THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of the text of this document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is also drawn to the section headed "Risk Factors" in Part II of this document.

This document is an admission document in relation to AIM. It has been drawn up in accordance with the requirements of the AIM Rules and the Public Offers of Securities Regulations 1995 (as amended) (the "POS Regulations"). This document does not constitute a prospectus and a copy of it has not been, and will not be, delivered to the Registrar of Companies in England and Wales under Regulation 4(2) of the POS Regulations.

The Directors of Sound Oil plc, whose names appear on page 4 of this document, accept responsibility, individually and collectively, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application has been made for the whole of the ordinary share capital of Sound Oil plc both issued and to be issued to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 29 June 2005. It is emphasised that no application is being made for admission of these securities to the Official List of the United Kingdom Listing Authority or to trading on the London Stock Exchange's market for listed securities. The Ordinary Shares are not dealt in on any other recognised investment exchange and no applications to any other recognised investment exchange have been or are intended to be made.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. London Stock Exchange plc has not itself examined or approved the contents of this document.

Sound Oil plc

(Incorporated in England and Wales with registered number 5344804)

Placing of 199,817,764 new Ordinary Shares at 5.5p per share

Admission to trading on AIM

Nominated Adviser

Smith & Williamson Corporate Finance Limited

Broker

Hichens, Harrison & Co. plc

Share capital immediately following Admission

Authorised Ordinary Shares		Issued and fully paid Ordinary Shares	
Number	**Amount**	**Number**	**Amount**
3,000,000,000	£3,000,000	299,817,764	£299,818

The Placing Shares will from Admission rank in full for all dividends or other distributions declared, made or paid on the ordinary share capital of the Company and will rank *pari passu* in all respects with the existing issued Ordinary Shares.

Smith & Williamson Corporate Finance Limited and Hichens, Harrison & Co. plc, which are each authorised and regulated by the Financial Services Authority, are the Company's nominated adviser and broker (respectively) for the purposes of the AIM Rules in relation to the Admission and Placing, and will not be responsible to any other person for providing the protections afforded to customers of each of them or for providing advice in relation to the Placing or Admission or the contents of this document or any matter referred to herein. Neither Smith & Williamson Corporate Finance Limited nor Hichens, Harrison & Co. plc has authorised the contents of any part of this document for the purposes of Regulation 13(1)(g) of the POS Regulations.

This document does not constitute an offer to sell or the solicitation of an offer to buy Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this document is not for distribution in or into the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the applicable securities legislation of any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, subject to certain exemptions, the Ordinary Shares may not be offered or sold directly or indirectly in or into the Untied States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan or to any national, resident or citizen of the United States of America, Canada, Australia, South Africa, the Republic of Ireland or Japan. The distribution of this document in other jurisdictions may be restricted by applicable laws or regulatory requirements and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws or other regulatory requirements of any such jurisdiction.

CONTENTS

EXPECTED TIMETABLE OF EVENTS

Publication of this document	23 June 2005
Admission and commencement of dealings on AIM	29 June 2005
Settlement of Placing Shares through CREST	29 June 2005
Despatch of definitive share certificates in respect of the Placing Shares to Placees by no later than	15 July 2005

PLACING STATISTICS

Placing Price	5.5p
Number of Placing Shares	199,817,764
Number of Ordinary Shares in issue following the Placing	299,817,764
Percentage of the enlarged share capital subject to the Placing	66.6%
Market capitalisation following Admission at the Placing Price	£16.5 million
Estimated gross proceeds of the Placing	£11.0 million
Estimated net proceeds of the Placing	£10.8 million

DIRECTORS, SECRETARY AND ADVISERS

Directors	Gerald Orbell (*Chairman and Chief Executive*) Tony Heath (*Finance Director*) Simon Davies (*Non-executive Director*) Michael Nobbs (*Non-executive Director*)
Registered Office	55 Gower Street London WC1E 6HQ
Company Secretary	Alwyn Davey
Nominated Adviser	Smith & Williamson Corporate Finance Limited No 1 Riding House Street London W1A 3AS
Broker	Hichens, Harrison & Co. plc Bell Court House 11 Blomfield Street London EC2M 1LB
Auditors and Reporting Accountants	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Solicitors to the Company	Ronaldsons 55 Gower Street London WC1E 6HQ
Solicitors to the Placing	Eversheds LLP 85 Queen Victoria Street London EC4V 4JL
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN

DEFINITIONS

In this document, unless the context requires otherwise, the words and expressions set out below shall bear the following meanings:

"**Act**"	the Companies Act 1985, as amended
"**Admission**"	admission of the Ordinary Shares in issue following the Placing to trading on AIM
"**AIM**"	a market operated by the London Stock Exchange
"**AIM Rules**"	the rules of AIM as published by the London Stock Exchange
"**Company**" or "**Sound Oil**"	Sound Oil plc
"**Directors**"	the directors of the Company
"**London Stock Exchange**"	London Stock Exchange plc
"**Official List**"	the Official List of the UK Listing Authority
"**Ordinary Shares**"	ordinary shares of 0.1p each in the capital of the Company
"**Placees**"	the subscribers for Placing Shares pursuant to the Placing
"**Placing**"	the placing of the Placing Shares at the Placing Price pursuant to the Placing
"**Placing Price**"	5.5p per Ordinary Share
"**Placing Shares**"	the 199,817,764 new Ordinary Shares being issued by the Company pursuant to the Placing
"**Shareholders**"	holders of Ordinary Shares
"**UK Listing Authority**"	the Financial Services Authority in its capacity as the competent authority for the purposes of the admission of securities to the Official List

Part I

INFORMATION ON THE COMPANY

Introduction

Sound Oil was incorporated on 27 January 2005. The purpose of the Company is evaluating and making investments in energy resource business opportunities in North and West Africa. The investments may be either quoted or unquoted and may be in companies, partnerships, joint ventures or direct investments in specific projects.

The Directors believe that, in current market conditions, good opportunities exist for investment in situations that are, in their opinion, undervalued or capable of showing an above average return.

Strategy

The Directors believe that there exists the potential for the Company to generate a high-value portfolio of energy resource assets in North and West Africa.

The Company intends to be an active investor. Accordingly, the Company will be directly involved in the ventures in which it participates and will often seek the main management position.

The funds raised by the Placing will be used to fund acquisitions, due diligence investigations and potentially to meet the cash flow needs of exploration drilling and hydrocarbon developments. On appropriate targets being identified, the Directors intend to raise such additional funds as may be required.

Directors

The intention is for the board of directors to be expanded to comprise two executive directors and three non-executive directors. Currently the board of directors consists of:

Gerald Orbell, *Chairman and Chief Executive (age 58)*

Gerald Orbell is a petroleum geologist with over 30 years of technical, managerial and director level experience in the hydrocarbon and utilities sectors. Gerald has previously held the position of executive director of Fina Exploration and Fina Development, in charge of all Fina's hydrocarbon exploration and production activities for the UK. He was subsequently director of exploration and production at Premier Oil plc and was responsible for that company's investments in areas including Pakistan, the North Sea and the Mediterranean. After Fina, he became managing director of North West Water International, in charge of all water and waste water operations and businesses around the world.

Gerald is currently the chairman of Antrim Energy Inc. where he oversees business development in the North Sea area and UK hydrocarbon exploration. He is also a member of the board, and chairman of the audit committee, at the compliance company Valpak Limited.

Gerald holds a PhD in geology.

Tony Heath, *Finance Director (age 68)*

Tony Heath has over thirty years financial and general management experience in a variety of roles. Qualifying as a chartered accountant in 1964, Tony joined Burmah Oil's motor fuels development business in 1968. He then spent four years as finance manager for Burmah Oil's North Sea oil exploration activity which was followed by a further four years as finance director of Halford's retailing group which included managing its Dutch and factoring businesses. He then became group controller of Burmah Oil and was responsible for all financial information and control of the international oil group covering operations in thirty-five countries.

Tony joined the board of Premier Oil plc as group finance director in 1990 where he had overall responsibility for all financial matters in the oil exploration and production business in many countries around the world. He managed a £400 million financing in the UK and USA, the financial aspects of a major takeover and the trading of Premier Oil's oil production.

Tony left Premier at the age of 60 in 1997 and is currently chairman of a pension fund and adviser to a charity.

Simon Davies, *Non-executive Director (age 46)*

Simon Davies is chief executive of Threadneedle Asset Management, which manages over £62 billion in equities, bonds, property and hedge funds for individual and corporate investors. Simon began his career in 1981 with Rothschild Asset Management, where he worked as an analyst and fund manager. In 1986 he moved to Gartmore Investment Management as a pension fund manager and was subsequently appointed to the board of Gartmore Pension Fund Managers. In 1990 he transferred to the international side of Gartmore's investment management business, becoming head of global funds and then head of international equities. In 1995 he joined Threadneedle as chief investment officer and was appointed chief executive in January 1999.

Outside Threadneedle, Simon is a director of the Investment Management Association and JP Morgan Fleming Overseas Investment Trust and is also on the investment committee of Westminster Abbey.

Michael Nobbs, *Non-executive Director (age 56)*

Michael Nobbs has a thirty year track record in investment banking, with a focus on corporate and project finance. He was a managing director and senior credit officer for Citigroup/Citibank and at present is the group finance director for Tishman International Companies, a major global real estate development and investment business. In his career, Michael has participated in many capital raisings, both debt and equity, and in the areas of securitisation and initial public offerings. He has held positions in London, New York and Los Angeles.

The Placing

The Placing is conditional *inter alia* on Admission. The Placing Shares allotted pursuant to the Placing will rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company.

Reasons for the Placing and use of proceeds

Funds will be expended on as yet unidentified investment opportunities. In addition, the placing proceeds will provide working capital for the Company.

The Company is seeking Admission to AIM in order to take advantage of that market's profile, liquidity and access to institutional investors.

Dividend policy

The nature of the Company's business means that it is unlikely that the Directors will recommend a dividend in the early years following Admission. The Directors believe the Company should seek to generate capital growth for its Shareholders but may recommend distributions at some future date, depending upon the generation of sustainable profits, when it becomes commercially prudent to do so.

Taxation

The attention of prospective investors is drawn to the taxation section in paragraph 8 of Part IV of this document.

Lock-in arrangements

The Directors (whose interests in the Company will amount to 2.47 per cent. of the issued Ordinary Shares on Admission) have undertaken not to dispose of any interest in their Ordinary Shares for a minimum period of twelve months following Admission except in the very limited circumstances allowed by the AIM Rules. In addition, other Shareholders have undertaken in relation to their current (i.e. prior to the Placing and Admission) interests in the Company (which will amount to 28.85 per cent. of the issued Ordinary Shares on Admission) not to dispose of any interest in such Ordinary Shares for a minimum period of six months following Admission except in the very limited circumstances allowed by the AIM Rules and in the following six months not to dispose of any interest in such Ordinary Shares other than through the

Company's broker (after consultation with, and in accordance with the reasonable requirements of, the Company and its nominated adviser).

Corporate governance

The Directors recognise the importance of sound corporate governance commensurate with the size of the Company and the interests of Shareholders. As the Company grows, the Directors intend that it should develop policies and procedures which reflect the Principles of Good Governance and Code of Best Practice as published by the Committee on Corporate Governance (commonly known as the "Combined Code"). So far as is practicable, taking into account the size and nature of the Company, the Directors will take steps to comply with the Combined Code.

The Directors intend to establish an audit committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal financial control. The Directors also intend to establish a remuneration committee which will, when applicable, determine the terms and conditions of service of executive directors.

The Company will take all proper and reasonable steps to ensure compliance by the Directors and applicable employees with the requirements of the AIM Rules restricting dealings in Ordinary Shares during a close period.

CREST

The articles of association of the Company permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place in CREST if the relevant Shareholders wish.

CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain certificates will be able to do so.

Part II

RISK FACTORS

The investment described in this document may not be suitable for all those who receive it. The Directors consider the following risks to be the most significant for potential investors in the Company. However, the risks listed do not necessarily comprise all those associated with an investment in the Company.

Identification of suitable investment opportunities

The performance of the Company is dependent upon the ability of the Directors to identify suitable investment opportunities for the Company. Even where such opportunities are identified, the Company may face competition from larger companies with greater resources or it may not for other reasons be possible to conclude a transaction on terms favourable to the Company, in which case the Company might have incurred investigative and due diligence costs and expended management effort for no return.

Development and operational risks

The Company's main strategic focus for investment will be in the energy resource sector and therefore the Company will be exposed to general exploration and hydrocarbon appraisal and development risks. These include unusual and unexpected geological formations, high formation pressures and other conditions involved in the exploration for and extraction of hydrocarbons, any of which could result in the damage to, or even destruction of, wells and or other production facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have an adverse impact on the business, operations and financial performance of the Company.

Exploration drilling to establish productive reserves is inherently speculative. The techniques presently available to technical specialists to identify the existence and location of resources are indirect and subject to a wide variety of variables which are subjective in nature.

The production phase by its nature also involves significant risks and hazards, including environmental hazards, industrial incidents, labour disputes, discharge of toxic chemicals, fire, drought, flooding and other occurrences outside the Company's control. The occurrence of any of these hazards can delay or interrupt production, increase production costs and result in liability to the Company. The Company could become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past activities for which it was not responsible.

Volatility of energy resource prices and currency risks

Historically, energy resource prices have fluctuated widely and are affected by numerous factors over which the Company does not have any control, including world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events. The aggregate effect of these factors is impossible to predict with any degree of certainty.

Financing

The successful extraction of any natural resources may require very significant capital investment. In addition, delays in the construction and commissioning of any of the Company's projects or other technical difficulties may result in projected target dates for related production being delayed and/or further capital expenditure being required. In common with all such operations, there is uncertainty, and therefore risk, associated with operating parameters and costs resulting from the scaling up of extraction methods tested in laboratory conditions. The Company's ability to raise further funds will depend on the success of existing and acquired operations. The Company may not be successful in procuring the requisite funds and, if such funding is unavailable, the Company may be required to reduce the scope of its operations or anticipated expansion.

Environmental factors

The Company's operations will be subject to environmental regulation (including regular environmental impact assessments) in all the jurisdictions in which it operates. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste and pollution, protection of the environment, labour regulations and worker safety.

Political and legal factors

Projects in which the Company invests are likely to be in jurisdictions where legal uncertainties, ambiguities, inconsistencies and anomalies might arise which would not necessarily exist in the UK. In particular, difficulties may arise in seeking to obtain redress through the legal courts in the relevant overseas jurisdictions.

Uninsured risks

Some forms of insurance protection used in western countries may be unavailable in jurisdictions in which the Company may invest. Furthermore, projects in which the Company may invest may become subject to liability for hazards that cannot be insured against or against which the Company may elect not to become so insured because of high premium costs. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

Other areas of risk

Prior to Admission there was no public market for the Company's shares and nor have they ever been traded, quoted or dealt on any securities market. Notwithstanding the fact that an application has been made for the Ordinary Shares to be traded on AIM, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. The market in the Ordinary Shares may be illiquid or subject to sudden or large fluctuations and it may be difficult for an investor to sell his Ordinary Shares and he may receive less than the amount originally invested. Consequently, each prospective investor should view his purchase of the Ordinary Shares as a long-term investment.

The Ordinary Shares will not be quoted on the official list of the UK Listing Authority. Investments in shares traded on AIM tend to carry a higher degree of risk than investments in shares quoted on the official list of the UK Listing Authority.

The Company will require additional financial resources to continue funding its future expansion. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or its shareholders

The Company's total return and net assets can be significantly affected by currency movements.

The Company may have minority interests in the companies, partnerships and ventures in which it invests and may be unable to exercise control over the operations of such companies. The managements of investee companies may not always welcome pro-active involvement and may be resistant to change.

The market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company.

Part III

ACCOUNTANTS' REPORT ON THE COMPANY

The following is the full text of a report on Sound Oil plc from Chapman Davis LLP, the Reporting Accountants, to the Directors of Sound Oil plc and Smith & Williamson Corporate Finance Limited.

Chapman Davis LLP
CHARTERED ACCOUNTANTS

Tel. 020 7357 6008
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Email. cd@chapct.co.uk

2 CHAPEL COURT LONDON SE1 1HH

The Directors
Sound Oil plc
55 Gower Street
London WC1E 6HQ

The Directors
Smith & Williamson Corporate Finance Limited
No 1 Riding House Street
London W1A 3AS

23 June 2005

Dear Sirs,

SOUND OIL PLC (THE "COMPANY")

Introduction

We report in connection with the proposed placing of ordinary shares of the Company ("the Placing") and admission of the ordinary share capital of the Company to trading on the AIM Market operated by the London Stock Exchange and this report has been prepared for inclusion in the Admission Document dated 23 June 2005 ("Admission Document").

The Company was incorporated on 27th January 2005 with Company Number 5344804 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which 2 shares were issued fully paid to the subscribers to the Memorandum of Association of the Company. On 22nd March 2005 the authorised share capital of the Company was sub-divided and increased to 3,000,000,000 ordinary shares of 0.1p each.

On 11th May 2005 the subscriber shares were transferred to the founders. On 11th May 2005 the founders subscribed for an aggregate of 90,247,999 ordinary shares of 0.1p each fully paid for cash at par. On 17th May 2005 the founders subscribed for an aggregate of 9,750,001 ordinary shares of 0.1p each for cash at par. On 13th May 2005 the Registrar of Companies issued a certificate entitling the Company to do business under the provisions of Section 117 of the Companies Act 1985 (as amended).

Other than entering into agreements to pay certain expenses and costs in connection with Admission, no material contracts or transactions have been entered into.

The Company has not traded, prepared any financial statements for presentation to members, incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation. There have been no other transactions other than the allotment of shares described below and the execution of the material contracts referred to in Part IV of the Admission Document. Accordingly, no profit and loss account information is presented in this report.

Basis of preparation

The financial information set out below has been extracted from financial records of the Company for the period ended 18th May 2005, no adjustments being considered necessary. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

Responsibility

The financial records are the responsibility of the Directors of the Company ("Directors"). The Directors are also responsible for the contents of the Admission Document dated 23 June 2005 in which this report is included.

It is our responsibility to compile the financial information set out below from the Company's financial records and to make a report in accordance with paragraph 45 of Schedule 1 to the Public Offers of Securities Regulations 1995, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statement of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of the significant estimates and judgements made by those responsible for the preparation of the financial records 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 set out below gives, for the purpose of the Admission Document, a true and fair view of the state of affairs of the Company as at 18th May 2005.

BALANCE SHEET

	Notes	As at 18th May 2005 £
Current assets		
Cash at bank and in hand		100,000
Prepaid expenses	2	65,000
		165,000
Current liabilities		
Accrued expenses	2	65,000
		100,000
Capital and reserves		
Called up share capital	3	100,000

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies, which have been consistently applied in the Company's financial information throughout the period under review, are as follows:

Basis of accounting

The financial information has been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards.

2. Listing costs

A provision of £65,000 has been made to cover costs incurred to date under contracts of professional advisors relating to the Company's forthcoming placing of shares and listing on the AIM Market. These costs will be written off to the share premium account created by the placing and therefore a corresponding provision for prepaid expenses has been made at the balance sheet date.

3. Share capital

	As at 18th May 2005 £
Authorised:	
3,000,000,000 ordinary shares of 0.1p each	3,000,000
Allotted, called up and fully paid:	
100,000,000 ordinary shares of 0.1p each	100,000

The Company was incorporated on 27th January 2005 with Company Number 5344804 with an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each, of which 2 shares were issued fully paid to the subscribers to the Memorandum of Association of the Company. On 22nd March 2005 the authorised share capital of the Company was sub-divided and increased to 3,000,000,000 ordinary shares of 0.1p each.

On 11th May 2005 the subscriber shares were transferred to the founders. On 11th May 2005 the founders subscribed for an aggregate of 90,247,999 ordinary shares of 0.1p each fully paid for cash at par. On 17th May 2005 the founders subscribed for an aggregate of 9,750,001 ordinary shares of 0.1p each for cash at par.

Nature of financial information

The financial information presented above in respect of the period ended 18th May 2005 does not constitute statutory accounts for that period.

Consent

We consent to the inclusion of this report in the Admission Document dated 23 June 2005 and accept responsibility for this report for the purposes of paragraphs 45 of Schedule 1 to the Public Offers of Securities Regulations 1995.

Yours faithfully,

Chapman Davis LLP
Chartered Accountants

Part IV

ADDITIONAL INFORMATION

1. The Company

1.1 The Company was incorporated in England and Wales on 27 January 2005 under the Companies Act 1985 ("Act") with registered number 5344804 as a public company limited by shares. The liability of the Company's members is limited.

1.2 The principal legislation under which the Company operates is the Act.

1.3 The Company has no subsidiary or associated undertakings.

1.4 On 13 May 2005, the Registrar of Companies issued a certificate entitling the Company to do business under the provisions of section 117 of the Act.

2. Share capital

2.1 On incorporation, the Company had an authorised share capital of £50,000 divided into 50,000 ordinary shares of £1 each of which 2 ordinary shares were issued, fully paid, to the subscribers to the memorandum of association of the Company.

2.2 By written resolutions passed on 22 March 2005: the authorised share capital of the Company was increased to £3,000,000; the ordinary shares of £1 each were sub-divided into 3,000,000,000 ordinary shares of 0.1p each; and the Directors were unconditionally authorised to allot, create, deal with or otherwise dispose of relevant securities (within the meaning of section 80(2) of the Act) up to a maximum aggregate nominal amount of £3,000,000 to such persons (including any director) on such terms and at such times as they think fit as if section 89(1) of the Act did not apply to such allotment. This authority remains in force for two years from the date of the resolutions. Under the placing agreement (described in paragraph 5.3 below), the Board has undertaken to Smith & Williamson that it will not allot securities pursuant to the authorities referred to above amounting in aggregate to over £600,000 in nominal value without shareholder consent.

2.3 On 11 May 2005, the Company allotted 90,247,999 Ordinary Shares for cash at 0.1p per share. On 17 May 2005, the Company allotted a further 9,750,001 Ordinary Shares for cash at 0.1p per share. On Admission, the Company will allot a further 199,817,764 Ordinary Shares for cash at 5.5p per share pursuant to the Placing.

2.4 The authorised and issued share capital of the Company as at the date of this document is as follows:

	Authorised		*Issued and fully paid*	
	Number	*Amount*	*Number*	*Amount*
Ordinary Shares	3,000,000,000	£3,000,000	100,000,000	£100,000

2.5 The authorised and issued share capital of the Company as it will be immediately following Admission is as follows:

	Authorised		*Issued and fully paid*	
	Number	*Amount*	*Number*	*Amount*
Ordinary Shares	3,000,000,000	£3,000,000	299,817,764	£299,818

2.6 The Company has, conditional on Admission, granted options to Hichens, Harrison & Co. plc to subscribe for 500,000 Ordinary Shares at 7.5p per Ordinary Share at any time up to the fifth anniversary of Admission. Under the terms of the options Hichens, Harrison & Co. plc has agreed not to dispose of the shares the subject of the options for the period of six months following Admission.

2.7 The Placing Shares will from the date of issue rank *pari passu* in all respects with the existing issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Ordinary Shares.

2.8 Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

2.9 The Company's shareholders have certain pre-emption rights in terms of section 89 of the Act in respect of any new equity securities (within the meaning of section 94 of the Act) to be allotted wholly for cash. However, pursuant to the resolutions passed on 22 March 2005 the Directors were authorised to allot equity securities for cash up to an aggregate nominal amount of £3,000,000 as if section 89(1) of the Act did not apply to such allotments. This authority unless varied or renewed has been granted for a period of 2 years from 22 March 2005. Under the placing agreement (described in paragraph 5.3 below), the Board has undertaken to Smith & Williamson that it will not allot securities pursuant to the authorities referred to above amounting in aggregate to over £600,000 in nominal value without shareholder consent.

2.10 Save as disclosed in this document:

(a) no share or loan capital of the Company has been issued or is proposed to be issued;

(b) no person has any preferential subscription rights for any share capital of the Company;

(c) no share or loan capital of the Company is under option or agreed conditionally or unconditionally to be put under option; and

(d) no commissions, discounts, brokerages or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.

2.11 There are no listed or unlisted securities issued by the Company not representing share capital.

3. Memorandum and articles of association

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

3.2 The principal objects of the Company are set out in full in clause 4 of the memorandum of association and include carrying on the business of a general commercial company.

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

Transfer

Title to and interests in shares of the Company may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Statutes. Except as may be required by any procedures implemented pursuant to the Articles in accordance with the Statutes, all transfers of shares may be effected by transfer in writing in any usual or common form or in such other form as shall be approved by the Directors. The instrument of transfer shall be signed by or on behalf of the transferor and, if the shares being transferred are partly paid, by the transferee. The Directors may refuse to register any transfer of any share that is not fully paid and they may refuse to register the transfer of any share on which the Company has a lien. They may also refuse to register a transfer of any share in favour of more than four joint holders as transferees, a transfer in respect of more than one class of share and a transfer which has not been lodged at the Company's registered office or such place as the board may determine and which is not accompanied by the certificates for the shares to which it relates.

Voting rights

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) every member present in person or by proxy shall upon a show of hands have one vote and every member present in person or by proxy shall upon a poll have one vote for every share held by him.

Dividends

The profits of the Company available for distribution and resolved to be distributed shall be applied in the payment of dividends to the members in accordance with their respective rights and interests. No dividend may exceed the amount recommended by the Board of Directors.

Return of capital
If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution, divide among the members in kind the whole or any part of the assets of the Company and may determine how such division shall be carried out between members or classes of members

Variation of rights
If at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may, subject to the provisions of the Act, be varied or abrogated either (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of three fourths of the nominal amount of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the issued shares of that class.

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

Purchase by the Company of its own shares
Subject to the provisions of the Statutes, the Company may purchase its own shares.

Unclaimed dividends
Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

Borrowing powers
The Directors may exercise all the powers of the Company to borrow and, subject to the Statutes, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Directors
Unless otherwise determined by ordinary resolution, the number of directors shall not be less than two. A Director shall not vote or be counted in quorum in respect of any contract, arrangement, transaction or any other proposal in which he has a material interest other than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company save for a Director shall (in the absence of some other material interest) be entitled to vote in respect of any resolution concerning those matters specified in the Company's Articles concerning any contract, arrangement, transaction or other proposal relating to but not limited to (1) the giving of any guarantee, security or indemnity to him for the benefit of the Company or (2) to a third party in respect of a debt or obligation of the Company for which he has assumed responsibility, (3) an offer of shares, debentures or other securities of or by the Company for subscription or purchase in which he is or may be entitled to participate as a holder of securities, (4) any other body corporate in which he is interested provided that he is not the holder of or beneficially interested in one per cent or more of any class of equity share capital or of the voting rights of such body corporate, (5) the adoption, modification or operation of an approved superannuation fund or retirement, death or disability benefits scheme under which he may benefit, (6) the adoption, modification or operation of any scheme for enabling employees to acquire shares of the Company under which the Director benefits in a similar manner to employees and (7) insurance for or for the benefit of the Director. A Director shall not vote or count in quorum on any resolution concerning his own appointment as the holder of any office in the Company including fixing the terms of his appointment or termination thereof.

4. Directors' and other interests

4.1 The interests (all of which are beneficial unless stated otherwise) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the

Act) which have been notified to the Company pursuant to Sections 324 and 328 of the Act or are required to be disclosed in the Register of Directors' Interests pursuant to Section 325 of the Act in the issued share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director as at the date of this document and as they are expected to be immediately following completion of the Placing are as follows:

	At present		*After the Placing*	
Director	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of issued share capital*
Gerald Orbell	3,000,000	3.0%	3,454,545	1.15%
Tony Heath	500,000	0.5%	500,000	0.17%
Simon Davies	1,500,000	1.5%	1,500,000	0.50%
Michael Nobbs	1,500,000	1.5%	1,954,545	0.65%

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

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

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

4.5 Save as disclosed in paragraph 4.1, the Company is only aware of the following persons who hold or will hold immediately following Admission, directly or indirectly, jointly or severally, 3 per cent. or more of the issued ordinary share capital of the Company or who exercise or could exercise control over the Company:

	At present		*After the Placing*	
Shareholder	*Number of Ordinary Shares*	*Percentage of issued share capital*	*Number of Ordinary Shares*	*Percentage of issued share capital*
Gena Holdings Limited	15,333,334	15.3%	24,424,243	8.1%
Weighbridge Trust Limited	8,200,000	8.2%	8,563,636	2.9%
Revecom International Limited	8,000,000	8.0%	8,000,000	2.7%
Krakos Limited	7,333,333	7.3%	7,333,333	2.4%
Howland Limited	7,333,333	7.3%	7,333,333	2.4%
HSBC Global Custody Nominee (UK) Limited	7,000,000	7.0%	7,000,000	2.3%
Forest Nominees Limited	6,800,000	6.8%	30,300,000	10.1%
RAB Energy Fund Limited	6,000,000	6.0%	24,181,818	8.1%
Lexkia Limited	5,000,000	5.0%	5,000,000	1.7%
Pershing Securities Limited	5,000,000	5.0%	5,000,000	1.7%
GMG Capital Management Limited	3,500,000	3.5%	3,500,000	1.2%
Armstrong Financial Inc.	3,500,000	3.5%	3,500,000	1.2%
Securities House Nominees Inc.	3,000,000	3.0%	3,000,000	1.0%
Meridian Natural Resources Fund	–	–	18,181,818	6.1%
Artemis Investment Management Limited	–	–	18,181,818	6.1%
Merrill Lynch Investment Managers Limited	–	–	18,181,818	6.1%
Bank Sal Oppenheim jr. & Cie. (Schweiz) AG	–	–	11,318,181	3.8%
RAB UK Fund Limited	–	–	9,175,618	3.1%
City Natural Resources High Yield Trust plc	–	–	9,090,909	3.0%

Save as disclosed above, the Company is not aware of any person who, immediately following Admission and the Placing will, directly or indirectly, be interested in 3 per cent. or more of the capital of the Company, or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

4.6 The services of Gerald Orbell are provided under the terms of a service contract dated 17 May 2005 at an annual salary of £100,000 and subject to a one year period of notice including termination on change of control. The contract requires Dr Orbell to undertake the leadership of the Company and to give such time and effort as may be required to ensure the success of the Company.

The services of Tony Heath are provided under the terms of an agreement dated 17 May 2005 at an annual salary of £100,000 and subject to a three month period of notice but in the event of termination after a change of control six month's salary will be payable. The contract requires Mr Heath to create and direct all aspects of the Company's financial and treasury systems.

The services of Simon Davies are provided under the terms of an agreement dated 17 May 2005 at an annual salary of £15,000. This is subject to a two month period of notice, but in the event of termination after a change in control one year's salary will be payable. As a non-executive director of the company, Mr Davies will make himself available for regular board meetings as well as providing advice and guidance to the management of the company as appropriate

The services of Michael Nobbs are provided under the terms of an agreement dated 17 May 2005 which runs for 12 months in the first instance subject to a 30 day period of notice and at an annual compensation of £15,000. As a non-executive director of the company, Mr Nobbs will make himself available for regular board meetings as well as providing advice and guidance to the management of the company as appropriate.

It is anticipated that in due course employees (including the executive Directors) will be provided with appropriate pension and other compensation benefits consistent with the size of Sound Oil.

4.7 Save as disclosed in paragraph 4.6 above, there are no contracts, existing or proposed, between any Director and the Company.

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

4.9 It is estimated that under the arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the current financial period ending on 31 January 2006 will be approximately £150,000.

4.10 In addition to the directorships in the Company the Directors hold or have held the following directorships, or are or have been partners in the following partnerships, within the five years immediately prior to the date of this document:

Gerald Orbell

Current	*Past*
Antrim Energy Inc. (Canada)	Critical Data Limited
MEO Ltd	Intercash World Limited
Valient Holdings Limited	
Valpak Limited	
Winham Services Ltd	

John Antony Heath

Current	*Past*
Burmah Oil (Bermuda) Limited	Intercash World Limited
Petroleum Supplies and Services (Bermuda) Limited	
Premier Pension Plan Trustee Limited	

Simon Howard Davies

Current	*Past*
Cofunds Holdings Limited	Deutsche Asset Management Schweiz
Eagle Star Isa Manager Limited	Eagle Star (Fund Management) Limited
Eagle Star Unit Managers Limited	Threadneedle Investment Services (No. 2) Limited
Investment Management Association	Zurich Financial Services (UKISA) Limited
JP Morgan Fleming Overseas Investment Trust plc	Zurich Invest (Jersey) Limited
TAM Realisations Limited	Zurich Investment GmbH
Threadneedle Asset Management Holdings Limited	Zurich Investments GEST SIM SpA
Threadneedle Asset Management Limited	Zurich Investments SGR SpA
Threadneedle International Limited	
Threadneedle Investment Services Limited	
Threadneedle Management Services Limited	
Threadneedle Pensions Limited	
Threadneedle Portfolio Services Limited	
Threadneedle Property Investments Limited	

Michael Bruce Athelstone Nobbs

Current	*Past*
Tishman International Companies (US)	–

4.11 Save as disclosed above none of the Directors has:

(a) any unspent convictions in relation to indictable offences;

(b) had any bankruptcy order made against him or entered into any voluntary arrangements;

(c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

(d) been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

(e) been the owner of any assets placed into receivership or been a partner in any partnership whose assets have been placed in receivership whilst he was a partner in that partnership or within 12 months after he ceased to be a partner in that partnership;

(f) been publicly criticised by any statutory or regulatory body (including recognised professional bodies); or

(g) been disqualified by a court from acting as a director of any company or from acting in the management or conduct of affairs of any company.

5. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business of the Company, have been entered into by the Company and are or may be material:

5.1 *Nominated adviser agreement*

An agreement dated 22 June 2005 between Smith & Williamson Corporate Finance Limited (1), the Company (2) and the Directors (3) under which Smith & Williamson Corporate Finance Limited has agreed to act as the Company's nominated adviser for one year from Admission and thereafter, unless terminated by three months' written notice by Smith & Williamson Corporate Finance Limited or the Company (the "Nominated Adviser Agreement"). Under the Nominated Adviser Agreement, the Company has agreed to pay to Smith & Williamson Corporate Finance Limited a fee of £15,000 per annum to be increased to £20,000 per annum (plus VAT in either case) on completion of the first significant transaction by the Company.

5.2 *Broker agreement*

An agreement dated 22 June 2005 between Hichens, Harrison & Co. plc (1) and the Company (2) pursuant to which Hichens, Harrison & Co. plc has agreed to act as the Company's broker from Admission until terminated by 30 days' written notice by Hichens, Harrison & Co. plc or the Company (the "Broker Agreement"). Under the Broker Agreement, the Company has agreed to pay to Hichens, Harrison & Co. plc an annual fee of £15,000 (plus VAT) to be reviewed on completion of the first transaction. In addition, the Company has agreed, on Admission to pay to Hichens, Harrison & Co. plc a fee of £25,000 (plus VAT) (this fee to be settled through the issue of Ordinary Shares at the Placing Price to Hichens, Harrison & Co. plc who have agreed not to dispose of such shares subject to certain exceptions for a period of 6 months following Admission) and to issue Hichens, Harrison & Co. plc with options over 500,000 Ordinary Shares at an exercise price of 7.5p per share. The Company has also agreed to pay commission of 5 per cent. of the value at the Placing Price of Placing Shares for whom subscribers were introduced by Hichens, Harrison & Co. plc.

5.3 *Placing agreement*

An agreement dated 22 June 2005 between the Company (1), the Directors (2) and Smith & Williamson Corporate Finance Limited (3) (the "Placing Agreement") under which Smith & Williamson Corporate Finance Limited has agreed as agent of the Company to issue placing letters to Placees for the purposes of obtaining commitments to subscribe for Placing Shares at the Placing Price. Smith & Williamson Corporate Finance Limited is not itself under any obligation to subscribe for any Placing Shares or to pay to the Company any amount in respect of any Placing Shares for which Placees do not commit to subscribe or in respect of which the cheque or other remittance is in whole or in part dishonoured or for which the application is for any reason rejected or cancelled after Admission. Under the Placing Agreement the Company has agreed subject to Admission to pay to Smith & Williamson Corporate Finance Limited a corporate finance fee of £55,000 (excluding VAT). The Company will be responsible additionally for payment of all the costs and expenses associated with the Placing and Admission. The Placing Agreement includes certain warranties and indemnities by the Company and the Directors in favour of Smith & Williamson Corporate Finance Limited in connection with the Placing and Admission. Each of the Directors has, subject to certain exceptions, undertaken in the Placing Agreement not to dispose of or charge, or agree to dispose of or charge any shares in the Company in which he is beneficially interested and to procure that no person connected with him does so at any time within the period of 12 months after Admission nor, within the next following 12 months, to dispose of any such shares except through the Company's broker at the time so as to maintain an orderly market in the shares of the Company. The exceptions made include any disposal in acceptance of a general offer for the Company and any agreement to accept such an offer conditional upon the announcement of the offer, a disposal on death and any disposal on the appointment or replacement of trustees of a family settlement.

Save as disclosed above, there are no contracts (other than contracts entered into in the ordinary course of business) which have been entered into by the Company since its incorporation and which are or may be material.

6. Litigation

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

7. Working capital

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

8. Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the United Kingdom for tax purposes, holding Ordinary Shares as investments and not as securities to be realised in the course of a trade, and are based on current legislation and HM Customs & Revenue practice. Any prospective purchaser of Ordinary Shares who is in any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his own professional adviser immediately.

8.1 *Taxation of Chargeable Gains*

For the purposes of UK tax on chargeable gains, the issue of Ordinary Shares pursuant to the Offer will be regarded as an acquisition of a new holding in the share capital of the Company.

To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so allotted will, for the purpose of tax on changeable gains, be treated as acquired on the date of allotment. The amount paid for the Ordinary Shares will constitute the base cost of a shareholder's holding; for individuals and certain trustees the amount paid for the Ordinary Shares subscribed may be eligible for taper relief.

If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may, depending on his circumstances, arise.

8.2 *Loss Relief*

If an investor is an individual or an investment company, relief for losses incurred by that investor on disposal of the Ordinary Shares may be available under Sections 573 to 576 of the Income and Corporation Taxes Act 1988, against income of the same or prior year, or carried forward and set against gains in future tax years.

The relief should be available provided the Company and the investor satisfy the relevant statutory requirements.

8.3 *Inheritance Tax*

Unquoted Ordinary Shares representing minority interests in trading companies such as the Company potentially qualify for 100 per cent. business property relief which gives up to 100 per cent. exemption from Inheritance Tax. Therefore, where an investor makes a lifetime gift of shares or dies while still owner of the shares, no inheritance tax will be payable in respect of the value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of transfer or death.

8.4 *Stamp Duty and Stamp Duty Reserve Tax*

No stamp duty or stamp duty reserve tax ("SDRT") will generally be payable on the issue of the Ordinary Shares.

Stamp duty and SDRT treatment will be as follows:

- in relation to the Placing Shares, no liability to stamp duty or SDRT will arise on their issue or on the issue of definitive share certificates by the Company (provided that the Placing Shares are not issued to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or issuing depository receipts);
- the transfer of Ordinary Shares outside the CREST system will generally be liable to stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount or value of the consideration given (rounded up to the nearest multiple of £5). Stamp duty is normally the liability of the purchaser or transferee of the Ordinary Shares. An agreement to transfer Ordinary Shares will generally be subject to SDRT at 0.5 per cent. of the agreed consideration. If, however, within the period of six years of the date of the agreement or, in the case of a conditional agreement, the date on which it becomes unconditional, an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on that instrument, any liability to SDRT will be repaid or cancelled. SDRT is normally the liability of the purchaser or transferee of the Ordinary Shares;

- no stamp duty or SDRT will arise on a transfer of Ordinary Shares into CREST for conversion into uncertified form, unless such transfer is made for a consideration in money or money's worth, in which case a liability to stamp duty or SDRT will arise, usually at the rate set out above;
- a transfer of Ordinary Shares effected on a paperless basis within CREST will generally be subject to SDRT at the rate of 0.5 per cent. of the amount or value or the consideration. CREST is obliged to collect SDRT from the purchaser of the Ordinary Shares on relevant transactions settled within the system; and
- where Ordinary Shares are issued or transferred: (i) to, or to a nominee for, a person whose business is or includes the provision of clearance services; or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such persons) or SDRT may be payable at a rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares or, in the case of an issue to such persons, the issue price of the Ordinary Shares.

Special rules apply to certain categories of person including intermediaries, market makers, brokers and dealers, and persons connected with depositary arrangements and clearance services.

8.5 *Dividends and Other Distributions*
Dividends paid by the Company will carry an associated tax credit of one-ninth of the cash paid. Shareholders resident in the UK receiving such dividends will be liable to income tax on the aggregate of the dividend and associated tax credit at the Schedule F ordinary rate (10 per cent.) or the Schedule F upper rate (32.5 per cent.).

The effect will be that taxpayers who are otherwise liable to pay tax at only the lower rate or basic rate of income tax will have no further liability to income tax in respect of such a dividend. Higher rate taxpayers will have an additional tax liability (after taking into account the tax credit) of 22.5 per cent. of the aggregate of the individual and associated tax credit. Individual shareholders whose income tax liability is less than the tax credit will not be entitled to claim a repayment of all or part of the tax credit associated with such dividends.

A UK resident corporate shareholder should not be liable to corporation tax or income tax in respect of dividends received from the Company unless that company is carrying on a trade of dealings in shares. UK corporate shareholders holding 10 per cent. or more of the Company's share capital may be entitled to claim relief against UK corporation tax in respect of the Company's underlying tax.

Trustees of discretionary trusts are liable to account for income tax at the rate applicable to trusts on the trust's income and are required to account for tax at the Schedule F trust rate, currently 34 per cent.

Persons who are not resident in the UK should consult their own tax advisers on the possible application of such provisions and on what relief or credit may be claimed for any such tax credit in the jurisdiction in which they are resident.

8.6 *General*
These comments are intended only as a general guide to the current tax position in the UK as at the date of this document. The comments assume that Ordinary Shares are held as an investment and not as an asset of financial trade.

If you are in any doubt as to your tax position, or are subject to tax in a jurisdiction other than the UK, you should consult your professional adviser.

9. General

9.1 In the Directors' opinion, the minimum amount which must be raised by the Company pursuant to the Placing in order to provide the sums required pursuant to paragraph 21(a) of Schedule I to the POS regulations is £3.0 million comprising:

	£m
Issue expenses and commissions	0.2
Working capital	2.8
	3.0

9.2 The total proceeds which it is expected will be raised by the Placing are £11.0 million and the net proceeds after deduction of expenses are estimated at £10.8 million.

9.3 The accounting reference date of the Company is 31 December and the first audited accounts will be made up to 31 December 2005.

9.4 The expenses of and incidental to the Admission including registration and London Stock Exchange fees, professional fees and the costs of printing and distribution, are estimated to amount to approximately £0.2 million (excluding VAT) including £20,000 of commissions, all of which will be payable by the Company.

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

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

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

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

(b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

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

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

9.7 Chapman Davis LLP have given and not withdrawn their written consent to the issue of this document with the inclusion of their report and references to their name in the form and context in which it appears.

9.8 Smith & Williamson Corporate Finance Limited and Hichens, Harrison & Co. plc have each given and not withdrawn their written consent to the issue of this document with the inclusion of their name and references to their names in the form and context in which they appear.

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

9.10 The Placing has not been underwritten or guaranteed by any person.

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

9.12 No paying agent has been appointed by the Company.

9.13 The Placing Shares will be issued at 5.5p per share, a premium of 5.4p per Ordinary Share above nominal value.

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

9.15 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are, or may be, of fundamental importance to the business of the Company.

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

23 June 2005

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