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This document, which is an AIM Admission Document prepared in accordance with the AIM Rules, has been issued in connection with the application for admission to trading of the issued and to be issued Ordinary Shares on AIM. The Placing and Admission will not constitute an offer to the public requiring an approved prospectus under section 85 of FSMA. Accordingly, this document does not constitute a prospectus for the purpose of the Prospectus Regulations 2005 and has not been pre-approved by the Financial Services Authority ("FSA") pursuant to section 85 of FSMA.

The Directors of Thalassa Energy Ltd, whose names appear on page 8 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 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.

Application will be made for the admission of the entire issued and to be issued ordinary share capital of the Company to trading on the AIM market of the London Stock Exchange. It is expected that Admission will become effective and dealings in the issued and to be issued Ordinary Shares will commence on 29 July 2008.

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. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the United Kingdom Listing Authority nor the London Stock Exchange has examined or approved the contents of this document.



THALASSA ENERGY LTD

(a business company incorporated in the British Virgin Islands with registration number 1433759)

PLACING OF 6,189,073 NEW ORDINARY SHARES AT US\$1.00 PER SHARE AND ADMISSION TO TRADING ON AIM

NOMINATED ADVISER



BROKER



Ordinary Share capital immediately following Admission

Authorised to issue		Ordinary Shares of US\$0.01 each	Issued and fully paid	
Number	Amount		Number	Amount
100,000,000	US\$1,000,000		8,500,000	US\$85,000

THE WHOLE OF THIS DOCUMENT SHOULD BE READ. YOUR ATTENTION IS DRAWN, IN PARTICULAR, TO INFORMATION ON THE COMPANY IN PART I OF THIS DOCUMENT AND THE SECTION HEADED "RISK FACTORS" SET OUT IN PART II OF THIS DOCUMENT.

The Placing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividend and other distributions declared, paid or made in respect of the Ordinary Shares following Admission.

Dowgate Capital Advisers Limited ("Dowgate"), which is authorised and regulated in the United Kingdom by the FSA, is acting as nominated adviser to the Company in connection with the proposed Admission and will not be acting for any other person or otherwise be responsible to any person for providing the protections afforded to clients of Dowgate or for advising any other person in respect of the proposed Admission. Dowgate's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed to London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this document. No representation or warranty, express or implied, is made by Dowgate as to any of the contents of this document and accordingly, no liability is accepted by Dowgate for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.

Ocean Equities Limited, which is authorised and regulated in the United Kingdom by the FSA, is the Company's broker for the purposes of the AIM Rules, is a member of the London Stock Exchange and is acting exclusively for the Company in connection with the Placing and Admission. Ocean Equities Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Ocean Equities Limited or for advising any other person on the contents of this document or the Placing or Admission or any other arrangements described in this document. No representation or warranty, express or implied, is made by Ocean Equities Limited as to any of the contents of this document and accordingly, no liability is accepted by Ocean Equities Limited for the accuracy of any information or opinions contained in this document or for any omission of any material information for which it is not responsible.

The Placing described in this document is only being made in the United Kingdom. The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of such jurisdictions.

Prospective investors should rely only on the information contained in this document. No person has been authorised to give any information or make any representations other than as contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Dowgate or Ocean. Without prejudice to the Company's obligations under the AIM Rules, neither the delivery of this document nor any subscription made under this document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

The Ordinary Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. Accordingly, subject to certain exceptions, the Ordinary Shares may not, directly or indirectly, be offered or sold within the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland or to or for the account or benefit of any national, resident or citizen of, or any person located in, the United States of America, Australia, Canada, Japan, the Republic of South Africa or the Republic of Ireland. 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.

Copies of this document will be available to the public free of charge during normal business hours on any weekday (except Saturdays, Sundays and public holidays) at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU from the date of this document and for a period of at least one month from Admission. This document will also be available from the Company's website, www.thalassaenergytld.com.

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Forward-Looking Statements

This document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategy.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "expect", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These statements are primarily contained in Parts I and II of this document.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Company are specifically described in Part II of this document headed "Risk Factors". If one or more of these risk factors or uncertainties materialises, or if the underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements speak only as at the date of this document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority, whether as a result of new information, future events or otherwise.

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:-

“Act”	the BVI Business Companies Act 2004 of the British Virgin Islands as from time to time amended or restated
“Admission”	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name, operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange
“Articles”	the memorandum of association and the articles of association of the Company
“Board” or “Directors”	the directors of the Company as at the date of this document, whose names appear on page 8 of this document
“Broker” or “Ocean”	Ocean Equities Limited, broker to the Company
“BVI”	the British Virgin Islands
“Combined Code”	the Combined Code on Corporate Governance published in June 2006 by the Financial Reporting Council
“Company” or “Thalassa”	Thalassa Energy Ltd, a company incorporated on 26 September 2007 in the BVI under the Act as a business company with registered number 1433759
“Consultant’s Option”	the option granted on 23 July 2008 to Mr Martin Smith (information concerning whom is set out in paragraph 12 of Part I of this document) to subscribe for up to 350,000 ordinary shares of TESL (representing up to 5 per cent. of TESL’s current issued ordinary share capital) pursuant to the Consultant’s Option Agreement
“Consultant’s Option Agreement”	the option agreement entered into between (1) the Company, (2) TESL and (3) Mr Martin Smith a summary of which is set out at paragraph 6.3 of Part V of this document
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“Deed Poll”	the deed poll instrument dated 17 July 2008 entered into by the Depository and which constitute the Depository Interests
“Depository” or “Capita”	Capita IRG Trustees Ltd
“Depository Interests”	independent securities to be issued by the Depository representing Ordinary Shares which may be held and transferred through CREST as further described in paragraph 10 of Part V of this document
“Directors’ Options”	the options granted to each of the Directors (other than Mr Soukup) to subscribe for up to 85,000 Ordinary Shares each, representing one per cent. (3 per cent. in aggregate) of the Enlarged Share Capital
“Directors’ Option Agreements”	the option agreements entered into between the Company and each of the Directors (other than Mr Soukup), a summary of which is set out in paragraph 6.2 of Part V of this document
“Dowgate”	Dowgate Capital Advisers Limited, nominated adviser to the Company
“DTR”	the Disclosure and the Transparency Rules being the Rules published by the FSA from time to time relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission for trading on such market has been made

“Enlarged Share Capital”	the 8,500,000 Ordinary Shares in issue immediately following Admission
“Equipment Procurement and Operations Management Agreement”	the equipment procurement and operations management agreement entered into on 23 July 2008 between TESL and WGP details of which are set out in paragraph 6.6 of Part V of this document
“Equity Incentive Schemes”	the Founding Shareholder Options, the Consultant’s Option the Directors’ Options and the Operator Option Agreements
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited
“Founders Option Agreement”	The option agreement entered into between the Company and the Founding Shareholder dated 23 July 2008, a summary of which is set out in paragraph 5.2 of Part V of this document
“Founding Shareholder”	Charles Duncan Soukup, a Director of the Company
“Founding Shareholder Options”	the option granted to the Founding Shareholder over 2,125,000 Ordinary Shares representing up to 20 per cent. of the issued share capital of the Company (as enlarged by the Placing and the exercise of the Founding Shareholder Options and assuming no other issues of Ordinary Shares) pursuant to the Founder Option Agreement
“FSA”	the Financial Services Authority of the United Kingdom
“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“Group”	the Company and its subsidiary, TESL
“London Stock Exchange”	London Stock Exchange plc
“Official List”	the Official List of the UK Listing Authority
“Operator Option Agreements”	the option agreements entered into between the Company, TESL, WGP and certain employees of the WGP group dated 23 July 2008, in respect of an aggregate of 100,000 ordinary shares of TESL representing approximately 1.4 per cent. of the issued ordinary shares of TESL, details of which are set out in paragraph 6.4 of Part V of this document
“Ordinary Shares”	ordinary shares of \$US0.01 par value each in the capital of the Company
“Panel”	The Panel on Takeovers and Mergers
“Placees”	subscribers for Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Ocean pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement, dated 23 July 2008, entered into by (1) the Company, (2) the Directors, (3) Dowgate and (4) Ocean relating to the Placing, further details of which are set out in paragraph 6.9 Part V of this document
“Placing Price”	US\$1.00 per Placing Share
“Placing Shares”	the 6,189,073 new Ordinary Shares to be issued to the Placees pursuant to the Placing
“PMSS™”	a portable modular source system, as described in Part I of this document
“Prospectus Rules”	the Prospectus Rules published by the FSA under Part VI of FSMA
“Receiving Agent”	Capita Registrars Limited
“Regulatory Information Service”	a regulatory information service provider approved by the FSA
“Registrar”	Capita Registrars (Jersey) Limited

“Relationship Agreement”	the relationship agreement dated 23 July 2008 entered into between (1) the Company, (2) Mr Soukup and (3) Dowgate, a summary of which is set out in paragraph 6.11 of Part V of this document
“Shareholders”	the holder(s) of Ordinary Shares
“Takeover Code”	the City Code on Takeovers and Mergers
“TESL ”	Thalassa Energy Services Ltd, the sole subsidiary of the Company
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“US”, “USA” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“WGP”	WGP Projects Limited, a company registered in England and Wales with company number 03488894
“\$”, “US\$” or “US Dollars”	United States dollars
“£” or “p”	Pounds or pence Sterling, the lawful currency of the United Kingdom

On 2 July 2008, the last practicable date prior to the publication of this document, the pounds Sterling equivalent exchange rates were as follows:

£1 = US\$1.9935

US\$1 = 50.163p

€1 = US\$1.5869

GLOSSARY OF TERMS

The following definitions apply throughout this document unless the context requires otherwise:-

“2-D”	geophysical data that depicts the subsurface strata in two dimensions
“3-D”	geophysical data that depicts the subsurface strata in three dimensions. 3-D seismic survey typically provides a more detailed and accurate interpretation of the subsurface strata than a 2-D seismic survey
“4-D”	3-D seismic data acquired at different times over the same area to assess changes in a producing hydrocarbon reservoir with time. Changes may be observed in fluid location and saturation, pressure and temperature. 4-D seismic data is one of several forms of time-lapse seismic data. Such data can be acquired on the surface or in a borehole
“E&P companies”	oil and gas exploration and production companies
“field”	an area consisting of either a single reservoir or multiple reservoirs, all grouped on or related to the same individual geological structural feature and/or stratigraphic condition
“hydrocarbons”	compounds formed primarily from the elements hydrogen and carbon and existing in solid, liquid or gaseous form
“LoFS”	life of field seismic, a process using ocean bottom cables or fibre optic networks to produce 4-D (3-D time-lapsed) seismic data to define reservoir fluid-flow
“pay zone”	a reservoir or proportion of a reservoir that contains economically producible hydrocarbons. The term derives from the fact that it is capable of “paying” income
“procurement”	the purchasing, expediting and inspection of all materials and equipment and services required for a project that are sourced from third parties
“reservoir”	a subsurface body of rock having sufficient porosity and permeability to store and transmit fluids. A reservoir is a place which stores hydrocarbons
“seismic” or “seismic survey”	a method by which an image of the earth’s subsurface is created through the generation of shockwaves and analysis of their reflection from rock strata. Such surveys can be done in 2-D or 3-D form
“shoot”	to measure the seismic travel time from the surface to a known depth
“upstream”	covers the exploration, appraisal, development and extraction of crude oil, condensate and gas. Upstream also includes geology and geophysics, prospect generation and finding of new fields

ADMISSION AND PLACING STATISTICS

Placing Price	US\$1.00
Number of existing Ordinary Shares	2,310,927
Number of Placing Shares to be issued	6,189,073
Enlarged Share Capital	8,500,000
Number of Founding Shareholder Options in issue immediately following Admission	2,125,000
Number of Directors' Options in issue immediately following Admission	255,000
Percentage of the Enlarged Share Capital represented by the Placing Shares	72.8 per cent.
Market capitalisation of the Company at the Placing Price on Admission	US\$8,500,000
Gross proceeds of the Placing	US\$6,189,073
Estimated net proceeds of the Placing	US\$5,491,958

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2008
Admission effective and commencement of dealings on AIM in the Enlarged Share Capital	8.00 a.m. on 29 July
CREST accounts credited for the Depository Interests in uncertificated form	29 July
Despatch of definitive share certificates for the Placing Shares (where applicable) in certificated form by	5 August
AIM symbol	THAL
ISIN	VGG 878801031

DIRECTORS, SECRETARY AND ADVISERS

Directors	Charles (known as "Duncan") Duncan Soukup, <i>Executive Chairman</i> Graham Cole FCA, FSI, <i>Non-executive Director</i> James (known as "Jim") H Grossman, <i>Non-executive Director</i> David Mansel Thomas, <i>Non-executive Director</i> <i>all of whose address for business is at the Company's registered office:-</i> Folio Chambers Road Town, Tortola British Virgin Islands
Company Secretary	Christopher Langrick ACA
Registered Office and telephone number	Folio Chambers PO Box 800 Road Town, Tortola British Virgin Islands +1 284 494 2072
Nominated Adviser	Dowgate Capital Advisers Limited 46 Worship Street London EC2A 2EA
Broker	Ocean Equities Limited 3 Cophall Avenue London EC2R 7BH
Reporting Accountants	Moore Stephens LLP St Paul's House Warwick Lane London EC4M 7BP
Solicitors to the Company (as to English Law)	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Solicitors to the Company (as to BVI Law)	Conyers Dill & Pearman Romasco Place, Wickhams Cay 1 PO Box 3140 Road Town, Tortola British Virgin Islands VG1110
Solicitors to the Placing	Field Fisher Waterhouse LLP 35 Vine Street London EC3N 2AA
Receiving Agent	Capita Registrars Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registrars	Capita Registrars (Jersey) Limited 12 Castle Street St. Helier Jersey Channel Islands JE2 3RT
Financial PR	Bishopsgate Communications Ltd Henry Thomas House 5-11 Worship Street London EC2A 2BH
Company website	www.thalassaenergy ltd.com

PART I

INFORMATION ON THE GROUP

1. Introduction

Thalassa is a BVI business company, incorporated and registered in the BVI on 26 September 2007. The Company was established as a holding company, and currently has one operating subsidiary, Thalassa Energy Services Ltd. ("TESL"), which was established to acquire marine seismic equipment, specifically a Portable Modular Source System ("PMSS™"). The PMSS™ is equipment which can be installed on a vessel in order to provide the seismic (sound) source to allow E&P companies to perform reservoir monitoring.

WGP Projects Limited ("WGP") and TESL have entered into the Equipment Procurement and Operations Management Agreement under which WGP will provide procurement, assembly and operational management services in relation to the PMSS™. WGP is an established independent British seismic research contracting company which currently provides a wide range of geophysical services to the oil and gas industry.

As at the date of this document, TESL has placed orders for components for the assembly of the PMSS™ from various suppliers in the UK, USA, Germany and Norway. This equipment will allow for the assembly of the PMSS™, which is scheduled to be complete by the fourth quarter of 2008.

PMSS™ is used in Life of Field Seismic ("LoFS"), a process using ocean bottom cables or fibre optic networks to produce 4-D (3-D time-lapsed) seismic data to define reservoir fluid-flow.

TESL intends to contract with energy majors either directly or through multi-national contractors. The work involves the use of marine vessels and survey positioning systems to map the sub-surface of the earth as an aid to monitoring fluid flows in a sub-sea reservoir.

The Company is seeking to be admitted to trading on AIM and has raised US\$6,189,073 through the issue of 6,189,073 Placing Shares (representing up to 72.8 per cent. of the Enlarged Share Capital). The net proceeds of the Placing will be used for the purchase of seismic equipment and for working capital for the Company.

Duncan Soukup (the Chairman of the Company and the Founding Shareholder) and his family members have subscribed for 528,894 Placing Shares under the Placing. In addition, Mr Soukup has been issued with 2,300,927 Ordinary Shares in satisfaction of a loan of US\$2,300,927 made by Mr Soukup to the Company to fund capital expenditure, costs of incorporation and Admission costs. On Admission, Mr Soukup and his family members will be beneficially interested in approximately 33.4 per cent. of the Enlarged Share Capital. Mr Soukup's maximum shareholding, upon the exercise of the Founding Shareholder Options in full and assuming no other warrants or options in issue are exercised will be 46.7 per cent. of the issued share capital (as enlarged by the Placing and the exercise of the Founding Shareholder Options and assuming no other issues of Ordinary Shares). The Board have already approved the exercise of this option as a Permitted Acquisition as described in paragraph 4.2.7 of Part V of this document.

Shareholders should be aware of exceptions to corporate governance best practice (as described in the Combined Code) as set out in paragraphs 11, 12, 14 and 16 of this Part I.

Trading in the Enlarged Share Capital on AIM is expected to commence on 29 July 2008.

2. Information on the Group

Thalassa was incorporated on 26 September 2007 with the objective of establishing itself as an international provider of seismic solutions to the oil and gas production and processing industry.

The Group's costs to date have been funded by Duncan Soukup, the Chairman of the Company.

As at the date of this document the Group has not generated any revenues. To date, TESL has placed orders for components for the assembly of the PMSS™ from various suppliers in the UK, USA, Germany and Norway. This equipment (including compressors, air guns and other related equipment) will allow for the assembly of the PMSS™, which is scheduled to be complete by the fourth quarter of 2008.

The Company's subsidiary, TESL, has entered into the Equipment Procurement and Operations Management Agreement with WGP. WGP is an established British seismic research contracting company which currently provides a wide range of geophysical services to the oil and gas industry.

Under the Equipment Procurement and Operations Management Agreement, WGP will operate TESL's PMSS™. The Directors believe the relationship with WGP to be mutually beneficial to both companies and gives the Group access to expertise without which the Group would not be able to access the LoFS market.

Further information on the business relationship with WGP is set out in paragraph 3 of this Part I and in paragraph 6.6 of Part V of this document.

3. Overview of the Group's business

Background

On Admission, the Group will be dependent upon outsourced services provided by WGP as set out in paragraph 2(l) of Part II of this document. TESL has entered into the Equipment Procurement and Operations Management Agreement with WGP to manage the procurement and assembly of the PMSS™ and provide ongoing operations management services of the PMSS™.

The Directors anticipate that the PMSS™ will be ready for use by the fourth quarter of 2008. Following Admission, the Group's business will be to acquire, contract and operate marine seismic systems and related equipment for which it will charge service fees for usage.

Equipment Procurement and Operations Management Agreement

The PMSS™ operations of TESL will be managed under the Equipment Procurement and Operations Management Agreement by WGP. WGP is an established independent British seismic research contracting company with experience of conducting seismic survey operations in a marine environment for major E&P companies. The Directors believe that WGP's established relationships with E&P companies leave it well placed to tender for contracts for the provision of the services which will form the core of TESL's PMSS™ activities.

WGP will operate the PMSS™ in accordance with the Equipment Procurement and Operations Management Agreement, under individual project contracts with E&P companies or contractors. Whilst David Thomas, a director of the Company has oil and gas experience, the Company will rely on WGP, having relevant experience in the sector in which TESL operates. In the event that the relationship with WGP were to break down, the Company could appoint an alternative provider of such services.

Further details on the Equipment Procurement and Operations Management Agreement are set out in paragraph 6.6 of Part V of this document.

Technology and process

TESL's end customers will be upstream E&P companies that have established oilfields which are seeking to monitor reservoir flow, depletion and pay zones.

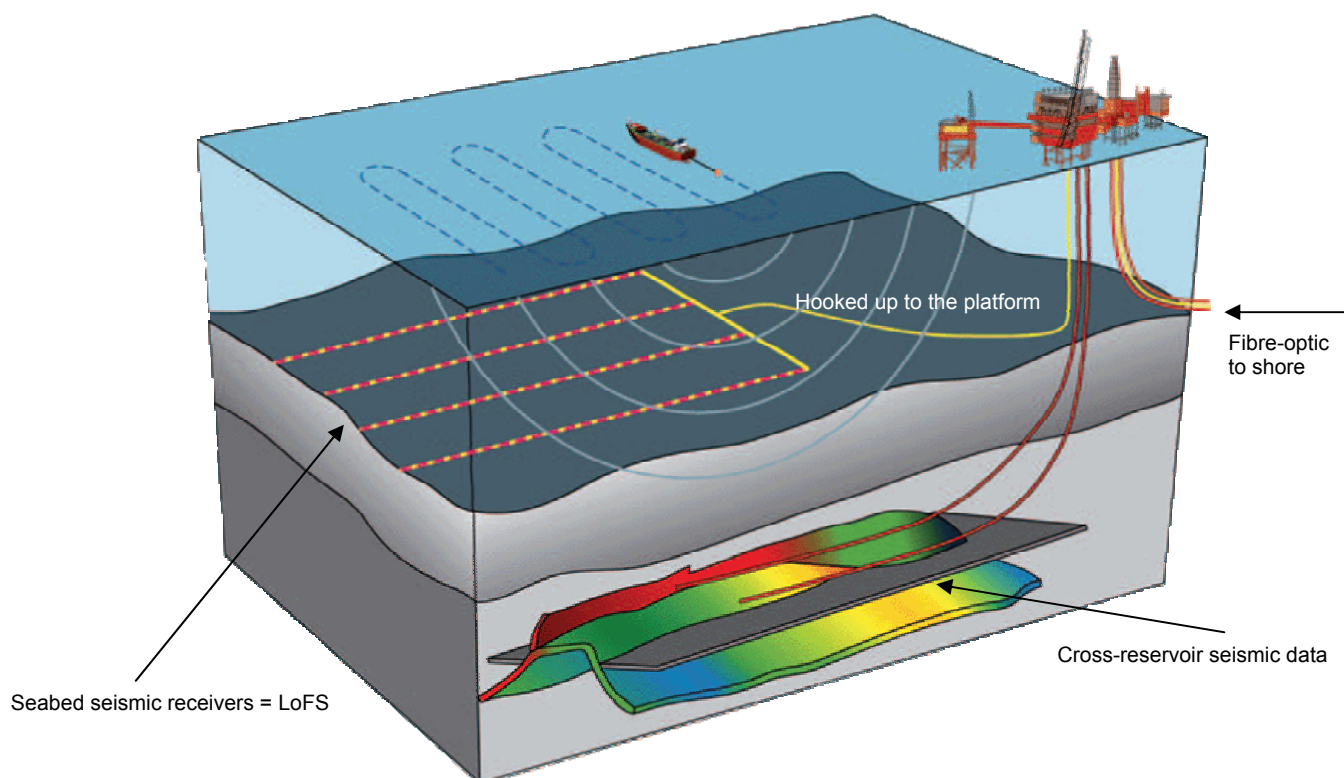
The method by which reservoir monitoring is undertaken is to perform repeated seismic data acquisition surveys, or "time lapse" surveys, at frequent intervals in order that data sets can be compared over time as a tool to analyse the reservoir and assist with the extraction process. This methodology is also termed 4-D seismic, with the 3 dimensional (space) data set plus time as the fourth element.

The components of a reservoir monitoring service are listed below:-

- (1) seabed cables – laid on the seabed above the oil field (reservoir) that is to be monitored.
- (2) recording system – remotely operated and installed on the associated platform and connected to the sea bed cable.
- (3) seismic source (e.g. the PMSS™) – installed on a vessel and used to generate a signal which will travel down from the sea surface, through the water, through the sub surface strata upon which the signal is refracted/reflected back towards the seabed cables. On the return path the compression (p waves) and shear (s waves) are detected by sensors in the seabed cables.
- (4) Quality control processing – as the data is recorded and sent ashore via the production platform, it undergoes a sequence of processing steps to "clean up" the data; whereupon it is passed to geophysicists for analysis and interpretation.

TESL will work with customers and alongside contractors who will provide the seabed cables, recording systems and quality control processing.

This monitoring process involves a permanent seafloor deployment of sensor cables or a fibre-optic network above an identified reservoir and mobilising the PMSS™ at regular intervals to shoot each survey. The PMSS™ provides the energy source required to stimulate the sensors in the seabed cable. The resulting data is then transferred to the production platform that is extracting the hydrocarbons from the reservoir. The data is then passed to a processing centre and then to geophysicists for analysis. The process monitors the long-term performance and development of subsea producing reservoirs and is known as Life of Field Seismic ("LoFS").



The PMSS™ will be installed upon vessels, typically stand-by or Platform Supply Vessels (“PSV’s”) owned by customers. The purpose of LoFS monitoring is to extend the life and increase the yield of hydrocarbons extracted from a reservoir and thereby increase the return on investment for the production company.

The components of the PMSS™ will be built into standard size ISO containers (20’ or 40’) for easy mobilisation and demobilisation anywhere in the world.

The net Placing proceeds will allow the Company to acquire the components for a single PMSS™ unit. Capital commitments of approximately US\$5.4 million have been made to acquire components to build a single PMSS™ unit of which the Founding Shareholder has made stage payments of US\$1,812,024. Further units will be assembled dependent on the availability of future funds for the Company.

PMSS™ components include the following:-

- Gun handling frame
- Umbilical winch container
- Containerised compressor
- Containerised workshop
- Containerised office

TESL’s equipment has also been designed so that it can be used as a seismic source, with towed seismic cables, for shooting 2-D seismic. TESL’s equipment is not designed for shooting 3-D or 4-D towed seismic.

The Company believes that a number of competitors are also developing ‘Reservoir Monitoring’ as an additional service to E&P companies. However, the Company believes that it can differentiate itself by providing a ‘bespoke’ service to potential customers. The Company and WGP may also seek to work with contractors that provide consulting services, ocean bottom cable, recording systems and data processing/analysis.

Intellectual Property

The Group does not have any registered patents in relation to the PMSS™ or the underlying technology. TESL owns the trademark in relation to the PMSS™.

The Market

TESL has been set up to focus on LoFS. As a provider of services to the oil and gas industry, the Group’s revenues will be driven by the following principal factors:

- (i) Demand for oil and gas engineering and construction services, which is dependent on the capital investments undertaken by E&P companies that in turn are largely driven by energy prices and demand.

- (ii) Oil prices, which have recently achieved all-time highs. In addition, according to International Energy Agency estimates, global energy consumption is expected to grow by up to 50 per cent. over the next 25 years, driven primarily by continued economic growth particularly in developing economies such as China and India.

The Directors believe there is limited excess production capacity relative to demand and that this has led to significant increases in current and expected oil and gas prices. The Directors also believe that the additional supply necessary to match the expected increase in demand is likely to require an increased level of spending across the life cycle of oil and gas production assets.

Customers

The Group does not currently have any customers. The potential customer base includes customers of WGP as well as E&P companies.

A principal reason for customers to monitor the depletion of a reservoir is to ascertain where to direct drills and in order to predict when and where to pump water into a reservoir to maximise the extraction of the hydrocarbons. Maximising hydrocarbon extraction is an important factor for E&P companies given the cost of providing the platform, topside equipment and seabed equipment.

The Company will also explore other possible routes to market with the manufacturers of seabed cables, and other essential component of LoFS operations and with consultant companies which advise E&P companies regarding the design and implementation of LoFS to ensure that particular geophysical and geological objectives are properly fulfilled.

4. Strategy

The Directors believe that higher oil prices have led to increased focus on asset recovery by oil and gas companies which presents an opportunity for TESL, as a provider of seismic solutions to the oil and gas industry.

The key elements of this strategy are to:

- build PMSS™ units that can be deployed around the world, thereby increasing the market available to the Group;
- create a cost effective solution for the LoFS market. The Directors believe that the use of PMSS™ has the potential to generate cost savings for E&P companies that have historically relied on towed cable seismic surveys for reservoir monitoring;
- focus on potential clients with major proven hydrocarbon reserves where significant capital and operational expenditure is expected;
- operate a scalable model;
- attract and retain specialists and key personnel;
- identify, acquire, integrate and develop complementary businesses, where appropriate.

5. Reasons for Admission and the Placing

Funds raised through the Placing will provide cash for the purchase of components to build a PMSS™ unit and for working capital purposes.

In addition, the Company is seeking Admission in order to create a public market in the Ordinary Shares, to provide access to capital and to provide the Group with the ability to motivate personnel through the Equity Incentive Schemes, which will assist the Group in continuing to attract, retain and motivate high calibre personnel.

6. Principal terms of the Placing

The Company has raised US\$6,189,073 before expenses (approximately US\$5,491,958 after expenses), through the Placing of 6,189,073 new Ordinary Shares at the Placing Price representing approximately 72.8 per cent. of the Enlarged Share Capital. The Company has agreed to pay Ocean a commission of 5 per cent. on the aggregate value of the Placing Shares at the Placing Price in respect of all shares placed by it. Ocean will receive a commission of 2 per cent. of the value of all shares placed with persons introduced by Mr Soukup. Ocean will receive no commission on Placing Shares placed with Mr Soukup or on Placing Shares placed by other brokers.

The Placing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for any dividends and other distributions thereafter declared, paid or made in respect of the Ordinary Shares in issue following Admission.

A summary of the principal terms of the Placing Agreement is set out in paragraph 6.9 of Part V of this document.

7. Dividend policy

The objective of the Board is to generate capital appreciation in the Group's business and any income generated by the Group will be applied to cover costs or will be added to the funds available to implement the strategy of the Group as set out in paragraph 4 of this Part I. In view of this, it is unlikely that the Directors will recommend a dividend in the early years following Admission. However, they may recommend or declare dividends at some future date depending on the financial position of the Group.

8. Relationship Agreement

On 23 July 2008, the Company entered into the Relationship Agreement with Mr Soukup and Dowgate, conditional upon Admission, with a view to ensuring that the Board is capable of functioning without undue influence from Mr Soukup (in his capacity as a controlling shareholder) and to ensure that all transactions between the Company and him are at arm's length and on normal commercial terms.

Details of the principal terms of the Relationship Agreement are set out in paragraph 6.11 of Part V of this document.

9. Operations

The Company was incorporated on 26 September 2007 and, save in relation to arrangements necessary for the Placing and Admission, has no trading history.

10. Board of Directors of the Company

The Directors of the Company, all of whom are non-executive save for the Executive Chairman, will be responsible for the overall activities of the Company. The Board will be expanded in due course to reflect the size and needs of the Company.

The Directors are:

Duncan Soukup, aged 53, Executive Chairman

Mr Soukup has 25 years of investment experience. Having worked in investment banking for 10 years (1984-1994), latterly with Bear Stearns as managing director in charge of the company's non-US equity business, Mr Soukup set up his own investment management business in 1994.

Acquisitor plc, a company of which Mr Soukup was a director, was admitted to trading on AIM in January 2000. In 2002, 90 per cent. of the assets of Acquisitor Plc were moved to Acquisitor Holdings Ltd (Bermuda) and Acquisitor Plc was left as an investing company which then acquired Tinopolis Plc, a leading UK independent TV production company. In 2006, Acquisitor Holdings Limited (Bermuda) merged with New York Holdings Ltd. and Baltimore Plc. Shortly thereafter, the combined group was acquired by Oryx International Limited, a Guernsey investment company. Mr Soukup is the Founding Shareholder and Chairman of Thalassa.

Graham Cole FCA, FSI, aged 61, Non-executive Director

Mr Cole specialises in advising growth companies on public offerings, capital raising, merger and acquisition strategy. He has been involved in over 60 public flotations (in London, on the Official List and AIM, and in Europe, on EASDAQ - now NASDAQ Europe). Mr Cole has initiated, project managed and negotiated the acquisition and sale of a wide range of companies, both domestic and international, in transactions ranging from £2 million to £50 million.

Mr Cole qualified as a chartered accountant and was a partner at Deloitte Haskins & Sells before moving into corporate finance as a director of Beeson Gregory Limited (now Evolution Securities Limited) in 1995.

Mr Cole is a co-founder and past executive member of the Quoted Companies Alliance. Mr Cole has extensive experience as a director of both private and public companies including Stagecoach Theatre Arts PLC (Chairman) and Vantis PLC.

Mr Cole received the Lifetime Achievement Award for Services to the mid-cap. public company market in 2002.

Jim Grossman, aged 69, Non-executive Director

Mr Grossman is an international businessman and corporate international lawyer with over 35 years of experience. Mr Grossman is a graduate of Harvard Law School now living in Paris, with business activities in London and Geneva. His experience has been involved in international business transactions, corporate and securities law, acquisitions, venture capital financing and international arbitration and mediation. Mr Grossman has served as a non-executive director on the board of directors of several public companies. He is currently non-executive chairman of Canoe International Energy Ltd, a capital pool company listed on the TSX Venture Exchange. He has served as a non-executive director of Champion Communications Services, Inc and World Gaming Plc (Mr Grossman resigned as a director the month before the appointment of an administrator of World Gaming plc in October 2006).

Mr Grossman has an active international arbitration practice as a member of i) the American Arbitration Association's International Disputes Panel and ii) the World Intellectual Property Organization's (WIPO) Arbitration and Mediation Domain Name Panel. Mr Grossman has been responsible for structuring licensing arrangements, distribution agreements as well as joint ventures and has advised both venture capital as well as technology company clients in the venture capital area.

Previously, Mr Grossman served as Chairman of the U.S. Foreign Claims Settlement Commission (appointed by President George H.W. Bush) and as chief negotiator for the United States in the tariff reduction acceleration round of the U.S.-Canada Free Trade Agreement (this pact was a precursor to the creation of NAFTA).

David Thomas, aged 58, Non-executive Director

Mr Thomas is a geologist with 30 years experience in the oil and gas industry, mainly in North and West Africa. After five years of working in SE Asia and then in London for North Sea operations, Mr Thomas spent the late 1970s and early 1980s working in Libya for Occidental Petroleum, and then in Tunisia for Tenneco. A return to London as International Chief Geologist for the Kuwait Petroleum Corporation gave Mr Thomas the opportunity to develop his technical management skills and establish a broad international contact network. In the late 1980s, Mr Thomas formed a consultancy, Thomas & Associates, offering a broad range of petroleum advisory services. Clients have included major oil companies and foreign government agencies. Mr Thomas served most recently as managing director of AIM-quoted medOil PLC, a position he held for three years until the sale of the company to Cairn Energy plc in the fourth quarter of 2007.

Other Person Discharging Managerial Responsibility:

Christopher Langrick, aged 29, Financial Controller

Mr Langrick is not currently a director of the Company, however, it is anticipated that he may be appointed to the Board in due course.

Mr Langrick qualified as a chartered accountant in 2002. Mr Langrick's most recent position was Transaction Services Manager with KPMG Europe LLP, where he has worked since 2003. Prior to joining the Transaction Services team, Mr Langrick specialised in financial services audit, working on the audits of HBOS plc, Bradford & Bingley plc and GE Capital Bank Limited.

Mr Langrick has gained accounting, audit and M&A experience through his work on acquisition, disposal, refinancing and IPO transactions. In 2007, he managed the provision of services by KPMG Europe LLP in relation to the refinancing and subsequent IPO of Moneysupermarket.com plc.

Marketing Consultant

Martin Smith, aged 54, Business Development

Mr Smith joined the seismic industry in 1975. Mr Smith is responsible for overseeing the operations, sales and marketing of TESL, reporting directly to the Board.

Mr Smith is the Marketing and Business Development Manager of WGP. He was previously a director of Trident Geophysical Ltd, a geophysical consultancy business which outfitted technical equipment on vessels for E&P companies. Mr Smith has been responsible for securing multi-million dollar contracts and managing personnel and hi-tech survey vessels. He has extensive international sales, marketing and operations management experience including tendering, contractual negotiations, client liaison, budget preparations, cost control and personnel management. Mr Smith is a consultant to TESL.

11. Staff and Employees

Initially the Company will have two full-time employees, Duncan Soukup and Christopher Langrick. WGP will provide the staff required for the operation of the PMSS™ as well as for the provision of TESL's services to its customers.

In order to keep costs to a minimum, the Company will seek to minimise fixed compensation costs for employees, Directors and other service providers and will seek to reward them based on results. This approach to business is not, however, a commonly adopted practice in the UK and, in relation to non-executive directors, is contrary to the recommendations of the report by the Cadbury committee entitled, the *Financial Aspects of Corporate Governance*. In keeping with this approach, the Company intends to establish a bonus pool which will be calculated at a rate of 20 per cent. of Net Income (defined as income after all other charges) for distribution on a discretionary basis to Directors, employees and others providing services to the Group.

12. Equity Incentive Schemes

The Directors believe that equity incentives are, and will continue to be, an important means of attracting, retaining and motivating of key personnel of the Group. Consequently, the Board has established the Equity Incentive Schemes, the main provisions of which are summarised in paragraphs 5.2, 5.3, 6.3 and 6.4 of Part V of this document.

The Company

Grant of the Founding Shareholder Options to Mr Soukup

As at the date of this document, the Founding Shareholder has provided capital in the amount of US\$2,301,027 to fund capital expenditure, costs of incorporation and transaction costs of the Company. In recognition of the early commitment of the Founding Shareholder, effective on Admission, the Company has granted the Founding Shareholder an option entitling the Founding Shareholder to subscribe at par value for 2,125,000 Ordinary Shares representing 20 per cent. of the issued share capital of the Company (immediately following Admission and after the exercise of the Founding Shareholder Options and assuming no other issues of Ordinary Shares).

At a Board meeting of the Company held on 2 April 2008, the Board resolved to approve any subscription for shares in the Company pursuant to the exercise of the options granted to Mr Soukup as a 'permitted acquisition' for the purpose of Article 45 of the Articles. Any such subscription will therefore not trigger an obligation for Mr Soukup to make a general offer for the entire issued share capital of the Company as might otherwise be the case.

Grant of the Directors' Options to the Directors (other than Mr Soukup)

The Company has granted the Directors' Options to each of the Directors (other than Mr Soukup) with an exercise price at the Placing Price, over an aggregate of 255,000 new Ordinary Shares representing 3 per cent. of the Enlarged Share Capital.

Under the terms of the Directors' Option Agreements, the Directors' Options may be exercised at any time before the third anniversary of Admission. Save for the requirement to attend Board meetings as set out in paragraph 5.3 of Part V of this document, no performance conditions are attached to the Directors' Options.

Establishment of a share trust

The Directors do not currently intend to grant any additional options but recognise the need to be able to offer key personnel and others who provide services to the Group the opportunity to participate in the future growth of Thalassa, and to attract new recruits, through equity incentives. To this end, the Directors propose to establish a share trust in due course. It is proposed that the nature of any future awards granted to particular key personnel and others who provide services to the Group will be determined by the Remuneration Committee of the Board taking into account the specific circumstances of each person and the incentive goals to be achieved.

TESL

Grant of the Consultant's Option to Martin Smith and options in TESL to certain employees of WGP

In addition, in order to motivate the individuals who will be providing services in relation to the marketing and operation of the PMSS, options to subscribe for ordinary shares of TESL (wholly owned by the Company on Admission) have been granted to Martin Smith (who will be primarily responsible for securing contracts with customers) and to certain employees of WGP. In each case, the subscription price payable on exercise of the options has been determined by the Board to reflect TESL's total capital (debt plus equity), immediately following Admission.

The option granted to Mr Smith is in respect of up to 350,000 ordinary shares of TESL (representing 5 per cent. of the current issued ordinary share capital of TESL), and will become exercisable at the rate of one fifth of such number of shares in respect of the current and each of the four succeeding financial years, subject to reduction in proportion to any extent to which revenues in the relevant year fall short of the budgets set by the Board (and to nil if revenues in the relevant year fall below 50 per cent. of budget). The option granted to Mr Smith is exercisable in respect of each tranche of shares for a period of two years following that tranche becoming exercisable. Mr Smith has no other entitlement to remuneration from the Group in respect of his work for the Group.

The main provisions of the option granted to Mr Smith are summarised in paragraph 6.3 of Part V of this document.

The options granted to employees of WGP are in respect of a total of up to 100,000 ordinary shares of TESL, (representing 1.4 per cent. of the current issued ordinary share capital of TESL) and are exercisable at any time within the period of 5 years following Admission. It is the intention of TESL to grant further such options to employees of WGP up to a total amount of 600,000 (the aggregate of such options and the options granted under the Operator Option Agreements being 700,000. Accordingly, if all options granted pursuant to the Consultant's Option Agreement and the Operator Option Agreement are exercised the Company's interest in the issued share capital of TESL will fall to approximately 94 per cent., assuming no other shares are issued or options granted). The main provisions of the options granted to employees of the WGP group are summarised in paragraph 6.4 of Part V of this document.

In the event that each of Mr Smith and the WGP employees referred to above exercise all of their outstanding options in TESL, the Company's interest in the issued share capital of TESL will fall from 100 per cent. to approximately 87 per cent., assuming no other shares are issued or options granted.

13. Lock-in and orderly market agreements

Following Admission, each of the Directors, has undertaken to the Company, Ocean and Dowgate that he will not sell or otherwise dispose of any interest in Ordinary Shares beneficially owned or otherwise held or controlled by him other than in certain limited circumstances permitted by Rule 7 of the AIM Rules for a period of 12 months following Admission and that, for a further period expiring 12 months after the first anniversary of the date of Admission he will only dispose of an interest in Ordinary Shares in such manner as the Company's nominated adviser and broker (from time to time) shall reasonably require with a view to the maintenance of an orderly market in the Ordinary Shares.

Details of these arrangements are set out in paragraph 6.9 of Part V of this document.

14. No pre-emption rights and Directors' authority to issue new equity

The Company is not subject to the pre-emptive rights provisions under section 89 of the Companies Act 1985. Shareholders should note that in the event new Ordinary Shares are issued by the Company, they may not be offered on a pro rata basis to existing Shareholders. Further, an equal number of shares to those in issue on Admission may be issued under existing authorities to allot shares.

The limitations on the Directors' powers to issue further Ordinary Shares are set out in paragraph 3.4 of Part V of this document.

15. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 29 July 2008. Definitive share certificates in respect of the Placing Shares to be held in certificated form will be despatched on or before 5 August 2008.

The Ordinary Shares will be in registered form and the Company's registered agent will be responsible for the maintenance of the register of members.

As a matter of English law, certain foreign securities cannot be held and transferred directly in the CREST system. However, with effect from Admission, CREST members will be able to hold and transfer interests in Ordinary Shares within CREST, pursuant to a depository interest arrangement established by the Company.

Capita will issue Depository Interests in respect of the underlying Ordinary Shares. The Depository Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Depository Interests will have the same security code (ISIN) as the underlying Ordinary Shares and will not require a separate quotation on AIM. The Depository Interests will be created and issued pursuant to a deed poll entered into by Capita. It will remain open to Shareholders, should they wish to do so, to hold Ordinary Shares in certificated form and Shareholders wishing to do so should contact their broker.

16. Corporate Governance

As an AIM-quoted company, the Company is not obliged to, and does not, currently comply fully with the corporate governance regime in the UK, as set out in the Combined Code. Save as disclosed in paragraphs 11, 12 and 14 of this Part I, the Company complies with the Combined Code, so far as is practicable and appropriate for a public company of its size and nature.

The Directors support high standards of corporate governance and confirm that following Admission the Company intends, where practicable, and having regard to the size and nature of the Company, to comply with the principles of the Combined Code. The Company has appointed three non-executive Directors. In addition, the Board has established an Audit Committee, a Remuneration Committee and an AIM Compliance Committee with formally delegated duties and responsibilities.

The Audit Committee consists of Graham Cole as chairman and any one other director (other than the finance director). The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls, in all cases having due regard to the interests of Shareholders.

The Remuneration Committee consists of David Thomas as chairman and any one other director, and determines the terms and conditions of service of the executive Directors, including their remuneration and grant of options.

The AIM Compliance Committee consists of Graham Cole as chairman and any one other director and will meet twice a year and will be responsible for ensuring that the Company's obligations under the AIM Rules are discharged by the Board.

The Company has adopted a share dealing code for Directors and certain employees (as applicable) in order to ensure compliance with AIM Rule 21 on share dealing. The Directors will take all reasonable steps to ensure compliance by such employees.

17. Takeover Code

As the Company is incorporated in the BVI and has its central place of management and control outside of the UK, Channel Islands or Isle of Man, a takeover offer will not be governed by the Takeover Code and will not be regulated by the UK takeover authorities. As a result, Shareholders are not afforded the protections offered by the Takeover Code.

The Company has incorporated provisions in its Articles which seek to provide Shareholders with certain of the protections otherwise afforded by the Takeover Code in respect of companies to which the Takeover Code applies. These provisions, like others contained in the Articles, are enforceable by the Company (acting through the Directors) only against Shareholders. However, the Company would need to take any action to enforce such provisions in the courts of the BVI without any guarantee that any such action would be successful or any certainty as to what the costs of doing so would be.

Further details of the relevant provisions of the Company's Articles are set out in paragraph 4 of Part V of this document.

18. Taxation

Information regarding taxation in the United Kingdom and the BVI is set out in Part IV of this document. If you are in any doubt as to your tax position, you should consult your professional adviser immediately.

19. Further information

Additional information on the Group is set out in Parts II to V of this document.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Investment in the Company constitutes a high risk investment and prospective purchasers of Ordinary Shares should carefully evaluate the risk factors set out below. Investment in the Company should be regarded as speculative and should be considered long term in nature and suitable only for sophisticated investors who understand the risks involved, including the risk of a total loss of capital.

If any of the following risks actually occur, the Company's business, financial condition, results or future operations could be materially adversely affected. In such circumstances, the trading price of the Company's shares could decline and investors could lose all or part of their investment.

The risks listed below do not necessarily comprise all those risks associated with an investment in the Company and are not set out in any order of priority. Additional risks and uncertainties not currently known to the Directors or which the Directors currently deem immaterial may also have an adverse effect on the Company.

1. MARKET RISKS

- (a) Potential investors should be aware that the value of shares can go down as well as up and that an investment in a share that is traded on AIM may be less readily realisable and may carry a higher degree of risk than an investment in a share listed on the Official List.
- (b) The price which investors may realise for their holding of Ordinary Shares, and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Company and others of which are extraneous.
- (c) It may be difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid by him or her for them.
- (d) AIM has been in existence since June 1995 but its future success and the future market for the Ordinary Shares cannot be guaranteed.
- (e) The share price of smaller publicly traded companies can be highly volatile.
- (f) The market for shares in smaller public companies, including the Company is less liquid than for larger public companies. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price.
- (g) The Company is in its early stages and does not currently have any revenues and, therefore, the Ordinary Shares may not be suitable for a short-term investment.
- (h) The market price of the Ordinary Shares may not reflect the underlying value of the Company's profits or net assets.

2. BUSINESS RISKS

(a) ***The Company is a new company with no operating history***

The Group is subject to all of the business risks and uncertainties associated with any new business enterprise including the risk that the Group will not be able to achieve the supply of the equipment required for its business or that the equipment will not work as well as expected (or at all) in which event the value of a Shareholder's investment in the Company would be substantially reduced and may result in the total loss of all capital invested.

(b) ***Demand for the TESL's services is linked to the level of expenditure by the oil and gas industry which is not easy to predict***

The demand for the services which will form the core of the TESL's activities will be heavily dependent on the level of activity in the development and production of crude oil and natural gas. Lower expenditure by the oil and gas industry may result in lower demand for the TESL's services, which would adversely affect the Group's financial performance and condition.

Demand for TESL's services may be influenced by cyclical patterns in the oil and gas industry. Increases in oil and gas prices may not result in an increase in demand for the Group's services. On the other hand, a substantial or extended decline in oil or gas prices to levels that reduce the economic life of fields would be likely to cause a decline in the demand for the Group's services.

(c) *TESL may not accurately estimate the costs of, or execute within budget, its contracts or may fail to complete contracts on time*

If TESL's cost estimate for a contract is inaccurate, or if TESL does not execute the contract within its cost estimates, cost overruns may cause the project to be less profitable than expected or cause TESL to incur losses.

Some projects could last for extended time periods, potentially in excess of one year, from initial award through to completion. During this time the Group may encounter difficulties in equipment delivery, schedule changes or other disruption (such as political or local community unrest or prolonged adverse weather conditions), some of which may be beyond its control, and any of which may impact its ability to complete the project within budget or in accordance with the original delivery schedule. Delays in completion of a project or failure to meet certain Key Performance Indicators ("KPIs") may in certain circumstances also expose the Group to liquidated damages, which may have an adverse effect on the Group's financial performance.

(d) *The Group is subject to counterparty credit risk*

The Group provides its services to contractual counterparties and is therefore subject to the risk of non-payment for services it has rendered or non-reimbursement of costs it has incurred. The contracts which the Group enters into may require significant expenditure by the Group prior to receipt of relevant payments from the customer and which could result in losses or expose the Group to potential credit risk.

TESL may enter into contracts with a joint venture or consortium representing the various asset owners. Unless appropriate guarantees can be obtained by the Group, the Group is subject to a higher risk of non-payment when its contractual counterparty is a special purpose joint venture or consortium vehicle which does not have significant financial resources of its own.

(e) *The Group's future business performance depends on the award of contracts*

A substantial portion of the Group's future revenues will be directly or indirectly derived from large-scale projects. It is generally very difficult to predict whether and when the Group will be awarded such contracts as they may involve a lengthy and complex bidding and selection process. This process is affected by a number of factors, such as market conditions, financing arrangements and governmental approvals. In addition, some of these contracts are subject to financing contingencies and, as a result, the Group is subject to the risk that it or the customer will not be able to secure the necessary financing for the project.

Failure to win tenders, gain new business or renew contracts may adversely affect the Group's future financial performance. In addition, preparation of bids can divert significant management and operating resources away from the day-to-day running of the business.

(f) *The Company operates in a market which may become more competitive*

Contracts for the Group's services are generally awarded following a competitive process. While service quality, technological capacity and performance and personnel, as well as reputation and experience, are considered in client decisions, price is one of the major factors in most tender awards.

In the past, the Group's industry has been frequently subject to price competition. If price competition were to intensify in the future, the number of tenders meeting the Group's margin criteria could decline and the Group's financial performance could be adversely affected.

It is also possible that some entities may in the future compete with the Group to provide types of services that the Group intends to provide. The Group has no patent or other protection for the services it intends to provide or for the equipment which it expects to use to provide them.

The Group may compete with companies or other operations with greater access to capital. In addition, as a result of competition, equipment prices might rise and adversely impact the Group's return. There can be no assurance that the Group will not, in the future, face competitive pressures that could have a material adverse effect on the Group's business.

(g) *Intellectual property infringement could affect the financial performance of the Group*

The Group's business may be adversely affected if it infringes patents or other intellectual property rights held by third parties.

(h) The Group is subject to the complexity of running a business with a wide geographic spread

The Group plans to operate its business in a range of international locations and it is expected that the geographical expansion of the Group's business will take it into new locations in the future. Through an international presence the Group would be subject to increased risk from a number of legal, economic and market factors which could have an adverse effect on the ability of the Group to provide services in those areas, or to continue to expand its business geographically. Such risks include:

- (i) increased expenses due to the requirement in some countries that business be conducted through local agents;
- (ii) reversal of current policies (including favourable tax and lending policies) encouraging foreign investment or foreign trade by the governments of countries in which the Group may operate;
- (iii) changes in and difficulties in complying with laws and regulations of different countries, including tax and labour laws;
- (iv) restrictive actions by local governments, including the imposition of tariffs and limitations on imports or exports;
- (v) nullification, modification or renegotiation of contracts; and
- (vi) expropriation of assets.

The occurrence of any of these events could have an adverse effect on the financial performance and condition of the Group and adversely affect the value of its assets.

(i) No assurance of profitability

The expenses of operating the Group may exceed the Group's income, thereby requiring the difference to be paid from the Company's capital. Accordingly, results for any period should not be relied upon as being indicative of performance in future periods.

(j) Future issues of new Ordinary Shares could dilute the interests of existing Shareholders and may lower the price of the Ordinary Shares

The Company may issue additional Ordinary Shares. The Company is not required under BVI law or its Articles to offer any such Ordinary Shares to existing Shareholders on a pre-emptive basis.

(k) No assurance of widespread acceptance of emerging technology

The Company's initial equipment has been designed and is being made for primary use in 4-D Ocean Bottom Cable (OBC) related seismic studies. OBC 4-D seismic is an emerging technology and there is no guarantee that there will be widespread commercial acceptance of this technology.

(l) The Company will be heavily dependent on WGP

The Company has no employees other than its executive Director and its financial controller. Of the Directors only David Thomas, a non-executive Director, has a significant level of technical knowledge or expertise of the seismic business or the oil industry.

The assembly of the equipment which TESL intends to use to provide services to its customers has been arranged entirely by WGP and involves the supply of equipment by a number of different suppliers and its assembly by third party contractors. The Directors believe that WGP has the necessary experience to make these arrangements and to supervise the assembly satisfactorily but TESL has only limited contractual assurance that the assembled equipment will be delivered on time or that it will perform as intended and will have only limited right of recourse if it does not.

TESL's contractual relationships with its customers will largely be guided (at least in the early period of activity) by advice received from WGP. The Directors will seek professional advice in the negotiation of such contracts and accordingly will be very largely dependent on the expertise of the WGP.

Accordingly, while TESL has a contract with WGP under which WGP has agreed that it will provide its management services, in practice this may not be enforceable in a way which is satisfactory to TESL. Similarly, if WGP becomes unable to provide the services at any time it is likely that the Group's performance may be adversely effected and suffer delays while an alternative provider of management services is identified.

WGP may become unable to provide its services through financial or other constraints affecting it or through the loss of key executives. In either case, TESL may find it difficult to secure an alternative manager.

3. POLITICAL, ECONOMIC AND EXCHANGE RISKS

(a) *The Group is exposed to foreign exchange risk*

The Group's reporting currency is US Dollars. From time to time the Group may enter into contracts or incur costs denominated in currencies other than US Dollars and may not always be able to match revenues with costs denominated in the same currency. Whilst the Group may attempt to minimise its exposure to such foreign exchange risks, there can be no assurance that the Group will be not be exposed to certain foreign exchange risks.

(b) *Foreign exchange hedging*

The Group may, from time to time, attempt to hedge currency risk. Currencies are subject to fluctuation and hedging could lead to substantial losses.

4. REGULATORY RISKS

(a) *Changes in laws or regulations governing the Group's operations may adversely affect the Group's business*

The Group and its operations will be subject to regulation and laws imposed by the countries in which they operate. These laws and regulations, as well as their interpretation, may be changed from time to time. Accordingly, any change in these laws or regulations could have a material adverse effect on the Group's business.

(b) *Limited regulatory control*

The holders of the Ordinary Shares will not enjoy any protections or rights other than those reflected in the Articles and those rights conferred by the AIM Rules and applicable law. Neither the Listing Rules nor the DTR's nor the Combined Code will apply to the Company.

(c) *Shareholders will not be entitled to the protections provided by the Takeover Code*

The Takeover Code applies, *inter alia*, to offers for all listed public companies considered by the Panel on Takeovers and Mergers to be incorporated or resident in the United Kingdom, the Channel Islands or the Isle of Man. The Company will not be so incorporated or resident and therefore Shareholders will not receive the benefit of the protections provided by the Takeover Code.

Provisions of the Articles require the Board to give effect to and comply, so far as it is in their power to do so, with the spirit of Rule 9 (Mandatory Offers), Rule 16 (Special Deals with Favourable Conditions) and Rule 21 (Restrictions on Frustrating Action) of the Takeover Code (further details of the Articles are set out in paragraph 4.2.7 of Part V of this document). However, the Company would need to take any action to enforce such provisions in the courts of the BVI without any guarantee that such action would be successful or any certainty as to the amount of costs that the Company might incur in connection with any said action.

(d) *No pre-emptive rights*

The Company is not subject to the pre-emptive rights provisions under section 89 of the Companies Act 1985. The limitations on the Directors' powers to issue further Ordinary Shares are set out in paragraph 3.4 of Part V of this document.

5. TAXATION FRAMEWORK

(a) *Risk of a change in the taxation to which the Group is subject*

The Company and/or Shareholders may in the future be subject to income or other tax in the jurisdictions from which investments are made. Additionally, withholding tax or branch tax may be imposed on earnings of the Company from investments in such jurisdictions. Local tax incurred in other jurisdictions by the Company or vehicles through which it invests may not be creditable to or deductible by Shareholders in their respective jurisdictions.

If under BVI law there were to be a change to the basis on which dividends could be paid by BVI companies, this could have a negative impact on the Company's ability to pay dividends. Any change in the Company's tax status or in taxation legislation could affect the value of the investments held by and the performance of the Company. Representations in this document concerning the taxation of investors in Ordinary Shares are based upon current tax law and practice which is subject to change.

(b) *If the Company were deemed to be resident for taxation purposes outside the BVI, this could have adverse taxation implications*

Although the Group as a whole pays tax in the jurisdictions in which it operates in accordance with local regulations, the Company itself is resident in the BVI. While the Directors have no reason to believe that any authority in any other jurisdiction could successfully claim that the Company was tax resident in that jurisdiction, there can be no assurance that such a claim will not be brought or, if brought, will not be successful. In this event, the Company could face penalties and charges to taxation in respect of current and earlier years, which could have a material adverse effect on the financial condition of the Group.

The attention of investors is drawn to Part IV of this document which contains further information on taxation.

PART III(A)

ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR THE COMPANY FOR THE PERIOD SINCE INCORPORATION ON 26 SEPTEMBER 2007 TO 31 DECEMBER 2007

MOORE STEPHENS
CHARTERED ACCOUNTANTS

St. Paul's House
Warwick Lane
London EC4M 7BP

The Directors
Thalassa Energy Ltd
PO Box 800
Road Town
Tortola
British Virgin Islands

The Directors
Dowgate Capital Advisers Limited
46 Worship Street
London EC2A 2EA

23 July 2008

Dear Sirs,

THALASSA ENERGY LTD

We report on the financial information set out at Part III(B) of the AIM admission document dated 23 July 2008 ("the Admission Document") issued by Thalassa Energy Ltd (the "Company"). This report is required by Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that schedule and for no other purpose.

Basis of preparation

The Company was incorporated in the British Virgin Islands on 26 September 2007. On incorporation, the Company had an authorised share capital of 50,000,000 ordinary shares of US\$1.00 each, of which 100 ordinary shares were issued.

On 26 September 2007, the Company subscribed for 100 ordinary shares of US\$1.00 each in Thalassa Energy Services Ltd at par for cash. Movements in share capital subsequent to 31 December 2007 are set out in note 8 to the financial information.

Thalassa Energy Services Ltd, the Company's wholly owned subsidiary (collectively with the Company the "Group"), has entered into contractual undertakings to acquire capital equipment.

Save for the above transactions, neither the Company nor Thalassa Energy Services Ltd has traded, nor made up any accounts for presentation to its members and has not declared or paid any dividends.

The financial information has been drawn up in accordance with International Financial Reporting Standards as adopted in the EU. The financial information in this report does not constitute statutory accounts within the meaning of Section 240 of the UK Companies Act 1985 (as amended).

Responsibilities

The Directors are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards as adopted in the EU.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view for the purposes of the Admission 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 Company'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 Admission Document, a true and fair view of the state of affairs of the Group as at 31 December 2007 and of its loss, recognised gains and losses and changes in equity for the period then ended in accordance with the basis of preparation set out in note 2 to the financial information and in accordance with International Financial Reporting Standards, as described in note 2 to the financial information.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Admission 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 Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully,

Moore Stephens LLP
Chartered Accountants
Registered Auditors

PART III(B)

HISTORICAL FINANCIAL INFORMATION FOR THE COMPANY FOR THE PERIOD SINCE INCORPORATION ON 26 SEPTEMBER 2007 TO 31 DECEMBER 2007

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	31 December 2007 US\$
Current assets		
Prepayment	3	389,000
Current liabilities		
Due to shareholder	4	<u>(393,200)</u>
Net current liabilities		<u>(4,200)</u>
Shareholders' equity		
Share capital	5	100
Reserves		<u>(4,300)</u>
		<u>(4,200)</u>

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD FROM INCORPORATION ON 26 SEPTEMBER 2007 TO 31 DECEMBER 2007**

US\$

Revenue	-
Formation expenses	<u>(4,300)</u>
Loss before and after taxation for the period, attributable to shareholders	<u>(4,300)</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM INCORPORATION ON 26 SEPTEMBER 2007 TO 31 DECEMBER 2007**

	Share capital	Accumulated losses	Total
	US\$	US\$	US\$
On incorporation	100	-	100
Loss for the period	<u>-</u>	<u>(4,300)</u>	<u>(4,300)</u>
At 31 December 2007	<u>100</u>	<u>(4,300)</u>	<u>(4,200)</u>

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1. Incorporation details and activities

The Company was incorporated under the laws of the British Virgin Islands. Its principal activity is investment holding.

2. Basis of preparation of financial statements and principal accounting policies

The financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial information comprises that of the Company consolidated with that of the Company's wholly owned subsidiary, Thalassa Energy Services Ltd, both in respect of the period from incorporation on 26 September 2007 to 31 December 2007.

As at 31 December 2007, each of the Company and Thalassa Energy Services Ltd had bank accounts, however, all payments have been dealt with by the ultimate shareholder. Accordingly, no Statement of Cash Flows is presented.

a) *Going concern*

The financial statements have been prepared on the going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business. The applicability of the going concern basis is dependent upon the continued support of the ultimate shareholder or the raising of funds by way of a share placing pursuant to Admission to AIM.

b) *Basis of consolidation*

The consolidated financial information includes the assets, liabilities and results of the Company together with its subsidiary Thalassa Energy Services Ltd from the date of acquisition. All significant intercompany transactions and balances within the group are eliminated in the preparation of the financial information.

c) *Judgment and estimates*

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have considered the development, selection and disclosure of the company's critical accounting policies and estimates. There are no critical accounting judgments in applying the company's accounting policies other than the above.

d) *Impairment of assets*

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the Income statement in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

e) *Prepayment*

Prepayments are stated at cost.

f) *Functional and presentational currency*

The financial information has been presented in US dollars as the Company is incorporated in the British Virgin Islands with a US dollar denominated share capital. In the opinion of the Directors, US dollars is the functional currency as the trading of the Group, in common with most of the oil and gas industry, will be carried out in that currency.

g) *Foreign currency translation*

Foreign exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded are recognised in the income statement in the period in which they arise.

3. Prepayment

The prepayment relates to an instalment in respect of a commitment entered into by Thalassa Energy Services Ltd to acquire capital equipment (see also note 7).

4. Due to Founding Shareholder

The amount due to the Founding Shareholder is unsecured, bears interest at 10 per cent. per annum and has no fixed terms of repayment.

5. Share capital

	31 December 2007
	US\$
Authorised share capital	50,000,000
Issued and fully paid share capital	<u>100</u>

6. Subsidiary company

Name	Country of incorporation	Percentage of direct interest	Activity
Thalassa Energy Services Ltd	British Virgin Islands	100	Provision of seismic survey services

7. Capital commitments

As at 31 December 2007, Thalassa Energy Services Ltd had entered into commitments to acquire capital equipment to an aggregate value of US\$1,945,000 of which a stage payment of US\$389,000 had been made. Subsequent to 31 December 2007, further commitments aggregating approximately US\$3,435,000 have been entered into, and further stage payments totalling US\$1,423,024 have been made by the Founding Shareholder on behalf of that company.

Further, the Founding Shareholder has provided a loan to the Company in the amount of US\$2,300,927 to fund capital expenditure, costs of incorporation and Admission costs. On 22 July 2008, the Founding Shareholder has agreed to subscribe for 2,300,927 Ordinary Shares at a subscription price equal to the Placing Price to satisfy the repayment of this loan in full. Interest on the capital amount is repayable by the Company on the terms of the loan agreement summarised at paragraph 6.12 in Part V of this document.

8. Post balance sheet events

On 2 April 2008, (i) each of the issued and unissued ordinary shares of US\$1.00 par value of the Company was subdivided into one hundred new Ordinary Shares of US\$0.01 par value increasing the number of issued and unissued ordinary shares from 50,000,000 to 5,000,000,000; and (ii) 4,900,000,000 of the authorised but unissued ordinary shares existing at that time were cancelled such that the Company was authorised to issue 100,000,000 ordinary shares of US\$0.01 par value each;

On 2 April 2008, (i) each of the issued and unissued ordinary shares of US\$1.00 par value of TESL was subdivided into one hundred new Ordinary Shares of US\$0.01 par value increasing the number of

issued and unissued ordinary shares from 50,000 to 5,000,000; and (ii) the capital of TESL was increased by the creation of 5,000,000 new ordinary shares of US\$0.01 par value, increasing the authorised share capital of TESL to US\$1,000,000 divided into 10,000,000 ordinary shares of US\$0.01 par value each;

On 22 July 2008, a total of 2,300,927 new ordinary shares of the Company were allotted and issued to the Founding Shareholder by way of capitalisation of monies advanced by him to the Company at a price of US\$1.00 per ordinary share, and 528,894 Placing Shares will be issued to the Founding Shareholder and his family members by way of subscription in cash at a price of US\$1.00 per ordinary share on Admission;

On 22 July 2008, 6,189,073 Ordinary Shares to be issued pursuant to the Placing were allotted, conditionally upon Admission.

On 23 July 2008, the Company granted an option to the Founding Shareholder to subscribe for up to 2,125,000 Ordinary Shares representing up to 20 per cent. of the issued share capital of the Company (immediately following Admission and after the exercise of the Founding Shareholding Options and assuming no other issues of Ordinary Shares) at a price of US\$0.01 per share, exercisable in part or in full at any time within five years following Admission.

On 23 July 2008, the Company granted options to each of the other Directors to subscribe for up to 85,000 Ordinary Shares at the Placing Price, exercisable upon certain conditions during a period of three years from Admission.

On 23 July 2008, TESL granted options (a) to Mr Martin Smith to subscribe at a price per share that is equal to (a) the aggregate of all amounts paid or advanced to or for the benefit of TESL by the Company at or about Admission; divided by (b) the number of TESL shares in issue immediately following Admission and any TESL shares issued in respect of any such payment or advance; for up to 350,000 new ordinary shares of TESL (contingent on the achievement by TESL of budgeted revenues in each of the current and the next succeeding four financial years) and (b) to several employees of WGP group to subscribe for up to 100,000 ordinary shares in aggregate at a price of US\$1.00 per share, exercisable at any time during the five years following Admission (as defined in the Admission Document).

9. Recent accounting and financial reporting pronouncements

The following standards, revisions and interpretations were in issue, but not in force at 31 December 2007:-

IFRIC 11	Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IAS 1 Revision	Presentation of Financial Statements
IAS 23 Revision	Borrowing Costs

The Directors do not expect the new standards and interpretations, or the revision of existing standards, to have any significant impact on the Company's results of operations and financial position.

10. Ultimate controlling interest

In the opinion of the Directors, the ultimate controlling shareholder is Mr C. D. Soukup.

PART IV

TAXATION

The information below, which relates only to BVI and United Kingdom taxation, is applicable to the Company and to persons who are resident or ordinarily resident in these jurisdictions (except where indicated) and who hold Ordinary Shares as investments. The statements do not cover all aspects of United Kingdom taxation that may be relevant to, the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Ordinary Shares by particular investors. The information is based on existing law and practice and is subject to subsequent changes therein. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

British Virgin Islands

The Company

At the date of this admission document, the Company is exempt from all provisions of the Income Tax of the British Virgin Islands, including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Company to persons who are not persons resident in the British Virgin Islands.

Non -BVI Resident Investors

Capital gains realised with respect to any shares, debt obligations or other securities of the Company by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Company, save for interest payable to or for the benefit of an individual resident in the European Union.

United Kingdom

The Company

The Company intends to conduct its affairs so that, for United Kingdom corporation tax purposes, it will not be regarded as resident within the United Kingdom nor as carrying on a trade through a permanent establishment located in the United Kingdom. On that basis and on the assumption that it has no United Kingdom source income the Company will have no liability in respect of United Kingdom corporation tax on its income or capital gains.

United Kingdom Resident Investors

Shareholders who are resident or ordinarily resident in the United Kingdom may be liable to United Kingdom income tax or corporation tax in respect of dividend income received from the Company and to United Kingdom capital gains tax or corporation tax on chargeable gains in respect of capital gains realised on a disposal of Ordinary Shares.

(a) *Taxation of dividends*

A distribution by the Company with respect to the Ordinary Shares in the form of a dividend may give rise to income chargeable in the United Kingdom to either income tax or corporation tax on income. In the case of a dividend, individuals domiciled, resident and ordinarily resident for tax purposes in the United Kingdom who are liable to income tax at the basic rate will be treated as having settled their tax at the basic rate (currently 20 per cent.). An individual who is a higher rate tax payer will be chargeable to tax at the upper rate (currently 32.5 per cent.). Non-taxpayers will have no liability to income tax.

UK resident and domiciled individuals are currently entitled to a tax credit in respect of dividends received from UK resident companies. The credit, equal to one-ninth of the amount of the dividend, may be set against UK income tax payable on the dividend. The UK Government has announced that, from April 2008, this tax credit is to be extended to dividends received from non-UK resident companies, provided that certain conditions are met. Legislation, to be introduced in Finance Bill 2008, will contain further details of these conditions.

United Kingdom resident corporate shareholders will normally be liable for corporation tax on any dividends paid by the Company.

No withholding tax will be deducted from dividends paid by the Company.

(b) *Taxation of capital gains*

The Company will not be a collective investment scheme for the purposes of the United Kingdom offshore funds legislation. Accordingly, any gain realised by a United Kingdom resident holder of Ordinary Shares or a holder of Ordinary Shares who carries on a trade in the United Kingdom through a permanent establishment with which their investment in the Company is connected on a sale or other disposal (including from liquidation or dissolution of the Company) of their Ordinary Shares may, depending on their circumstances and subject as mentioned below, be subject to United Kingdom capital gains tax or corporation tax on chargeable gains. The amount of the gain will be the difference between the acquisition cost of the Ordinary Shares and the disposal proceeds.

On a disposal of Ordinary Shares by an individual investor who is resident or ordinarily resident in the United Kingdom for tax purposes will be charged capital gains tax at 18 per cent.. In certain circumstances, Entrepreneurs Relief may be available. The Ordinary Shares attract taper relief which reduces the amount of chargeable gain according to how long, measured in years, the Ordinary Shares have been held. An investor which is a body corporate resident in the United Kingdom for tax purposes will benefit from indexation allowance which, in general terms, increases the capital gains tax base cost of an asset in accordance with the rise in the Retail Prices Index.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT will arise on the issue of Ordinary Shares. Generally, no United Kingdom stamp duty or SDRT is payable on a transfer of or agreement to transfer Ordinary Shares executed outside of the United Kingdom. Transfers of Depository Interests within CREST will be subject to stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration. In accordance with the new stamp duty rules, consideration of £1,000 or less is not subject to stamp duty.

Chapter 2, Part 13, Income Tax Act 2007

Individual investors ordinarily resident in the UK for tax purposes should note that Chapter 2I (Sections 714 and 759) of Part 13 of the UK Income Tax Act 2007 may render them liable to income tax in respect of undistributed income or profits of the Company. These provisions are aimed at preventing the avoidance of income tax by individuals through a transaction resulting in the transfer of assets or income to persons (including companies) resident or domiciled abroad. However, these provisions will not apply if the investor can satisfy HM Revenue & Customs that either:

- (1) the purpose of avoiding liability to United Kingdom taxation was not the purpose or one of the purposes of his investment in the Company; or
- (2) the investment was a bona fide commercial transaction and was not designed for the purpose of avoiding United Kingdom taxation.

Controlled Foreign Companies Legislation

The attention of companies resident in the United Kingdom is drawn to the fact that the "controlled foreign companies" provisions contained in Sections 747 to 756 of the UK Taxes Act could be material to any company so resident that has an interest in the Company such that 25 per cent. or more of the Company's profits for an accounting period could be apportioned to them, if at the same time the Company is controlled by companies or other persons who are resident in the United Kingdom for taxation purposes. The effect of such provisions could be to render such companies liable to United Kingdom corporation tax in respect of their share of the undistributed income and profits of the Company.

Section 13 Taxation of Chargeable Gains Act 1992 ("TCGA")

The attention of United Kingdom investors resident or ordinarily resident and, if an individual, domiciled in the United Kingdom is drawn to the provisions of Section 13 TCGA under which, in certain circumstances, a portion of capital gains made by the Company can be attributed to an investor who holds, alone or together with associated persons, more than 10 per cent. of the Ordinary Shares. The capital gains attributed to the investor may (in certain circumstances) be liable to United Kingdom tax on capital gains in the hands of the investor. From 6 April 2008, the new non-domicile rules could also apply. This would depend on the circumstances of the individual concerned and they should seek their own professional advice.

Other Jurisdictions

Potential purchasers of Ordinary Shares should consult their own professional tax advisors as to the tax consequences of the purchase, ownership and disposition of Ordinary Shares. Any person who is in any doubt as to his tax position or requires more detailed information than the general outline above should consult his professional advisers.

PART V

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors, whose names and functions appear on page 8 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (having 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 was incorporated with limited liability and registered in the British Virgin Islands as a business company under the Act on 26 September 2007 with registered number 1433759.
- 2.2 The Company's legal and commercial name is Thalassa Energy Ltd.
- 2.3 The Company operates under the Act and regulations made thereunder.
- 2.4 The Company's main activity is that of a holding company of the Group.
- 2.5 The registered office of the Company is located at Folio Chambers, P.O. Box 800, Road Town, Tortola, British Virgin Islands.
- 2.6 The liability of shareholders of the Company is limited.
- 2.7 Save for its entry into the material contracts summarised in Paragraph 6 of this Part V, since its incorporation, the Company and its subsidiary have not carried on significant business and no accounts of the Company have been made up.
- 2.8 The Company is the holding company of Thalassa Energy Services Ltd which was incorporated with limited liability on 26 September 2007 with registered number 1434456 in the British Virgin Islands with its registered office located at Folio Chambers, P.O. Box 800, Road Town, Tortola, British Virgin Islands and is wholly owned and its telephone number is +1 284 494 2072.
- 2.9 The accounting reference date of the Company is 31 December.

3. SHARE CAPITAL

The Company

- 3.1 The authorised and issued share capital of the Company (i) as at the date of this document and (ii) as it will be immediately following Admission is set out below:

	<i>Authorised</i>	<i>Nominal Value</i>	<i>Issued</i>	<i>Nominal Value</i>
	<i>No. of Ordinary</i>	<i>US\$</i>	<i>No. of Ordinary Shares</i>	<i>US\$</i>
	<i>Shares</i>			
(i)	100,000,000	1,000,000	2,310,927	23,109
(ii)	100,000,000	1,000,000	8,500,000	85,000

- 3.2 On its incorporation, the Company was authorised to issue 50,000,000 ordinary shares of US\$1.00 par value each. Since the date of incorporation, the following changes have occurred to the Company's authorised and issued shares:
 - 3.2.1 On 26 September 2007, 100 ordinary shares of US\$1.00 par value each were allotted to the Founding Shareholder as the initial subscriber of the Company, which shares were fully paid;
 - 3.2.2 On 2 April 2008, (i) each of the issued and unissued ordinary shares of US\$1.00 par value each of the Company was subdivided into one hundred Ordinary Shares of US\$0.01 par value each increasing the number of issued and unissued Ordinary Shares from 50,000,000 to 5,000,000,000; and (ii) 4,900,000,000 of the authorised but unissued Ordinary Shares existing at that time were cancelled such that the number of shares which the Company was then authorised to issue was 100,000,000 Ordinary Shares of US\$0.01 par value each, of which 10,000 Ordinary Shares were in issue;
 - 3.2.3 On 22 July 2008, a total of 2,300,927 new Ordinary Shares were allotted and issued to the Founding Shareholder as by way of capitalisation of monies advanced by him to the Company or for its benefit at the Placing Price and 528,894 Placing Shares to Mr Soukup and his family members on Admission by way of subscription in cash at the Placing Price; and

- 3.2.4 On 22 July 2008, the Placing Shares were allotted, conditionally upon Admission, by resolution of the Board.
- 3.3 As at the date of this document, the Company is authorised to issue up to 100,000,000 Ordinary Shares of which 2,310,927 Ordinary Shares have been issued and are fully paid up.
- 3.4 The articles of association of the Company include provisions which limit the power of the Directors to issue new shares (save with the prior approval of Shareholders), in respect of the period from Admission until the first annual general meeting of the Company, to a number equal to the number of shares in issue immediately following Admission and, in respect of the period between each annual general meeting and the succeeding annual general meeting, provided so approved by Shareholders by ordinary resolution, to a number of shares equal to the number of shares in issue at the beginning of that period (or such other number as Shareholders shall so approve).
- 3.5 The Ordinary Shares have been created by the Company under the provisions of the Act and have been assigned with ISIN VGG 878801031 and CUSIP G8 7880103. The Depository Interests have been created by the Depository pursuant to a deed poll dated 23 July 2008 and have been assigned the same ISIN number as the Ordinary Shares.
- 3.6 Save for the Equity Incentive Schemes, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.
- 3.7 Prior to Admission, the Founding Shareholder owned 100 per cent. of the Company. Subject to the Placing, immediately following Admission, the Founding Shareholder and his family members will hold 33.4 per cent of the ordinary shares in issue.

TESL

- 3.8 On its incorporation, TESL was authorised to issue 50,000 ordinary shares of US\$1.00 par value each. On incorporation, 100 shares were issued to the Company. Since the date of incorporation, the following changes have occurred to TESL's authorised and issued shares:
 - 3.8.1 On 2 April 2008, (i) each of the issued and unissued ordinary shares of US\$1.00 par value each of TESL was subdivided into one hundred ordinary shares of US\$0.01 par value each, increasing the number of issued and unissued ordinary shares of TESL from 50,000 to 5,000,000; and (ii) the number of shares TESL was authorised to issue was increased to 10,000,000 ordinary shares of US\$0.01 par value each;
 - 3.8.2 On 2 April 2008, a further 6,990,000 ordinary shares of US\$0.01 par value of TESL were allotted to the Company, by resolution of the sole member.
- 3.9 On 23 July 2008 the Company entered into the Founders Option Agreement and the Directors Option Agreements. See paragraphs 5.2, 5.3, 6.1 and 6.2 below for further details.
- 3.10 On 23 July 2008 TESL entered into the Consultants' Option Agreement and the Operator Option Agreements. See paragraphs 6.3 and 6.4 below for further details.
- 3.11 Save as referred to in paragraphs 3.2 to 3.10 above, since the date of its incorporation no share or loan capital of the Company or TESL has been issued or agreed to be issued, or is now proposed to be issued, for cash or any other consideration and no commissions, discounts, brokerages or other special terms have been granted by the Company or TESL in connection with the issue of any such capital.

4. CONSTITUTIONAL DOCUMENTS AND OTHER RELEVANT LAWS AND REGULATIONS

4.1 Memorandum of Association

The general objects of the Company, which are set out in clause 4 of its Memorandum of Association, are unrestricted unless prohibited by the Act.

4.2 Articles of Association

The Articles of Association of the Company contain, *inter alia*, provisions to the following effect:

4.2.1 Voting rights

Subject to any special rights or restrictions as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every share held by him.

4.2.2 Variation of class rights

Whenever the shares which the Company is authorised to issue are divided into different classes of shares the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-fourths of the total issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class.

4.2.3 Transfer of shares

- (i) Ordinary Shares are transferable subject as hereinafter provided. The Directors may, in their absolute discretion, decline to register any transfer of a share (not being a fully-paid up share). The Directors may also decline to register the transfer of any shares (not being a fully paid up share) in respect of which the Company has a lien (except in the case of a transfer to executors, administrators or trustees of deceased members) or the transfer of any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists or a transfer of a share to more than three or more joint holders. Shares are not transferable to natural persons under the age of 18. If the Directors refuse to register a transfer they shall notify the transferee as soon as reasonably practicable. The Directors shall not exercise such discretion if to do so would cause a contravention of any applicable CREST rule or regulation (including, for the avoidance of doubt, the UK Uncertificated Securities Regulations 2001).
- (ii) If the Directors believe that any shares are or may be held by a Prohibited Person (as defined below), then the Directors may serve a notice on the registered holder of such shares requiring him within 10 days (or such extended time as the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) such share to another person who, in the sole and exclusive determination of the Directors, is not a Prohibited Person. From the date of such notice until registration of such a transfer or a transfer arranged by the Directors as referred to below, the rights and privileges attaching to such shares will be suspended and not capable of exercise. If the notice is not complied with within 10 days (or such extended time as in the circumstances the Directors consider reasonable) to the satisfaction of the Directors, the Directors shall arrange for the Company to sell the shares at the best price reasonably obtainable to any other person who is not a Prohibited person. The net proceeds of sale (after payment of the Company's costs of the sale) shall be paid over by the Company to the former holder. For the purposes of this paragraph, a "Prohibited Person" means (a) any person which holds shares in the Company in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Directors, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) would, in the reasonable opinion of the Board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred; or (b) any person that is an employee benefit plan subject to Title I of ERISA (the United States' Employee Retirement Income Security Act of 1974, as amended, or other plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended), and in the opinion of the Directors the assets of the Company may be considered "plan assets" within the meaning of Section 3(42) of ERISA; or (c) any person to whom a transfer of shares or whose ownership or holding of any shares might in the opinion of the Directors require registration of the Company as an investment company under the US Investment Company Act; or (d) any "United States person" (as defined in Section 957(c) of the US Internal Revenue Code of 1986, as amended) and such person's shareholding amounts to ten per cent. or more of the shares, unless otherwise approved by the Directors.
- (iii) Shares shall be transferred by a written instrument of transfer acceptable to the Board signed by the transferor and containing the name and address of the transferee. The instrument of transfer shall also be signed by the transferee if registration as a holder of the shares imposes a liability to the Company on the transferee. The instrument of transfer of a registered share shall be sent to the Company for registration. The Company shall not be required to treat a transferee of a share as a member until the transferee's name has been entered in the register of members of the Company

4.2.4 Distributions

- (a) Subject to the provisions of the Act, the Directors may, by resolution, authorise a distribution by the Company at a time, and of an amount they think fit if they are satisfied, on reasonable grounds, that the Company will, immediately after the distribution, satisfy the solvency test as stipulated in section 56 of the Act.
- (b) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide all distributions shall be declared and paid according to the amounts paid up (not credited) on the shares in issue, but no amount paid on a share in advance of calls shall be treated as paid up on a share and all distributions shall be apportioned and paid pro rata according to the amounts paid up (not credited) on the shares during any portion or portions of the period in respect of which the distribution is made.
- (c) All distributions unclaimed for one year may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any distributions unclaimed for six years after having been declared shall be forfeited by the Directors for the benefit of the Company.
- (d) No unpaid distribution shall bear interest against the Company.
- (e) There is no fixed date on which an entitlement to dividend arises.
- (f) There are no dividend restrictions attaching to the Ordinary Shares, provided they are fully paid up. Payments of dividends may be made by any method the Directors consider appropriate and on a cash dividend there are no special arrangements for non-resident Shareholders. The Directors may make such arrangements as they consider expedient in connection with a dividend payment in shares to deal with any legal or other difficulties that may arise in any territory in which non-resident Shareholders are present.
- (g) On winding up of the Company, each Ordinary Share confers upon the holder the right to equal share in the distribution of the surplus assets of the Company.

4.2.5 General meetings

The Company is required to hold an annual general meeting in each year (other than the year of the Company's incorporation). The Directors may convene meetings of the Shareholders of the Company at such times and in such manner and places within or outside the British Virgin Islands as the Directors consider necessary or desirable. Upon the written request of Shareholders holding 10 per cent. or more of the outstanding voting shares in the Company, the Directors shall convene a meeting of Shareholders.

The Director shall give not less than 14 days notice of meetings of Shareholders to those persons whose names on the date the notice is given appear as Shareholders in the share register of the Company and are entitled to vote at the meeting.

A meeting of Shareholders may be called on short notice if it is so agreed:

- (a) in the case of a meeting called as an 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 the right to attend and vote at the meeting, being a majority together holding not less than ninety *per cent.* of the total voting rights on all the matters to be considered at the meeting;

and for this purpose, the presence of a Shareholder at the general meeting shall be deemed to constitute waiver on his part.

A meeting of Shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy no less than 2 Shareholders entitled to vote on resolutions of Shareholder to be considered at the meeting (or, if at that time, the Company shall have only one Shareholder, one Shareholder present in person or by proxy, shall form a quorum).

If within thirty minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within thirty minutes from the time appointed for the meeting, the meeting shall be dissolved. The Chairman, may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place,

but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place.

An action that may be taken by the Shareholders at a meeting may also be taken by a resolution of Shareholders consented to in writing or by telex, telegram, cable, facsimile or other written electronic communications, without the need for any notice, but if any resolution of Shareholders is adopted otherwise than by the unanimous written consent of all Shareholders, a copy of such resolution shall forthwith be sent to all Shareholders not consenting to such resolution.

4.2.6 *Directors*

The minimum number of Directors shall be one and maximum number shall be twelve.

The business and affairs of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not by the Act or by the Memorandum of Association or the Articles of Association required to be exercised by the Shareholders of the Company, subject to any delegation of such powers as may be authorised by the Articles of Association and to such requirements as may be prescribed by a resolution of Shareholders.

The Directors or any committee thereof may meet at such times and in such manner and places within or outside the British Virgin Islands as the Directors may determine to be appropriate. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman at the meeting shall have a second or casting vote.

A resolution approved by a majority of the Directors for the time being entitled to receive notice of a meeting of the Directors or of a committee of the Directors and taking the form of one or more documents in writing or by telefax or other written or electronic communication shall be as valid and effectual as if it had been passed at a meeting of the Directors or of such committee duly convened and held, without the need for any notice.

4.2.7 *The Takeover Code*

In exercising their powers on behalf of the Company, the Directors shall comply, and shall procure (so far as it is within their power to do so) compliance, with the spirit of Rule 9 (Mandatory Offers), Rule 16 (Special Deals with Favourable Conditions) and Rule 21 (Restrictions on Frustrating Action) of the Takeover Code.

4.2.7.1 A person must not, in circumstances in which that person would thereby effect, or purport to effect, a Prohibited Acquisition (as defined below):

- (a) acting by himself or with persons determined by the Directors to be acting in concert seek to acquire shares (whether by a series of transactions over a period of time or otherwise), which carry 30 per cent. or more of the voting rights attributable to the shares; or
- (b) acting by himself or with persons determined by the Board to be acting in concert, hold not less than 30 per cent. but not more than 50 per cent. of the voting rights attributable to the shares and seek to acquire, by himself or with persons determined by the Board to be acting in concert, additional shares which, taken together with the shares held by the persons determined by the Board to be acting in concert with him, increase his voting rights, except as a result of a Permitted Acquisition.

An acquisition is a "**Permitted Acquisition**" if:

- (i) the Directors consent to the acquisition (even if, in the absence of such consent, the acquisition would be a Prohibited Acquisition);
- (ii) the acquisition is made in circumstances in which the Takeover Code, if it applied to the Company, would require an offer to be made in accordance with Rule 9 of the Takeover Code as if it so applied, and such offer is made and not subsequently withdrawn;
- (iii) the acquisition arises from the repayment of a stock borrowing arrangement (on arms' length commercial terms); or
- (iv) as a consequence of the Company redeeming or purchasing its own shares, there is a resulting increase in the percentage of the voting rights attributable to the shares held by a person or persons determined by the Directors to be acting in concert and such an increase would constitute a breach of the limits set out in (a) and (b) above.

An acquisition is a "**Prohibited Acquisition**" if Rules 4, 5, 6 or 8 of the Takeover Code would, in whole or in part, apply to the acquisition if the Company were subject to the Takeover Code and the acquisition were made (or if not yet made, would if and when made be) in breach of or would otherwise not comply with rules 4, 5, 6 or 8 of the Takeover Code.

4.2.7.2 Where the Directors have reason to believe that any acquisition has taken place in contravention of paragraph 4.2.7.1 above, the Directors may do all or any of the following:

- (a) require any member or persons appearing or purporting to be interested in any shares to provide such information as the Directors consider appropriate to determine any of the matters set out in paragraph 4.2.7.1 above and this paragraph 4.2.7.2, including without limitation the issue of an Information Notice.
- (b) have regard to such public filings as they consider appropriate to determine any of the matters referred to in paragraph 4.2.7.1 above;
- (c) make such determinations as they think fit, either after calling for submissions from affected members or other persons or without calling for such submissions;
- (d) determine that some or all of the shares held by such members which carry more than 30 per cent. of the voting rights attributable to the shares ("Excess Shares") must be sold;
- (e) determine that some or all of the Excess Shares will not carry any voting right or right to any dividends or other distributions from a particular time for a definite or indefinite period; or
- (f) take such other action as they think fit for the purposes of paragraph 4.2.7.1 and this paragraph 4.2.7.2, including:
 - (i) prescribing rules (not inconsistent with the Articles);
 - (ii) setting deadlines for the provision of information;
 - (iii) drawing adverse inferences where information requested is not provided;
 - (iv) making determinations or interim determinations;
 - (v) executing documents on behalf of a member;
 - (vi) converting any Excess Shares held in uncertificated form into certificated form or vice versa;
 - (vii) paying costs and expenses out of proceeds of sale; and
 - (viii) changing any decision or determination or rule previously made.

The Directors have full authority to determine the application of these paragraphs 4.2.7.1 and 4.2.7.2, including as to the deemed application of the whole or any part of the Takeover Code. Such authority shall include all discretion that vested in the Panel as if the whole or any part of the Takeover Code applied including, without limitation, the determination of conditions and consents, the consideration to be offered and any restrictions on the exercise of control. Any resolution or determination of, or decision or exercise of any discretion or power by, any Director or by the chairman of any meeting acting in good faith under or pursuant to paragraphs 4.2.7.1 and 4.2.7.2 shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise, on any ground whatsoever. The Directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with paragraphs 4.2.7.1 and 4.2.7.2.

The Directors shall have no liability to any member, any person who has an interest in any shares or to any other person for the manner in which they exercise or refrain from exercising any powers under paragraphs 4.2.7.1 and 4.2.7.2, or any determination which the Directors make as to the application of paragraphs 4.2.7.1 and 4.2.7.2 to any circumstances.

Any one or more of the Directors may act as the attorney of any member in relation to the execution of documents and other actions to be taken for the sale of Excess Shares determined by the Board under this paragraph 4.2.7.2.

Paragraphs 4.2.7.1 and 4.2.7.2 shall only apply for as long as any class of shares in the capital of the Company is admitted to trading on AIM and/or the central place of management and control of the Company remains outside the UK, Channel Islands or Isle of Man.

4.2.8 *Disenfranchisement notice*

4.2.8.1 The Directors may at any time serve an Information Notice (being a notice served upon a member by the Board requiring such member to disclose to the Board in writing within such period (being not less than ten days and not more than thirty days from the date of despatch) as may be specified in such notice any of the following information in relation to any or all shares registered in such member's name at the date of the notice: (a) any beneficial interest of any third party in the shares the subject of the notice; and/or (b) any other interest of any kind whatsoever which a third party may have in the shares) upon a member. If a member has been issued with an Information Notice and has failed in relation to any shares the subject of the Information Notice ("**relevant shares**") to furnish any information required by such notice within the time period specified therein, then the Directors may at any time following 14 days from the expiry of the date on which the information required to be furnished pursuant to the relevant Information Notice is due to be received by the Directors, serve on the relevant holder a notice (in this paragraph called a "**disenfranchisement notice**") whereupon the following sanctions shall apply:

- (a) Voting: the member shall not with effect from the service of the disenfranchisement notice be entitled in respect of the relevant shares to be present or to vote (either in person or by representative or proxy) at any general meeting of the Company or at any separate meeting of the holders of any class of shares of the Company or on any poll or to exercise any other right conferred by membership in relation to any such meeting or poll; and
- (b) Dividends and transfers: where the relevant shares represent at least 0.25 per cent. in nominal value of their class:
 - (i) any dividend or other money payable in respect of the relevant shares shall be withheld by the Company, which shall not have any obligation to pay interest on it and the member shall not be entitled to elect to receive shares instead of that dividend; and
 - (ii) subject in the case of uncertificated shares to the Regulations no transfer, other than an approved transfer, of any relevant shares held by the member shall be registered unless the member is not himself in default as regards supplying the information required pursuant to the relevant Information Notice and the member proves to the satisfaction of the Board that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

The Company may at any time withdraw a disenfranchisement notice by serving on the holder of the shares to which the same relates a notice in writing to that effect (a "**withdrawal notice**").

4.2.8.2 Where the sanctions under paragraph 4.2.8.1 apply in relation to any shares they shall cease to have effect:

- (a) if the shares are transferred by means of an approved transfer;
- (b) at the end of the period of one week (or such shorter period as the Directors may determine) following receipt by the Company of the information required by the notice mentioned in paragraph 4.2.8.1 and the Directors being fully satisfied that such information is full and complete; or
- (c) on the date on which a withdrawal notice is served by the Company.

4.2.9 *Disclosure of substantial interests in shares*

4.2.9.1 A person must notify the Company of the percentage of its voting rights if, at the date on which these Articles comes into force, the percentage of voting rights which he directly or indirectly holds as shareholder or through his direct or indirect holding of qualifying financial instruments (or a combination of such holdings) has reached or exceeded 3 per cent, 4 per cent, 5 per cent, 6 per cent, 7 per cent, 8 per cent, 9 per cent or 10 per cent, or each 1 per cent threshold thereafter up to 100 per cent.

4.2.9.2 A person must notify the Company of the percentage of voting rights held if, at any time after the date on which these Articles comes into force, the percentage of voting rights which he holds directly or indirectly as shareholder or through his direct or indirect holding of qualifying financial instruments (or a combination of such holdings):

- (i) reaches, exceeds or falls below 3 per cent, 4 per cent, 5 per cent, 6 per cent, 7 per cent, 8 per cent, 9 per cent or 10 per cent and each 1 per cent threshold thereafter up to 100 per cent; or

- (ii) reaches exceeds or falls below an applicable threshold in paragraph 4.2.9.1 above as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Company in accordance with paragraph 4.2.9.3 below.
- 4.2.9.3 The Company must at the end of each calendar month during which an increase or decrease has occurred, notify to a Regulatory Information Service for distribution to the public the total number of voting rights and capital in respect of each class of share which it issues.
- 4.2.9.4 A notification given in accordance with paragraphs 4.2.9.1 or 4.2.9.2 above shall include the following information:
 - (a) (on the date on which the Articles came into force) the percentage of voting rights held or which may be exercised, or (at any time after the date on which this Article comes into force) the resulting situation in terms of voting rights and the date on which the relevant threshold was reached or crossed;
 - (b) if applicable, the chain of controlled undertakings through which voting rights are effectively held;
 - (c) so far as known to him, the identity of the shareholder, even if that shareholder is not entitled to exercise voting rights and of the person entitled to exercise voting rights on behalf of that shareholder;
 - (d) the price, amount and class of shares concerned;
 - (e) in the case of a holding of qualifying financial instruments, the following information must also be disclosed:
 - (i) for qualifying financial instruments with an exercise period, an indication of the date or time period where shares will or can be acquired, if applicable;
 - (ii) the date of maturity or expiration of the qualifying financial instruments;
 - (iii) the identity of the holder;
 - (iv) the name of the underlying company; and
 - (v) the detailed nature of the qualifying financial instruments, including full details of the exposure to Ordinary Shares; and
 - (f) any other information required by the Company.

An obligation to give a notice to the Company under paragraphs 4.2.9.1 or 4.2.9.2 above shall be fulfilled without delay and in any event before the end of the second Business Day on which it arises.

Every person who holds 3 per cent or more of the voting rights of any relevant class of shares of the Company shall, for as long as he holds such voting rights, be under a continuing obligation to give to the Company notice in writing of the particulars in relation to those shares specified in paragraph 4.2.9.4 and of any change in those particulars, of which he becomes aware at any time after the event (or if more than one the most recent event) by virtue of which he became obliged by the preceding provisions of this paragraph 4.2.9 to give notice to the Company of his percentage of voting rights held. A notice given under this paragraph 4.2.9 shall be given before the end of the second business day after the day on which the person giving the notice becomes aware of the relevant facts.

The Company shall on receipt of a notification and without delay deliver an announcement detailing all the information contained in the notification to a Regulatory Information Service for distribution to the public.

4.2.10 Register of Substantial Interests

The Directors shall keep a register for the purposes of paragraph 4.2.9 (in these paragraphs hereafter referred to as the “**Register of Substantial Interests**”) and shall procure that, whenever the Company receives information from a person in consequence of the fulfilment of an obligation imposed on him by paragraph 4.2.9, that information is within three Business Days thereafter inscribed in the Register of Substantial Interests against that person’s name, together with the date of the inscription.

Unless the Register of Substantial Interests is in such a form as to constitute an index, the Directors shall ensure that the Register of Substantial Interests is made up in such a way that the entries against the respective names entered in it appear in chronological order.

The Directors shall cause to be maintained an index of the names entered in the Register of Substantial Interests, containing in relation to each such name a sufficient indication to enable the

information entered against it to be readily found, and shall procure that within ten days after the date on which a name is entered in the Register of Substantial Interests any necessary alteration is made in the index.

The Register of Substantial Interests shall be kept at the registered office of the Company or at any other place determined by the Directors.

The Register of Substantial Interests shall be open to inspection in the same manner as the Register in accordance with these Articles.

In paragraphs 4.2.7 to 4.2.10:

- (a) a person's percentage interest in voting rights is to be calculated on the basis of all the shares to which voting rights are attached even if the exercise of such rights is suspended. The number of voting rights to be considered when calculating whether a threshold has been reached, exceeded or fallen below is the number of voting rights in existence according to the Company's most recent disclosure made in accordance with paragraph 4.2.9.3 and the proportion of voting rights held shall if necessary be rounded down to the next whole number;
- (b) **"qualifying financial instruments"** has the meaning given to that term in rule 5.3.2 of the DTR;
- (c) **"Regulatory Information Service"** means a service approved by the London Stock Exchange for the distribution to the public of announcements;
- (d) **"DTR"** means the Disclosure and Transparency Rules of the UK Financial Services Authority; and
- (e) **"controlled undertakings"** has the same meaning as given to that term in the DTR.

For the purposes of Articles 4.2.7 to 4.2.10 a person is an indirect holder of shares for the purposes of the applicable definition of shareholder to the extent that he is entitled to acquire, to dispose of, or to exercise voting rights in any of the cases listed in rule 5.2.1 of the DTR or a combination of them.

For the purposes of Articles 4.2.7 to 4.2.10, voting rights held by those persons listed in rule 5.1.3 of the DTR are to be disregarded completely.

The Company shall not by virtue of anything done for the purposes of paragraphs 4.2.7 to 4.2.10 or this paragraph be deemed to be affected with notice of, or put upon enquiry as to, the rights of any person in relation to any shares.

References in this Article to the DTR include any modification thereof by the UK Financial Services Authority for the time being in force.

4.2.11 Notification of Shareholdings

The provisions of DTR 5 insofar as they relate to Shareholders' notifications are incorporated into the Company's articles. Accordingly, Shareholders are required to notify the Company where their voting rights exceed, reach or fall below the threshold of three per cent. and each one per cent. thereafter within two trading days of the event, giving rise to the notification requirement pursuant to AIM Rule 17, the Company is required to release details to a regulatory information service "without delay" following receipt of a notification.

5. DIRECTORS' AND OTHER INTERESTS

- 5.1 The interests of the Directors (all of which are beneficial) in the Ordinary Shares of the Company as at the date of publication of this document and as they are expected to be immediately following Admission, are as follows:

Name	As at the date of this document		Following the Placing and Admission	
	Ordinary Shares	Percentage of issued Ordinary Shares	Ordinary Shares	Percentage of Enlarged Share Capital
Duncan Soukup	2,310,927	100.0	2,839,821*	33.4
Graham Cole	—	—	39,870	0.5
James Grossman	—	—	25,000	0.3
David Thomas	—	—	—	—

* Mr Soukup's interest in Ordinary Shares following Admission includes 200,000 Ordinary Shares to be issued to Clearstream Nominees Limited, pursuant to the Placing, although Mr Soukup's wife will be the beneficial owner of these shares.

- 5.2 The Company has entered into an option agreement with the Founding Shareholder dated 23 July 2008. Pursuant to this agreement, the Founding Shareholder was granted an option to subscribe for 2,125,000 Ordinary Shares, equal to 20 per cent. of the issued share capital of the Company on exercise of the option at US\$0.01 per Ordinary Share (immediately following Admission and after the exercise of the Founding Shareholder Options and assuming no other issues of Ordinary Shares). The option may be exercised in whole or in part at any time during the five year period following Admission. The option is assignable in whole or in part.
- 5.3 The Company has entered into an option agreement with each of the Directors (other than Mr Soukup), each dated 23 July 2008. Pursuant to these agreements each Director was granted an option to subscribe for up to 85,000 Ordinary Shares, equal to 1 per cent. of the Enlarged Share Capital, at a price equal to the Placing Price per share. Each option may be exercised in full only if the relevant Director shall have attended each of the four quarterly board meetings to be held following Admission and will cease to be exercisable in respect of one quarter of the maximum number of Ordinary Shares for which it has been granted in respect of each such meeting which he shall fail to attend. Each option may be exercised (subject as aforesaid) during the period of three years following Admission but will lapse up to 90 days from the relevant Director ceasing to hold office as a Director.
- 5.4 Save as disclosed in paragraphs 5.1 and 5.3 above, none of the Directors has any interests, beneficial or otherwise, in the issued Ordinary Shares of the Company nor does (so far as is known to, or could with reasonable diligence be ascertained by, the Directors) any person connected with the Directors have any interests in such issued Ordinary Shares, in each case whether or not held through another party.
- 5.5 In addition to their directorships in the Company, the Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Past Directorships/Partnerships</i>
Duncan Soukup	Graham and Dodd SPC Thalassa Energy Services Ltd	Acquisitor Holdings Limited Acquisitor plc Articon Integralis AG (now Integralis AG) Colorado MedTech, Inc. Baltimore Holdings Limited Baltimore plc Baltimore Technologies plc CSS Stellar plc Lionheart Advisors, Inc. Lionheart Group, Inc. Lionheart Partners, Inc. Lionheart Services, Inc. Nettec plc New York Holdings Limited Sage Laboratories, Inc. USA MicroCap Co. Ltd.
Graham Cole	Aproxis plc Ashton Penney plc Recruitment Investment Group Limited Stagecoach Theatre plc Vantis plc	Bioprogress plc Claims People plc
James H Grossman	Cono el International Energy Limited	Champion Communications Services Ltd. World Gaming Plc
David Thomas	Gwalia Resources Ltd Gwalia Resources (Dragon) Ltd Thomas & Associates	Chartwell Oil Services Limited Chartwell Petroleum Limited Chartwell Resources Limited Chartwell Resources (Morocco) Limited MedOil plc MedOil Resources Limited

- 5.6 Save as set out in paragraph 5.7 below, as at the date of this document, none of the Directors:
- 5.6.1 has any unspent convictions in relation to indictable offences; or
 - 5.6.2 has been bankrupt or entered into an individual voluntary arrangement; or
 - 5.6.3 was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors; or
 - 5.6.4 has been a partner in a partnership at the time of or within 12 months preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership; or
 - 5.6.5 has had his assets the subject of any receivership or has been a partner of a partnership at the time of or within 12 months preceding any assets thereof being the subject of a receivership; or
 - 5.6.6 has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body) or has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.
- 5.7 James Grossman was a director of World Gaming Plc until his resignation on 17 September 2006. As part of its trading activities, World Gaming Plc licensed internet gaming technology and also carried on business as an internet gaming company. It ceased doing business and an administrator was appointed on 13 October 2006.
- 5.8 Save as set out in this document, none of the Directors has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company or any of its subsidiaries or which has been effected by the Company since its incorporation.
- 5.9 No loan or guarantee has been granted or provided by the Company or any of its subsidiaries to any Director.
- 5.10 The Founding Shareholder entered into a consultancy agreement with the Company dated 23 July 2008 pursuant to which he agreed to act as a Director of the Company and the Company agreed to engage him as a consultant. The agreement is for an initial term of two years and may be terminated by either party on 6 months notice expiring thereafter. The Founding Shareholder is required to devote such number of hours in each calendar month as are necessary for the proper performance of his services. The Founding Shareholder is to be paid an annual fee of US\$200,000 (exclusive of any value added tax) and reasonable expenses in consideration for the provision of his services under the agreement and will also be entitled to recover reasonable expenses incurred in performing his duties as a consultant.
- 5.11 Christopher Langrick entered into an engagement letter with the Company dated 27 February 2008 pursuant to which the Company has engaged him as the Group Financial Controller. His full time duties include management of the preparation of the accounts and the control of all expenditure by the Group and the management of credit control and debt recovery. The agreement can be terminated by one weeks' notice during the initial probation period of three months and thereafter by one months' notice from either party. The fees payable to Mr Langrick in return for his services are £40,000 per annum during the probationary period and £45,000 per annum thereafter.
- 5.12 The services of each of the non-executive Directors will be provided under the terms of letters of appointment between each of them and the Company dated 23 July 2008. These are subject to termination upon at least one months' notice given by either the Director or the Company unless for cause when termination may be immediate, at an initial fee of US\$24,000 per annum.
- 5.13 Save as set out in paragraphs 5.10 to 5.12 above, there are no service agreements in existence between any of the Directors and the Company or any of its subsidiaries providing for benefits upon termination of employment.

- 5.14 Details of the length of time for which the Directors who are currently in office and the period of their term of office are set out below:

<i>Name</i>	<i>Commencement of period of office</i>	<i>Date of expiration of term of office</i>
Duncan Soukup	26 September 2007	Until removed
Graham Cole	2 April 2008	Until removed (subject to annual re-election)
James H Grossman	2 April 2008	Until removed (subject to annual re-election)
David Thomas	2 April 2008	Until removed (subject to annual re-election)

- 5.15 No holder of Ordinary Shares, including those listed above has voting rights different from other holders of Ordinary Shares in respect of the issued and to be issued share capital of the Company
- 5.16 Save as set out below, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company or who is interested in 3 per cent. or more of the issued Ordinary Shares of the Company as at the date of the publication of this document and immediately following completion of the Placing and Admission:

<i>Name</i>	<i>As at the date of this document</i>		<i>Following the Placing and Admission</i>	
	<i>Ordinary Shares</i>	<i>Percentage of issued Ordinary Share</i>	<i>Ordinary Shares</i>	<i>Percentage of Enlarged Ordinary Share Capital</i>
Duncan Soukup	2,310,927	100.0	2,839,821	33.4
ROY Nominees Limited	—	—	2,000,000	23.5
HSBC Global Custody Nominees (UK) Limited	—	—	1,428,210	16.8
BNP Paribas Securities London	—	—	1,000,000	11.8
Strand Nominees Limited	—	—	500,000	5.9
Citibank NA London	—	—	300,000	3.5

- 5.17 Directors and employee bonuses

In order to keep costs to a minimum, the Company will seek to minimise fixed compensation costs for both employees and Directors and rather reward Directors and employees based on results. This approach to business is not, however, a widely accepted practice outside the financial services industry and in relation to non-executive Directors, is contrary to the recommendations of the report by the Cadbury committee entitled the *Financial Aspects of Corporate Governance*.

The Company intends to establish a bonus pool which will be calculated at a rate of 20 per cent. of Net Income, (defined as income after all other charges) for distribution on a discretionary basis to Directors, employees and others providing services to the Group.

6. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and/or its subsidiaries during the two years preceding the date of this document and are or may be material:

- 6.1 the Founding Shareholder Option agreement dated 23 July 2008, between (1) the Company and (2) the Founding Shareholder on the terms described at paragraph 5.2 above;
- 6.2 the Director Option Agreements dated 23 July 2008 between the Company and each of the Directors (other than Mr Soukup) on the terms described at paragraph 5.3 above;
- 6.3 the Consultant's Option Agreement dated 23 July 2008 between (1) TESL (2) the Company and (3) Martin Smith pursuant to which Mr Smith shall be entitled to subscribe at the Placing Price for up to 350,000 new shares. Under this agreement, the option will become exercisable in respect of separate tranches of shares according to the sales performance of TESL in each of the five successive financial years commencing 1 January 2008, so that, for example, 20 per cent. of the shares under option will become exercisable in respect of the financial year starting from 1 January 2008 if the sales revenue target for that year is achieved. Each option may be exercised in whole or in part at any time during the option period for the relevant tranche, which is two years from the date

of vesting for each tranche of options. The number of shares to be granted under each tranche of the option for any financial year shall be reduced in proportion to the extent that the sales revenue of TESL in that year is less than the amount provided in the business plan for that year except that if the sales revenue is less than 50 per cent. of the budgeted revenue then the option shall not be exercisable in respect of any shares for that year. The agreement is governed by the law of the British Virgin Islands;

- 6.4 the Operator Option Agreements each dated 23 July 2008, between (1) TESL; (2) the Company, (3) the relevant option holder and (4) WGP pursuant to which TESL has granted options to subscribe at the Placing Price for up to 100,000 ordinary shares of TESL in aggregate, representing up to 1.4 per cent. of the issued ordinary shares of TESL following Admission. Each option is exercisable at any time within the period of five years following Admission. Each agreement is governed by the law of the British Virgin Islands;
- 6.5 a nominated adviser agreement dated 23 July 2008 between the Company and Dowgate pursuant to the terms of which the Company has appointed Dowgate to act as nominated adviser to the Company for the purposes of AIM. The Company agreed to pay Dowgate an annual fee of £25,000, moving to £30,000 on the first anniversary of Admission for its services as nominated adviser. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with applicable regulations. The agreement is subject to termination, inter alia, by either the Company or Dowgate on the giving of not less than three months' prior written notice. The agreement is governed by English law;
- 6.6 an Equipment Procurement and Operations Management Agreement dated 23 July 2008 between TESL and WGP whereby the WGP has agreed to assist TESL with the design, procurement and assembly of the PMSS and, following its assembly and testing, to manage the PMSS™ operations of TESL. Under the terms of the agreement, WGP will negotiate the terms of contracts between TESL and its customers (subject to final approval of TESL) and will manage the operations of TESL under those contracts, including the provision of necessary crew.

WGP will receive a management fee payable at the rate of £500 per day during periods when the PMSS™ is deployed or is being mobilised or demobilised under contract to a customer or £250 per day at all other times.

Subject as follows, the agreement will continue in force for a term of five years from the date on which it was executed and thereafter until terminated by either party giving not less than 60 days notice.

TESL may summarily terminate the agreement if WGP shall fail to remedy within a reasonable period a default in the performance of its duties under the contract. In addition, TESL may terminate the agreement summarily if at any time there is any change of control of WGP. For the purposes of this provision, change of control means the acquisition of control of WGP by any person who does not currently have such control or John Duncan ceasing to be the Managing Director of WGP. WGP will have a right to terminate the agreement in the event of a change of control of the Company or TESL, following Admission. The agreement terminates automatically in the event of the winding up of either party or the appointment of a receiver of either party or the occurrence of certain other insolvency events. The agreement is governed by English law;

- 6.7 a depository and custody services agreement dated 23 July 2008 between the Company and the Depository. CREST does not provide for the direct holding and settlement of foreign securities such as shares in the Company. To enable shares in the Company to be indirectly held and traded through CREST, under the terms of this agreement and a separate deed of trust, the Depository agrees to hold securities in the Company and issue depository interests in the ratio of one for one for each such security. These depository interests, representing securities in the Company, can be held and traded through CREST. The depository services provided by the Depository also include maintaining in the United Kingdom a register of holders of the depository interests, issuing the depository interests in uncertificated form and other related registry services. The custody services provided by the Depository also include executing instructions received from CREST members. The agreement may be terminated by either party on 45 days' written notice. Fees payable by the Company include a set up fee of £5,000, an annual fee of £3,000, and set fees for the deposit, transfer or cancellation of depository interests. The agreement is governed by English law;
- 6.8 an offshore registrar agreement with Capita Registrars (Jersey) Limited on 23 July 2008 relating to the provision of a share registry service. The Company has undertaken, inter alia, to indemnify Capita Registrars (Jersey) Limited for any loss which it suffers through its performance of the share registry services. The fees payable to Capita Registrars (Jersey) Limited are an initial fee of £5,000 and certain expenses and thereafter an annual fee of £5,000 together with a fee dependent upon

the number of shareholders of the Company but subject to a minimum of £3,000 and a further fee per share or depository interest transfer;

- 6.9 a Placing Agreement dated 23 July 2008 between (1) the Company, (2) the Directors, (3) Ocean and (4) Dowgate whereby Ocean was appointed as the agent of the Company for the purpose of managing the Placing and has agreed to use reasonable endeavours to procure placees to subscribe for the Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Directors and the Company have given certain warranties and indemnities to Dowgate and Ocean regarding inter alia, the accuracy of the information in this document. The Placing Agreement is conditional, inter alia, on Admission taking place no later than 8.00 a.m. on 29 July 2008, or such later date as the Company, Dowgate and Ocean may agree being no later than 12 August 2008 and the Company and the Directors complying with certain obligations under the Placing Agreement. The liability of the Directors for breach of warranty is limited. Under the Placing Agreement, the Company has agreed to pay to Dowgate an advisory fee of £85,000 plus VAT and Ocean a commission of 5 per cent. on the aggregate value of the Placing Shares at the Placing Price in respect of all shares placed by it. Ocean will receive a commission of 2 per cent. of the value of all shares placed with persons introduced by Duncan Soukup. Ocean will receive no commission on Placing Shares placed with Duncan Soukup or on Placing Shares placed by other brokers. Dowgate and Ocean are entitled in certain limited circumstances to terminate the Placing Agreement prior to Admission.

Under the Placing Agreement each of the Directors, has undertaken to the Company, Ocean and Dowgate that he will not sell or otherwise dispose of any interest in Ordinary Shares beneficially owned or otherwise held or controlled by him other than in certain limited circumstances permitted by Rule 7 of the AIM Rules for a period of 12 months following Admission and that, for a further period expiring 12 months after the first anniversary of the date of Admission he will only dispose of an interest in Ordinary Shares having consulted with the Company's nominated adviser and through the Company's broker (from time to time) and on an orderly basis. These restrictions will not apply to disposals made in connection with acceptance of a takeover offer, in the event of an intervening court order or following the death of the relevant shareholder. The agreement is governed by English law;

- 6.10 a broker agreement dated 23 July 2008 between the Company and Ocean Equities Limited pursuant to the terms of which the Company has appointed Ocean Equities Limited to act as broker to the Company for the purposes of the Placing. The Company has agreed to pay Ocean Equities Limited an annual retainer fee of £25,000 which shall be payable quarterly in advance together with any reasonable out-of-pocket expenses which they incur in respect of such services. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with applicable regulations. The agreement is subject to termination, inter alia, by either the Company or Ocean Equities Limited on the giving of not less than three months' prior written notice such notice not to be given earlier than the first anniversary of the date of the agreement. The agreement is governed by English law; and
- 6.11 the Relationship Agreement dated 23 July 2008 between (1) the Company, (2) Mr Soukup and (3) Dowgate, conditional upon Admission, with a view to ensuring that the Board is capable of functioning without undue influence from Mr Soukup (in his capacity as a controlling shareholder) and to ensure that all transactions between the Company and him are at arm's length and on normal commercial terms.

Under the terms of the Relationship Agreement, Mr Soukup has undertaken to the Company and Dowgate, inter alia, that:

- (i) the majority of the Board will be independent of Mr Soukup;
- (ii) the AIM Compliance and Audit Committees of the Company will be comprised of Directors independent of Mr Soukup; and
- (iii) any transaction between the Company and Mr Soukup shall be considered on behalf of the Company by a committee of the Board comprising some or all of the Directors independent of Mr Soukup and he shall not seek to influence the consideration of such matter by that committee.

As a controlling shareholder, Mr Soukup would have the right to appoint further directors to the Board although he has confirmed to the Company that he has no current intention of appointing any other directors to the Board.

- 6.12 a loan agreement dated 22 July 2008 between (1) the Company and (2) Mr Soukup. The loan agreement provides that the capital amount of the loan totalling US\$2,300,927 provided by

Mr Soukup to the Company to fund capital expenditure, costs of incorporation and Admission costs have been capitalised and satisfied by the issue to him of a total of 2,300,927 Ordinary Shares at the Placing Price in full. Interest on the loan, calculated on the capital amount of the loan from time to time outstanding, shall accrue at a rate of 10 per cent. per annum. The interest is payable within 30 days after demand. The interest outstanding at 22 July 2008 was US\$86,463.72. The agreement is governed by the law of the British Virgin Islands;

- 6.13 an agreement for the provision of receiving agent services dated 23 July 2008 between the Company and pursuant to the terms of which the Company has appointed Capita Registrars Limited as its receiving agent to provide certain services in connection with the Placing or such replacement services issued on request by either the Company or the Receiving Agent. Fees payable by the Company include a minimum advisory fee of £1,500, a minimum processing fee of £4,000 and further set fees for corporate advisory services. The agreement is governed by English Law.

7. WORKING CAPITAL

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

8. LITIGATION

There are no, and during the 12 month period prior to the date of this document there have not been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

9. GENERAL

- 9.1 Save as set out in this document, there are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- 9.2 The costs and expenses of, and incidental to the Placing and Admission (including those fees and commissions referred to in paragraph 6 above) payable by the Company are estimated to amount to approximately US\$800,000 (excluding VAT). The net proceeds of the Placing will be approximately US\$5,491,958.
- 9.3 Save for fees payable to the professional advisers whose names are set out on page 8 above or payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 (or its currency equivalent) or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- 9.4 There has been no significant change in the financial or trading position of the Group since 31 December 2007, the date to which the last audited accounts of the Group were prepared.
- 9.5 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 9.6 Dowgate and Ocean have given and not withdrawn their written consent to the issue of this document with the references to their names in the form and context in which they appear.
- 9.7 WGP has given and not withdrawn its written consent to the issue of this document with the references to their names in the form and context in which they appear.
- 9.8 Moore Stephens LLP has given and not withdrawn its written consent to the inclusion in this document of its Accountants' Report in Part III(A) of this document and the references to such report and to its name in the form and context in which they appear. Except for the historical financial information in Part III(B) of this document, no other historical financial information has been audited by the Reporting Accountants.
- 9.9 The Company's auditors are KPMG Audit plc who were appointed as auditors to the Company on 22 July 2008.
- 9.10 Save as set out in paragraph 5 of Part V of this document, the Company has no, nor has it had since its incorporation, employees and does not own any premises. Save as set out in this document, the Company currently has no significant investments in progress.

10. DEPOSITORY INTERESTS

In summary, the Deed Poll contains, amongst others, provisions to the following effect, which are binding upon holders of Depository Interests: Holders of Depository Interests warrant, amongst other matters, that Ordinary Shares transferred or issued to the Depository or the custodian (on behalf of the Depository) are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's constitutional documents or any contractual obligation, law or regulation. Holders of Depository Interests agree to indemnify the Depository in respect of any costs or liabilities which it may suffer by reason of any breach of any such warranty.

It should be noted that holders of Depository Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Ordinary Shares including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depository Interests to give prompt instructions to the Depository or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Ordinary Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depository Interests to vote such Ordinary Shares as a proxy of the Depository or its nominated custodian.

The Depository will be entitled to cancel Depository Interests and withdraw the underlying Ordinary Shares in certain circumstances including where a holder of Depository Interests has failed to perform any obligation under the Deed Poll or any other agreement or instrument with respect to the Depository Interests.

The Deed Poll contains provisions excluding and limiting the Depository's liability. For example, the Depository shall not be liable to any holder of Depository Interests or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or the fraud of any custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such custodian or agent. Furthermore, except in the case of personal injury or death, the Depository's liability to a holder of Depository Interests will be limited to the lesser of; (a) the value of the Ordinary Shares and other deposited property properly attributable to the Depository Interests to which the liability relates; or (b) that proportion of £10 million which corresponds to the portion which the amount the Depository would otherwise be liable to pay to the holder of Depository Interests bears to the aggregate of the amounts the Depository would otherwise be liable to pay to all such holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million.

The Depository shall not be entitled to charge Holders in respect of the provision of its services under this Deed the fees expenses notified from time to time. The Depository shall not be liable for any taxes, duties, charges, costs or expenses which may become payable in respect of the Deposited Company Securities or other Deposited Property or the Depository Interests, whether under any present or future fiscal or other laws or regulations or otherwise, and such part thereof as is proportionate or in the opinion of the Depository referable to a Depository Interest shall be payable by the Holder thereof to the Depository at any time on request; or may be deducted from Deposited Property held for the account of the Holder and/or from any amount due or becoming due on such Deposited Property in respect of any dividend or other distribution. In default thereof, the Depository may in its sole discretion sell, and for the account of the Holder discharge the same out of the proceeds of sale of, any appropriate number of Deposited Company Securities or other Deposited Property, and subsequently pay any surplus to the Holder.

The Depository may terminate the Deed Poll by giving not less than 30 days' prior notice. During such notice period holders may cancel their Depository Interests and withdraw their deposited property and, if any Depository Interests remain outstanding after the Deed Poll has terminated, the Depository must, among other things, deliver the deposited property in respect of the Depository Interests to the relevant holders of Depository Interests or, at its discretion, sell all or part of such deposited property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depository, together with any other cash held by it under the Deed Poll *pro rata* to holders of Depository Interests in respect of their Depository Interests.

The Depository may require from any holder, or former or prospective holder of Depository Interests, information as to the capacity in which such Depository Interests are, were, or are to be owned or held and the identity of any other person with any interest of any kind in such Depository Interests or the underlying Ordinary Shares and holders are bound to provide such information requested. Furthermore, to the extent that, amongst other requirements, the Company's constitutional documents require disclosure to the Company of, or limitations in relation to, beneficial or other ownership of, or interests of any kind whatsoever, in the Ordinary Shares, the holders of Depository Interests are to comply with such provisions and with the Company's instructions with respect thereto.

Capitalised terms in this paragraph shall have the meaning given to them in the Deed Poll unless otherwise defined herein.

11. ANNUAL EXPENSES

Formation and Initial Expenses

The formation and initial expenses of the Company are those that are necessary for the incorporation and organisation of the Company. Such expenses will include fees and commissions payable in connection with the listing and Admission fees, printing, advertising and distribution costs, legal and accounting fees and any other related expenses. These expenses will be met by the Company out of its capital and will be paid on or around Admission.

12. ACCOUNTING POLICY

The audited accounts of the Company will be prepared under International Financial Reporting Standards.

13. SHAREHOLDER INFORMATION

The Company's annual report and accounts will be prepared up to 31 December each year and it is expected that the report and accounts will be posted to the Company's website within six months of the year end date. The Company will also prepare an unaudited half-yearly report covering the six months to 30 June each year, which is expected to be posted on the Company's website within three months of that date each year.

Under BVI law, the Company is not required to hold an annual general meeting in any year. However, it is the current intention of the Directors that, at the time of the publication of the Company's annual report and accounts, Shareholders will be notified of a venue and time at which the executive Directors will give a presentation to Shareholders concerning the Group's results and the outlook for the future.

14. FURTHER ISSUES OF ORDINARY SHARES

Under the terms of the Articles, the issue of further Ordinary Shares for cash is not subject to pre-emption rights in favour of existing Shareholders. The authority of the Directors to issue further Ordinary Shares is limited as set out in paragraph 3.4 of this Part V.

15. DISTRIBUTIONS TO SHAREHOLDERS

Distributions may be made by way of dividend or a redemption or repurchase of Ordinary Shares, at the Directors' discretion. Distributions may give rise to a liability to tax on income or capital gains, depending on a Shareholder's individual tax position. To date, the Company has not paid any dividends.

16. REPURCHASE OF ORDINARY SHARES

Following Admission, the Directors will have general authority on behalf of the Company to repurchase the Ordinary Shares in issue following Admission subject to the Company having funds lawfully available to do so and compliance with the Articles. The Directors have every intention to exercise such general authority if, in their opinion, the Company's shares are selling at a discount to the Director's assessment of fair value. Any repurchase of Ordinary Shares will be made subject to the laws of the BVI and within guidelines established by the Directors. The making and timing of any buybacks will be at the absolute discretion of the Board and not at the option of the Shareholders.

17. THE TAKEOVER CODE

The Company is incorporated in the BVI and, accordingly, transactions in the Ordinary Shares are not subject to the provisions of the Takeover Code.

The Board is obliged under the Articles to give effect to and comply, so far as it is in their power to do so, with the spirit of Rule 9 (Mandatory Offers), Rule 16 (Special Deals with Favourable Conditions) and Rule 21 (Restrictions on Frustrating Action) of the Takeover Code. Further details are set out in paragraph 4.2.7 of this Part V.

There has been no public takeover bid for the whole or any part of the share capital of the Company since its date of incorporation.

18. AVAILABILITY OF DOCUMENT

Copies of this document will be available free of charge during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) until the date following one month after the date of Admission at the registered office of the Company and at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU. Copies of this document will be available free of charge to the public on the Company's website, www.thalassaenergy ltd.com.

Dated 23 July 2008