information set out in Part IV and Part V of this document, entitled Competent Person's Report and Risk Factors, respectively.

Introduction to the Business

Pantheon Resources plc ("Pantheon" or "the Company") was formed in 2005 to be an independent UK based oil and gas exploration company focused on hydrocarbon producing basins in the Gulf of Mexico ("GoM") off the coast of the south of Texas. Specifically, its initial focus is intended to be on the deep geological plays under and around Padre Island.

In building its exploration portfolio in this region, Pantheon intends to participate initially in six exploration prospects (the "Farmout Prospects"). This is pursuant to a Farmout Agreement with the lessees that currently own the leasehold interests over approximately 10,715 hectares (the "Padre Island Project Area" or "PI Project Area"). These Farmout Prospects are ready to drill from a geological and geophysical perspective. Importantly, a drilling rig contract has been secured for 12 months with options to extend. The Directors believe that a number of the Farmout Prospects located under or around Padre Island may contain commercial quantities of oil and gas. Abundant infrastructure with surplus capacity is located nearby. The Directors believe that these factors should allow new discoveries to come online quickly in the event of successful drilling.

WestlawnGeo LLC ("Westlawn") has undertaken an independent technical evaluation of the oil and gas leases in which Pantheon has the right to participate under its Farmout Agreement. Westlawn has reported that in aggregate these leases have best estimate (P50) gross unrisked recoverable resources of 531.2 billion cubic feet of gas ("bcf"). A copy of the Competent Person's Report is set out in Part IV of this document.

The GoM is a prolific oil and gas area that the Directors believe has significant remaining exploration potential, particularly in the deeper sedimentary section that is currently under-explored. The US Department of Interiors Minerals Management Service has estimated that the resource potential of the GoM deep shelf gas is up to 55 trillion cubic feet ("tcf"). Much of this deep shelf is accessible from existing infrastructure in the GoM.

The US is the world's largest energy consumer and has readily accessible markets for domestic oil and gas. It has many advantages for companies wishing to explore for oil and gas. These include high prices, an abundant infrastructure, a stable, benign fiscal regime and low sovereign risk. The Directors believe sovereign risk and fiscal policy are major issues that face many exploration companies, both large and small.

Corporate Strategy

Pantheon's strategy is to focus initially on hydrocarbon exploration and production onshore or near shore in the GoM. Such areas offer lower drilling and development costs than offshore while lead times to commercial production are shorter. Being a small exploration company with limited capital, the board of Pantheon believes these factors should enhance returns to investors and limit future equity dilution in the event of successful exploration.

The Directors believe that drilling success should provide Pantheon with a strong foundation upon which to build a focused exploration and production company. Pantheon intends to manage carefully its risk and enhance the probability of success through holding small working interests ranging from 10-25 per cent. and partner with experienced operators in the GoM region. The Directors believe that small working interests should also enable Pantheon to spread its risk across more prospects, while managing the probability of success through improving the statistical risk profile. The Board of Pantheon believes that any drilling success should have a positive impact on the Company's valuation as the current prospects to be drilled are large in relation to Pantheon's size.

Pantheon, at this early stage of its corporate development, has no intention of being an operator. It intends to keep its corporate overhead costs as low as possible by having very few full time staff. This should ensure both that capital is injected directly into the PI Project Area and that leverage to shareholders is maximised in the event of drilling success. The efficient allocation of limited capital is of paramount concern to the board of Pantheon.

Investment Highlights

- Pantheon's strategy is to focus initially on hydrocarbon exploration and production onshore or near shore in the GoM
- Pantheon's principal asset is intended to be a 25 per cent. working interest in a joint venture within the PI Project Area. Specifically, pursuant to its Farmout Agreement, Pantheon will have the right to earn this working interest by paying 33.333 per cent. of the costs associated with drilling each of six Farmout Prospects
- The Directors believe that Pantheon's farmout terms are favourable for a prolific oil and gas area in the current environment
- The Directors believe that the Farmout Prospects within the PI Project Area comprise large, high-quality natural gas plays in an under-explored deep section of the GoM
- The Directors believe that these Farmout Prospects have significant reserve potential with estimated prospect sizes (P50) ranging up to 337 bcf
- Three of the Farmout Prospects are scheduled to be drilled in 2006. The Competent Persons Report estimates that two of these have gross reserve potential (P50) of at least 160 bcf
- A drilling rig contract has been secured for 12 months, with options to extend. Drilling, could begin as early as May 2006 subject to the relevant permits and permissions
- Abundant pipeline infrastructure exists on Padre Island, which has surplus capacity. This under-utilised infrastructure should permit new discoveries to come online quickly, affording early cash flow generation
- Recent drilling has confirmed the natural gas potential and reduced exploration risk
- The deep PI Project Area offers a deep shelf offshore natural gas play with onshore drilling/development costs. All of the currently defined Farmout Prospects are scheduled to be drilled from onshore locations or the shallow waters of the lagoon
- In the view of the Directors, the deep JV of the PI Project Area represents a moderate risk (POS 15 per cent. to 36 per cent.,) high potential reward exploration venture offering the potential, if successful, for major value accretion to the Company and its shareholders
- The Directors believe that as a small exploration company with a tight capital structure, exploration success would:
    - enhance returns to investors; and
    - limit future equity dilution
- Corporate overhead costs are being kept intentionally low to maximise leverage to shareholders in the event of drilling success
- Pantheon intends to manage carefully its risk and enhance the probability of success through holding small working interests (10-25 per cent.) and partnering with experienced operators
- The PI Project Area is under-explored relative to other parts of the GoM due to historic limitations imposed by lack of 3D Seismic, a previously depressed US natural gas market, environmental issues and numerous changes of Operator resulting from corporate activity. These issues have been satisfactorily resolved
- Advancement of 3D Seismic has allowed the imaging of deeper larger targets analogous to areas of high activity and exploration success in the central GoM

- The PI Project Area is covered by approximately 116,500 hectares of interpreted 3D Seismic data
- Drilling on other deep targets on the PI Project Area has proven a working gas system exists. Natural gas discoveries have also been made in deep structures by ExxonMobil (King Ranch) and Spinnaker (Stirrup) to the west and east of the PI Project Area
- The US is the world's largest consumer of natural gas and also the second largest global natural gas producer. Nonetheless, the volumes produced are insufficient to match its consumption leading to a supply shortfall. This supply deficit is projected to widen further as demand rises and domestic output declines
- Wellhead prices for US natural gas have risen 3.8 times over the 1998 to 2005 period
- The EIA forecasts US natural gas prices at $10 per mcf (nominal) until 2025

Reasons for the Fund Raising

The Company plans to seek Admission to AIM on 5 April 2006. The net proceeds of the Placing receivable by the Company, which are expected to be £9.4 million, will provide further equity capital for the Company, strengthening the Company's capital base, and should enable the Company to meet its obligation under the Farmout Agreement in order that Pantheon may participate in an initial 18 month drilling programme.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of Admission Document	4 April 2006
Admission and commencement of dealings in the Ordinary Shares on AIM	5 April 2006
CREST accounts credited for the Placing Shares in uncertificated form	5 April 2006
Despatch of definitive share certificates for the Placing Shares in certificated form by	19 April 2006

PLACING STATISTICS

Placing Price	100p
Number of Ordinary Shares in issue immediately prior to Admission	5,552,329
Number of Placing Shares being placed	10,000,000
Number of Ordinary Shares in issue immediately following Admission	15,552,329
Placing Shares as a percentage of the Enlarged Issued Share Capital	64.3 per cent.
Market capitalisation at the Placing Price	£15.55 million
Gross proceeds of the Placing receivable by the Company	£10 million
Estimated net proceeds of the Placing receivable by the Company	£9.4 million

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Directors have considerable technical and commercial experience, gained in various geographies, and management experience in a wide range of technical, financial and commercial activities. The only personnel within Pantheon as at the date hereof are the Directors and a Company Secretary. The Company was incorporated as a public company on 8 March 2005 and subsequently appointed an Executive Chairman, a Technical Director and two Non-Executive Directors to the Board. The Directors of Pantheon comprise:

Susan Graham *(53), Executive Chairman (British)*

Sue Graham has many years experience in the oil and gas sector. She joined Merrill Lynch in 1986 and was Managing Director and Global Head of the Energy Team from 1998 until her retirement in 2003. During her 27 year City career, she gained extensive experience in both primary and secondary equity markets on a global basis. This included lead roles in the privatisations of British Gas, Britoil, CNOOC, Elf Aquitaine, ENI, MOL, Norsk Hydro, OMV, Petrobras, Repsol, Total and YPF. She assisted in the introduction of Enterprise Oil and LASMO to US markets and was also involved in M&A activity including Total's mergers with PetroFina and Elf.

She has an M.A. in Chemistry from Lady Margaret Hall, Oxford and an MSc in Forensic Archaeological Science from University College London. She is a Member of the Securities Institute and the National Association of Petroleum Investment Analysts.

Robert John Rosenthal *(53), Technical Director (American)*

Robert Rosenthal helped conceive the PI Project and has a 0.68 per cent. overriding royalty over all the leases that Pantheon has potential interests in under the Farmout Agreement. An exploration geologist with over 30 years of experience in the sector. Beginning his career with Exxon USA, he spent 15 years with BP attaining the position of Global Consultant for Exploration (World Wide) reporting directly to the Chief Geologist and General Manager for global exploration. He has been involved in the formation of several Australian Stock Exchange ("ASX") listed oil and gas exploration companies which have made discoveries in Texas, California and Oklahoma. These include Orchard Petroleum and Tomahawk Oil and Gas (to which he acts as a director).

He completed both his BS Geology (1974), and his MSc Geology (1977) at the University of Southern California.

Justin George Hondris *(36), Non-Executive Director (Australian)*

Justin Hondris is a director of several public and private companies in both the UK and abroad, including BioProspect Limited (ASX) and Medici Bioventures plc (AIM). He is also a Partner of the London operation of Titan Bioventures Management, a manager of listed private equity funds.

He previously qualified as a Chartered Accountant although is he no longer an active member, an Associate of the Securities Institute of Australia, and is currently a Level 2 candidate of the CFA Institutes' CFA programme. He previously worked at Cazenove & Co in London, and prior to that, Hartley Poynton, an Australian based investment bank with a strong presence in the junior resources sector.

Andrew Granville Waller *(37), Non-Executive Director (Australian)*

Andrew Waller has extensive public company experience spanning various sectors. He currently serves as non-executive Chairman of Acclaim Resources NL (an ASX listed Nickel and Uranium company), Chairman of Nuenco NL (an ASX listed company involved in the exploration and production of gas onshore California), and a non-executive director of Chrome Corporation NL (an ASX listed company with chromium assets in South Africa).

PART I

Introduction to Pantheon

Pantheon's Petroleum Interests

The initial strategy of Pantheon is aimed at drilling natural gas prospects in certain under-explored deep sections under and around Padre Island. Specifically, the Company will initially have the opportunity to participate in six Farmout Prospects pursuant to the Farmout Agreement with the lessees that currently own 100 per cent. of the leasehold interests over approximately 10,715 hectares. Pantheon has entered into the Farmout Agreement with Long Flat and its subsidiary, Kindee. Under this agreement, six Farmout Prospects have been identified, of which three are planned to be drilled during 2006. These prospects are covered by 3D Seismic on already leased acreage and are discussed in detail below.

Farmout Agreement

Pursuant to the Farmout Agreement, Pantheon has agreed to pay to Kindee and Long Flat an aggregate payment of US$1,054,025 within 10 business days of Admission but, in any event, no later than 7 April 2006 and has the right to earn a 25 per cent. working interest in the six Farmout Prospects by paying 33.333 per cent. of the costs associated with drilling each Farmout Prospect up until the point of casing. Once payment is made by Pantheon in respect of its proportion of the expenses for any particular exploratory well, under the Farmout Agreement, Pantheon will be entitled to an assignment of its 25 per cent. working interest in the respective Farmout Prospect from the lessees. Thereafter, Pantheon's share of either completion or decommissioning costs for that well, and also for subsequent drilling and development costs for the respective prospect, will equal 25 per cent. Long Flat and Kindee have already executed a rig contract and are currently proceeding with preparation of a drilling programme and budget for the first exploratory well within the PI Project Area. Failure by Pantheon to participate in the drilling of the first well would result in a forfeiture of its interests in all of the PI Project Area (including all of the Farmout Prospects).

After the first well is drilled, Pantheon will have the right to elect to participate, or to not participate, in the drilling of each subsequent exploratory well on the other Farmout Prospects. An election not to participate will result in Pantheon forfeiting its interests only in relation to that particular Farmout Prospect. Once all six Farmout Prospects have been drilled with an exploratory well on each, Pantheon will have earned a 25 per cent. working interest within all of the Farmout Prospects in which it elected to participate within the PI Project Area. Pantheon also has the right to acquire a proportionate interest in any oil and gas or mineral interest acquired by any of the parties to the Farmout Agreement within a larger area of mutual interest, which is defined in the Farmout Agreement. Thereafter, it is the intent of the parties to the Farmout Agreement to continue operations, to the extent such operations are called for, within each Farmout Prospect pursuant to a mutually agreed upon prospect joint operating agreement. Should such a specific prospect joint operating agreement not be executed, then subsequent operations will be governed by the terms of an existing operating agreement (described below and to which Pantheon is not a party) that covers not only the acreage subject to the PI Project Area, but also additional acreage. The Farmout Agreement terminates (in which case Pantheon would lose its interest in the PI Project Area and therefore the Farmout Prospects) if Pantheon fails to make payment of the relevant sums due from it under the agreement and fails to remedy the default within 5 business days of receiving notice of such default.

The Company has only carried out limited title investigation at this stage in relation to the Leases. In order to ensure that the parties to the Farmout Agreement have appropriate title to the Farmout Prospects, prior to drilling each exploratory well, the Operator shall obtain a drill-site title opinion and thereafter, as appropriate, the Operator shall obtain a division order title opinion. This is intended to ensure that, prior to drilling and exploration costs being incurred, the parties have good title to the relevant Farmout Prospects and to avoid the expense of unnecessary title checks being carried out on the wider PI Project Area.

The terms of the existing operating agreement substantially resemble the terms of the model form deep water offshore operating agreement and afford Pantheon the right to participate in the decision-making and in all activities undertaken related to its 25 per cent. working interest (where earned) in the Farmout Prospects.

Notably, the existing project operating agreement (commonly referred to as the "PIPOA") details the duties of the Operator thereunder, making it clear that all operations must be conducted "in a diligent, safe and efficient manner in accordance with good and prudent oil field practices and conservation principles generally followed by the international petroleum industry under similar circumstances." It sets forth the Operator's obligations to follow certain accounting procedures, prepare and submit proposed work programmes, budgets and authorisations for expenditures, acquire permits and approvals that may be required, pay taxes and other fees, and maintain the leases in full force and effect. Both the Farmout Agreement and the PIPOA are to be construed, interpreted and applied in accordance with the laws of the State of Texas and, under both agreements, disputes must be resolved through binding arbitration conducted by three impartial arbitrators in accordance with the Arbitration Rules of the American Arbitration Association, taking place in Houston, Texas. Consequential, punitive or other similar damages shall not be allowed as between the parties.

The Leases

The Leases contain variable royalty provisions which escalate from 20 per cent. to 22.5 per cent. and then to 25 per cent. depending on when during the relevant Lease term a well is completed as capable of production and the sale of hydrocarbons commence. The total royalty burden (under the Leases and certain overriding royalties) ranges between 23 per cent. and 30 per cent. The Leases contain provisions for delay rentals to be paid where drilling operations have not been carried out before the relevant deadlines. These delay rentals vary between US$10 and US$20 per acre. Some of the Leases require the consent of the lessor (not to be unreasonably withheld) prior to them being assigned.

Padre Island Project Area

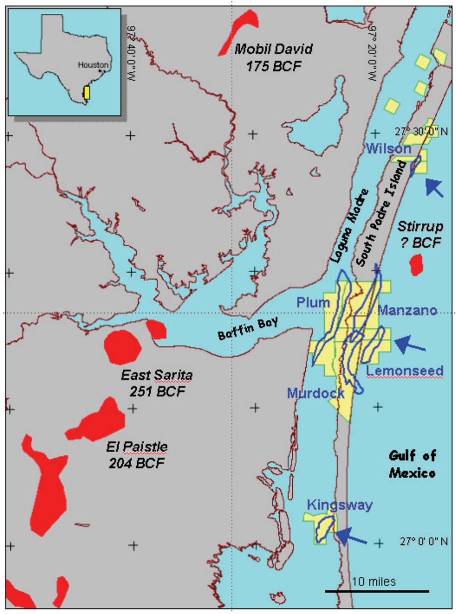
Padre Island is located just off the coast of south Texas in the GoM. The overall region containing the PI Project Area covers an area approximately 100km long and 12km wide. Some 143 drilling leases have been acquired by Golden Gate to date. These originally encompassed an estimated area of 28,000 hectares together with an option to acquire a further 12,000 hectares. The PI Project Area in which Pantheon intends to have an interest covers 41 Leases of which 39 are from the state of Texas, and two Leases are from private owners. The total acreage covered by these Leases is approximately 10,715 hectares. The Leases cover part of the land area of Padre Island (a barrier island some 180 km long), the Laguna Madre (lagoonal waters inshore of the island) and offshore GoM immediately off the island. This represents an expansive acreage position enabling the PI Project Area team to target exploration within a regional geological context.

There is considerable established gas pipeline infrastructure on Padre Island which is currently under-utilised. This and pipeline proximity should allow any further discoveries also to be connected to this system and brought on stream rapidly, subject to reaching agreement with the pipeline operators.

Padre Island Prospectivity

Padre Island is in a proven hydrocarbon area. Historically, drilling at the Padre Island area has been to shallower depths where substantial volumes of natural gas have been found and produced. Some 25 fields have been developed in and adjacent to the PI Project Area which have produced in excess of 1.7 tcf (cumulative) of natural gas. The natural gas flows through a working gas-gathering pipeline system on Padre Island through which it is connected to the gas grid of southern Texas.

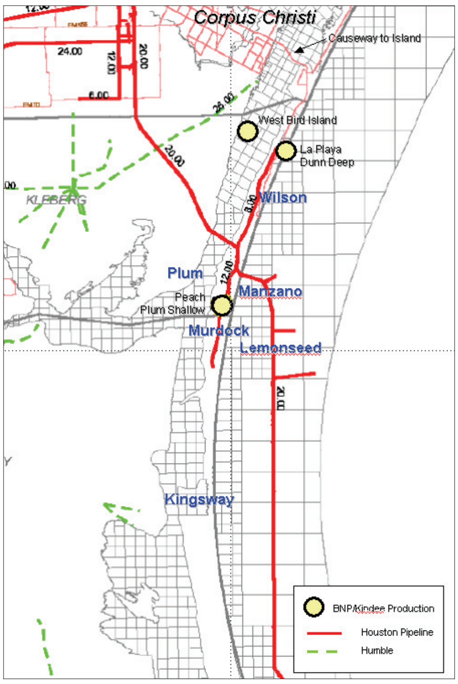
Figure 1: Padre Island Project Area Location Map



Source: Competent Person's Report

The deeper sedimentary section is currently under-explored. The Directors believe this to have significant remaining exploration potential. The US Department of Interior's Minerals Management Service has estimated that the resource potential of the Deep Shelf natural gas in the GoM is up to 55 tcf. Much of this deep shelf is accessible from existing infrastructure in the GoM.

Figure 2: Main Natural Gas Infrastructure



Source: Competent Person's Report

In the past, exploration for deeper targets was limited by the older technology of the past and a depressed natural gas market. Modern 3D Seismic technology, a currently buoyant gas market and recent drilling success have transformed the economics of the deep gas play, both in terms of reduced risk and increased reward. This has been augmented by the under-explored frontier for deep gas positioned within the world's largest gas market: the US.

The PI Project Area comprises multiple play types including smaller, low risk, shallow prospects and larger, deeper prospects which have seen little drilling attention. The Directors believe that there are several reasons why exploration in the Padre Island Project Area is now more attractive, these include the following:

- Pursuant to the Farmout Agreement, Pantheon will be able to benefit from 116,500 hectares of 3D Seismic data that has been acquired over the PI Project Area, 3D Seismic data invariably images the reservoir section much better than the existing 2D seismic which was all that was available when early wildcats were drilled.

- Most of the island area lies within the Padre Island National Seashore administered by the National Parks Service, under the control of the U.S. Department of the Interior. The lagoonal waters are controlled by the U.S. Army Corps of Engineers, a federal body responsible for wetlands and waterways. This has discouraged potential explorers not prepared to abide by the stringent environmental practices necessitated. The Directors believe that directional drilling and strategic placement of drilling platforms should enable the participants in the PI Project Area to avoid some of the burdensome permitting requirements of the National Parks Service and the US Army Corps of Engineers. Though sometimes lengthy, the administrative permitting processes benefit from regulatory certainty.

- Numerous corporate events have led to several changes of operator over the past three years which has delayed progress in evaluating the project area.

- A previously depressed US natural gas market meant there was little economic incentive to drill deeper targets. The gas market today however is buoyant.

Most of these issues which have constrained exploration in the past have now been overcome. Critically, Pantheon will benefit from a new strategy that aims to re-invigorate exploration within the PI Project Area, primarily as a consequence of Golden Gate consolidating its position in the area, and its affiliate, Kindee becoming Operator in late 2005. In the short period since then Golden Gate has announced two discoveries, La Playa Deep #1 in January 2006 and Dunn Peach #6 (on the Plum Shallow structure) in February 2006.

Prospects under the Farmout Agreement

Pantheon has entered into a Farmout Agreement providing it with the opportunity of earning an interest in respect of the following six exploration Farmout Prospects:

- Plum Deep, from 9,500 to 15,000 feet;

- Manzano Deep, from 10,500 to 16,500 feet;

- Murdock, all depths from surface;

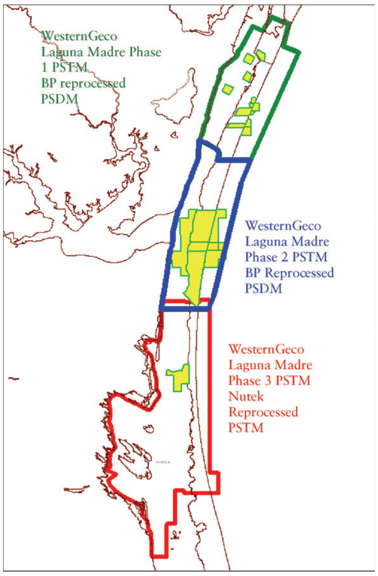
- Lemonseed, all depths below 9,100 feet;

- Wilson, all depths from surface; and

- Kingsway, all depths from surface.

The PI Project Area has been specifically structured on a project by project basis, with each prospect defined in area, size and depth. This allows participants to optimise exploration of different plays varying in terms of geology and risk profile.

Figure 3: PI Project Seismic Data Base



Source: Competent Person's Report

Table 1: Padre Island Joint Venture Participating Interest

	Pantheon Resources[(1)]	*Golden Gate*[(2)]	*IB Daiwa*[(3)]	*BNP*
Farmout Prospects				
Murdock South and Plum Deep	25%	37.5%	37.5%	—
Manzano deep	25%	37.5%	37.5%	—
Kingsway	25%	37.5%	37.5%	—
Wilson	25%	37.5%	37.5%	—
Lemonseed	25%	22.5%*	22.5%*	30%*

Source: Golden Gate

(1) Pantheon has the right to earn these interests pursuant to the Farmout Agreement

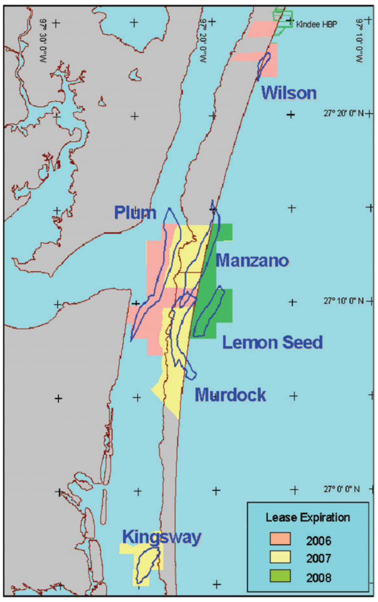
(2) Golden Gate's interest is held via its wholly owned subsidiary, Long Flat. Golden Gate is also in discussion with other parties on potentially farming-out some additional interest

(3) IB Daiwa's interest is held via Lodore Resources Inc

* Figures to be confirmed

Prospect Inventory

Figure 4: PI Project Area Prospect Inventory



Source: Competent Person's Report

The Farmout Prospects within the PI Project Area are previously under explored deep prospects which the Directors believe have the potential for significant additional reserves and early cash flow. At present all the currently defined Farmout Prospects are planned to be drilled from onshore or near shore locations. This offers the advantage of substantially reduced costs (both for exploration and development) compared with offshore. It also reduces the lead times to production in the event of successful exploration.

In the PI Project Area in which Pantheon has the right to earn a 25 per cent. interest, extensive evaluation has confirmed six reasonably mature high quality exploration targets (the Farmout Prospects), of which three are planned to be drilled during 2006. As detailed in Golden Gate's Annual Report lodged with the ASX on 26 October 2005, a $10 million study by BP was conducted in 2003. This study focused primarily on the ultra-deep section below 16,500 feet. However, BP's study did confirm the potential of the PI Project Area.

Drilling Programme

The first two Farmout Prospects proposed to be drilled as part of the Farmout Agreement are Plum Deep and Wilson. Studies conducted by the Operator, Golden Gate and the Independent Technical Consultant, have estimated the P50 potential reserves for Plum Deep to be in a range of 161 to 293 bcf. The Directors believe that this could represent potential material upside for Pantheon shareholders. Drilling costs for Plum Deep are estimated to be around US$10.3 million (gross).

Table 2: Drilling Programme

Prospect Name	*P50 Potential bcf (gross)**	*Current Planned Start Date*	*Estimated Drilling Costs***
Wilson	9	First half 2006	US$5.4 million
Plum Deep	161-293	Second half 2006	US$10.3 million
Manzano	178-337	Second half 2006	US$9.1 million
Murdock South	94-232	First half 2007	US$9.7 million
Kingsway	21	tba	tba
Lemonseed	67	tba	tba

*This range is based on studies conducted on the acreage by Golden Gate and the Independent Technical Consultant

**The company has based its Working Capital forecasts on the basis of drilling Wilson, Plum Deep, Manzano and Murdock South using what the Directors believe are conservative drilling costs provided by Westlawn.

The PI Project Area's neighbours around Padre Island Area include experienced industry players El Paso Corporation Inc, Santos Limited and Spinnaker Exploration Company (recently taken over by Norsk Hydro ASA). West and east of the PI Project Area, natural gas discoveries have been made. ExxonMobil has three discoveries within its onshore King Ranch leases (Sarita East, El Paistle Deep and Mobil David). Spinnaker's offshore Stirrup discovery is located close to the PI Project Area.

Successful Drilling and Production

Within the larger area covered by the 3D Seismic that Golden Gate and its affiliates have under lease, seven exploratory wells have been drilled since 2001. Four of the wells encountered producible gas and were tied into the south Texas grid.

The most recent activity has confirmed another two discoveries which are not included in the Farmout Agreement, but which are located either above or adjacent to the PI Project Area. The Dunn-Peach #6 well was drilled in late 2005 by BNP to test the Plum Shallow prospect. This was announced as a discovery in February 2006 and has been tied into the sales gas line and producing commercial quantities. The Plum Shallow prospect should not be confused with the Plum Deep Farmout Prospect in which Pantheon intends to earn 25 per cent. working interest and which is scheduled to be drilled in 2006. Plum Deep lies within the same fault trap as Plum Shallow but targeting deeper reservoirs at 9,500 to 15,000 feet. The Directors believe that the discovery of hydrocarbons in the shallow-section reduces the risk for Plum Deep as it confirms that it underlies a natural gas accumulation.

The La Playa Deep well has made an additional discovery in a shallower section of the existing La Playa Deep well. This well initially flowed gas over a period of two weeks at an average rate of

3.19 million cubic feet per day along with oil at an average rate of 41.5 barrels per day. The well has been tested directly into the sales gas line hence revenue has already commenced. These rates were obtained using an 8/64″ (approximately 3.2 mm) choke and there has been no sign of pressure depletion since the commencement of testing. Since the original test production has increased to approximately 4.8 million cubic feet of gas and 77 barrels of oil per day. The discovery was made in a shallower section of the existing La Playa Deep well bore and is classed as a new field discovery.

Table 3: Drilling Results to date in and around PI Project Area*

Well Name	*Year Drilled*	*Result*	*Status*
La Playa Deep-1	2004 & 2005 re-completion	Discovery well	Producing
Dunn-Peach-6	2005	Discovery well	Producing
Homerun-1	2004	Discovery well	Decommissioned
Jack Frost-1	2003	Dry hole	Decommissioned
West Bird Shallow-1	2002	Discovery well	Producing
Dunn-Murdock-1	2002	Discovery well	Decommissioned
LaPlaya Shallow-1	2002	Discovery well	Producing

Source: Golden Gate

* Pantheon does not have an interest in any of these wells

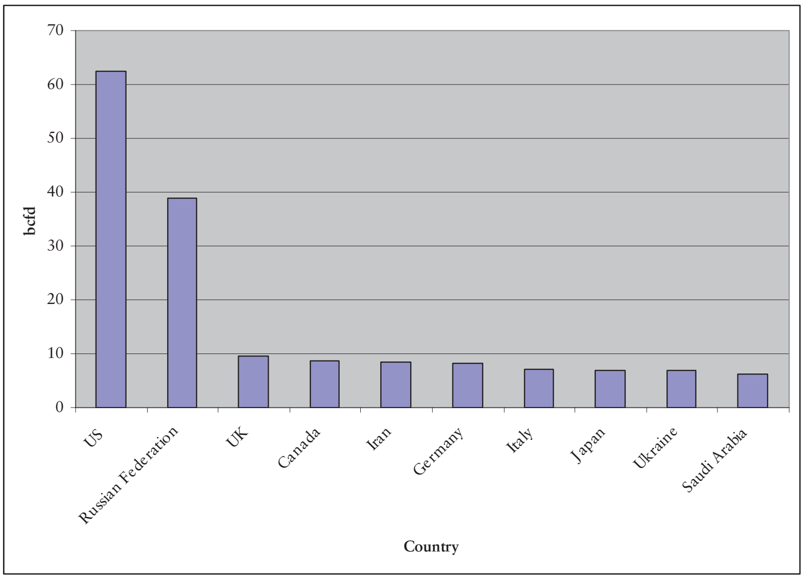
Padre Island contains an excellent network of common carrier pipeline infrastructure with excess capacity which should allow new gas discoveries to be connected and brought on stream rapidly, subject to reaching agreement with the pipeline operators.

US Natural Gas Market

Consumption and Production

The US is the largest consumer of natural gas in the world and in 2004 consumed 646.7 billion cubic meters (“bcm”). In 2004, it was over 60 per cent. larger than the next largest user, the Russian Federation which consumed 402.1 bcm and 6.5 times greater than the third largest natural gas market, the United Kingdom, which consumed 98.0 bcm.

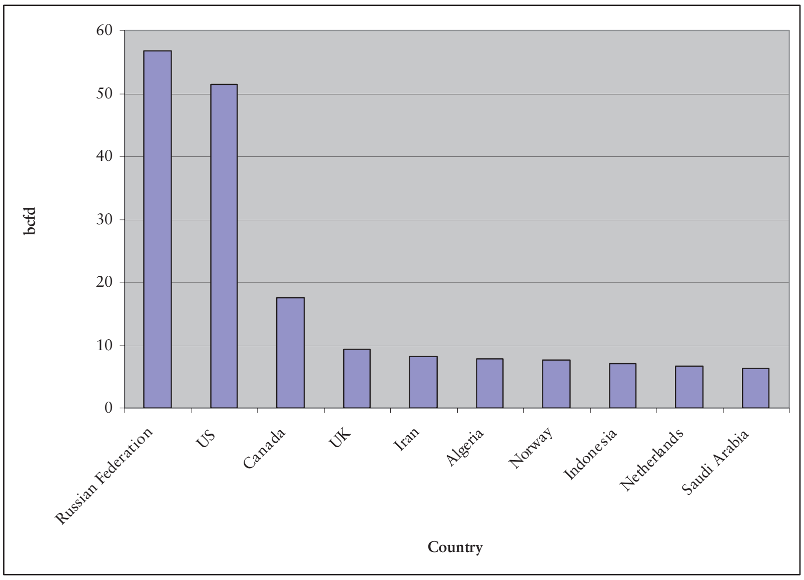
Figure 5: Major Natural Gas Consuming Countries in 2004



Source: BP Statistical Review 2005

The US is also the world’s second largest producer of natural gas producing 542.9 bcm just behind the Russian Federation with 589.1 bcm. However, domestic output only satisfied 84 per cent. of its consumption in 2004. Therefore some 16 per cent. of natural gas requirements are met by imports sourced mainly from pipeline imports from Canada although small volumes are also received as liquefied natural gas (“LNG”). Despite satisfying only a relatively small proportion of its consumption requirements, the US is the world’s third largest importer of LNG after Japan and South Korea who are the first and second largest importers respectively.

Figure 6: Major Natural Gas Producing Countries in 2004

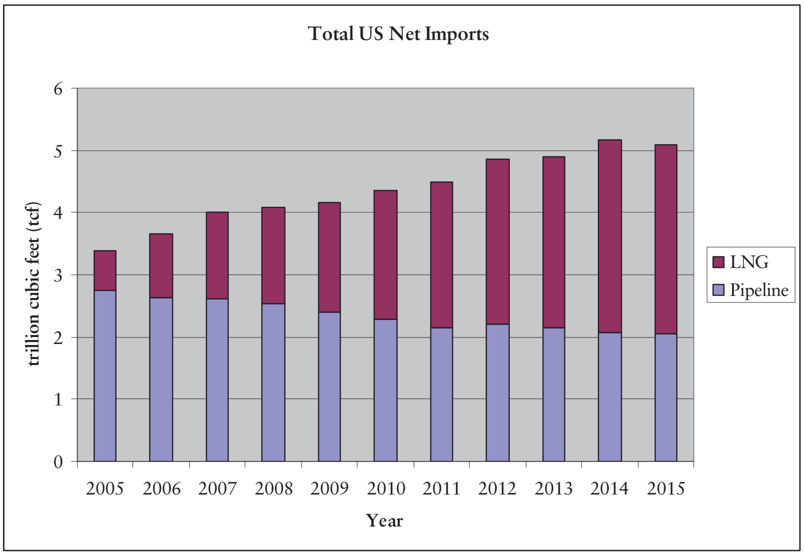


Source: BP Statistical Review 2005

The EIA is an independent statistical agency with the US Department of Energy. It has projected in its *Annual Energy Outlook 2006* that total consumption of natural gas in the US will rise to 25.91 tcf or 71 bcfd in 2015. This equates to a 16.7 per cent. increase during the period 2005 to 2015, equivalent to an additional 3.7 tcf or 10.1 bcfd.

Over the same period of 2005 to 2015, the EIA project US domestic production to grow by only 2.22 tcf or 6.08 bcfd. This implies a total shortfall over the next decade of 5.48 tcf or 15 bcfd by 2015. In other words, the net reliance on imported gas via pipeline and LNG is expected to grow by over 50 per cent. (i.e. 3.39 tcf to 5.1 tcf see figure 7) by 2015.

Figure 7: Total US Net Imports



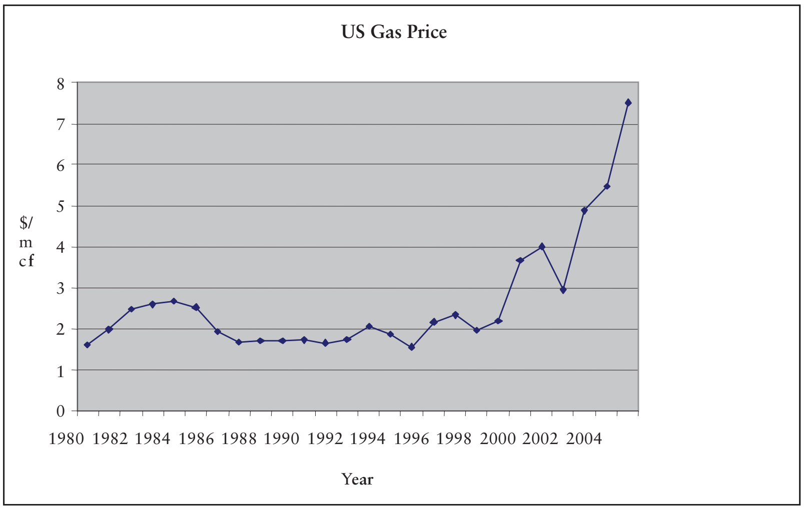
Source: EIA

Prices

In the United States, the natural gas market prices are deregulated: natural gas is a widely traded commodity. The EIA publishes an average wellhead price for natural gas in its monthly and annual data publications and forecasts this price in both the *Short-Term Energy Outlook* and the *Annual Energy Outlook*.

Wellhead prices for US natural gas have risen more than 3.8 times over the period from 1998 to 2005.

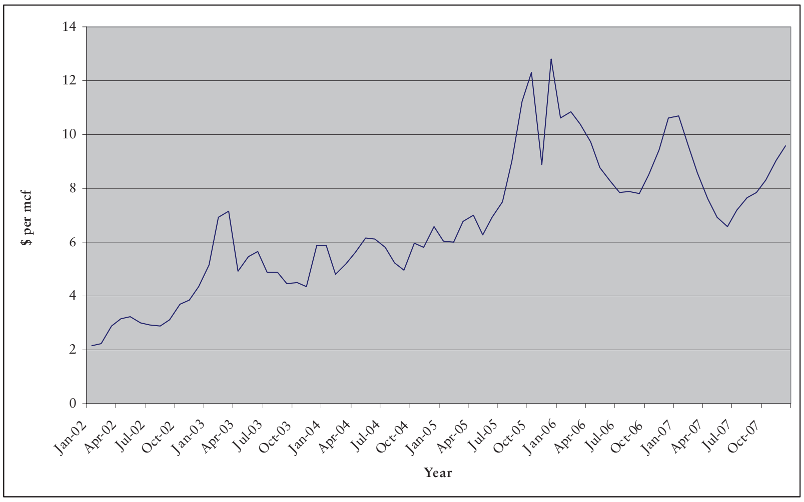
Figure 8: US Wellhead Prices



Source: EIA

Longer term, rising import dependency is set to be met by rising imports of LNG. The EIA estimates that total net imports of LNG should reach 4.13 tcf or 11.2 bcfd in 2025. This would represent a near sevenfold increase over 2004. The EIA forecasts US natural gas prices at $10 per mcf (nominal) by 2025.

Figure 9: Actual and Forecast US Wellhead Natural Gas Prices 2002 to 2007



Source: EIA Short Term Energy Outlook January 2006

Working Capital

With respect to the proposed exploration and appraisal programme and the cash resources of the Company, including the net proceeds of the Placing, it is the opinion of the Directors, having made due and careful enquiry, that the working capital available to the Company will be sufficient for its present requirements, that is for at least 12 months from the Admission date.

In the event of drilling success it is anticipated that an additional fund raising exercise will need to be undertaken by the Company in order to finance the development through to production of hydrocarbons.

Shareholder Information

The Company's annual report and accounts will be prepared up to 30 June each year and an unaudited interim report will be prepared covering the six months to 31 December each year. The Company expects to report its interim results in September and to make the preliminary announcement of its final results in March each year.

Dividend Policy

The Board anticipates that, following Admission, cash resources will be retained for exploration and development activities and will not be distributed until the Company has an appropriate level of distributable profits. The declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Company's operations, its financial position, cash requirements, prospects, profits available for distribution and other factors deemed to be relevant at the time.

Corporate Governance

The Directors acknowledge the importance of the Combined Code on Corporate Governance and intend, following Admission, to apply its principles so far as is practicable and appropriate to a company of the size and nature of Pantheon.

The Directors intend to consider appointing a Finance Director to the Board within 6 months following any successful drilling, at which point the finances of the Company may require further review.

Lock-in and Orderly Market Arrangements

Details of the lock in agreements and orderly market provisions undertaken by the Directors, related parties and certain Shareholders can be found in paragraph 6 of Part VII of this document.

CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument in accordance with the Uncertificated Securities Regulations 2001. The articles of association of the Company permit the holding of Ordinary Shares under the CREST system. All the Ordinary Shares will be in registered form and no temporary documents of title will be issued. The Directors intend to apply for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission. It is expected that Admission will become effective and dealings in Ordinary Shares will commence on 5 April 2006. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of the Ordinary Shares who wish to receive and retain share certificates will be able to do so.

Recent Trends and Prospects

Other than as described elsewhere in this Admission Document, the Company has not sold any products or performed any services since incorporation and there are therefore no significant recent trends in production, sales and inventory costs and selling prices between the end of the last financial year and the date of this Admission Document.

PART II

Description of Assets

Description of Prospects

Overview

The onshore south Texas area is a major gas and oil producing region. Advancements in 3D Seismic imaging technology have allowed the imaging of deeper, larger targets analogous to areas of high activity and exploration success in the eastern GoM.

Descriptions of the six Farmout Prospects in which Pantheon has the right to earn a 25 per cent. interest, and which are intended to be drilled, pursuant to the Farmout Agreement, follow. A full geological description of these Farmout Prospects is given in the Competent Person's Report in Part IV of this document.

Plum Deep

Plum Deep is a long and narrow three-way fault closure, defined by dip to the west and south, and fault offset to the north and east. According to the Competent Person's Report data quality is good, especially at shallower levels in the prospect, and the trap can be mapped with confidence. Trap risk is slightly higher than Manzano.

Offset wells to the west demonstrate the existence of sand in the Middle Frio, although reservoirs are likely to occur in thin sands. Regional studies indicate that Plum Deep lies in a favourable Middle Frio sand fairway relative to more northerly prospects, as it lies further from the northern margin of the Oligocene Norias delta. The Competent Person believes that seismic attribute anomalies might be indicative of better reservoir quality, but the source of these anomolies is poorly understood.

Wilson

Wilson is a faulted three way closure very similar to the analogs discovered by Novus Petroleum Limited and BNP Petroleum Corporation in the Upper Frio Marg Tex section in the La Playa area, only three miles to the northeast. The similarity in structural style and the known productivity of the Marg Tex reservoir in the area make this a relatively low risk prospect.

In the CPs opinion seismic data quality is good, the main structural risk being the northern extent of the eastern trapping fault. If this fault extends all the way to the north to the more regional La Playa trapping fault, then the trap could be quite large. Although trapping fault offset appears to be very small to non-existent to the north, a similar situation at the recent Dunn Deep discovery 3 miles north has created an accumulation now producing in the order of 4 mmcfd. Therefore, faults at or below seismic resolution can be adequate to trap relatively thin Marg Tex reservoirs.

Manzano

Manzano is an upthrown three way fault closure and has a very similar appearance to Plum Deep. Plum Deep is separated from Manzano by an eastern trapping fault.

The BNP Petroleum Corporation operated Dunn-Murdock-1 well tested various intervals. These failed to find commercial hydrocarbons or adequate reservoir quality. For this reason, and also because it is slightly further east, Manzano has somewhat higher reservoir risk than Plum Deep. Results at Stirrup field show, however, that reservoir quality can be highly variable laterally, such that the Dunn-Murdock results do not necessarily detract from Manzano's prospectivity.

The North Murdock Pass Field directly overlies Manzano, in the same fault block, and has produced 46 bcf from the Marg Frio reservoir. This means charge risk should be very low. The dominance of shale in the Middle Frio suggests that fault seal risk should be moderate, while trap risk is very low at Manzano. Data quality is good in most places and the trap can be mapped with confidence.

Murdock South

Murdock is an upthrown three way fault closure which is separated by a cross fault induced saddle from the Manzano prospect to the north. The prospect is located in a position more favourable for sand than those further to the north, but targets are deeper here.

The Competent Person believes that moderate trap risk exists to the north and also to the southeast, where the extent of closure is uncertain. This south-eastern risk though is limited to upside cases. Regional work conducted by Novus Petroleum Limited in the area, suggested that the Padre Island Fault merges with another large growth fault further offshore. This in turn suggests that, with increasing depth, this fault complex may seal to provide a significant upside case. The trap is structurally more complicated than the other prospects, but the existence of a trap is not in doubt.

This prospect was partially drilled by BNP as operator in 2002, but due to the geometry of the trap, compromised objectives in the Upper and Middle Frio, and the angle of the borehole, only the top 1000 feet of section out of a possible 4000 feet was tested. Additionally, the borehole was not optimally located to test the trap. The Competent Person believes that the underlying Anomalina F (the Stirrup reservoir) is trapped at Murdock, and the planned well is designed primarily to test this zone at the expense of shallower potential reservoirs.

Lemonseed Prospect

Lemonseed is an upthrown three way fault closure developed in the hanging wall of the Padre Island Fault. Data quality is good and the trap can be mapped with a high level of confidence. Reservoir targets lie in the range from 12,500 ft to around 14,500 ft, above and below which trap is in doubt. The structural setting is analogous to Spinnaker's 2001 Stirrup discovery about eight miles to the northeast.

In the nearest well, a little over a mile to the southeast, the best sands in the Middle Frio are slightly higher in the section, but this event was not as reliable for structural interpretation. However, it is expected that sands will thicken into the fault, as is typically the case in the GoM.

Since Lemonseed is less than two miles from the shoreline, the well plan calls for a surface location on the island with an 8,000 ft reach to the east. This would be a build and holds trajectory similar to Manzano, allowing the drillbit to test Lemonseed in a crestal position at all stratigraphic levels.

Kingsway

Kingsway is a subtle four way dip closure developed in a small fault block terrace formed between two southwest-northeast trending down to basin faults. The objective section in trap extends from roughly the Upper Frio Cib Haz to the upper Middle Frio. Numerous wells penetrate the Upper Frio in the area, although almost all of the nearby production is sourced from the Marg Frio. This is felt to be due to leakage of Cib Haz and older reservoirs across fault planes in this sand rich section. There are no clear examples in the 3D seismic area of simple four way dip structures like Kingsway, so it is possible that there could be numerous pays in Kingsway that are not present in the faulted three way closures so prevalent in the area. Middle Frio sands were abundant in the nearest significant Middle Frio test, about seven miles to the southwest.

It is felt that if the trap is present, it is likely that more than one pay zone would exist. In fact, a typical Upper Frio discovery in the area will have three completions. Therefore, if the trap works, it is likely that the potential reserves will be an underestimate.

The current plan is to drill Kingsway at a shallow water drill site or a site accessible only via the beach, this however would be considerably more expensive than drilling from an existing accessible onshore drill pad and as such the Company is in negotiations to obtain permission to drill Kingsway from an alternative location. If these permissions are not obtained then the Company will have to consider whether this Farmout Prospect still makes viable economic sense to be drilled.

Independent Technical Evaluation

The Directors have commissioned Westlawn to provide an independent technical evaluation of the portfolio of Farmout Prospects, in which Pantheon is entitled to earn an interest pursuant to the Farmout Agreement. This review has independently evaluated the Pantheon estimates of potential resources of the Farmout Prospects to the extent that sufficient data has been obtained with which to provide such assessment.

The attention of potential investors is drawn to this report, which is set out in Part IV of this document.

PART III

Details of the Placing and Admission and Use of Proceeds

Having successfully secured the right to earn a 25 per cent. participation, under the terms of the Farmout Agreement, in the PI Project Area with an attractive portfolio of acreage centred on the Padre Island, GoM, the Directors now seek new investors. The Directors believe that Admission should enable the Company to pursue the strategy of drilling, and in the event of success developing these assets.

Shares subject to the Placing

Pursuant to the Placing Agreement, Oriel has agreed with the Company, on and subject to the terms set out in the Placing Agreement, to use reasonable endeavours to procure institutional investors to subscribe for 7,788,000 Oriel Placing Shares at the Placing Price. The Company has, conditional upon Admission, placed 2,212,000 Pantheon Placing Shares at the Placing Price with certain institutional and other investors pursuant to the Commitment Letters. Certain of the Pantheon Placing Shares have been made available to investors in the United States and Australia and in this regard, please see the paragraph entitled "Overseas Transfer Restrictions" below.

The Company intends to issue 10,000,000 Placing Shares by way of the Placing in order to raise net proceeds of up to £10 million. The Placing Shares will represent 64.3 per cent of the Enlarged Issued Share Capital of the Company immediately following Admission. All Placing Shares issued pursuant to the Placing will be issued at the Placing Price and are of the same class and rank *pari passu* with the existing Ordinary Shares in issue, including the right to receive all dividends, if applicable, and other distributions thereafter declared, made or paid.

Application has been or will be made for the Placing Shares to be admitted to trading on AIM. The Placing Shares have not been marketed in whole or in part to the public in conjunction with the application for Admission.

The Placing is conditional, *inter alia*, upon Admission taking place on 5 April 2006, or such later date as Oriel and the Company may agree, not being later than 1 May 2006.

Further details of the Placing Agreement are set out in paragraph 6 of Part VII of this document.

Reasons for the Placing and Admission

The Placing is being undertaken to raise capital to enable the Company to pursue its initial business strategy described in Part I of this document.

Details of the Placing and Admission and Use of Proceeds

The Placing is intended to raise up to £10 million, before expenses. After the expenses of the Placing and Admission, estimated in total to be £625,000 (excluding VAT), the Placing is expected to raise £9.4 million.

The Directors intend to use the net proceeds of the Placing to:

- meet Pantheon's obligations under the Farmout Agreement;
- provide working capital;
- cover the expenses of the Placing and Admission; and
- pursue any other potential opportunities.

Estimated use of funds (£ millions)

Expected obligations under Farmout Agreement	£7.9
Administration and working capital	£0.7
Expenses of the Placing	£0.6
Business development	£0.2
	£9.4

In addition to the funds raised, the Directors believe that the following benefits will be derived from the Placing and Admission:

- Assisting in recruitment and retention and incentivisation of skilled employees and management as well as providing incentives;
- Raising the profile and status of the Company;
- Admission should facilitate additional capital raising exercises should the need arise, thereby assisting the Company's ability to grow;
- Admission should allow the Company to negotiate more effectively with the vendors of target businesses or assets; and
- Admission should provide additional liquidity for current and/or future investors in the Company.

Should the Placing not proceed, the Company may not be able to fulfill its envisaged work programme and would need to consider and implement alternative arrangements.

It is expected that the proceeds of the Placing will be received by the Company on 6 April 2006. It is expected that the appropriate CREST accounts of placees will be credited with the Placing Shares comprising their Placing participation with effect from 5 April 2006. In the case of Placees obtaining Placing Shares in certificate form, it is expected that certificates in request at the Placing Shares will be dispatched by post, within 14 days of the date of Admission.

Overseas Transfer Restrictions

United States

The Placing Shares the subject of the Placing have not been, nor will be, registered under the United States Securities Act 1933 (the "Securities Act"), or under the securities legislation of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, us persons (as defined in Regulation S under the Securities Act). The Placing Shares are being offered and sold outside the United States to non-US persons in reliance on Regulation S and certain of them are being offered and sold by the Company within the United States in reliance on exemptions from the registration requirements of the Securities Act and such laws. The Placing Shares have not been approved or disapproved by the Securities and Exchange Commission, and State Securities Commission or other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this document. Any representation to the contrary is unlawful. The Placing Shares are subject to restrictions on transferability and resale and may not be transferred or resold except pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act, and in accordance with all applicable state securities laws. Investors should be aware that they must be able to bear the economic risk of their investment for an indefinite period of time.

The Pantheon Placing Shares are being offered and sold in the United States only to "Accredited Investors", as defined in Rule 501(a) under the Securities Act, in private sales exempt from the registration requirements of the Securities Act and any other applicable securities laws. By its acceptance or purchase of Pantheon Placing Shares, each investor in the United States will be deemed to have represented and agreed, among other things, that it is an Accredited Investor.

Australia

This document has not been lodged with, or registered by, the Australian Securities and Investments Commission.

The Pantheon Placing Shares are being offered and sold in Australia only to "Sophisticated Investors" as such term is defined in Section 708(8) of the Australian Corporations Act 2001 and who have been certified as persons falling within that category by an Australian chartered accountant, in private sales exempt from the registration requirements under the Australian Corporations Act 2001 and other applicable securities laws.

Save in accordance with an applicable exemption, a person must not:

(i) directly or indirectly offer for subscription or purchase or issue an invitation to subscribe for or buy or sell, the Placing Shares; or

(ii) distribute any draft or definitive document in relation to any such offer, invitation or sale in the Commonwealth of Australia, its states, territories or possessions ("Australia") or to any resident including corporations and other entities organised under the laws of Australia but not including a permanent establishment of such corporation or entity located outside Australia.

PART IV

Independent Technical Evaluation

Evaluation of Pantheon Resources' Assets, Gulf of Mexico, USA

April 4, 2006

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ILLUSTRATIONS

GLOSSARY

AMI:	Area of mutual interest.
Anticline:	A structure in the subsurface in which rock layers have been folded to produce an arch or dome.
Appraisal well:	A well drilled to evaluate the extent of a discovery made by a previous well drilled on the same trap.
Barrel (BBL):	A unit of measurement commonly used in quoting liquid hydrocarbon volumes. 1 barrel = 42 U.S. gallons 35 imperial gallons (approx) 159 liters (approx)
BCF:	Billion cubic feet, or 28.317 cubic meters. A unit commonly used in quoting volumes of natural gas.
BCFG:	Billion cubic feet of gas.
BHL:	Bottom hole location.
BO:	Barrel of oil.
BOE:	Barrel of oil equivalent. Used when converting oil and gas into an equivalent unit of volume. Typically, a figure of 6000 CFG per BBLO is used.
BOPD:	Barrels of oil per day, a unit commonly used to describe daily rates of liquids production from a flowing well.
Basin:	A depression in the earth's surface containing relatively thick deposits of sedimentary rocks.
Behind pipe:	A productive reservoir which is isolated from the well bore by the casing.
BTU:	British Thermal Unit. A unit index of energy content in gas.
Casing:	Steel pipe which lines the well bore from surface. The casing isolates subsurface fluids from the well bore and prevents rock material from sloughing off the sides of the well bore.
CFG:	Cubic feet of gas.
Charge risk:	A general term for risk that a source rock exists, that it has been is or still is generating hydrocarbons, that a trap was in place before generation, and that a conduit exists between the source rock and the reservoir.
Clastic:	A modifier describing rocks that were deposited by the mechanical action of water, i.e., being carried in suspension and then dropped when the energy in the flow becomes too weak to support the material. Typically, sandstone and shale.
Closure:	On an isolated structural high, the area enclosed by the lowest closing contour.
Condensate:	A hydrocarbon phase which separates out from natural gas and condenses into liquids when the hydrocarbons are produced.
Cretaceous:	Late Mesozoic time; roughly 140 to 65 million years ago.
Darcy	1000 millidarcies (see definition for mD below).
Deposition:	The process of depositing unconsolidated sediments, usually in a basin.

DHC:	Dry hole cost. The cost of an unsuccessful well.
Dip:	The angle that a rock surface forms with respect to the horizontal. Can be referenced as degrees, in the case of depth, or, in the case of seismic reflection data, in time (e.g. milliseconds per km).
Dipmeter:	A tool used in logging a well which measures the dip of rock surfaces in the borehole of the well.
DMO:	Dip Moveout. A correction applied to seismic trace processing to account for dip. (See *dip* above).
DOGGR:	California Department of Conservation/Division of Oil, Gas, and Geothermal Resources
Dry hole:	A well in which no commercial hydrocarbons were discovered.
Exploration well:	A well drilled into a previously undrilled or noncommercial trap to test for the presence of a new hydrocarbon accumulation.
Facies:	An association of rock types which share a common trait. In the case of sedimentary rocks, usually used with reference to the environment in which the sediments were deposited (for example, deltaic).
Fault:	Any brittle failure of rock layers along which rocks are displaced on one side relative to the other.
Fault trap:	A structural trap where at least one of the components of closure is formed by offset of rock layers across a fault.
Field:	A subsurface accumulation of hydrocarbons.
Fold:	Deformation of a rock surface.
Formation:	A formal term used to reference a genetically related rock unit (e.g. the Monterey Formation).
Four way dip:	A simple structure in which rock surfaces dip in all four directions, thus creating structural closure. Often forms a hydrocarbon trap.
GIP:	Gas in place. The volume of natural gas stored in a subsurface accumulation. Differs from recoverable reserves in that some of this gas will not be recovered to the surface due to properties of the rock and/or gas, and *in situ* pressure.
Geology:	The study of the earth and the processes affecting its crust.
Geophysics:	The study of rock properties and stratigraphy through the use of analytical methods involving various types of data collection and interpretation.
GOR:	Gas-oil ratio: the volume of dissolved gas per barrel of oil.
Hydrocarbons:	A compound of the elements hydrogen and carbon, in either liquid or gaseous form. Natural gas and petroleum are mixtures of hydrocarbons.
Horizon:	A term describing a layer of rock, most typically associated with a seismic reflection.
Lithology:	The physical, sedimentary, or mineralogical characteristics of a rock.
Marine:	Used as a modifier of sedimentary rock to denote deposition in the ocean.
Mature:	Used in association with source rock. A description applied to organic rich rock which is capable, because of sufficient temperature and burial depth, of generating hydrocarbons.

mD:	Millidarcy, a unit of measurement used to describe permeability, i.e., the tendency for liquids to flow through a rock unit. A high permeability indicates a good reservoir.
Migration:	The movement of hydrocarbons from the source rock to the reservoir.
MMBLS:	Million barrels.
MMBO:	Million barrels of oil.
MMBTU:	Million British Thermal Units.
MMCFD:	Million cubic feet of gas per day. A measure of gas flow rates from a producing well.
Monte Carlo:	A methodology for estimating a given quantity based on the statistical distribution of input values on which the quantity depends. Typically, the output quantity is calculated several thousand times (each calculation is called a trial), for each trial using input parameter values extracted randomly according to their statistical distributions. The result is a statistical distribution of output values.
MSCF:	Thousand standard cubic feet at atmospheric conditions.
N/G:	Net to gross ratio. The percentage of a gross thickness of reservoir with sufficient permeability such that it is capable of flowing hydrocarbons.
/Net pay:	The net thickness of an oil reservoir which is capable of producing hydrocarbons.
Oil:	Liquid hydrocarbons, generally more viscous and darker in color than condensates.
Oil field:	A subsurface accumulation of hydrocarbons.
Oil window:	The depth interval in which source rock can actively generate mobile oil.
OIP:	Oil in place. The volume of oil held in a reservoir in the subsurface. Not all of this oil can be recovered.
OWC:	Oil-water contact, which marks the base of an oil accumulation.
P10:	In a Monte Carlo simulation, a measure of the high end expectation of a particular parameter's occurrence. For example, a P10 net pay of 150 ft means that there is a 10 per cent. probability that at least 150 ft of net pay will be encountered in a given trial in the simulation.
P50:	In a Monte Carlo simulation, the median value of a particular parameter's occurrence. For example, a P50 net pay of 50 ft means that half of the trials in the simulation encountered a value less than 50 ft.
P90:	In a Monte Carlo simulation, a measure of the low end expectation of a particular parameter's occurrence. For example, a P90 net pay of 25 ft means that there is a 90 per cent. probability that at least 25 ft of net pay will be encountered in a given trial in the simulation.
Permeability	A measure of the ability of liquids to flow through a porous solid. (See mD).
Petroleum:	(See Hydrocarbons).
PINS:	Padre Island National Seashore.

Pipeline:	A pipe through which any hydrocarbon or its products is delivered to an end user.
Porosity:	The percentage of open pore space in a rock.
POS:	Probability of success (technical, as opposed to commercial).
Potentially Recoverable Hydrocarbons	The volume of hydrocarbons that are estimated to be producible from a given trap. Used in the context of a prospect or an undeveloped hydrocarbon accumulation.
Prospect:	An undrilled or poorly understood, and therefore hypothetical, hydrocarbon trap.
PSDM:	Pre-stack depth migration. A seismic processing technique which utilizes rock velocity models to iteratively arrive at a depth converted seismic data volume.
PSTM:	Pre-stack time migration. A seismic processing technique which approximates PSDM but does not build a depth model. The seismic data volume is in two way travel time.
Reflector:	An event observed on a seismic section that usually corresponds to a buried rock surface.
Reserves:	The volume of oil or gas that can be recovered from the subsurface. Generally used in the context of commerciality.
Reservoir:	A porous rock unit in which hydrocarbons occur in an oil field.
Risk:	A measure of uncertainty relating to the likelihood of finding hydrocarbons, or, the likelihood that any or all of the individual geological elements required for the accumulation of hydrocarbons is met.
Sandstone:	A sedimentary rock composed primarily of sand sized grains, usually quartz. A common hydrocarbon reservoir rock.
SCF:	Standard cubic feet. See MSCF.
Seal:	An impermeable rock unit that prevents hydrocarbons from escaping from the reservoir.
Seismic survey:	A tool employing an energy source, such as dynamite, and recording devices used to measure the travel time from a rock layer to the surface. The primary tool used to detect hydrocarbon traps.
Seismic reflection:	An event observed on seismic data that corresponds to a given rock layer in the subsurface.
Sediment:	Generally, water borne debris that settles out of suspension.
Sedimentary rock:	A type of rock formed by aggregation of sediments.
Shale:	A very fine grained rock often thinly layered. An important seal rock.
Show:	An indication while drilling that hydrocarbons are present in the well.
Silt/siltstone:	A rock whose grain size is intermediate between sand and shale.
Source/source rock:	An organic rich rock (typically shale) capable of generating hydrocarbons under certain conditions of temperature and pressure.
STB:	Stock tank barrel, the volume of a barrel of oil at the earth's surface as opposed to the corresponding volume in the subsurface.

Stratigraphy:	The study of the vertical and horizontal distribution of stratified rocks, with respect to their age, lateral equivalence, and environment of deposition.
Structural trap:	Generally, a hydrocarbon trap formed by dipping rock layers and/or faults.
Structure:	A geological feature usually higher in elevation than the surrounding rock, formed by local deformation of the rock layers.
TCF:	Trillion cubic feet of gas.
Tertiary:	A period of geological time from approximately 2 to 65 million years ago. Subdivided into the Pliocene, Miocene, Oligocene, Eocene, and Paleocene.
Total depth (TD):	The final depth reached when drilling a well.
Trap:	A structure capable of retaining hydrocarbons.
Trend:	A particular direction in which similar geological features are repeated.
TVD:	True vertical depth. The vertical depth below a given datum.
Unconformity:	A break in the succession of sedimentary deposition, commonly associated with erosion of underlying rock units. Often marked by rock surfaces which are non-parallel above and below the unconformity.
Unrisked:	Associated with an estimate of possible hydrocarbons for which a discount attributable to risk has not been applied.
Updip:	Toward a higher elevation on a rock surface.
Uplift:	Elevation by means of geological activity of one surface or area relative to another.
Well log:	A device which records rock physical parameters in the well bore during or after drilling, or, the data obtained by these devices.

WestlawnGeo, LLC
2905 Maple Avenue
Manhattan Beach, CA 90266
USA

April 4, 2006

The Directors
Pantheon Resources plc
30 Farringdon Street
London EC4A 4HJ

The Directors
Oriel Securities Limited
125 Wood Street
London EC2V 7AN

Dear Sirs,

WestlawnGeo has been contracted to prepare an independent evaluation of the South Padre Island project into which Pantheon Resources proposes to invest. This project is located in southeastern Texas, between Corpus Christi and the Mexican border, in the transition zone encompassing lagoonal, island, and open marine environments (see Figure 1 for geographic terms of reference). Partners in the venture include Kindee Oil & Gas, Texas (operator) with 37.5% WI and Lodore Resources with 37.5% WI. Pantheon will earn the remaining 25% interest upon meeting the conditions of the farmout agreement. Pantheon will pay a 33.3% share of well costs in order to earn its 25% working interest in the project.

WestlawnGeo, LLC, is responsible for this report as part of this document and declares that it has taken all reasonable care to ensure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this document in compliance with Schedule Two of the AIM Rules.

This report has been prepared by Jerry Nichols. Mr. Nichols is president of WestlawnGeo, LLC, and a Registered Geologist in the State of California (license #4951), with almost 30 years experience in oil and gas exploration worldwide. He has worked in various technical and management capacities for ExxonMobil, BP, ConocoPhillips, Devon Energy, and most recently Novus Petroleum, where he was VP Exploration for their US business unit. He is also an active member of Society of Exploration Geophysicists (#018034). While employed with Novus, and later as a consultant to Kindee Oil & Gas, Texas, Mr. Nichols was intimately involved in the technical appraisal of the Pantheon prospect inventory.

Mr. Nichols has not received nor does he expect to receive a direct or indirect interest in either the properties that are subjects of this report, or in securities of the Company or any of its affiliates.

Jerry Nichols
President

WestlawnGeo, LLC
Registered Geologist, State of California #4951

1. Background Information

(a) *Location*

The project area is located along the coastline of southeastern Texas (Figure 1). It is regional in scope, encompassing lagoonal waters, islands, and open ocean about 5 to 60 miles southeast of Corpus Christi. It is defined by the coverage of three separate 3D surveys acquired by WesternGeco in 1999-2000. The survey areas are somewhat irregular, but in aggregate cover an area of about 440 square miles inside a polygon measuring roughly 7 by 60 miles.

Following two years of lease rationalization, the operator now holds 36,693 gross acres (out of an original 81,108 acres), of which Pantheon is participating in 31,558 acres, as Pantheon's participation is limited to six well defined prospects in the inventory. The operator therefore controls an area of over 6 OCS blocks, of which Pantheon will participate in an equivalent 5.4 OCS blocks. As seen in Figure 1, these leases cover lagoon, island, and open marine areas.

The project area comprises multiple play types including smaller, low risk, shallow prospects and larger, deeper prospects which have seen little drilling attention. Pantheon's interests lie in the deeper, higher potential prospects.

(b) *Project History*

The current prospect inventory and land position has its origins in a joint venture agreement (the "JV") formed in 2001 between operator BNP (40 per cent.), Novus Oil & Gas Texas (30 per cent.), Moex (20 per cent.), and Long Flat (10 per cent.). BNP drilled three wells as operator in 2002, all of which were completed as Upper Frio gas producers, although only two (BNP La Playa #1 and BNP West Bird Island #1) are still flowing. With a few exceptions, all of the current leases were acquired under BNP's operatorship.

In 2003 the original JV underwent major changes in structure. First, BNP withdrew, but retained area specific stratigraphic rights to selected Upper Frio prospects, generally above 10,000 feet and thought to be in the range of 3 to 10 BCF. Novus then assumed operatorship for the deeper Middle Frio prospects with a 70 per cent. WI, while Moex and Long Flat retained their existing 20 per cent. and 10 per cent. shares, respectively. These prospects generally lie in the interval from 10,000 to 16,500 feet, and are thought to be in the range of 50 to 200 BCF, with P10 potential as high as 900 BCF. It is within prospects in this joint venture in which Pantheon will participate. Finally, a third "ultra-deep rights" joint venture was created to include a major oil company, Novus, Long Flat, and Moex. The major oil company conducted an extensive review of the project after which it declined to exercise an option to participate in ultra-deep rights (generally depths greater than 16,500 ft), but this third joint venture still exists. Prospects in this joint venture were never evaluated by Novus or BNP, or in this report, but the major oil company estimated P50 prospect volumes generally in the range of 100 to 400 BCF, with maximum cases quoted as high as 630 BCF. Golden Gate (Kindee's parent company) published more optimistic ranges for the shallow, deep, and ultra-deep sections of 5-25 BCF, 100-600 BCF, and 1-3 TCF, respectively, in its prospectus dated 11 August 2003. However, Lodore's estimates are lower than the figures included in this report.

These events resulted in considerable distractions and delays on the part of the operator, and little progress was achieved operationally. Unless otherwise indicated by a modifier, the terms "JV" as used in this report refers to the specific joint venture agreement which encompasses the area in which Pantheon can earn an interest under the farmout agreement. The term "JV area" will refer to the broader regional study area as defined by available 3D seismic coverage.

As Novus finally prepared to drill its first two Middle Frio prospects at La Playa and Homerun in late 2003, Medco Energi of Indonesia announced a hostile takeover attempt on Novus Petroleum, the parent company of Novus Oil & Gas Texas. Medco was ultimately successful and assumed control in July of 2004. Meanwhile, Novus drilled and completed Novus Mid Frio Unit #1 in the Middle Frio, and then discovered gas in its Homerun prospect (Novus ST 174 #1), but the volume was small, and, due to mechanical problems, the well had to be abandoned. However, under Medco's direction, operations on the remaining Middle Frio prospects were effectively halted pending Medco's decision to sell the Novus US portfolio. As a result of this process, Long Flat's newly formed and wholly owned subsidiary Kindee Oil & Gas Texas acquired Novus's 70 per cent. WI in the portfolio. Subsequently, Kindee acquired Moex's 20 per cent. WI, bringing Kindee to a 100 per cent. interest. Kindee then sold 37.5 per cent. WI to partner Lodore Resources (as of 2005, a wholly owned subsidiary of IB Daiwa). Pantheon proposes to acquire 25 per cent., leaving Kindee with 37.5 per cent. A fourth company, BNP, is likely to enter into the JV in at least some of the prospects, and discussions are ongoing.

As a result of this complicated history and periods of relative inactivity, Pantheon's leases will begin to expire in July 2006, although most of them terminate in 2007 and 2008. Only two of the six prospects are significantly affected by the 2006 expirations, however, and Kindee is working diligently to ensure that the prospects are tested before these leases expire.

The current JV inventory consists of six mature prospects with Upper and Middle Frio targets. The Middle Frio prospects offer the largest reserve potential, with outcomes in the 100 bcf range and higher. These prospects (Plum, Manzano, Murdock, and Lemonseed) are characterized by large three-way fault closures in which reservoir is the predominant risk. The Upper Frio prospects (Wilson and Kingsway) have more modest reserve potential but reduced reservoir risk. Kindee plans to drill Plum, Manzano, and Wilson in 2006, and the other three prospects in 2007.

Kindee currently produces from three Upper Frio discoveries in the La Playa area, BNP La Playa #1, BNP West Bird Island #1, and the recently recompleted Novus Mid Frio Unit #1. Pantheon's 25 per cent. working interest does not include participation in these wells.

(c) *Exploration History*

Exploration in the JV area began in earnest in the 1960's. Several large Upper Frio fields were discovered, notably by Humble (Exxon), Sun, and Chevron, but most have since been depleted. These include Potrero Lopena (46 BCF), Murdock Pass (274 BCF), North Murdock Pass (46 BCF), Bird Island (55 BCF), and Chevron (240 BCF) Fields. Also during this time, a handful of deep wildcats were drilled in deeper Middle Frio structures, mainly by Humble and Mobil, but apart from one modest Humble completion at ST 197 #1, these were unsuccessful, and Middle Frio exploration essentially ceased until the recent BNP and Novus operations commencing in 2001. This can be attributed not only to lack of success at the time, but also several other critical factors:

- A depressed US natural gas market meant that there was little economic incentive to explore for deep prospects, which are usually gas bearing.
- Acquisition of 3D seismic, now a crucial prerequisite for identifying deep prospects, has until recently been inhibited in transition zone areas by the high costs resulting from the required merging of onshore and offshore operations and data processing. The 3D seismic data invariably images the reservoir section much better than the existing 2D seismic, which was all that was available when early wildcats were drilled. Industry experience since the 1960's clearly indicates that advances in technology, such as 3D seismic, new wireline capabilities, directional drilling, and stratigraphic techniques can substantially increase the original reserves of undrilled fault blocks and drastically reduce prospect risk. The original JV acquired and interpreted some 450 square miles of 3D seismic data within the project area.
- Most of the island area lies within the Padre Island National Seashore administered by the National Parks Service, under the control of the U.S. Department of the Interior. The lagoonal waters are controlled by the U.S. Army Corps of Engineers, a federal body responsible for wetlands and waterways. This has discouraged potential explorers who are not prepared to abide by the stringent environmental regulations.

Additionally, since 2003, numerous corporate events have led to several changes of operatorship in the project area within the last three years. This has seriously delayed progress in evaluating the project area.

The deeper sedimentary section is therefore thought to be under explored. At a regional scale, the deep shelf is believed to have significant remaining exploration potential. The US Department of Interior's Minerals Management Service has estimated that the resource potential of the deep shelf natural gas in the GOM is up to 55 trillion cubic feet. Much of this deep shelf is accessible from existing infrastructure in the GOM. Modern 3D Seismic technology, a currently buoyant gas market, and recent drilling successes have now transformed the economics of the deep gas play, both in terms of reduced risk and increased reward, such that all of the impediments described above have been overcome.

Key deep gas competitors in the region have included Spinnaker (now Norsk Hydro), El Paso, Santos, ExxonMobil, Newfield, and Cabot, although in the JV area itself competition has been quite light since at least 2001. Activity in the JV area has largely been confined to the Upper Frio in this time frame. The WesternGeco license is thought to be poorly subscribed, and ownership of this data is essential to operating in the play.

2. Infrastructure

The pipeline infrastructure in the project area is excellent, with ample excess capacity to deliver new gas (Figure 2). Houston Pipeline operates a 12 inch line on the island with spare capacity of 120 MMCFD, and a 20 inch line tying to the Corpus Christi grid, which has additional capacity of about 200 MMCFD. This infrastructure and capacity should allow new discoveries to come online quickly, in a matter of a few months, which possibly apart from BNP's West Bird Island discovery has been the experience of previous operators in the JV area.

Vehicular access to the island is limited to a causeway connecting it to the mainland southeast of the city of Corpus Christi, so southerly prospects will be somewhat more costly to service and supply relative to northerly ones. Although the island is some 120 miles in length (and punctuated by passes and land connections to the mainland), the prospects are located in the north central part of the island along a 32 mile corridor. For reference, Wilson is located about 15 miles south of the causeway, while Kingsway is about 47 miles south. The remaining prospects are clustered about 30 miles south of the causeway just to the east of Baffin Bay. All of the prospects can be reached by road with the exception of Kingsway, which would require a trek of some 27 miles along the beach. The Intracoastal Waterway in the Laguna Madre could provide an alternative means for access to Kingsway.

3. Basis of Evaluation

(a) *Sources*

Information used to generate this report was sourced almost exclusively from Kindee's seismic and well database. Other sources of information include the PI/Dwight's production database for the Gulf of Mexico (GOM), as well as personal communication and information provided by former Novus and BNP staff, and passed along to Kindee following Kindee's purchase of the asset in 2004. Finally, reports from several contractors retained by Novus over the past few years prior to the Kindee purchase were also consulted.

(b) *Database*

Kindee has licensed about 450 square miles (excluding overlapped coverage) of pre-stack time migrated (PSTM) 3D seismic data acquired by WesternGeco in three separate phases from 1999 to 2000. Data quality varies considerably across the area. Generally, however, quality is good for structural delineation, but of uncertain value for stratigraphic interpretation, as there are questions concerning whether the phase of the data was properly handled prior to stack. In 2003, as part of its evaluation in support of a farmin option, the major oil company reprocessed and merged most of the data (i.e., Phases I and II) into one merged pre-stack depth migrated (PSDM) data volume to which Kindee also has rights. With one exception, to be noted below, the PSDM dataset has formed the basis for trap delineation on all of the prospects. A map showing fully migrated 3D coverage of the prospect areas is shown in Figure 3. For reference, this map also shows all Pantheon leases in the project area.

(c) *Methodology*

The 3D data volume was mapped both regionally and in detail at the prospect level, such that trap delineation and, to a lesser extent, approximate age of reservoir section could be evaluated with confidence. Prior to Kindee's purchase of the portfolio, Novus had carried out extensive regional studies, and these were also utilized in the evaluation. This information includes hundreds of well correlations and resulting stratigraphic correlation and interpretation, detailed seismic modeling and attribute studies, and in house and third party technical reports.

Reserve estimates were calculated using the Monte Carlo technique. The method used was fairly simplistic, but are believed to be adequate given the level of uncertainty associated with prospect areas as well as reservoir thickness and lateral extent. Only three inputs, assumed to vary lognormally, were used: area of closure, net pay thickness, and productivity (expressed as reserves per acre-foot).

4. Frio Formation, South Padre Island, Texas

(a) *Regional Setting*

The Oligocene Frio sediments were deposited on a passive margin, sourced from the west, as a series of coalescing fluvial-deltaic sequences grading eastwards into slope and basin floor equivalents. The depositional style is characterized by relatively high sedimentation rates in which sediments continued to prograde basinward over time, with large down to basin faults providing accommodation space for successively younger sequences. These large listric faults typically occur at or near the shelf margins of underlying sequences and can accumulate very thick sedimentary prisms during sea level lowstands, as offset along the faults continues to grow in step with sediment supply across them. Generally speaking, for a given stratigraphic sequence, highstand and transgressive fluvial-deltaic sediments corresponding to high sea levels will be deposited in relatively thin units landward of the fault, while thicker wedges of lowstand rocks will dominate on the basinward side.

The established Lower and Middle Frio productive trend is comprised primarily of alternating highstand and transgressive fluvial-deltaic systems, grading into lowstand prograding wedges with depth. This is a mature trend and has been heavily explored since the mid 1900's. Pantheon's Middle Frio prospects, Plum, Manzano, Murdock, and Lemonseed, are situated about 15 to 20 miles basinward of this trend, and therefore the targeted reservoirs will be in the lowstand wedge and slope equivalents which have been relatively lightly explored. The Pantheon play concept assumes that Middle Frio sands were deposited significantly seaward of the major productive analogs onshore.

Pantheon's primarily Upper Frio prospects, Wilson and Kingsway (both also have Middle Frio potential as well), by contrast, lie in the fluvial-deltaic highstand and transgressive sequences, and therefore have much lower reservoir risk. The Pantheon project area lies directly on the established Upper Frio trend, which has produced over 500 bcf from wells in and immediately adjacent to the area covered by 3D seismic (Figure 3). Unfortunately, the Upper Frio has been heavily explored and remaining potential is limited to smaller structures such as Wilson and Kingsway. Figure 1 shows the general location of the prospects with respect to the onshore Lower/Middle Frio producing trend. Target depths are in the range of 11,000 ft (Wilson) to 17,500 ft subsea (Plum).

With the exception of Kingsway, all of the prospects are robust three way fault closures with low trap risk. Faults are known to seal in the area, as demonstrated in many fields, including those in the JV area. In terms of structural style, Kingsway is different from the other prospects in the portfolio in that it is an unfaulted low relief four way dip closure, trapping sediments from the lower part of the Upper Frio and the upper part of the Middle Frio.

Depositional environments in the Pantheon area are expected to be dominated by lowstand deltaics, slope channels, and slope fans. The deltaic sands are preferred because they would imply more laterally extensive reservoirs, while slope reservoirs may be more areally limited.

The presence of reservoir quality sand is the main risk in the play. Frio reservoir porosities in the area typically lie in the range of 12 per cent. to 22, per cent., and are generally fine grained sands with relatively low permeabilities, especially in the Middle Frio. Expected permeabilities in lowstand sequences at target depths are in the range of 0.1 to 10 mD. Although low, such reservoirs are commonly fracture stimulated and are capable of producing gas at high flow rates, as will be discussed below. Figure 4 shows a representative log, the Novus Mid Frio Unit #1.

Good reservoir quality sands are plentiful to the west in the Middle Frio trend, and have been found in the Stirrup Field immediately to the east of the Pantheon play area (Figure 1). The three BNP and Novus wells drilled to test the Middle Frio found abundant sand in the Middle Frio, but most of it was tight and would not flow. Although there were many shows, only two zones, both very thin, were found to flow gas in the Middle Frio in the Homerun and Mid Frio Unit wells. On the other hand, Spinnaker's Stirrup #1 found 620 ft of gross sand in three main packages (with N/G ratios from 60 per cent. to 83 per cent. and 20 per cent. porosities) in the Middle Frio Anomalina F section, thus establishing that Middle Frio reservoir quality sands can extend sufficiently far into the basin for Pantheon's prospects. However, Stirrup 2 averaged only 12 per cent. porosities. It was completed in March 2003 but flow rates have been disappointing. Stirrup 3 was abandoned as a dry hole. This suggests that the reservoir at Stirrup is laterally restrictive, which in turn may mean that Stirrup 1 penetrated a slope channel sand which one well may have grazed and the other missed entirely.

The Anomalina F section was not reached in Mid Frio Unit #1, but was probably present at TD in Homerun, and, although sandy, it was tight. Although it did find some Middle Frio sands, the Mobil ST1006S #1 well, which was drilled in a setting analogous to Stirrup, in the same fault block but 8 miles south of Stirrup, also failed to find Anom F reservoir comparable to Stirrup #1 and was abandoned. On the other hand, Mobil's ST 309 #1, located some 20 miles to the south of the Murdock prospect, encountered abundant Middle Frio sands, probably too much in fact, such that there was leakage across the fault plane. Table 1 summarizes the results of representative Middle Frio wells closest to the 3D area; their locations are given in Figure 5.

Despite the relatively discouraging results of the two Novus wells at Homerun and La Playa, and the mixed results from other operators, there is reason for optimism. Novus correlated hundreds of wells, most of which are located west of the prospects due to lack of significant penetrations offshore, and was able to establish a southward trend of increasing sand content (Figure 6). This is in agreement with the major oil company regional study, which concluded that the Homerun and Mid Frio Unit wells are located on the very northern fringes of the Oligocene Norias Delta (Figure 7), the dominant source of Frio sediments in the offshore. The Pantheon Middle Frio prospects are therefore located 15 to 20 miles closer to the axis of the Norias Delta than are the Novus wells.

This conclusion of generally increasing sand content to the south is also independently supported by seismic velocity data, which shows steadily increasing interval velocities in that direction. Regional sonic logs demonstrate that sands are consistently faster than shales in the Frio Formation. From these observations, one can surmise that if there is too much sand south of the Pantheon prospects such that there is a sand to sand juxtaposition problem across trapping faults, and not enough reservoir north of the prospects, then somewhere in between there should be an optimal situation where sand is present but not in such high quantities so as to cause high seal risk.

In early 2005, Novus staff met with geologists at the Bureau of Economic Geology at the University of Texas to conduct a largely subsurface based joint study, whose objective was to review the Novus systems tract model for better sand prediction. From this work, it emerged that lowstand deltaic sediments were most likely to exist in the Plum and Manzano/Murdock fault blocks, with Plum having the best prospects for deltaic sandstones. Generally, for the Middle Frio prospects, lowstand deltaic sediments are more likely to occur in the westernmost fault blocks in the area.

Finally, it should be noted that Middle Frio reservoirs will almost certainly be overpressured. The top of the overpressured section generally occurs just below the Marg Tex 35 zone, near the Bol A paleo marker, typically at around 10,000 ft, corresponding to the top of the massive shales associated with the onset of slope sediments near the top of the Middle Frio. Interval velocity trends also show that overpressure associated velocity inversion is markedly subdued in the south relative to the north, which would also be consistent with increasing sand content in the Middle Frio to the south.

Well	*Status*	*Middle Frio Reservoir*
Cherryville Dunn	P&A	Offstructure well, marginal sand quality
Headington Pita Island	P&A	Offstructure well, similar to Cherryville
Novus Homerun (ST 174 #1)	Discovery; P&A	Marginal sand quality; thin sub commercial productive stringers; mechanical difficulties – well abandoned with gas behind pipe
Novus Mid Frio Unit (ST 938 #1)	Discovery	Fair sand quality in thin productive stringer; deeper zone tested at 1.7 mmcfd initially but would not flow after frac. Sub commercial.
Humble ST 197 #1	Discovery	Produced 2 bcf from thin upper Middle Frio sands
Spinnaker Stirrup #1	Discovery	620 ft gross pay in Anomalina F. IP 14 MMCFD
Spinnaker Stirrup #2	Discovery	Online but disappointing performance relative to #1
Spinnaker Stirrup #3	P&A	Tight reservoir
Penascal-1	P&A	Good sand development just southwest of Plum. Apparent mechanical failure prior to reaching TD. Trap unknown.
Mobil ST 1006 #1	P&A	Apparently poor reservoir, limited log data available
BNP Dunn-Murdock #1	P&A	Discovered gas in Upper Frio. Well trajectory not optimal for Middle Frio: downdip location and limited test of trap.
Mobil ST 309 #1	P&A	Abundant sand in fault trap; probable leakage across faults.

Table 1. Summary of representative Middle Frio wells closest to the 3D area.

(b) *Seismic Attributes*

Novus conducted extensive forward modeling studies based on logs from BNP Dunn-Murdock #1 and Novus Mid Frio Unit #1. The objective of this work was to determine if hydrocarbons or even reservoir quality sandstones could generate diagnostic attribute anomalies to help reduce risk. Novus ran wedge models, and looked at both stack and AVO responses to in situ and fluid substitution models. Basically the finding was that hydrocarbons could not be predicted for these rocks (mainly AVO Class 1), but that good quality reservoir sands could possibly be seen if they were thick enough. However, scanning through various attribute stacks (such as far minus near traces, and so on) did not yield any obvious character anomalies that could clearly be used in a predictive sense.

(c) *Field Analogs*

The Frio Formation has been highly productive in onshore Texas, with some 1.7 TCF having been produced from about 25 fields in the greater Pantheon project area. Most of this has come from the Upper Frio, and in the 3D area itself about 99 per cent. of the total production has been from the Marg Frio, Cib Haz, and Marg Tex zones in the Upper Frio. About two-thirds of that has in turn come from the Marg Frio, which is the uppermost Frio sand, underlying the regional seal of the Anahuac Shale. Because of the thickness of the Anahuac, practically all three way fault traps are gas bearing, whereas the deeper Cib Haz and Marg Tex are less gas bearing probably as a result of leakage via sand juxtaposition across faults. Production from the Middle Frio has to date largely been sourced from onshore fields to the west of the JV area.

(i) *Upper Frio Prospects*

Although Wilson and Kingsway each have limited potential in the Middle Frio as well, they are primarily Upper Frio prospects, mainly in the Marg Tex at Wilson and Cib Haz and Marg Tex at Kingsway.

Wilson is very closely analogous to currently producing Marg Tex wells at BNP La Playa #1 and the Novus Mid Frio Unit #1 recent Marg Tex 35 completion. Both involve the Marg Tex in three-way fault closures along the same fault system, and lie only about 3 miles to the north of Wilson. La Playa came on line at 2 MMCFD and has produced about 2 BCF to date from three completions, while the Mid Frio Unit well has recently come onstream at a rate of about 4 MMCFD and may be capable of more.

Kingsway, an unfaulted four way closure, is probably closest in style to the Bird Island Field, about 36 miles to the north. Bird Island is an unfaulted four way closure at the Marg Frio and Cib Haz, and possibly at the Marg Tex as well. All three zones are productive, suggesting there is no opportunity for cross fault leakage. Four Bird Island wells have produced in excess of 5 BCF each, with the Fina ST 169 #1A having produced over 11 BCF. Although there is very little Cib Haz or Marg Tex production south of Murdock, it is also true that almost all of the traps to the south involve a fault sealing component. A typical rate or the Cib Haz is 2 to 2.5 MMCFD.

Even where Upper Frio gas accumulations are known to exist, there are no recognizable seismic attribute anomalies associated with them.

(ii) *Middle Frio Prospects*

Three Lower/Middle Frio fields were studied by Novus in some detail as analogs for the South Padre prospects. These were the onshore El Paistle, Sarita, and Mobil David Fields, all of which were discovered in the 1960's, to the west of the JV area. All of this work is based exclusively on well data, as neither Pantheon nor any of its partners has any onshore seismic licenses covering the fields. In addition, the Stirrup Field, located to the east of the JV area, was also reviewed. But since only one well is effectively producing at there, Stirrup does not add much statistically to the review. The location of these analog fields relative to the Pantheon prospects is show in Figure 1. Reservoir depths at each of these fields is comparable to that estimated for the prospects in the inventory. Note in Figure 1 that there are more analog fields than those studied by Novus.

Note first that the cumulative reserves reported for the three onshore fields are each in the range of 200 bcf, which is about inline with the larger prospects in the inventory: Plum, Manzano, and Murdock. Secondly, although there is no seismic to confirm, the subsurface based structural maps interpreted for each field suggests that fault traps are involved, and that. What little is known about the structural configuration suggests that they share the greatest similarity with Lemonseed and Stirrup: downthrown faulted four way structures.

Figure 8 shows per well average daily production for El Paistle, Sarita, Mobil David, and Stirrup. The x-axis represents sequential months starting from first production for each field. From this graph it can be seen that most wells came onstream at 6 to 8 MMCFD, and after about 6 years declined to around 2 MMCFD. Note the relatively trends at Sarita. In 1980, Exxon acquired the field and were able to more than double production, and in 1997 new operator Newfield completed a well at over 14 MMCFD. Stirrup has performed similarly. Both recent wells exhibit accelerated production with respect to the older wells.

The cumulative production histograms per field are shown in Figure 9. Note here that there are a lot of wells in the 0-3 and 3-6 BCF range, but also an appreciable number of better performers. As of 2003, average cumulative production per well for El Paistle, Sarita, and Mobil David was 5.9, 6.1, and 7.0 BCF, respectively. Stirrup #1 had produced 4.3 BCF by June 2003, after 14 months of production (the most recent statistics available). Presumably, given the advantage of 3D and modern completion technology, a new discovery in the Pantheon inventory should show improvement in these statistics, if the reservoirs are of comparable quality and extent. Given recent gas prices in the $7 to $9 per MCF range (and with higher spikes), an average well, if these prices hold, should receive between $40 to $55 million in revenue over the life of the well, a factor of four to five over well DHC's.

5. Prospect Inventory

(a) *General Description*

There are currently six prospects in the inventory that are considered drillable, not withstanding environmental and engineering considerations. These are Wilson, Plum, Manzano, Murdock, Lemonseed, and Kingsway (see Figure 1 for location). All will be discussed in more detail below.

Plum, Manzano, Murdock, and Lemonseed are all similar prospects in terms of trap style, depth, and targeted Middle Frio reservoirs. Wilson is a more conventional lower risk, shallower, and smaller prospect, while Kingsway is in the moderate risk-reward category. Both of these primarily target the Upper Frio. All of the prospects are in the depth range of 10,000 to 15,000 feet, with Murdock having the deepest objective.

Kindee has recently secured a one year (plus optional extension) contract with Parker Drilling to drill the prospect inventory. The Parker rig is currently operating in Mexico, and the expectation is that it could be mobilized into Texas for a mid to late May spud date. As of the present time, the drilling program has not been finalized in terms of drilling order; the actual sequence will be dependent on permitting and to some extent on rig mobilization efficiencies.

All of the prospects are located within the Padre Island National Seashore (PINS), and so require a PINS permit, which requires rigorous but manageable conditions to be met that can potentially delay the permitting process.

It should be noted that Pantheon does not yet own a license for the 3D seismic data, as does Kindee. This means that Pantheon will need to rely on Kindee's expertise in utilizing the seismic data in support of the upcoming drilling program.

(b) *Land*

(i) *Expirations*

With a few exceptions, the lease position is fairly solid. A glance at Figure 10 reveals that a large group of leases will expire in the summer of 2006, mainly affecting Plum and Wilson, with small portions of Manzano and Murdock also exposed (although limited to upside cases). Accordingly, these two prospects will be drilled first in order to hold the acreage. If operations (i.e., site preparation and/or rig mobilization) can commence by early summer then this should not be a problem. There is also an issue at Kingsway which will be discussed below.

(ii) *Royalties*

Acreage is leased from the state in the offshore areas (lagoon and open ocean) in regularly scheduled licensing rounds, and from private mineral rights owners on the island in individual negotiations. Royalty splits must be negotiated with the state and private lessors according to the details of the areal extent of the hydrocarbon accumulation. As part of that process, a drilling unit must be formed which is drawn prior to drilling to reflect an agreed royalty allocation between the state and private interests. These units have not yet been agreed for any of the prospects, but from past experience this should not impact the process, and the ultimate royalty allocation outcome should have a negligible impact on project values.

State and private royalty interests increase with the term of the lease, thereby encouraging quick evaluation. Many of the leases now carry 22.5 per cent. to 25 per cent. royalty burdens. There are also private royalty interests and overriding royalty interest owners. These royalty interests can vary on a lease by lease basis, such that the NRI to the partners is typically in the range of 70 per cent. to 75 per cent., meaning that Pantheon's NRI is likely to be in the range of 17 to 19 per cent., depending on the prospect.

(iii) *Stratigraphic Rights*

Finally, there are also stratigraphic rights limits in the project area. These were drawn up for two different objectives. When BNP left the original JV in 2003, part of the settlement agreement stipulated protection for their shallow prospects, and also future access to ultra-deep prospects which might be identified by the major oil company, who at the time had an option to participate in prospects generally below 15,000 feet. Four polygons were therefore defined for the shallow prospects which gave BNP rights above a depth specific to each polygon. This depth was designed to preserve Upper Frio targets for BNP, while keeping the Middle Frio prospects intact, and ranges from 9,100 feet in the Lemonseed area to 11,000 feet in the La Playa area. As part of that agreement, BNP was excluded from the present Middle Frio prospects (except for retaining its interests in Lemonseed). When the major oil company took a farmin option on ultra-deep prospects, a floor was defined at 15,000 feet, such that below that depth, BNP again participated with Novus, Moex, and Long Flat, along with the major oil company if it elected. The major oil company decided not to exercise that option, but the 15,000 foot floor remains. The floor is deeper locally, where the Novus JV intended to ensure that the deepest possible targets in selected Middle Frio prospects were withheld from the major oil company.

The BNP shallow rights and the major oil company ultra-deep rights polygons do not overlap in a simple way, and do not necessarily correspond neatly with the six prospects in the inventory. However, all of the depths defining these rights were specifically designed to protect the Middle Frio prospects, so that although the rights assignments can be complicated depending on area, they should have no impact on the Pantheon prospects. Kingsway and Wilson both lie completely outside any of these polygons. The deepest objective in the inventory, Murdock, has a floor at 16,500 feet.

(c) *Wilson Prospect*

(i) *Description*

Wilson (Figure 11) is a faulted three way closure very similar to the analogs discovered by Novus and BNP in the Upper Frio Marg Tex section in the La Playa area, only three miles to the northeast. The similarity in structural style and the known productivity of the Marg Tex reservoir in the area make this a relatively low risk prospect.

Seismic data quality is good, the main structural risk being the northern extent of the eastern trapping fault. If this fault extends all the way to the north to the more regional La Playa trapping fault, then the trap could be quite large and defines the P10 case below. Although trapping fault offset appears to be very small to non-existent to the north, a similar situation at the recent Dunn Deep discovery 3 miles north has created an accumulation now producing on the order of 4 MMCFD. Therefore, faults at or below seismic resolution can be adequate to trap relatively thin Marg Tex reservoirs.

The well design is a simple build and hold, following the fault to TD at 11,550 ft TVDSS. The Cib Haz and Marg Frio do not appear to be in trap at Wilson. If Wilson is successful, then there appears to be another untested trap to the west, which could possibly be tested from the same surface location.

Wilson is estimated to require 40 days to reach TD. The day rate assumed in the AFE is probably low. Increasing the AFE day rate suggests estimated DHC is $5.4 mm, which assumes a 15 per cent. trouble contingency. The Wilson surface location has been selected following environmental assessment, and is currently in the permitting process. The permit is expected to be granted around mid-July. Wilson will probably be the second of the Pantheon wells to be drilled.

(ii) *Risk*

Source	*Timing/ Migration*	*Reservoir*	*Trap*	*Seal*	*Wilson POS*
100%	90%	67%	80%	75%	36%

(iii) *Reserves Estimate*

Wilson was run as a two layer model, to reflect the case of differing trap geometries for each.

Wilson	*P90*	*P50*	*P10*	*P1>P99 Mean*
MT 35				
Area (ac)	101	236	551	286
Net Pay (ft)	10	14	20	15
Recovery/ac-ft	1300	1487	1700	1494
Mid Frio				
Area (ac)	101	362	1299	553
Net Pay (ft)	10	14	20	15
Recovery/ac-ft	1300	1487	1700	1494
Reserves (bcf)	2.9	9.6	31.4	14.2

(d) *Manzano Prospect*

(i) *Description*

Manzano (Figure 12) is an upthrown three way fault closure which is separated by a cross fault induced saddle from the Murdock Deep prospect, and has a very similar appearance to Plum. The Plum eastern trapping fault separates Plum from Manzano. Middle Frio events from roughly Nonion Struma to Uvig C and below are trapped against the Padre Island Growth Fault. The BNP Dunn-Murdock #1 tested the Nonion Struma to Uvig C interval and failed to find commercial hydrocarbons or clear indication of good reservoir quality. For this reason, and also because it is slightly further east, Manzano has somewhat higher reservoir risk than Plum. Results at Stirrup show, however, that reservoir quality can be highly variable laterally, such that the Dunn-Murdock results do not necessarily detract from Manzano's prospectivity. The age of the reflectors at or near TD are not known, but probably lies between Uvig C and Anomalina F.

The Manzano well plan is a fairly routine build and hold pattern, with a TD at 17,100 MD. This design, which is possible due to the available surface location to the west, allows for a test of over 4,000 ft of trapped section.

The North Murdock Pass Field directly overlies Manzano, in the same fault block, and has produced 46 BCF from the Marg Frio reservoir. This means charge risk should be very low. The dominance of shale in the Middle Frio suggests that fault seal risk should be moderate, while trap risk is very low at Manzano. Data quality is good in most places and the trap can be mapped with confidence. The trap migrates somewhat to the south with age, so that as the well penetrates deeper, it will be in a somewhat more downdip location approaching TD than it will at shallower targets.

Manzano is estimated to require 70 days to reach TD. The day rate assumed in the AFE is probably low. Increasing the AFE day rate suggests estimated DHC is $9.1 mm, which assumes a 15 per cent. trouble contingency. As of this writing, the well may be drilled from either of the 6A or 3A locations onshore, depending on permitting requirements, but the 3A location is the more likely of the two. A permit for the A3 location should be in hand within a few weeks, but the 6A location might not be permitted until September, due to the fact that pad not big enough for the current rig and additional site preparation will be necessary. Depending on permitting, and also on Plum site preparation (see below), Manzano will probably be the third well drilled from the Pantheon portfolio.

(ii) *Risk*

Source	*Timing/ Migration*	*Reservoir*	*Trap*	*Seal*	*Manzano POS*
100%	95%	40%	90%	67%	23%

(iii) *Reserves Estimate*

Manzano was run as a single layer model with inputs and outputs as shown in the table below. The major oil company estimated a P50 of 235 BCF and a P10 of 403 BCF for Manzano.

Manzano	*P90*	*P50*	*P10*	*P1>P99 Mean*
Area (ac)	494	1190	2869	1459
Net Pay (ft)	25	87	300	129
Recovery/ac-ft	1520	1672	1840	1676
Reserves (bcf)	38.6	177.6	816.3	321.9

(e) *Plum Prospect*

(i) *Description*

Plum (Figure 13) is a long and narrow three-way fault closure, defined by dip to the west and south, and fault offset to the north and east. Data quality is good, especially at shallower levels in the prospect, and the trap can be mapped with confidence. Trap risk is slightly higher than Manzano, since structural contours almost parallel the eastern trap fault, which makes the area of closure somewhat sensitive to the velocity model used in depth conversion. However, this velocity model appears to be robust, as it has been noted in three different methods: 1) the major oil company PSDM velocity model; 2) the PSTM DMO velocity cube; and 3) apparent velocity trends obtained by simply dividing well depths by seismic reflection times.

Plum is the only prospect to show significant seismic attribute anomalies. As mentioned above, seismic modeling studies have all suggested that one wouldn't expect to see hydrocarbon associated attribute anomalies in the Middle Frio. However, at Plum there are two levels of stack amplitude response that correlate with structure, and also numerous AVO signatures that are more well pronounced here than in the other prospects. Despite the modeling work, recognition of these events is intriguing, and it could be indicative of better reservoir quality here, i.e. an influx of Class 2 sandstones as opposed to the Class 1 sands mainly seen at Dunn-Murdock, La Playa, and Homerun.

Offset wells to the west demonstrate the existence of sand in the Middle Frio, although reservoirs are likely to occur in thin (tens of feet stringers) rather than massive sands. Regional studies indicate that Plum lies in a favorable Middle Frio sand fairway relative to more northerly prospects, as it lies further from the northern margin of the Oligocene Norias delta. The recent BNP Dunn-Peach #6 has resulted in an Upper Frio discovery in the same fault block as Plum, which demonstrates a working hydrocarbon charge in the block.

The Plum well design calls for an S-shaped trajectory due to the surface location constraint. Ideally one would like to drill a deviated path along the trapping fault trace so as to maintain a crestal position on the structure with depth. To do this would require a surface location in the laguna to the west. Novus considered this location very carefully, but when Kindee assumed operatorship, it favored a compromised test for two reasons. First, the cost of drilling a laguna well, with a 9,000 foot offset, would have been very high (in the range of $18 million or more as of 6 months ago), and second because there was a strong risk that permitting process may not have been completed before lease expiration. In opting for the new onshore approach, but should be able to readily permit the location on an existing pad and retain the acreage, and thereby reduce the cost of drilling the well by 40 per cent. to 50 per cent. At this time the final surface location has not been confirmed. Figure 13 shows the two alternative locations at the Peach and 6A pads. The Peach pad is the preferred location by far, as it would have an offset of only about 4000 feet, compared to about 9,000 ft for the 6A location. Both locations would have the same BHL.

There are three tradeoffs to the onshore approach. First, the amount of section in trap is reduced from about 5,000 ft to the current 3000 ft. Second, due to the geometry of the wellbore versus the trap, the well will encounter the Middle Frio at successively downdip locations with depth, such that by 14,000 ft the well will intersect the Middle Frio at about spill point. This may mean, if encouraging shows or reservoir is encountered at depth, that the operator might wish to sidetrack further updip, thereby adding to the cost of the well. The third tradeoff applies only to the 6A surface location. Here, the constraints imposed by the surface and bottom hole locations will require a 54 degree hole maintained for over 9,000 ft MD, which imposes a layer of mechanical risk on the project. Although not technically imposing as far as reaching the objective, this risk instead could translate into substantially increased drilling capital versus AFE.

Assuming the well plan shown in Figure 14, Plum is estimated to require 80 days to reach TD. The day rate assumed in the AFE is probably low. Increasing the AFE day rate suggests estimated DHC is $10.3 mm, which assumes a 15 per cent. trouble contingency. Kindee should be able to obtain a drilling permit within a few weeks at Peach to September at 6A. However, there is a possible complication involved in using the Peach pad, in that there might not be enough room for the Parker rig, which could mean delays in site preparations and/or permitting. Plum will probably be the first Pantheon prospect to be drilled, depending on the above uncertainties. Many of the Plum leases expire in July 2006, though, so it will be critical for Kindee to commence operations before that time, or the JV will risk losing the Plum leases.

(ii) *Risk*

Source	*Timing/ Migration*	*Reservoir*	*Trap*	*Seal*	*Plum POS*
100%	95%	50%	85%	67%	27%

(iii) *Reserves Estimate*

Plum was run as a single layer model with inputs and outputs as shown in the table below. The major oil company estimated a P50 of 305 BCF and a P10 of 574 BCF for Plum.

Plum	*P90*	*P50*	*P10*	*P1>P99 Mean*
Area (ac)	301	1066	3772	1612
Net Pay (ft)	25	87	300	129
Recovery/ac-ft	1540	1697	1870	1701
Reserves (bcf)	27.3	161.3	951.8	356.8

(f) *Murdock Prospect*

(i) *Description*

Murdock (Figure 15) is an upthrown three way fault closure which is separated by a cross fault induced saddle from the Manzano prospect to the north. The prospect is located in a position more favorable for sand than those further to the north, but targets are deeper here (below Uvig C).

Moderate trap risk exists to the north, where data quality in the vicinity of the north bounding cross fault deteriorates, and also to the southeast, where the extent of closure is uncertain. This southeastern risk though is limited to upside cases. Contours open in that direction with depth, but regional work by Novus in the area suggested that the Padre Island Fault merges with another large growth fault further offshore. This in turn suggests that, with increasing depth, this fault complex may seal to provide a significant upside case. The trap is structurally more complicated than the other prospects, but the existence of a trap is not in doubt; the somewhat higher trap risk at Murdock is a consequence of the uncertainty of the existence of upside cases.

This prospect was partially drilled by BNP as operator in 2002, but due to the geometry of the trap, compromised objectives in the Upper and Middle Frio, and the angle of the borehole, only the top 1000 feet of section out of a possible 4000 feet was tested. Additionally, the borehole was not optimally located to test the trap. For example, at TD there are over 2000 acres updip to an Uvig C sand that tested non-commercial gas and water. It is expected that the underlying Anomalina F (the Stirrup reservoir) is trapped at Murdock, and the well is designed primarily to test this zone at the expense of shallower potential reservoirs. Since gas was encountered in the well, and the Murdock Pass gas field lies in the same fault block as Murdock, hydrocarbon charge risk is very small.

As with Plum, there are surface and bottom hole constraints which will necessitate a compromise in the well plan. Ideally one would like to test this prospect from the west. Novus scouted the area for potential locations, and a few were possible, but at depth the dip of the trapping fault would have required overly aggressive well designs to test the entire interval in trap below at and below the Uvig C TD at BNP Dunn-Murdock #1. There would also have been additional site preparation costs and delays involved in utilizing one of these locations. Therefore the operator has decided to use the existing BNP Dunn-Murdock #1 pad and drill due north. This trajectory will test about 2,000 ft of trapped Middle Frio sediments. At the present time, a curved path well design is under consideration which would allow an approach to the trap from the southwest. Current cost assumptions, however, are based on the linear design.

Murdock is estimated to require 70 days to reach TD. The day rate assumed in the AFE is probably low. Increasing the AFE day rate suggests estimated DHC is $9.7 mm, which assumes a 15 per cent. trouble contingency. Kindee has obtained a drilling permit for Murdock using the BNP location. Murdock will likely be drilled in 2007.

(ii) *Risk*

Source	*Timing/ Migration*	*Reservoir*	*Trap*	*Seal*	*Murdock POS*
100%	95%	45%	67%	67%	19%

(iii) *Reserves Estimate*

Murdock was run as a single layer model with inputs and outputs as shown in the table below. The major oil company estimated a P50 of 232 BCF and a P10 of 353 BCF for Murdock.

Murdock	*P90*	*P50*	*P10*	*P1>P99 Mean*
Area (ac)	281	807	2318	1080
Net Pay (ft)	20	66	215	95
Recovery/ac-ft	1550	1730	1930	1735
Reserves (bcf)	19.2	94.3	463.4	179.8

(g) *Lemonseed Prospect*

(i) *Description*

Lemonseed (Figure 16) is an upthrown three way fault closure developed in the hanging wall of the Padre Island Fault. Data quality is good and the trap can be mapped with a high level of confidence: the structure shown below is the most reliable marker, but not necessarily the most likely reservoir. Reservoir targets lie in the range from 12,500 ft to around 14,500 ft, above and below which trap is in doubt. The structural setting is analogous to Spinnaker's 2001 Stirrup discovery about 8 miles to the northeast.

In the nearest well, a little over a mile to the southeast, the best sands in the Middle Frio are slightly higher in the section, but this event was not as reliable for structural interpretation. However, it is expected that sands will thicken into the fault, as is typically the case in the GOM, and this is supported by isopachs made at various intervals in the target section.

Although forward modeling suggests that amplitude anomalies are not to be expected in the Middle Frio, there is empirical evidence of amplitude conforming to structure near the 13,400 ft shale marker.

Since Lemonseed is less than two miles from the shoreline, the well plan calls for a surface location on the island with an 8,000 ft reach to the east. This would be a build and hold trajectory similar to Manzano, allowing the drillbit to test Lemonseed in a crestal position at all stratigraphic levels.

Lemonseed does not yet have an AFE estimate. Assuming though that the well is similar in cost to Plum, but requires additional site preparation and servicing costs, a DHC has been estimated at $10.9 mm. This assumes a 15 per cent. trouble contingency. Kindee has obtained a drilling permit for Lemonseed using the location originally permitted by BNP. Lemonseed will be drilled in 2007.

(ii) *Risk*

Source	*Timing/ Migration*	*Reservoir*	*Trap*	*Seal*	*Lemonseed POS*
100%	90%	35%	80%	60%	15%

(iii) *Reserves Estimate*

Lemonseed was run as a single layer model with inputs and outputs as shown in the table below.

Lemonseed	*P90*	*P50*	*P10*	*P1>P99 Mean*
Area (ac)	334	661	1307	747
Net Pay (ft)	20	58	170	79
Recovery/ac-ft	1530	1687	1691	1860
Reserves (bcf)	18.8	66.9	239.0	101.8

(h) *Kingsway Prospect*

(i) *Description*

Kingsway (Figure 17) is a subtle four way dip closure developed in a small fault block terrace formed between two southwest-northeast trending down to basin faults. Time relief is low, on the order of 10 msecs (50 feet), which means that the structure could be open in depth with any small decrease in velocity in the direction of critical dip. However, the critical time dips observed to the north and northeast are consistent with a common structural style in the GOM: dip reversal into growth faults.

The objective section in trap extends from roughly the Upper Frio Cib Haz to the upper Middle Frio. Numerous wells penetrate the Upper Frio in the area, although almost all of the nearby production is sourced from the Marg Frio. This is felt to be due to leakage of Cib Haz and older reservoirs across fault planes in this sand rich section. There are no clear examples in the 3D area of simple four way dip structures like Kingsway, so it is possible that there could be numerous pays in Kingsway that aren't present in the faulted three way closures so prevalent in the area. Middle Frio sands were abundant in the nearest significant Middle Frio test, about 7 miles to the southwest.

For reserve calculation, Kingsway was run as a two layer model. This is because the relief on the reservoir is lower than possible pay thickness, and it is felt that if the trap is present, it is likely that more than one pay zone would exist. In fact, a typical Upper Frio discovery in the area will have three completions, but volumetrics software limitations only allow two zone models. Therefore, if the trap works, it's likely that the figures below will be an underestimate.

The Kingsway well design has not yet been finalized. Its location in about two feet of water in the heart of PINS is a complicating factor. A vertical well, which would be ideal for this kind of trap, is probably not possible due to the prohibitively high dredging costs required to mobilize a barge rig to the location. An onshore surface location with a well deviation to the west is feasible but would lead to high mobilization, supply, and manpower costs as well as environmental issues. The probable surface location will be in the laguna about 8,500 ft to the west-northwest. From this location an S-shaped wellbore will be necessary. Since the top of the trapped section near the Cib Haz occurs at only about 8,850 ft TVDSS, this will require roughly 53 degree hole angle over an MD distance of roughly 11,000 ft. As with Plum, such a wellbore would bear increased operational risk relative to other prospects in the inventory.

Kingsway lies on disputed acreage. The leases held by Pantheon are state leases. When BNP as operator originally acquired the acreage, they double leased the land since the Dunn-McCampbell family also claimed mineral rights. The Dunn-McCampbell lease, was subsequently dropped to avoid the rental payments. The dispute, however, has no material impact in the drilling program, and is instead a matter between the state and the Dunn-McCampbells.

An AFE estimate has not been generated for Kingsway. There is no firm location, although it is likely to be to the northwest of the prospect as shown in Figure 17. Given the offset and measured depth of the well, the requirement for a barge rig rather than a land rig, the location far to the south making servicing more costly, plus the fact that about 5,000 feet of dredging will be required, a rough estimate of $16 mm is assumed. With the smaller expected reserve potential at Kingsway, it could turn out that high cost well would not be commercially justified. These are issues that will be addressed, but the technical case appears strong.

(ii) *Risk*

Source	*Timing/ Migration*	*Reservoir*	*Trap*	*Seal*	*Kingsway POS*
100%	90%	90%	50%	75%	30%

(iii) *Reserves Estimate*

Kingsway was run as a two layer model, to reflect the fact that the very low relief on the prospect puts constraints on the possible net pay that could fit into a single layer, especially given the likely case of multiple pays in the success case.

Kingsway	*P90*	*P50*	*P10*	*P1>P99 Mean*
Cib Haz				
Area (ac)	209	479	1096	574
Net Pay (ft)	10	14	20	15
Recovery/ac-ft	1300	1487	1700	1494
Mid Frio				
Area (ac)	225	407	737	408
Net Pay (ft)	15	21	30	22
Recovery/ac-ft	1300	1487	1700	1494
Reserves (bcf)	8.7	21.5	43.5	24.2

(i) *Other Prospects and Leads*

If the program encounters success in the Middle Frio, there are a few additional deep structures which at the present time are downgraded due to data quality and offset well results. These are located in the Homerun and La Playa areas, another north of Plum, and a fourth south of Plum. At the current time risks on these structures are too high to be classified as prospects, but success and/or further knowledge learned through drilling could conceivable elevate these to prospect status. There are also a few structures similar to Wilson which given success at that well could generate renewed interest.

Finally, there is the ultra-deep gas potential as studied by the major oil company. Although the major oil company declined to participate, they did recognize several deep structures with reserve potential in the 100 to 500 BCF range. Sufficient success in the Middle Frio play, new knowledge, and/or higher gas prices could all generate renewed interest in these leads as well.

Generally, though, of these features have been leased, and were not considered in any detail in this review.

(j) *Summary*

A summary table is given below. The inventory contains 526 BCF of unrisked gas reserve potential, and 117 BCF risked. Total exposure for all six wells would be $61.4 mm gross, of which Pantheon's share at 33.3 per cent. would be $20.5 mm.

(k) *Drilling Program*

Pantheon expects to drill the first three prospects in 2006, although the order is not yet firm. Ideally, Plum and Wilson will be drilled first and second in order to ensure retention of expiring acreage. Manzano would be the third prospect in this scenario. Murdock, Lemonseed, and Kingsway are planned for 2007, although plans for Kingsway are still in the early stages. Kindee has or is currently pursuing permits for all prospects except Kingsway in order to allow for maximum flexibility should problems arise, for example if the permit for an early prospect such as Plum is delayed. Another option being pursued is to locate and permit wells at various BNP locations, such as La Playa, Peach, El Mar, and Dunn Deep. Although Pantheon would not participate in these optional wells, the possibility to drill them should unforeseen permitting problems arise would free Pantheon from the potential exposure of having to fund a committed drilling rig without drillable prospects.

Prospect	*P50 Reserves (BCF)*	*POS*	*Risked P50 (BCF)*	*DHC ($mm)*
Plum	161.3	27%	43.6	$10.3
Manzano	177.6	23%	40.9	$9.1
Murdock	94.3	19%	17.9	$9.7
Lemonseed	66.9	15%	10.0	$10.9
Wilson	9.6	36%	3.5	$5.4
Kingsway	21.5	30%	6.5	$16.0
Totals	531.2	—	122.4	$61.4

None of the wells have AFE quality completion estimates. Current thinking is that, if gas bearing, the reservoirs would be allowed to flow for some unspecified period prior to a decision on fracture stimulation. Most operators in the area (i.e. onshore Middle Frio) do fracture stimulation, so this may be unnecessarily conservative and could result in delayed cash flows. However, Pantheon is aware of Novus's as yet unexplained failures in fracture stimulation at Homerun and La Playa Deep. Barring the discovery of massive gross sand reservoirs, this may be prudent. Kindee has estimated a completion cost of $545,000 without fracture stimulation, and is currently using a ballpark estimate for completion costs to include hookup and facilities. This is consistent with the original Novus AFE estimates, which included fracture stimulation.

There are two constraints to the drilling program that need to be kept in mind. First, the hurricane season runs from mid June through mid October. Either land rig currently under consideration will need to be broken down and ideally demobilized in advance of a hurricane, the main risk being flood damage. A land rig would normally need a week or two to demobilize, but there may be only a matter of days before the path of a hurricane can be sufficiently well forecast. Steps will need to be taken to ensure that an evacuation strategy is in place and that the rig is adequately insured in the event of damage. An evacuation plan is required to be furnished by the operator in the permitting process.

There is also a potential restriction on operations during the turtle nesting season in the park. This runs from approximately April through July. Operators are requested to defer operations outside the nesting season if possible. However, if such delay is not practical or possible, then the operator must meet certain guidelines and requirements set out by PINS to ensure safety of the turtle population. An example of this is the requirement for park escorts to accompany operators on park roads and beaches.

6. Value

NPV calculations were not carried out on the inventory and at any rate are left to the potential investor to consider, as such calculations are subject to much subjective input and to individual tax situations. However, recent transactions in the US market suggest an NPV per mcf in the $2 to $5 range. Of course, the unit value of any gas accumulation will depend on a number of factors, like reservoir depth, location and access to infrastructure, flow rates, well spacing, and so on.

Some of the value drivers at South Padre include rapid hookup time, strong demand and excellent infrastructure, ample ullage, and strong front end loaded production profiles, by analogy with the most recent Middle Frio producers at Sarita and Stirrup (ref. Figure 8).

7. Conclusions

Pantheon has a realistic opportunity to participate in 100 BCF range discoveries for a net initial DHC investment of about $20 mm. The prospects lie in an under explored north-south play fairway that has been proven to work to the west and east. The prospect traps are robust, and the three largest have been independently supported by the major oil company.

However, reward is usually proportional to risk, and the Pantheon portfolio is no exception to this rule. Potential investors should be aware of three sets of risks.

(a) Geological Risk. The prospects bear risks mostly in the 20 percentile range that are general in line with new field wildcats in under explored basins. Risks for the first three prospects, Wilson, Plum, and Manzano, are 36 per cent., 26 per cent., and 22 per cent. respectively. Looking at the first year program as a whole, this means that there is 63 per cent. chance of at least one success, but a 37 per cent. chance that all three 2006 wells could be failures. For the entire program, if risking is correct, there is an 18 per cent. chance that all six wells will be dry.

(b) Operational Risk. This is the unquantifiable risk of incurring additional costs in drilling. Plum is the best example of this risk. The wellbore as designed from the 6A surface location requires two turns and a long trajectory at a low angle. Such wellbores can be difficult to drill and among other complications can, for example, require sidetracks that generate cost overruns. If, however, Plum can be drilled from the Peach location, then these risks can be cut significantly. Of the two wells Novus drilled (at Homerun and La Playa Deep), the former was drilled below AFE, while the second was drilled turnkey but experienced numerous complications.

    It should be noted that a 15 per cent. "trouble" contingency is already built into the AFE estimates. This means that if the wells are drilled without unforeseen problems, then they will cost 15 per cent. less than the AFE amount.

(c) Business Risk. If Kindee is unable to permit the Plum and Wilson well locations in a timely fashion, it risks losing the leases, which expire in July 2006. In that case the JV will be in the position of having to reacquire them in a future Texas State Lease Sale, probably September 2006. Four key leases at Wilson and Plum are critical, and could be expected to cost on the order of $800,000 total to reacquire, and there could be a requirement for additional leases at

Plum. Fortunately, competition in the area has been light, as not many operators have purchased upfront the 3D data required to compete here. The risk of losing the leases to expiration is not considered to be very high at present, and the risk of being outbid should the leases expire are fairly low.

Recognizing the risks, the project is viable, and if successful could add significant value to Pantheon assets, and also give Pantheon a foothold in the booming US natural gas market through additional opportunities in the South Padre area and beyond.

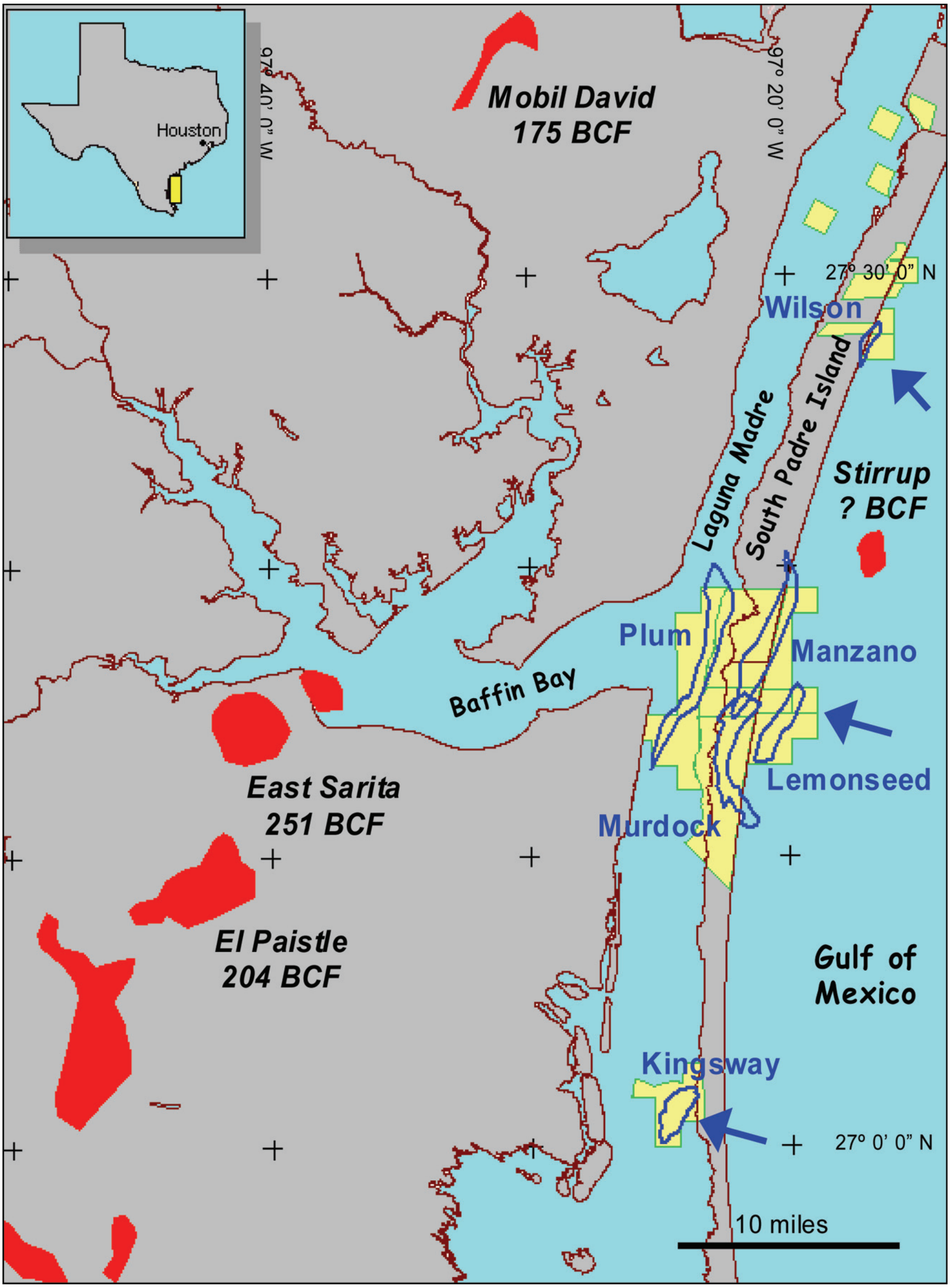

Figure 1. Location map. Prospects (blue outline), analog Middle Frio (red) showing cumulative production in studied fields, and leases (Kindee leases in yellow, Pantheon participates in contiguous leases indicated by blue arrows.

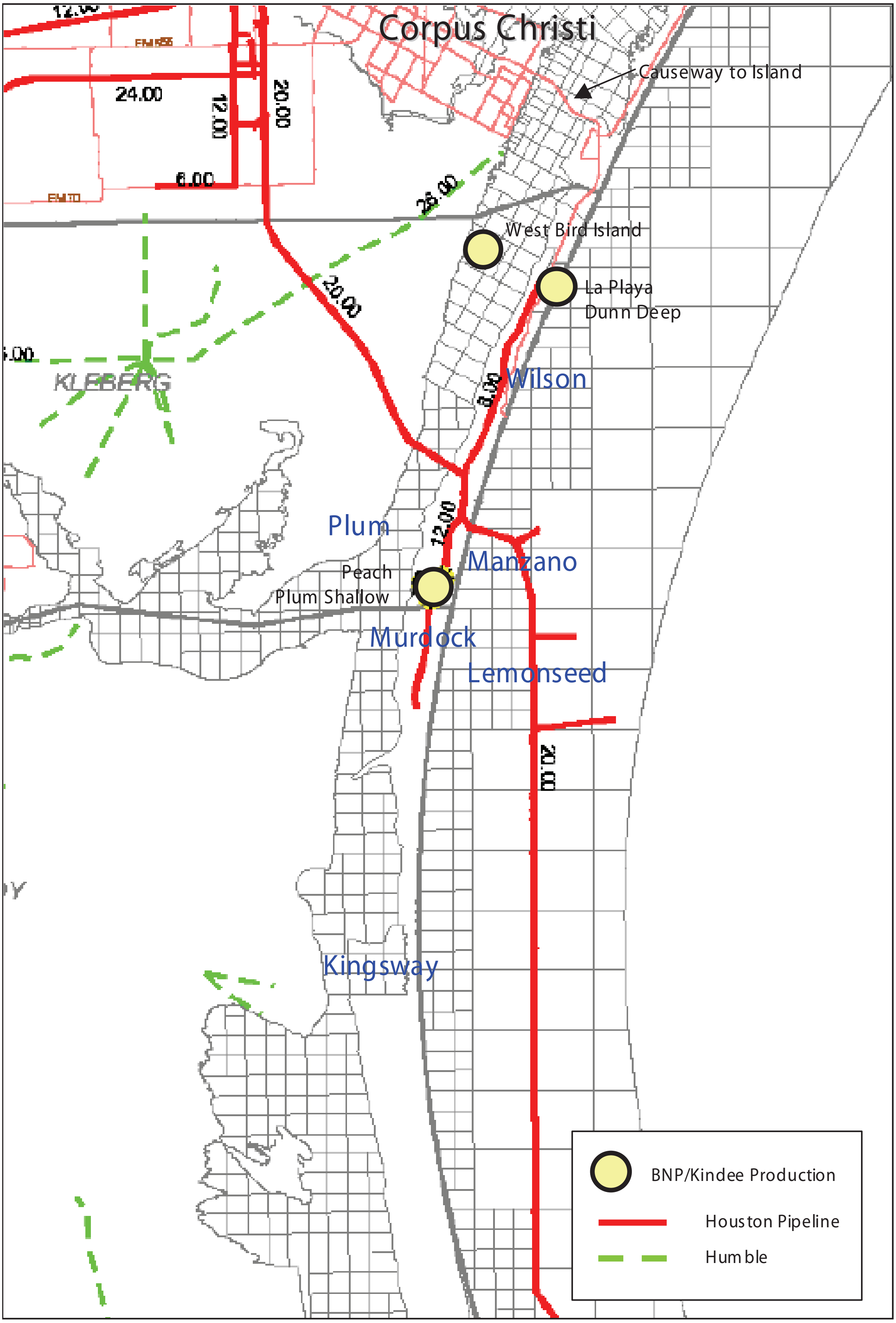

Figure 2. Corpus Christi and South Padre Island, showing major pipelines and their diameters.

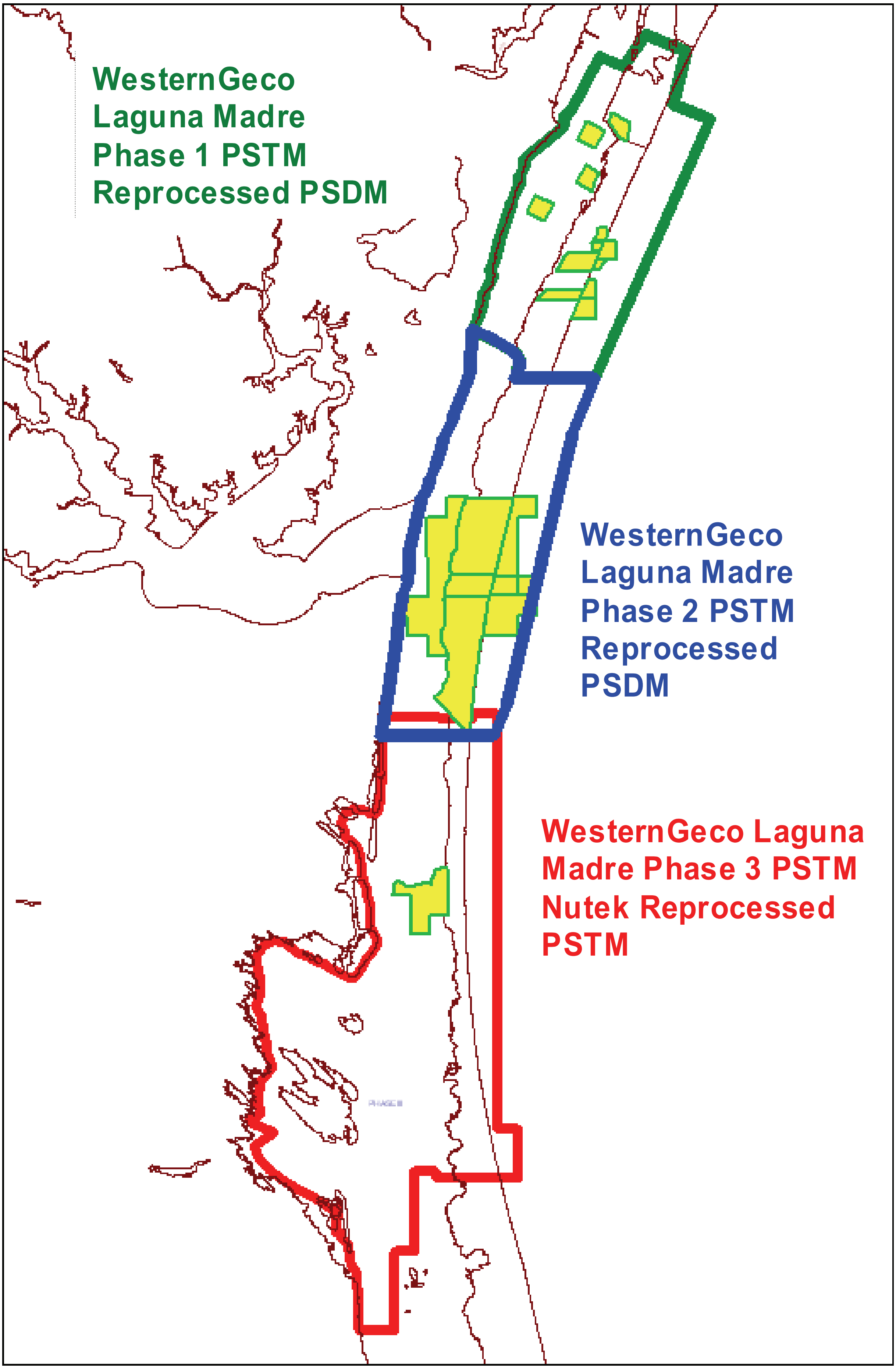

Figure 3. WesternGeco 3D seismic data coverage.

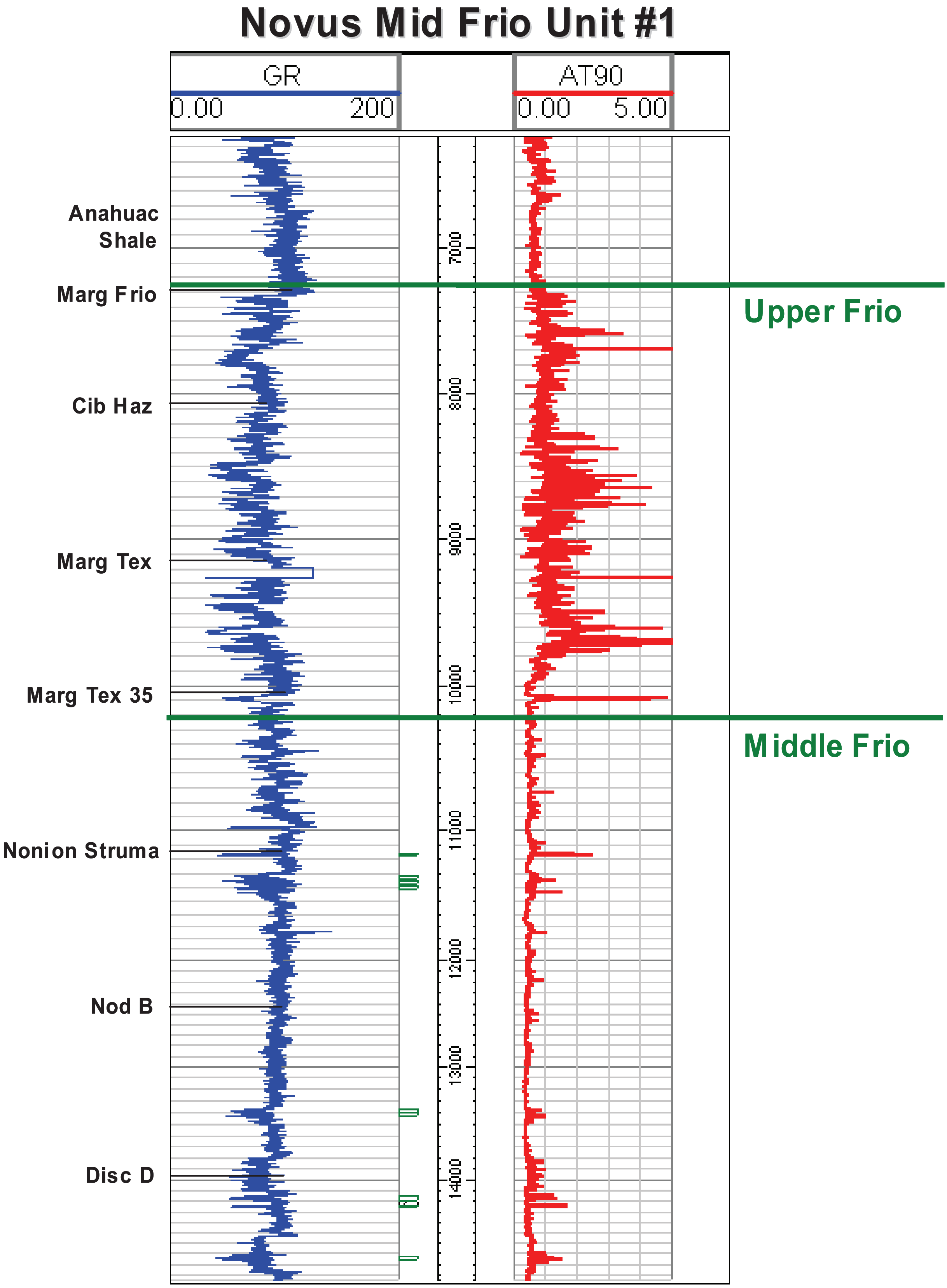

Figure 4. Type log showing GR and restivity curves and selected tops for Novus Mid Frio Unit #1. Note high gross sand content in highstand/transgressive Upper Frio relative to shale rich Middle Frio lowstand sediments. Depth scale is TVDSS. Middle Frio Nonion Struma sand at 11,160 ft is productive.

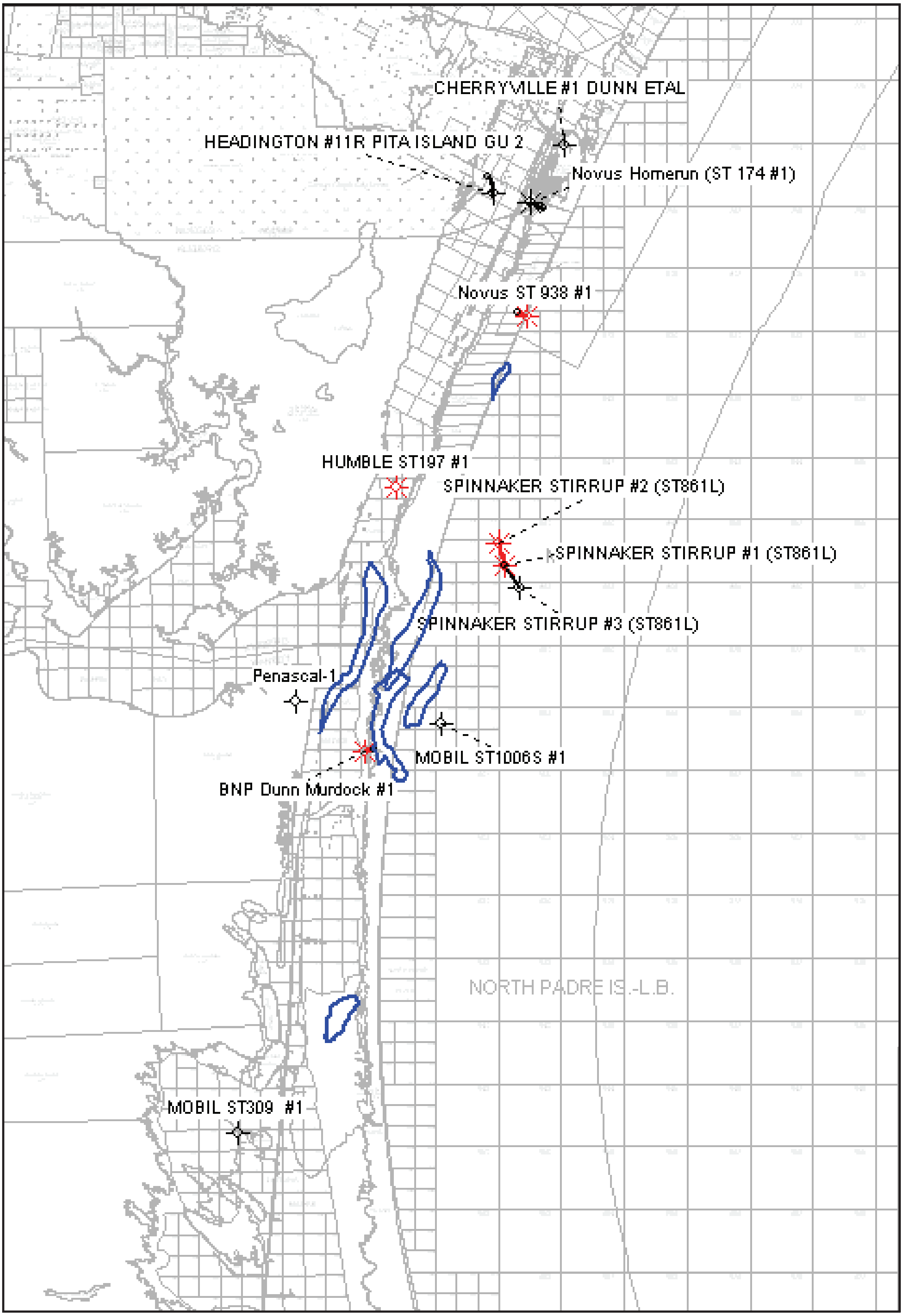

Figure 5. Key Middle Frio wells closest to the area of 3D coverage. Refer to Table 1 for significance.

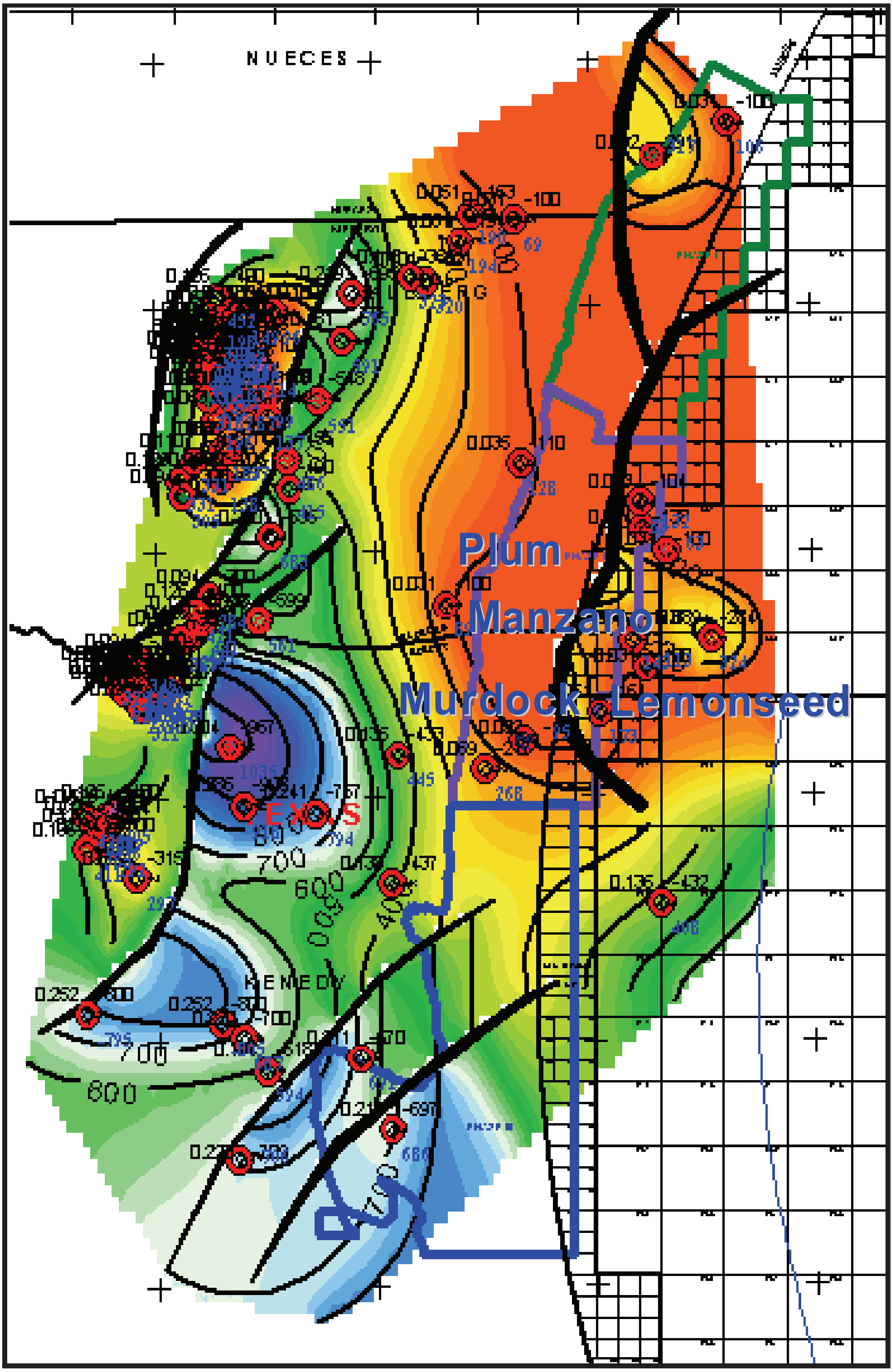

Figure 6. Gross sand isopach, Nod B to Discordis D. Note increasing sand content to the south. Well control in red. C.I. is 100 ft.

Norias Delta: Major Oil Company Interpretation

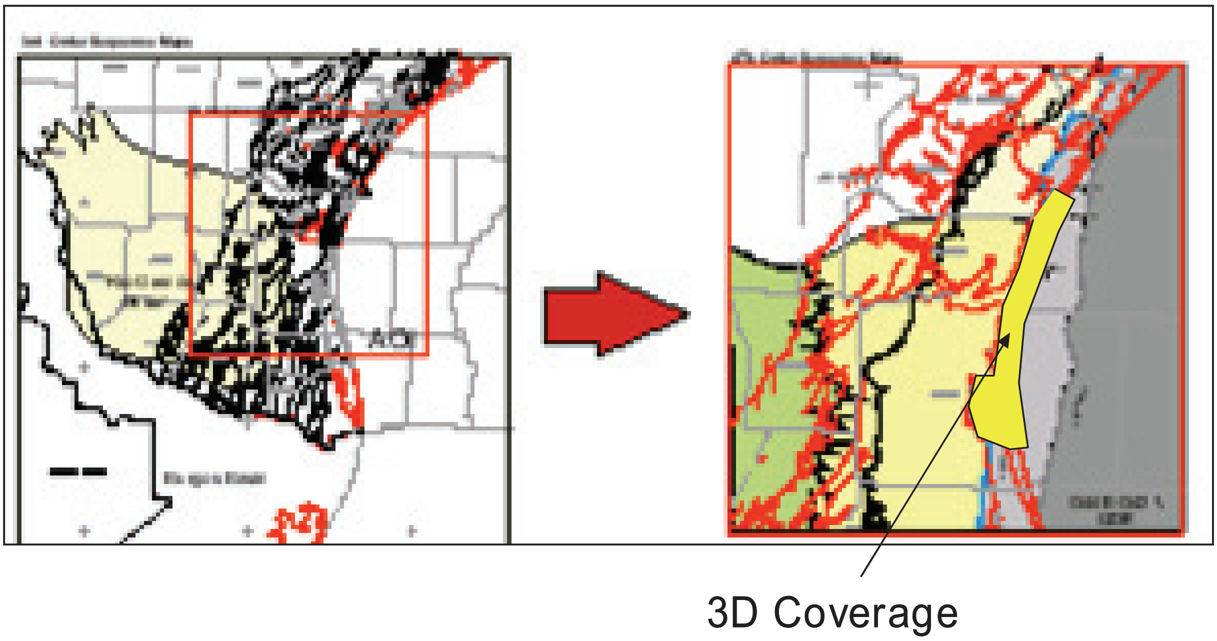

Figure 7. Interpretation by a major oil company showing Norias delta, at time of Frio deposition. Note location of 3D seismic coverage in yellow. Homerun and Mid Frio Unit wells lie on the northern fringe of the delta. Pantheon Middle Frio prospects lie closer to the axis of the delta.

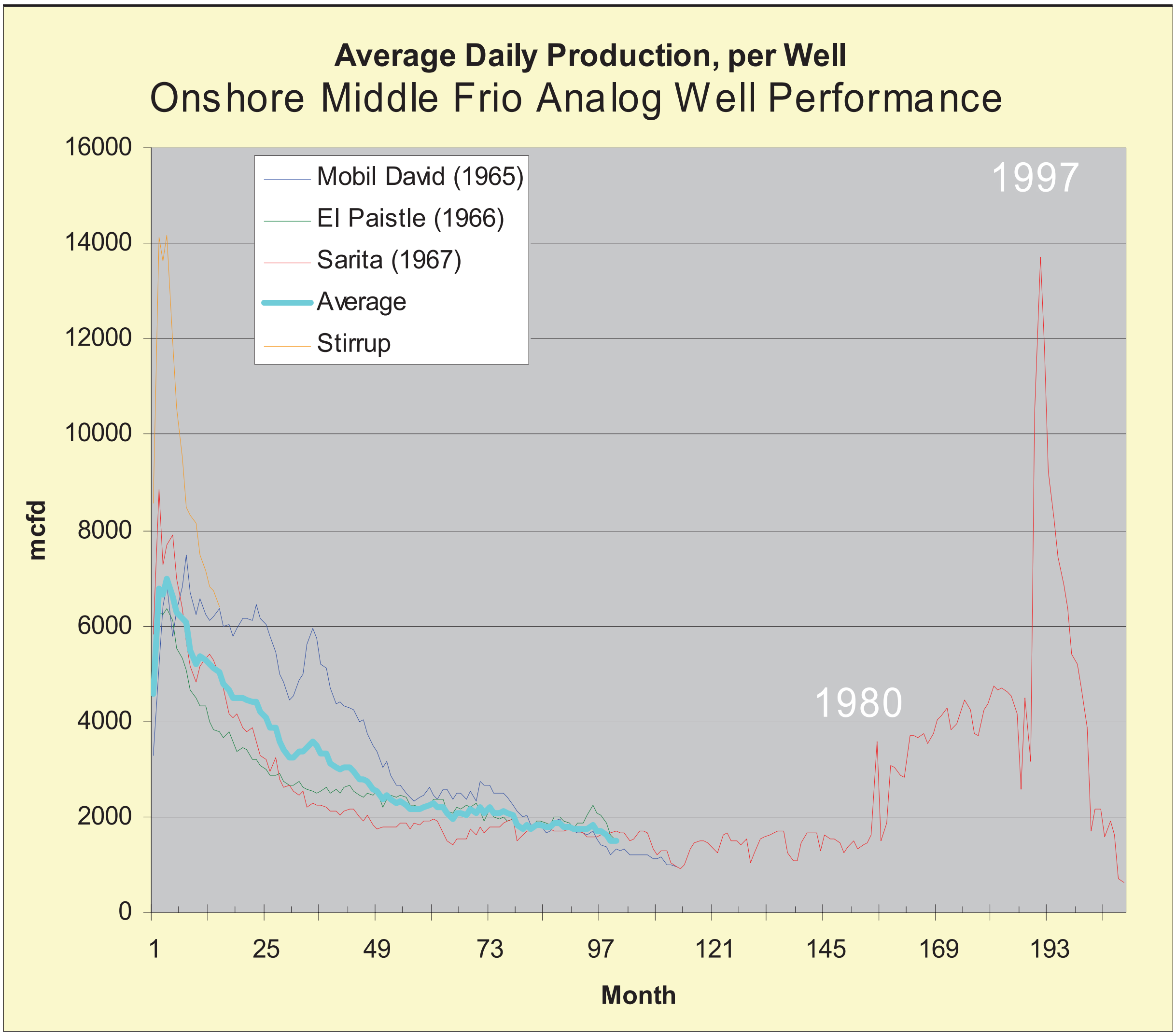

Figure 8. Averaged production, day rate per well by month since onset of production, for Mobil David, Sarita, and El Paistle Fields. Stirrup #1 performance is shown for reference.

Onshore Middle Frio Analog Well Performance

BCF per Well Histograms

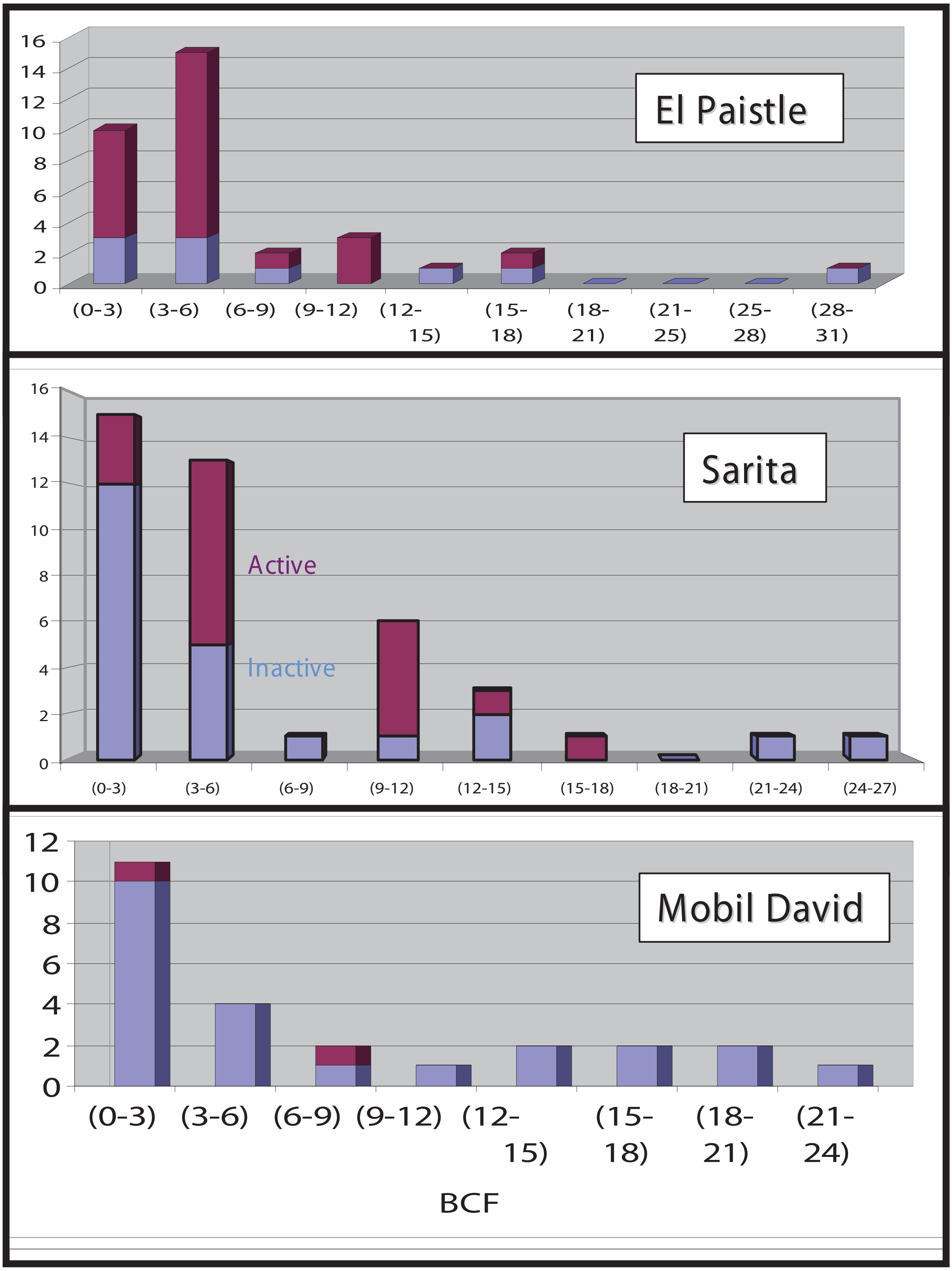

Figure 9. Cumulative production per well, El Paistle, Sarita and Mobil David Fields. Average per well is about 7 BCF. Note that these fields came onstream in the 1960's, prior to the advent of 3D seismic and modern completion technologies.

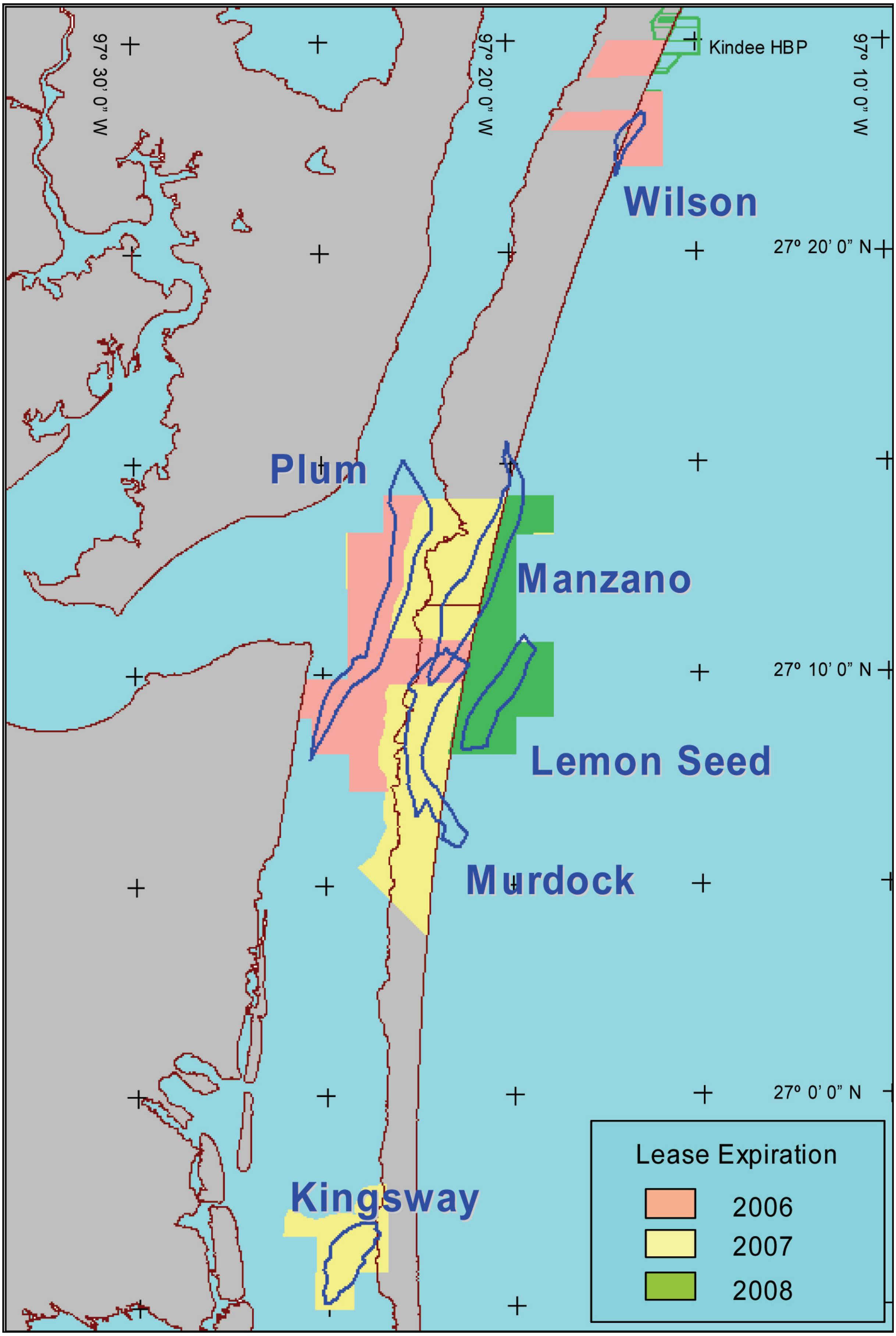

Figure 10. Lease term by prospect. Operations must begin by July to hold leases at Plum and Wilson.

PART V

Risk Factors

An investment in the Company is subject to a number of risks. Prospective investors should consider carefully all of the information set out in this document and the risks attaching to an investment in the Company, including, in particular, the risks described below, before making any investment decision. The information below does not purport to be an exhaustive list. Investors should consider carefully whether investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances. Before making any final decision, prospective investors in any doubt should consult with an investment adviser authorised under the Financial Services and Markets Act 2000. If any of the following risks were to materialise, the Company's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company.

There can be no certainty that the Company will be able to implement successfully the strategy set out in this document. No representation is or can be made as to the future performance of the Company and there can be no assurance that the Company will achieve its objectives.

General Risk

Investment Risk

Although an application has been made for the Company's Ordinary Shares to be admitted to trading on AIM on 5 April 2006, they will not be listed on the Official List. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success and liquidity in the market for the Company's securities cannot be guaranteed. Until Admission, the Ordinary Shares will not be admitted to trading on a public market and there is not likely to be a liquid market in such shares.

Investors should be aware that upon Admission the market price of the Ordinary Shares of the Company may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment. This volatility could be attributable to various facts and events, including any regulatory or economic changes affecting the Company's operations, variations in the Company's operating results, the market price of oil and gas, developments in the Company's business or its competitors, or changes in market sentiment towards the Ordinary Shares. In addition, the Company's operating results and prospects from time to time may be below the expectations of market analysts and investors.

At the same time, market conditions may affect the Ordinary Shares of the Company regardless of the Company's operating performance or the overall performance of the oil and gas exploration and production sector. Share market conditions are affected by many factors such as general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand and supply for capital.

Accordingly, the market price of the Ordinary Shares of the Company may not reflect the underlying value of the Company's net assets, and the price at which investors may dispose of their Ordinary Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others of which may be outside the Company's control.

The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than the original amount subscribed pursuant to the Placing and could lose their entire investment.

Share Price Volatility and Trading Basis

The Ordinary Shares are not listed on the Official List and although the Shares are to be traded on AIM, this should not be taken as implying that there will be a liquid market in the shares. A return on investment in the Ordinary Shares may, therefore, in certain circumstances be difficult to realize. The price at which the Ordinary Shares may trade and the price which investors may realise for their

Ordinary Shares will be influenced by a large number of factors, some specific and some which may affect quoted securities generally. These factors could include the performance of the Company's operations, large purchases or sales of shares, liquidity (or absence of liquidity) in its shares, currency fluctuations, legislative or regulatory changes and general economic conditions. The value of the Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Application has been made for the Ordinary Shares, issued and to be issued pursuant to the Placing, to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. Neither London Stock Exchange nor the UK Listing Authority has itself examined this document for the purposes of Admission.

Risks relating to the Company and the Oil and Gas Industry

Title and Payment Obligations

The Leases will expire if drilling activities have not commenced by a specific date (the "Drill Date"). A large number of the Leases have Drill Dates during the summer of 2006. The Wilson and Plum Farmout Prospects are the subject of the Leases with the earliest Drill Dates being in July 2006. It is intended that commencement of drilling activities will occur before the relevant Drill Dates in the Leases affecting these and the other Farmout Prospects and the Drill Dates have been taken into account in determining the order of drilling the Farmout Prospects. However, delays to the proposed work programs (such as those of the kind noted in the paragraph entitled "Drilling and Operating Risks") mean that the Company may not meet the Drill Dates and certain of the Leases may expire. In these circumstances, the Company and its partners may incur additional expenditure in re-acquiring those Leases and in any event, there can be no guarantee that they would be able to re-acquire such Leases in which case the Company would lose its opportunity to earn an interest in the relevant Farmout Prospects.

As noted in the description of the Farmout Agreement under the heading "Farmout Agreement" in Part I of this document, in order to ensure that parties to the Farmout Agreement have appropriate title to the six Farmout Prospects, prior to drilling each exploratory well, Operator shall obtain a drill-site title opinion and thereafter, as appropriate, the Operator shall obtain a division order title opinion. This is intended to ensure that, prior to drilling and exploration costs being incurred, the parties have good title to the relevant Farmout Prospect and to avoid the expense of unnecessary title checks being carried out on the wider PI Prospect Area. For these reasons, the Company has decided not to incur the expense involved in carrying out exhaustive title searches in relation to the Leases and has only carried out limited title investigation. There can be no guarantee the parties will be able to obtain drill-site opinions confirming that they have good title to the Farmout Prospects under the Leases and, until such time as positive drill-site legal opinions are obtained, there is a risk that the Company will not be able to obtain good title to its proportionate interest in the Farmout Prospects under the Farmout Agreement.

As noted in the description of the Leases under the heading "Leases" in Part I of this document, a small number of the Leases require the consent of the relevant lessor to any assignment. Despite the fact that such consents cannot be unreasonably withheld, there can be no guarantee that such consents will be forthcoming if and when requested and, in addition, the Company may have to rely upon the other parties to the Farmout Agreement to comply with their obligations to make reasonable attempts to obtain such consents. It is the Directors'belief that, whilst it is good business practice to obtain such consents from the lessors, the failure to obtain such consents will not invalidate the assignments, nor impact the effectiveness of the relevant Lease. However, this cannot be guaranteed.

All of the Leases in which the Company may earn an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each Lease is usually at the discretion of the relevant government authority. If a Lease is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any hydrocarbon resources on that Lease area. As noted in Part I of this document, the Leases provide for certain delay rental payments to be made. The Company may have to contribute to such payments in the event that the relevant deadlines are not met and there can be no guarantee that the Company will not inherent any historic delay rental payments that have not been paid.

Under the Leases and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, for certain Leases the Company is required to expend the funds necessary to meet the minimum work commitments attaching to the Leases. Failure to meet these work commitments will render the Lease liable to be revoked. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Company.

Authorisations

The Company's activities are dependent upon the grant and maintenance of appropriate licences, concessions, permits and regulatory consents ("Authorisations") which may not be granted or may be withdrawn or made subject to limitations. Also, in its proposed lease interests, the Company is a joint interest-holder with other parties over which it has no control. An Authorisation may be revoked by the relevant regulatory authority if any other interest-holder is no longer deemed to be financially credible. Although the Company believes that the Authorisations will be renewed following expiry or granted (as the case may be), there can be no assurance that such Authorisations will be renewed or granted or as to the terms of such grants or renewals.

In addition, the areas covered by the Authorisations are or may be subject to agreements with the proprietors of the land. If such agreements are terminated, found void or otherwise challenged the Company may suffer significant damage through the loss of opportunity to identify and extract oil or gas.

All of the Farmout Prospects are located within the Padre Island National Seashore ("PINS") and require a PINS permit which requires rigorous conditions to be met. Meeting these requirements may delay the work programs and increase the related expenditure above that anticipated by the Company.

Environmental Risks

The Farmout Prospects are located in the PINS which in an environmentally sensitive area. This may result in significant expenses being incurred by the Company and delays to its proposed work program in order to accommodate local wildlife and other environmental concerns.

The Company's interests are subject to the environmental risks inherent in the oil and gas exploration and production industry. The Company and its operating partners are subject to environmental laws and regulations in connection with all of their respective businesses. Although the Company intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other circumstances, that could subject the Company to extensive liability.

Further, the Company or its operating partners may require approval from the relevant authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Company or its operating partners from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its or its operating partners operations in any area.

Exploration, Drilling and Operational Risks

There are no certainties that oil or gas will be discovered or in commercial quantities even if it is.

Hydrocarbon resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. They are therefore imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Estimates that were reasonable when made may change significantly when new information from additional analysis and drilling becomes available. This may result in alterations to development and production plans which may, in turn, adversely affect operations.

The business of exploration and production of oil and gas involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to prevent. Few properties that are explored are ultimately developed into producing oil and gas fields.

Significant expenditure is required to establish the extent of oil and gas reserves through seismic surveys and drilling and there can be no certainty that oil and gas reserves will be found. The exploration and development of oil and gas assets may be curtailed, delayed or cancelled by unusual or unexpected geological formation pressures, oceanographic conditions, hazardous weather conditions including hurricanes or other factors.

There are numerous risks inherent in drilling and operating wells, many of which are beyond the Company's control. The Company's operations may be curtailed, delayed or cancelled as a result of environmental hazards, industrial accidents, occupational and health hazards, technical failures, shortage or delays in the delivery of rigs and/or other equipment, labour disputes and compliance with governmental requirements.

Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells which, though yielding some hydrocarbons, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

The reserves data included in this document are estimates. The nature of reserve quantification studies means that there can be no guarantee that estimates of quantities and quality of oil and gas disclosed will be available for extraction. Therefore, actual production, revenues, cash flows, royalties and development and operating expenditures may vary from these estimates. Such variances may be material.

The Company's rights to exploit its oil and gas assets are limited in time. There is no guarantee or assurance that such rights can be extended or that new rights can be obtained to replace any rights that expire.

Competition

The oil and gas industry is highly competitive. There is strong competition for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and production companies, many of which have greater financial resources than the Company, for the acquisition of properties, leases and other interests as well as for the recruitment and retention of skilled personnel. Such factors may result in the Company being unable to secure new exploration areas or recruit and retain staff.

Commodity Prices

The profitability and cash flow of the Company's operations will be dependent upon the market price of oil and gas. This has fluctuated widely, particularly in recent years. Oil and gas prices are affected by numerous factors beyond the Company's control, including economic and political conditions, levels of supply and demand, the policies of the Organisation of Petroleum Exporting Countries, currency exchange rates and the availability of alternate fuel sources. If the price of oil and gas products should drop significantly, the economic prospects of the projects in which the Company has an interest could be significantly reduced or rendered uneconomic.

Market Risk

The marketability of any oil and gas discovered will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, proximity and capacity of oil and gas pipelines and processing equipment, availability of transportation capacity and government regulations including regulations relating to taxation, royalties, productions levels, imports and exports and the environment, the effect of which cannot be accurately predicted.

Oil and Gas Assets

In the event of exploration success the Company's income will come from its interests in oil or gas fields and will remain dependent on a relatively small number of fields. Operational problems in any one field could have a material adverse effect on the Company.

Increase in Drilling Costs and the Availability of Drilling Equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Company's ability to invest in prospects and to purchase or hire equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations outside of the GoM or in other areas of the GoM may reduce the availability of equipment and services to the Company and or its operating partners. The reduced availability of equipment and services may delay its ability to exploit reserves and adversely affect the Company's operations and profitability.

Delays in Production, Marketing and Transportation

Various production, marketing and transportation conditions may cause delays in oil and gas production and adversely affect the Company's business. The inability to complete wells in a timely manner would result in production delays and could have a material adverse effect on the Company's financial position and future results of operations.

In addition, marketing demands, which tend to be seasonal, may reduce or delay production from wells. The marketability and price of oil and natural gas that may be acquired or discovered by the Company or its operating partners will be affected by numerous factors beyond the control of the Company. The Company is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to adequate pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, licenses, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea.

Decommissioning Costs

The Company may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which it may use for production of oil and gas. Abandonment and reclamation of facilities and the costs associated therewith is often referred to as "decommissioning". There are no immediate plans to establish a reserve account for these potential costs, rather, the costs of decommissioning are expected to be paid from the proceeds of production in accordance with the practice generally employed in onshore oilfield operations. Should decommissioning be required, the costs of decommissioning may exceed the value of reserves remaining at any particular time to cover such decommissioning costs. The Company may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could have a material adverse effect on the Company's financial position and future results of operations.

Limited Diversification

Generally, risk is reduced through diversification. Diversification is maximized by drilling a large number of wells over a large area of prospects having different geological characteristics. The Company anticipates that its operating partners drill a limited number of wells in the relatively limited area of the acreage demised under the Leases in which Pantheon proposes to obtain an interest upon satisfaction of the relevant conditions under the Farmout Agreement. The drilling and development programme, therefore, will have only a limited amount of diversification with a correspondingly higher degree of financial risk for investors.

Ability to exploit successful discoveries

It may not always be possible for the Company to participate in the exploration of any successful discoveries which may be made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary Authorisations from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. In addition, the decision to proceed to further exploitation may require the participation of other companies whose interest and objectives may not be the same as the Company. As described above, such further work may require the Company to meet or commit to financing obligations for which it may not have planned.

Commercial Risks

Even if the Company or its operating partners recover quantities of oil and gas, there is a risk the Company will not achieve a commercial return. The Company or its operating partners may not be able to transport the oil and gas to commercially viable markets at a reasonable cost or may not be able to sell the oil or gas to customers at a price and quantity which would cover its operating and other costs.

Foreign Exchange Risk

The Company operates internationally and is therefore exposed to the effects of changes in currency exchange rates. In particular, oil and gas prices (and therefore the potential future revenues of the Company) are typically dominated in United States dollars, whereas the majority of the Company's costs are currently incurred in the currency of the United Kingdom. The Company does not hedge these currency risks.

Reliance on Key Personnel

In common with other services and businesses in this industry sector, the Company's business is dependent on recruiting and retaining the services of a small number of key personnel of the appropriate caliber as the business develops. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of the Directors and the loss of one or more could have a material adverse effect on the Company.

Retention of Key Business Relationships

The Company relies on strategic relationships with other entities such as joint venture farm-out parties and also on good relationships with regulatory and governmental departments.

While the Directors have no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the Company could be materially adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts, could materially adversely impact the Company, its business, operating results and prospects.

Joint Venture Party and Contractor Risks

The Company is exposed to various risks related to its farm-out partners, joint venture parties and contractors that may adversely affect its proposed activities and proposed interests under the Leases, including:

- Financial failure, non-compliance with obligations or default by a participant in any joint venture or farm-out arrangement to which it is, or may become, a party;
- Insolvency or other managerial failure by any of the contractors used by any joint venture or farm-out partner in the proposed exploration activities; and
- Insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-out party for any activity.

The Company's dependence on its operating partners and other working interest owners for these projects and its limited liability to influence operations and associated costs could have a material adverse effect on the Company's financial position and performance.

Grant of Licences

The Company cannot guarantee that it will be granted any further interests in leases in the PI Project Area by its operating partners or any other persons.

Exploration Costs

The proposed exploration expenditures set out in Part I of this document 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's viability.

Insurance

The Company plans to insure its operations in accordance with industry practice and plans to insure the risks it considers appropriate for the Company's needs and for its circumstances. Insurance cover will not be available for every risk faced by the Company.

Although the Company believes that it or the operator should carry adequate insurance with respect to its operations in accordance with industry practice, in certain circumstances the Company's or the operator's insurance may not cover or be adequate or able to cover the consequences of such events. In addition the Company may be subject to liability for pollution, blow-outs or other hazards against which the Company or the operator may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Company. Moreover, there can be no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers reasonable.

There is a risk that insurance premiums may increase to a level where the Company considers it is unreasonable or not in its interests to maintain insurance cover or not to a level of coverage which is in accordance with industry practice. In addition, the Company may, following a cost-benefit analysis, elect not to insure certain risks on the grounds that the amount of premium payable for that risk is excessive when compared to the potential benefit to the Company of the insurance cover.

Economic, Political, Judicial, Administrative, Taxation or Other Regulatory Factors

The Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors, in the areas in which the Company will operate and holds its major assets.

Future Capital Needs and Funding

Further funding may be required by the Company to support its activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance may adversely affect the business and financial condition of the Company and, consequently, its performance.

No Profit to Date

The Company has no previous trading history and it is therefore not possible to evaluate its prospects based on past performance. Since the Company intends to continue investing in the projects it currently has a right to farm into, the Directors anticipate making losses for the foreseeable future.

There can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flows from its activities.

Financing Risks

The development of the Farmout Prospects will depend upon the Company's ability to obtain financing through the joint venture of projects, public financing, debt financing or other means. There is no assurance that the Company will be successful in obtaining the required financing. Any additional equity financing may be dilutive to existing Shareholders and debt financing, if available, may involve restrictions on financing operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Force Majeure

The Company's projects may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Third Party Data

Within this document, where information has been sourced from a third party, that this information has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

PART VI

Financial Information and Accountants' Report on the Pantheon Resources plc Group

VII(a) Financial Information

The following financial information of the Pantheon Resources plc Group is for the period from the date of its incorporation on 8 March 2005 to 31March 2006 and was approved by the directors on 4 April 2006.

Consolidated Income Statement

For the period ended 31 March 2006

	Note	*31 March 2006* £
Continuing operations		
Administrative expenses		(20,166)
Operating loss		(20,166)
Loss before taxation		(20,166)
Income tax expense		—
Loss for the period		(20,166)
Loss per share	2	(1.46p)
Diluted loss per share		(1.46p)

Consolidated Balance Sheet

As at 31 March 2006

	Note	*31 March 2006* £
Assets		
Current assets		
Cash and cash equivalents		303,521
Other current assets	4	116,421
Total assets		419,942
Liabilities		
Current liabilities		
Trade payables		20,048
Total liabilities		20,048
Net assets		399,894
Equity		
Share capital	3	55,523
Share premium	3	364,537
Retained earnings		(20,166)
Total equity		399,894

Consolidated Cash Flow Statement

For the period ended 31 March 2006

	31 March 2006 £
Net cash outflow from operating activities (Note 1)	(118)
Investing activities	
Deposit on farm in agreement	(116,421)
Financing activities	
Net proceeds from issue of ordinary share capital	420,060
Net increase in cash and cash equivalents	303,521

Notes to the Cash Flow Statement

	31 March 2006 £
1. Net cash outflow from operating activities	
Operating loss	(20,166)
Increase in trade payables	20,048
	(118)

Notes to the Financial Information

For the period ended 31 March 2006

1. Accounting Policies

Basis of Accounting

The financial information has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee interpretations and with the parts of the Companies Act 1985 applicable to companies reporting under International Financial Reporting Standards.

Basis of Consolidation

The consolidated financial information includes the financial information of the company and its subsidiary undertakings made up to 31 March 2006. Intra-group sales and profits are eliminated fully on consolidation.

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange gain or loss is dealt with in the profit and loss account.

Deferred Taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilised.

2. Earnings per share

Earnings per share of (1.46)p is calculated by dividing the loss for the period of £20,166 by the average number of ordinary shares in issue of 1,377,617.

3. Share capital

	£
Authorised	
1,000,000,000 ordinary shares at £0.01	10,000,000
Issued and fully paid	
5,552,329 ordinary shares at £0.01	55,523

The Company was incorporated on 8 March 2005 with an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each, of which 2 shares were issued fully paid, on incorporation.

On 15 December 2005 a further 18 shares were issued at £0.001.

On the same date all issued and unissued ordinary shares were consolidated on the basis of 10 ordinary shares of£0.001 each converting to 1 new ordinary share of £0.01 each.

On 15 December 2005 a further 4,999,998 new ordinary shares were issued at £0.01 each.

On 3 March 2006 a further 552,329 shares were issued at £0.67 each.

The company granted the following Options over the share capital of the company on 04 April 2006 conditional on Admission:

Exercise price £	*Number of options*
1.00	483,285
1.25	250,000
1.50	650,000
2.00	650,000

These options will be exercisable between the first and fifth anniversary of Admission and are non-transferable.

4. Subsidiary entities

The company currently has the following wholly owned subsidiaries all of which were incorporated on 3 February 2006:

Name	*Country of incorporation*	*Percentage ownership*	*Reporting date*
Hadrian Oil & Gas LLC	United States	100%	31 December
Agrippa LLC	United States	100%	31 December
Pantheon Oil & Gas LP	United States	100%	31 December

Pantheon Oil & Gas LP is 99 per cent. owned by Agrippa LLC as its limited partner and 1 per cent. by Hadrian Oil & Gas LLC as its general partner.

None of the above entities have traded since incorporation.

5. Other current assets

Pursuant to the terms of the Letter of Agreement to farm into the Padre Island joint venture, signed between Pantheon Resources plc and Long Flat Ltd on 15 December 2005, Pantheon was required to pay an initial deposit of US$200,000 (£116,421). This payment was made on 4 January 2006. These funds will be retained by Long Flat and applied against future acreage payments.

6. Dividends

No dividends were paid or proposed in respect of the period ended 31 March 2006.

VI(b) Accountants' Report

The following is the full text of a report on the Pantheon Resources plc Group from UHY Hacker Young, the Reporting Accountants, to the Directors of the Pantheon Resources plc Group.

4 April 2006

Dear Sirs

PANTHEON RESOURCES PLC

We report on the financial information set out in part VI(a) of the AIM Admission Document of the Pantheon Resources plc Group dated 4 April 2006 ("the Document"). This financial information has been prepared for inclusion in the Document on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of Pantheon Resources plc are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view for the purposes of the Document and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Pantheon Resources plc Group as at 31 March 2006 and of its profits, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 1 to the financial information and in accordance with International Financial Reporting Standards.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully,

UHY Hacker Young

PART VII

Additional Information

1. Responsibility

The Directors, whose names and functions are set out on page 3 of this document, accept responsibility for all the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company.

2.1 The Company is registered in England and Wales, having been incorporated on 8 March 2005 under the Act with registered number 5385506 as a public company limited by shares with the name Pantheon Resources plc. The liability of members is limited.

2.2 The principal legislation under which the Company operates and under which the Ordinary Shares have been created is the Act.

2.3 The Company presently has the following wholly owned subsidiaries all of which were incorporated on 3 February 2006:

Name	*Entity*	*Place of incorporation*	*Holder and interest*
Hadrian Oil & Gas LLC	limited liability company	Texas	Pantheon 100%
Agrippa LLC	limited liability company	Colorado	Pantheon 100%
Pantheon Oil & Gas LP	limited partnership	Texas	99% by Agrippa LLC as its limited partner and 1% by Hadrian Oil & Gas LLC as its general partner

2.4 On 15 December 2005, the Registrar of Companies issued a certificate to the Company entitling it to do business under the provisions of section 117 of the Act.

2.5 The telephone number of the Company at its registered office is +44 (0) 20 7544 5555.

3. Share capital

3.1 On incorporation, the Company had an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each (par value), of which 2 were issued, fully paid, to the subscribers to the memorandum of association of the Company.

3.2 On 15 December 2005, the number of shares issued and fully paid was increased from 2 ordinary shares of £0.001 each to 20 ordinary shares of £0.001 each.

3.3 Pursuant to a shareholders' written resolutions dated 15 December 2005, the 20 issued Ordinary Shares of £0.001 each in the capital of the Company were consolidated into two Ordinary Shares of £0.01 each and the remaining 9,999,999,980 unissued shares of £0.001 each in the capital of the Company were consolidated into 999,999,998 Ordinary Shares of £0.01 each.

3.4 On 15 December 2005, the number of shares issued and fully paid was increased from 2 Ordinary Shares of £0.01 each to 5,000,000 ordinary shares of £0.01 each pursuant to subscriptions at par for Ordinary Shares.

3.5 On 3 March 2006, the number of shares issued and fully paid was increased from 5,000,000 Ordinary Shares of £0.01 each to 5,552,329 ordinary shares of £0.01 each pursuant to subscription for Ordinary Shares at 67 pence per Ordinary Share.

3.6 The authorised and issued share capital of the Company at the date of this document and as they will be immediately following Admission are as follows:

Authorised		*Ordinary Shares of £0.01 each*	*Issued and fully paid*	
Amount	*Number*	*At the date of this document*	*Amount*	*Number*
£10,000,000	1,000,000,000		£55,523.29	5,552,329
£10,000,000	1,000,000,000	Following Admission	£155,523.29	15,552,329

3.7 The Ordinary Shares to be issued pursuant to the Placing will rank *pari passu* in all respects including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares from the date of this document. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00B125SX82.

3.8 The Ordinary Shares are in registered form, and, following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

3.9 The following Options are outstanding over the share capital of the Company:

Exercise Price:	*Options*	*Number of Options*
£1.00		483,285
£1.25		250,000
£1.50		650,000
£2.00		650,000
Total Options		2,033,285

These Options are exercisable between the first and the fifth anniversary of Admission and are non-transferable.

3.10 Save as disclosed in this document:

- no share or loan capital of the Company has been issued or is proposed to be issued;
- no person has any preferential subscription rights for any share capital of the Company;
- no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and
- no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

3.11 Subject to any direction to the contrary which may be given by the Company in general meeting, the Directors are unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) to such persons (including any Director) on such terms and at such times as they think fit, but no shares shall be issued at a discount to their par value. This authority remains in force until the first Annual General Meeting of the Company.

3.12 The provisions of section 89(1) of the Act, which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash have been disapplied pursuant to a shareholders' resolution dated 18 November 2005 with respect to the authorised but unissued share capital of the Company.

3.13 At present, 994,447,671 Ordinary Shares remain authorised and unreserved for issue free from pre-emption rights which represents the entire unissued authorised share capital of the Company. Following Admission, 984,447,671 Ordinary Shares will remain authorised and unreserved for issue free from pre-emption rights which will represent the then entire unissued authorised share capital of the Company.

3.14 The Directors intend to pass Board resolutions to approve the allotment of the Placing Shares prior to Admission.

4. Memorandum and articles of association

4.1 In this paragraph 3, references to the "Statutes" are references to the Act and every other act for the time being in force concerning companies and affecting the Company.

4.2 The principal objects of the Company are set out in full in clause 4 of the Company's memorandum of association (which is available for inspection at the addresses specified in paragraph 11 of this Part VII) and include carrying on the business of a general commercial company.

4.3 The articles of association of the Company (the "Articles") contain, *inter alia*, provisions to the following effect:

Transfer

Except as may be required by the Statutes and the facilities and requirements of the relevant system concerned, the Directors shall have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing and transfer of uncertificated shares. All transfers of certificated shares must be in writing in the usual common form or in any other form, which the Directors may approve. The instrument of transfer must be signed by or on behalf of the transferor and, if the shares being transferred are not fully paid, by or on behalf of the transferee. The Directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien provided that such refusal does not prevent dealings in the shares from taking place on an open and proper basis. They may also refuse to register a transfer of any share in favour of more than four persons jointly and in certain other exceptional circumstances, and a transfer of certificated shares which has not been duly stamped and lodged at the Company's registered office or such place as the board may determine and which is not accompanied by the certificates for the shares to which it relates (except in the case of a transfer by a recognised person to whom a certificate has not been issued) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The Directors may also refuse to register a transfer of uncertificated shares in such other circumstances as may be permitted by the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (including any modification thereof or any regulations in substitution therefor made under Section 207 of the Companies Act 1989 for the time being in force) (the "Regulations") and the requirements of the computer based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters in accordance with the Regulations.

Voting rights

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) and subject to certain other Articles, on a show of hands every holder of an Ordinary Share present in person (if an individual) or duly authorised representative (if a corporation) shall have one vote, and on a poll every member present in person or by proxy and entitled to vote shall have one vote for each Ordinary Share of which he is the holder.

If at any time when the City Code on Takeovers and Mergers (the "City Code") does not apply to the Company, a person (together with any persons held to be acting in concert with him) acquires shares in the Company which would have obliged them to extend an offer (a "mandatory offer") to the holders of all other shares in the Company had the City Code applied, the Directors have the discretion to disenfranchise such person until a compliant mandatory offer is made.

If two or more persons are jointly entitled to a share, then, in voting upon any question, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other registered holders of the share, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

No Shareholder shall be entitled to be present or to be counted in the quorum at any general meeting unless he shall be the holder of one or more shares giving the right to attend thereat upon which all calls or other moneys due and payable in respect of the same shall have been paid and no Shareholder shall be entitled to vote at any general meeting or upon a poll either personally or by proxy in respect of any share upon which any call or other moneys due and payable have not been paid.

Votes may be given either personally or by proxy. On a show of hands a Shareholder (other than a corporation) present only by proxy shall have no vote, but a proxy for or representative of a corporation may vote on a show of hands. A proxy need not be a Shareholder of the Company and a Shareholder may appoint one or more than one person to act as his proxy.

The appointment of a proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote at such poll.

Dividends

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and priorities. The Company in general meeting may from time to time declare by ordinary resolution dividends but no such dividends shall (except as by the Statutes expressly authorised) be payable otherwise than out of the profits of the Company available for the purpose in accordance with the Statutes. No dividend may exceed the amount recommended by the Board of Directors.

Subject to the provisions of the Statutes the Board may if it thinks fit from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and the Board may also pay 6 monthly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if it is of the opinion that the profits justify the payment, provided the Directors act bona fide they shall not incur any responsibility to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights.

Notwithstanding any other provision of the Articles the Directors may fix a date as the record date for any dividend, distribution, allotment or issue and such record date may be on or at any time within 6 months before or after any date on which such dividend, distribution, allotment or issue is declared, paid or made. There is no fixed date on which an entitlement to dividend arises.

With the sanction of a general meeting, dividends may be paid wholly or in part in specie and may be satisfied in whole or in part by the distribution amongst Shareholders in accordance with the rights of fully paid shares debentures or other securities of the Company or of any other company, or of any other property suitable for distribution as aforesaid provided that no distribution shall be made which would amount to a reduction of capital except in the manner approved by law. The Board shall have full liberty to make all such valuations, adjustments and arrangements (including cash payments to Shareholders upon the basis of the value fixed in order to adjust the rights of Shareholders and vesting any specific assets in trustees upon trust for the persons entitled to the dividend), and to issue, in the case of certificated shares, all such certificates or documents of title as may in its opinion be necessary or expedient with a view to facilitating the equitable distribution amongst the Shareholders of any dividends or portions of dividends to be satisfied as aforesaid or to giving them the benefit of their proper shares and interests in the property and no valuation, adjustment or arrangement so made shall be questioned by any Shareholder.

The Directors may resolve that ordinary shareholders will be entitled to elect to receive an allotment of further Ordinary Shares (a scrip dividend) credited as fully paid in lieu of any cash dividend or any part of a cash dividend, subject to the Articles and to such exclusions or restrictions as the Directors may in their absolute discretion deem necessary or desirable in relation to compliance with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory.

The Directors shall give notice in writing to the ordinary shareholders of their rights of election in respect of the scrip dividend and of the procedure to be followed in order for an election to be made. In relation to uncertificated shares, the Directors may make such arrangements as they in their absolute discretion think fit (subject always to the facilities and requirements of the computer based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters in accordance with the Regulations concerned).

The Directors may resolve that the rights to elect for a scrip dividend shall not be made available to shareholders resident in a country or countries where, in the opinion of the Directors, compliance with local laws or regulatory requirements would be unduly burdensome.

Any dividend, instalment of dividend or interest or other moneys payable in cash in respect of any share may be paid by cheque or warrant payable to the order of the Shareholder entitled thereto or (in the case of joint holders) of that Shareholder whose name stands first on the Register in respect of the joint holding. Every such cheque or warrant shall (unless otherwise directed) be sent by post to the last registered address of the Shareholder entitled thereto, and payment of the cheque or warrant shall be a good discharge to the Company for the same. Any such dividend or other moneys may also be paid by such other method (including, without limitation, direct debit, bank or other funds transfer system) as the Directors may in their absolute discretion think fit (subject always, in the case of uncertificated shares, to the facilities and requirements of the relevant system concerned where payment is to be made by means of such system) to or through such person as the holder or person entitled may in writing direct.

Return of capital

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution (and any other sanction required by the Statutes), divide among the members in proportion to their shareholdings in specie the whole or any part of the assets of the Company and may determine how such division shall be carried out between the members or different classes of members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no Shareholder shall be compelled by the liquidator to accept any assets in respect of which there is attached a liability or potential liability.

Variation of rights

Subject to the Statutes, none of the rights, privileges or conditions for the time being attached to or belonging to any class of shares forming part of the issued share capital for the time being of the Company shall (unless otherwise provided by the terms of issue of the shares of that class) be modified, varied or abrogated in any manner except with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class or, subject to the provisions of the Statutes, the sanction of an extraordinary resolution passed at a separate meeting of the members of that class, and then only subject to the provisions of Section 127 of the Act. To any such separate meeting all the provisions of the Articles as to general meetings shall mutatis mutandis apply but so that the necessary quorum (other than at an adjourned Meeting) shall be not less than two persons personally present and holding or representing, either by proxy or as the duly appointed representative of a corporation which is a Shareholder, at least 33.33 per cent. of the capital paid up on the issued shares of the class and, at an adjourned Meeting, one Shareholder holding shares of the class in question or his proxy, and so that any holder of shares of the class in question present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the Articles or by the terms of issue of the shares of that class, be deemed to be modified, varied or abrogated by the creation or issue of further shares ranking *pari passu* in all respects (save as the date from which such new shares shall rank for dividend) therewith or subsequent to those already issued.

Power to issue redeemable shares

Subject to the provisions of the Statutes and to any rights conferred on the holders of any other shares, the Company may, with the sanction of a special resolution, issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or of the shareholder on such terms and in such manner as may be provided by the Articles save that the date on or by which, or dates between which, any such shares are to be or may be redeemed may be fixed by the Board (and if so fixed, the date or dates must be fixed before the shares are issued).

Calls on shares

The Board may, subject to the provisions of the Articles and to any conditions of issue, from time to time make such calls upon the Shareholders in respect of all moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) as it thinks fit, provided that no call on any share shall be payable within 1 month from the date fixed for the payment of the last preceding call and that 14 days' notice at least is given of each call specifying the time or times, place of payment and the amount called on the Shareholders' shares, and each Shareholder shall be liable to pay the amount of every call so made upon him to the persons and at the times and places appointed by the Board.

Disclosure of interests in shares

With the authority of the Board, the Company may serve on any Shareholder, or any other person appearing to be interested in shares held by that Shareholder, a notice requiring disclosure pursuant to Section 212 of the Act in relation to all or any number of the shares which that Shareholder holds or to which that other person is entitled or interested.

Conversion of shares into stock

The Company may, from time to time, by ordinary resolution, convert all or any of its fully paid shares into stock, and may from time to time, in like manner, convert any stock into fully paid shares of any denomination. No such conversion shall affect or prejudice any preference or other special privilege.

When any shares have been converted into stock the several holders of such stock may transfer their respective interests therein, or any part of such interests, in such manner as the Company by ordinary resolution directs but in default of any such direction in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. The Board may, from time to time fix the minimum amount of stock transferable provided that such minimum shall not exceed the nominal amount of each of the shares from which the stock arose.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at general meetings of the Company and other matters, and be subject to the same provisions of the Articles as if they held the shares from which the stock arose, but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Changes in share capital

The Company may by ordinary resolution increase its share capital, cancel any unissued shares, consolidate and divide all or any of its share capital into shares of a larger amount and, subject to the provisions of the Statutes, subdivide all or any of its shares into shares of a smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any way.

Purchase by the Company of its own shares

Subject to the provisions of the Statutes, to any rights conferred on the holders of any other shares and to the authority of the Company in general meeting required by the Statutes, the Company may purchase its own shares.

Unclaimed dividends

Any dividend unclaimed after a period of 12 years from the date it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and, subject to the Statutes, to grant any mortgage, charge or debentures, debenture stock or other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

General Meetings ("Meetings")

An annual general meeting of the Company shall be held in each year in addition to any other Meetings which may be held in that year, and such Meeting shall be specified as the annual general meeting in the notices calling it. Not more than 15 months shall elapse between the date of one annual general meeting and the date of the next. Subject as aforesaid and to the provisions of the Statutes the annual general meeting shall be held at such time and place as the Board shall appoint.

All Meetings of the Company other than annual general meetings shall be called extraordinary general meetings.

The Board may call an extraordinary general meeting whenever it thinks fit. Extraordinary general meetings shall also be convened on requisition by shareholders, as provided by the Statutes, whereupon the Board shall forthwith proceed to convene an extraordinary general meeting for a date not more than 28 days after the date of the notice convening the Meeting. If at any time there are not sufficient Directors capable of acting to form a quorum of the Board any Director or any two Shareholders of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Board.

In the case of an extraordinary general meeting called in pursuance of a requisition, unless such Meeting shall have been called by the Directors, no business other than that stated in the requisition as the objects of the Meeting shall be transacted.

At least 21 clear days notice of every annual general meeting and of every extraordinary general meeting at which it is proposed to pass a special resolution and at least 14 clear days' notice of every other extraordinary general meeting shall be given in manner hereinafter mentioned to such Shareholders as are under the provisions of the Articles entitled to receive such notices from the Company and to the Auditors of the Company. Every notice of Meeting shall specify the place, day and hour of meeting and, in the case of special business, the general nature of such business and shall also state with reasonable prominence that a Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a Shareholder. In the case of a Meeting convened for passing a special or extraordinary resolution the notice shall specify the intention to propose the resolution as a special or extraordinary resolution as the case may be. Subject to the provisions of the Articles, to the rights attaching to any class of shares and to any restrictions imposed on any holder, notice shall be given to all Shareholders, the Directors and the auditors.

A Meeting of the Company shall notwithstanding that it is called by shorter notice than that specified above be deemed to have been duly called if it is so agreed (a) in the case of a Meeting called as the annual general meeting, by all the Shareholders entitled to attend and vote thereat; and (b) in the case of any other Meeting, by a majority in number of the Shareholders having a right to attend and vote at the Meeting being a majority together holding not less than 95 per cent. in nominal value of the shares giving a right to attend and vote at the Meeting.

The Directors may from time to time make such arrangements for controlling the level of attendance at any Meeting place (whether involving the issue of tickets or the imposition of some other means of selection or otherwise) as they shall in their absolute discretion consider appropriate, and may from time to time change any such arrangements, provided that a Shareholder who, pursuant to such arrangements, is not entitled to attend, in person or by proxy, at any particular place shall be entitled so to attend at one of the other places; and the entitlement of any Shareholder so to attend the meeting or adjourned Meeting at such place shall be subject to any such arrangement as may be for the time being in force and by the notice of Meeting or adjourned Meeting stated to apply to the Meeting.

Directors

The business of the Company shall be managed by the Board, which may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercisable and done by the Company, and as are not by the Statutes or by the Articles required to be exercised or done by the Company in general meeting, subject to any regulations of the Articles, to the provisions of the Statutes, and to such regulations being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. This general power shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of two or more Directors and (if thought fit) one or more other persons, provided that (a) a majority of the members of a committee shall be Directors; and (b) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.

The Board may from time to time and at any time appoint any other person to be a Director either to fill a casual vacancy or by way of addition to the Board. A Director so appointed shall hold office only until the annual general meeting following next after his appointment, when he shall retire, but shall then be eligible for re-election.

A Director may hold any other office or place of profit under the Company (except that of Auditor) in conjunction with his office of Director and subject to Section 319 of the Act on such terms as to remuneration and otherwise as the Board shall arrange.

Subject to the Statutes, the Board may from time to time appoint one or more of its body to be the holder of any executive office, including the office of managing or joint or assistant managing director, on such terms and for such period as it may determine.

A Director holding any executive office shall receive such remuneration, whether in addition to or in substitution for his ordinary remuneration as a Director and whether by way of salary, commission, participation in profits or otherwise as a remuneration committee (if established) or the Board (if no remuneration committee is in existence at the time) may determine.

The Board may establish any local boards or agencies for managing any of the affairs of the Company, and may appoint any persons to be members of such local boards or any managers or agents and may fix their remuneration, and may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Board, with power to sub-delegate, and may authorise the members of any local board, or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit.

Subject to the Articles, at the annual general meeting in every year one-third of the Directors for the time being (other than those retiring in accordance with other Articles) or if their number is not a multiple of 3 then the number nearest to but not exceeding 33.3 per cent. shall retire from office, provided always that if in any year the number of Directors (other than those retiring as aforesaid) is two, one of such Directors shall retire, and if in any year there is only one Director (other than those retiring as aforesaid) that Director shall retire.

The Directors to retire at the annual general meeting in every year shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be the Directors who have been longest in office since their last election. As between Directors of equal seniority, the Directors to retire shall in the absence of agreement be selected from among them by lot. A retiring Director shall be eligible for re-election and shall act as a Director throughout the Meeting at which he retires.

The Board or any committee of the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit, and determine the quorum necessary for the transaction of business. Meetings of the Board or of any committee of the Board may take place in any part of the world and may take place via telephonic communication, video conference or similar means of communication notwithstanding that the Directors or committee members present may not all be meeting in one particular place. Unless otherwise determined by the Board two Directors shall be a quorum.

A Director (other than an alternate Director) may from time to time by writing under his hand appoint another Director or any other person to be his alternate but no such appointment of any person not being a Director shall be operative unless and until approved by the Board. The Board may also from time to time appoint any person to be an associate Director of the Company.

Unless otherwise determined by ordinary resolution, the number of directors shall be not less than two.

5. Directors' and other interests

5.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the Act) which have been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the Register of Directors' Interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document are as follows:

Name	*Number of Ordinary Shares before Admission*	*Percentage of issued share capital before Admission*	*Number of Ordinary Shares held following Admission*	*Percentage of issued share capital following Admission*
S Graham	14,925	0.3%	14,925	0.1%
R Rosenthal*	1,800,000	32.4%	1,800,000	11.6%
J Hondris	250,000	4.5%	250,000	1.6%
A Waller**	450,000	8.1%	450,000	2.9%

**Held by SAPS Overseas Limited (a company in which R Rosenthal is interested)*

***200,000 of these Ordinary Shares are held Rosepoint Capital Pty Limited (a company in which A Waller is interested)*

		Number of Options			
Exercise price	*£1.00*	*£1.25*	*£1.50*	*£2.00*	*Total*
S Graham	250,000	250,000	200,000	200,000	900,000
R Rosenthal	—	—	150,000	150,000	300,000
J Hondris	—	—	150,000	150,000	300,000
A Waller	—	—	150,000	150,000	300,000

5.2 Save as disclosed above, none of the Directors nor any member of their respective immediate families nor any person connected with the Directors (within the meaning of Section 346 of the Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.

5.3 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

5.4 Save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

5.5 Save as disclosed in paragraph 5.1 and below, the Company is not aware of any persons who, immediately following Admission, directly or indirectly, jointly or severally, hold or will hold 3 per cent or more of the ordinary share capital of the Company or exercise or could exercise control over the Company. All Shareholders have identical voting rights.

Name	*Number of Ordinary Shares before Admission*	*Percentage of issued share capital before Admission*	*Number of Ordinary Shares held following Admission*	*Percentage of issued share capital following Admission*
SAPS Overseas Limited	1,800,000	32.4%	1,800,000	11.6%
Holtwood International Limited	1,050,000	18.9%	1,050,000	6.8%
Aeneas Evolution Portfolio Ltd	—	—	1,000,000	6.4%
Artemis Fund Managers Ltd	—	—	1,000,000	6.4%
Henderson Global Investors Ltd	—	—	1,000,000	6.4%
UBS Global Asset Management (UK) Ltd	—	—	925,000	5.9%
Ilanda Associates Limited	850,000	15.3%	850,000	5.5%
Jupiter Asset Management Ltd	—	—	700,000	4.5%
Parc Associates Limited	600,000	10.8%	600,000	3.9%
DKR SoundShore Oasis Holding Fund Ltd	—	—	500,000	3.2%
Morgan Stanley & Co International Ltd	—	—	500,000	3.2%

5.6 Susan Graham and Robert Rosenthal (each an "Executive") and Justin Hondris and Andrew Waller (each a "Non-Executive") entered into service agreements with Pantheon on 4 April 2006. The agreements, which are conditional upon Admission, have an initial fixed term of 12 months (in the case of the Executives from the date of Admission and in the case of the Non-Executives from 4 November 2005) and thereafter may be terminated by either party serving six months' written notice expiring on or after the end of the initial fixed term. In the event that Pantheon terminates a Director's appointment (other than by summary dismissal), Pantheon is obliged to make a payment in lieu of notice to such Director. Should a Director give notice to Pantheon to terminate her/his appointment, Pantheon may, at its discretion, make a payment in lieu of notice. The service agreements contain no prohibition on the Directors undertaking outside activities, other than a prohibition on doing business in competition with Pantheon in certain specified areas. The Executives are required to devote all such time as may be necessary to their duties under their service agreements. Each Executive is to receive aggregate remuneration of £50,000 per annum, comprising

£46,428.57 by way of salary, and £3,571.43 by way of holiday allowance. Each Non-Executive is to receive aggregate remuneration of £25,000 per annum. Private Medical Insurance is provided for the Directors and their immediate family together with Director's and Officers' Insurance. The Directors may not do business in direct competition with Pantheon for a period of 12 months following termination of the their appointment (less any time spent on garden leave) in certain specified areas.

5.7 Save as disclosed in paragraph 5.6 above, the Placing Agreement and the Option Agreement (as described in paragraph 6 of this Part VII), there are no contracts, existing or proposed, between any Director and the Company.

5.8 There is no arrangement under which any Director has agreed to waive future emoluments nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

5.9 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors and the Directors' associated consultancy companies, as the case may be, for the 18 months ending 4 October 2007 will be approximately £243,000.

5.10 The Company has a total of four Directors two of which are employees. There are no additional employees.

5.11 In addition to the directorships in the Company the Directors hold or have held the following directorships within the five years immediately prior to the date of this document:

Name	*Current Directorships*	*Past Directorships*
Susan Graham	None	None
Robert Rosenthal	Tomahawk Energy Limited	None
Justin Hondris	Medici Bioventures plc Bioprospect Limited Bioprospect Australia Limited Australian Phytochemicals Limited XRT (UK) Limited Aegis Partners Limited	None
Andrew Waller	Nuenco NL Chrome Corporation Limited Acclaim Exploration NL Surf Petroleum Limited Glentril Investments Limited Rosepoint Capital Pty Ltd	None

Justin Hondris and Robert Rosenthal are managers of both, Hadrian Oil & Gas LLC and Agrippa LLC (wholly-owned subsidiaries of the Company).

5.12 None of the Directors has:

- any unspent convictions in relation to indictable offences;
- had any bankruptcy order made against him or entered into any voluntary arrangements;
- been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
- been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

- been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;
- been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or
- been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of a company.

6. Material Contracts

6.1 *Farmout Agreement*

The Company entered into the Farmout Agreement dated 10 March 2006 with Kindee and Long Flat with an effective date as of 15 November 2005 as more particularly described under the heading "Farmout Agreement" in part I of this document.

6.2 *Placing Agreement*

The Placing Agreement is dated 4 April 2006 and made between (1) the Company, (2) Oriel, and (3) the Directors and under which Oriel has agreed to use its reasonable endeavours as agent to procure Placees on behalf of the Company to subscribe for Oriel Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, Admission occurring on or before 5 April 2006 (or such later date as the Company and Oriel may agree, being not later than 1 May 2006).

Under the Placing Agreement, the Company has agreed, subject to Admission, to pay to Oriel a corporate finance fee of £350,000 together with VAT and reasonable costs and expenses in connection with the Placing. The Company has also undertaken in the Placing Agreement to grant an option to Oriel as described in paragraph 6.3 below.

The Directors and the Company have given certain warranties and the Company has given certain indemnities as to the accuracy of the information contained in the Admission Document and other matters in relation to the Company and its business. The Directors have given undertakings to the Company and Oriel that, (i) save in very limited circumstances, they will not dispose of any of the interests they or their related parties hold in securities in the Company for 12 months following the date of Admission and (ii) subject to certain conditions, between the first and second anniversaries of Admission, they will not dispose of any such shares except through Oriel so as to maintain an orderly market.

The Placing Agreement may be terminated in certain circumstances, including for material breach of its warranties although Oriel does not have the right to terminate the Placing Agreement should its performance be delayed or impaired by a *force majeure* event.

6.3 *Option Agreement*

The Company entered into an option agreement with Oriel dated 4 April 2006 pursuant to which, the Company has, subject to Admission, granted to Oriel an Option to subscribe for up to 233,285 Ordinary Shares. The Option is exercisable between the first and fifth anniversaries of Admission at the Placing Price and is non-transferable.

The Company entered into an option agreement with each of the Directors dated 4 April 2006 pursuant to which, the Company has, subject to Admission, granted to each of the Directors an Option to subscribe for such numbers of Ordinary Shares and at such exercise prices as are specified in paragraph 5.1 of this Part VII of this document. The Options are exercisable between the first and fifth anniversaries of Admission and are non-transferable.

6.4 *Lock-in Agreement*

The Lock-in Agreement is dated 4 April 2006 and made between (1) the Company, (2) Oriel, and (3) Holtwood International Limited, Ilanda Associates Limited and Parc Associates

Limited (the "Locked-in Shareholders") and under which the Locked-in Shareholders have given undertakings to the Company and Oriel that, (i) save in very limited circumstances, they will not dispose of any of the interests they or their related parties hold in securities in the Company for 12 months following the date of Admission and (ii) subject to certain conditions, between the first and second anniversaries of Admission, they will not dispose of any such shares except through Oriel so as to maintain an orderly market.

6.5 *Commitment Letters*

Certain investors have provided signed subscription commitment letters to the Company dated on or around 29 March 2006 pursuant to which the respective investors have, conditionally upon Admission, subscribed for the Pantheon Placing Shares at the Placing Price.

7. Litigation

There are no governmental, legal or arbitration proceedings (including, to the knowledge of the Directors, any such proceedings which are pending or threatened by or against the Company) which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company.

8. Working capital

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Company will, from the date of Admission, be sufficient for its present requirements, that is, for at least the next 12 months from the date of Admission.

9. Taxation

The following paragraphs are intended as a general summary for Shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes and who hold Ordinary Shares in the Company as investments (rather than as dealing stock). It is not, and is not intended to be, an exhaustive summary of the taxation consequences of acquiring, holding and disposing of Ordinary Shares. This summary is based on existing tax legislation and current HM Revenue & Customs practice. Any person who is in any doubt as to his tax position, whether in the United Kingdom or in any other jurisdiction in which he may be liable to tax, should consult, and rely upon, the advice of his own duly authorised professional adviser.

9.1 *Taxation of Dividends*

Under current United Kingdom tax legislation, no taxation should be withheld at source from dividend payments made by the Company to its shareholders.

Individual shareholders resident for tax purposes in the United Kingdom should generally be entitled to a tax credit in respect of dividends paid by the Company at the rate one ninth of the cash dividend or 10 per cent. of the aggregate of the cash dividend and the associated tax credit. An individual shareholder will be liable to income tax on the aggregate of the dividend and the tax credit (which will be regarded as the top slice of the individual's income) at the dividend ordinary rate (10 per cent. in 2005-2006) in the case of starting and basic rate taxpayers or the dividend upper rate (32.5 per cent. in 2005-2006) in the case of higher rate taxpayers. The effect will be that taxpayers who are otherwise liable to pay tax at the lower or basic rate of income tax will have no further liability to income tax in respect of the dividend payment. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the dividend and associated tax credit. If the tax credit exceeds the shareholders overall liability to income tax, he will not be able to claim payment of the excess in cash from HM Revenue & Customs.

United Kingdom resident corporate shareholders will generally not be subject to corporation tax in respect of dividends received from the Company unless the shareholder is carrying on a trade of dealing in shares.

9.2 *Taxation on chargeable gains*

If a shareholder who is resident and ordinarily resident for tax purposes in the United Kingdom disposes of some or all of his Ordinary Shares, such a disposal may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. In computing a chargeable gain, the shareholder should be entitled to deduct from the disposal proceeds the cost to him of acquiring the Ordinary Shares as well as utilising any available exemptions, allowances or reliefs.

Taper relief may be available to reduce chargeable gains accruing to individuals (including trustees). Taper relief reduces the proportion of any chargeable gain assessable to capital gains tax by reference to the period of ownership of the Ordinary Shares by a shareholder. The rate or relief depends upon whether the shareholder holds the Ordinary Shares as "business assets" or "non-business assets" for taper relief purposes, with the rate of taper relief for "business assets" being accelerated. Shares in qualifying unlisted companies may constitute business assets. For this purpose, shares in companies admitted to trading on AIM are regarded as being unlisted.

9.3 *Stamp duty and stamp duty reserve tax ("SDRT")*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue by the Company of the Ordinary Shares (save where the clearance system or depositary receipts changes apply)

Transfers of Ordinary Shares for value will give rise to a liability to ad valorem stamp duty or SDRT at the rate of 0.5 per cent of the consideration (in the case of stamp duty, rounded up to the nearest £5). Any SDRT charge on the transfer of Ordinary Shares will be cancelled where the agreement, giving rise to such change is completed by a stock transfer form and such stock transfer form is duly stamped within six years of the date of the agreement.

No stamp duty or SDRT should arise on the transfer of the Ordinary Shares to CREST for conversion into uncertified form, unless the transfer is for consideration. Transfers under the CREST system for paperless transfers of shares will generally be liable to SDRT at the rate of 0.5 per cent. of the consideration. CREST is obliged to collect SDRT from the transferee in relation to transfers settled through the CREST system.

10. General

10.1 The accounting reference date of the Company is 30 June and the first full year audited accounts will be made up to 30 June 2006.

10.2 The expenses of and incidental to Admission payable by the Company including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution, are estimated to amount to approximately £625,000 (excluding VAT), all of which will be payable by the Company.

10.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:

10.3.1 received, directly or indirectly, from the Company within 12 months preceding the date of this document; or

10.3.2 entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:

(a) fees totalling £10,000 or more; or

(b) securities in the Company with a value of £10,000 or more; or

(c) any other benefit with a value of £10,000 or more at the date of Admission.

10.4 The financial information contained in Part VI of this document does not constitute full statutory accounts as referred to in section 240 of the Act.

10.5 UHY Hacker Young has given and not withdrawn its written consent to the issue of this document with the inclusion of its report and references to its name in the form and context in which they appear (which is part it has authorised and for which it accepts responsibility).

10.6 Oriel has given and not withdrawn its written consent to the issue of this document with the inclusion of its name and references to its name in the form and context in which they appear.

10.7 Westlawn has given and not withdrawn its written consent to the issue of this document with the inclusion of its report and references to its name in the form and context in which they appear (for which Part IV of this document it accepts responsibility).

10.8 Save as set out in this document, the Directors are not aware of any exceptional factors that have influenced the Company's activities.

10.9 The gross proceeds of the Placing are expected to be £10 million and the net proceeds after deduction of expenses is expected to be £9.4 million.

10.10 Save as set out in this document, no commission is payable by the Company to any person in consideration of his agreeing to subscribe for securities to which this document relates or of his procuring or agreeing to procure subscriptions for such securities.

10.11 No paying agent has been appointed by the Company.

10.12 The Placing Shares will be issued at £1.00 per share, a premium of £0.99 per Ordinary Share above nominal value.

10.13 Save as disclosed in this document, no payment (including commissions) or other benefit has been or is to be paid or given to any promoter of the Company.

10.14 Save as disclosed in this document, there are no investments in progress which are significant.

10.15 Save as otherwise disclosed in this document, there has been no significant change in the financial or trading position of the Company which has occurred since the date of the financial statements set out in Part VI of this document.

10.16 The information contained in Parts IV and VI of this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the authors of those documents, comprising Westlawn and UHY Hacker Young, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10.17 Admission on AIM is being conducted by way of a Placing. Oriel is arranging for the Oriel Placing Shares to be placed conditional upon Admission with institutional and other investors. The arrangements during the period prior to Admission relating to monies from institutional and other investors are set out in the Placing letters sent to such investors. The Company is arranging for the Pantheon Placing Shares to be placed conditional upon Admission with institutional and other investors.

10.18 Temporary documents of title will not be issued and pending despatch of share certificates transfers will be certified against the share register. It is expected that share certificates will be despatched at the risk of the persons entitled thereto by 19 April 2006.

10.19 The Ordinary Shares of the Company will be subject to the rules regarding mandatory takeover offers set out in the City Code. Under Rule 9 of the City Code, when (i) a person acquires shares which, when taken together with shares already held by him or persons acting in concert with him, carry 30 per cent. more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with him, holds not less than 30 per cent. but not more than 50 per cent. of the voting rights of the company subject to the City Code, and such person, or any person acting in concert with him, acquires additional shares which increases his percentage of the voting rights, then in either case that person together with the persons acting in concert with him is normally required to make a general offer in cash, at the highest price paid by him, or any person acting in concert with him, for shares in the company within the preceding 12 months, for all the remaining equity share capital of the company.

10.20 The Ordinary Shares of the Company will also be subject to the compulsory acquisition procedures set out in Sections 428 to 430(F) (inclusive) of the Act. Under Section 429 of the Act, where an offeror makes a takeover offer (as defined in Section 428 of the Act) and receives valid acceptances in respect of, or acquires, more than 90 per cent. of the shares to which the offer relates, that offeror is entitled to acquire compulsorily those shares not assented to the offer.

10.21 The Placing Shares will be created and allotted under the laws of England and Wales and the currency of the Placing Shares will be pounds Sterling.

10.22 Monies received from placees pursuant to the Placing will be held in accordance with the terms of the application procedures issued by Oriel until such time as the Placing becomes unconditional in all respects. If the Placing does not become unconditional in all respects by 5 April 2006 (or such later date as Oriel and the Company may agree, not being later than 1 May 2006), application monies will be returned to placees as soon as practicable at their own risk and without interest prior to delivery of the Ordinary Shares.

11. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Oriel at 125 Wood Street, London EC2V 7AN and from the registered office of the Company at 30 Farringdon Street, London EC4A 4HJ, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until at least 30 days after the date of Admission:

11.1 the memorandum and articles of association of the Company;

11.2 the Accountants' Report set out in Part VI of this document;

11.3 the Competent Person's Report set out in Part IV of this document; and

11.4 the letters of consent referred to in paragraphs 10.5 to 10.7 of this Part VII.

DEFINITIONS AND GLOSSARY OF MEASURES

For further technical definitions refer to the glossary within the Competent Person's Report in Part IV of this document.

Definitions

£GBP or £	British Pounds Sterling
3D Seismic	Seismic data acquired in a grid that is relatively close-spaced and dense
Act or Companies Act	The Companies Act 1985 (as amended)
Admission	The admission of the Ordinary Shares to trading on AIM becoming effective as provided in Rule 6 of the AIM Rules
AIM	The market of that name operated by the London Stock Exchange
AIM Rules	The rules for AIM companies and their nominated advisers issued by the London Stock Exchange in relation to AIM traded securities
ASX	Australian Stock Exchange
Board	The board of Directors of the Company
BNP	BNP Oil and Gas Properties Ltd
BP	British Petroleum plc
Commitment Letters	the Commitment Letters between the Company and certain investors relating to the conditional subscription by such investors for the Pantheon Placing Shares, details of which are set out in paragraph 6.5 of Part VII of this document
Company or Pantheon	Pantheon Resources plc
Competent Person's Report	The report of the Independent Technical Consultant set out in Part IV of this document
CREST	the computer-based system which enables title to units of relevant securities to be evidenced and transferred without a written instrument and in respect of which CRESTCo Limited is the Operator
Decommissioning	A preferred term (rather than abandonment) for the re-use, recycling and disposal of redundant oil and gas facilities
Directors	The directors of the Company whose names are set out in this document and "Director" means any one of them
EIA	Energy Information Agency
Enlarged Issued Share Capital	The issued share capital of the Company following Admission as enlarged by the issue of the Placing Shares, exclusive of any Warrants issued before or as part of the Admission
Fairway	An area that has common components that may have oil or gas fields or prospects within it
Farm-in	When a company acquires an interest in a licence by taking over all or part of the financial commitment
Farm-out	When a company divests an interest in a in return for all or part of the financial commitment
Farmout Agreement	The farmout agreement effective as of 15 December 2005 between Long Flat, Kindee and the Company

Farmout Prospects	The six prospects within the PI Project Area in which the Company has the right to earn an interest pursuant to the Farmout Agreement
Golden Gate	Golden Gate Petroleum Limited, an ASX listed oil and gas exploration company, and, where relevant, its subsidiaries
GoM	Gulf of Mexico
Independent Technical Consultant	Westlawn Geo LLC
Kindee	Kindee Oil & Gas Texas LLC, a 100% subsidiary of Long Flat
Lead	A structure that requires further technical investigation prior to a decision to drill or not
Leases	The leases set out in Exhibit 1 of the Farmout Agreement being the leases within the Padre Island Project Area
LNG	Liquefied Natural Gas
Long Flat	Long Flat Ltd, a 100 per cent. subsidiary of Golden Gate
London Stock Exchange	London Stock Exchange plc
Non-Executive Directors	The Non-Executive Directors of the Company whose names are set out in this document and means any one of them
Official List	The Official List of the UK Listing Authority
Operator	The farm in partner who has responsibility for the day to day operational management of the oil field
Ordinary Shares	Ordinary shares of £0.01 each in the capital of the Company
Oriel Placing Shares	the 7,788,000 Placing Shares to be subscribed for by investors pursuant to the Placing Agreement
Padre Island Project Area or PI Project Area	The area covering approximately 10,715 hectares off the coast of southern Texas in which Pantheon is entitled to earn an interest pursuant to the Farmout Agreement
Pantheon Placing Shares	the 2,212,000 Placing Shares to be subscribed for by investors pursuant to the Commitment Letters
PIPOA	Padre Island Project Operating Agreement
Placing	The conditional placing by Oriel of the Oriel Placing Shares pursuant to the Placing Agreement and the conditional placing by the Company of the Pantheon Placing Shares pursuant to the Commitment Letters
Placing Agreement	The conditional agreement, relating to the Placing of the Oriel Placing Shares, between Oriel, the Company and the Directors, details of which are set out in paragraph 6.2 of Part VII of this document
Placing Price	100p per Placing Share
Placing Shares	the 10,000,000 new Ordinary Shares which are to be issued by the Company in connection with the Placing
POS	Probability of Success
Prohibited Territories	Australia, Canada, Japan, the Republic of Ireland, the United States and South Africa and their respective territories and possessions

Prospective Resources	Society of Petrol Engineers classification of these hydrocarbon quantities which are estimated on a given date to be potentially recoverable from undiscovered accumulations
Shareholders	The holders of the Ordinary Shares
UKLA or UK Listing Authority	The Financial Services Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
United Kingdom or UK	The United Kingdom of Great Britain and Northern Ireland
US$ or $	United States Dollars

Glossary of Measures

bcf or bscf	billion cubic feet of gas
bcfd	billion cubic feet of gas per day
bcm	billion cubic metres
billion	a thousand million
km	kilometre
mcf	million cubic feet of gas per day
tcf	trillion cubic feet of gas
trillion	one thousand billion