CHAR PROSPECT ATTRIBUTES

The Char Prospect is the first well in a three prospect 6-9 well program. This is a high quality developmental drilling prospect, not a wildcat. The prospect was picked for its many attributes, all of which are focused on gaining industry and high net worth partners for a long-term relationship during an apex in the oil and gas opportunity. The highlights of the project are as follows:

1. The well is being drilled in Kern County, California. Kern County has produced more oil than the entire state of Okalahoma. The prospect is seismically defined with recent 3-D seismic and it is surrounded by three very prolific oil fields that also produce from the same seismic feature.

2. The well is being drilled in a mature oil and gas province with all infrastructure in place with no requirement to build long expensive pipelines. Because of its depth at 12,000 feet, high initial production rates are possible in the 500-1,000 BOPD (barrels of oil per day) range. Some wells in the area have averaged 1,000 BOPD for three straight years.

3. Because of the long life of these wells, it is not inconceivable to be possibly selling our oil for eighty dollars per barrel in ten years (Is the world's oil running out fast)**.** Because the well is developmental and the price of oil is so high and initial production rates are so good, this is a relatively low risk opportunity to hit oil and gas and achieve a potential quick payout.

4. We believe we use the best drilling management company and the best drilling rigs in California. Driltek, Inc. our management company located in Bakersfield (the oil capitol of California) has drilled over 150 wells below a depth of 12,000 feet. Kenai Drilling or Caza Drilling rigs will drill the well.

5. We have a turnkey price to drill this 12,000-foot well. That means that if problems were to be encountered (say the drill pipe got stuck at 9,000 feet) and the well was lost due to hole conditions we would not adversely be affected; our drilling contract provides that we get a logable hole to 12,000 feet, for a fixed cost (turnkey). This means we are guaranteed to reach our objective target without having to reach for more money, thereby eliminating the risk of mechanical failure. Three companies provide this insurance and spread this turnkey risk. Driltek, Kenai Drilling Company http://www.iadc.org/dcpi/dc-marapr02/m2-kenai.pdf and Geo Drilling Fluids Inc. www.geodf.com.

For more information, go to our web site: www.pangeaexploration.com