

Press release

Date: 21 August 2009

Placing of Shares

Pantheon Resources plc (“Pantheon” or “the Company”), the AIM-quoted oil and gas exploration company active in Louisiana and Texas, announces that it has today conditionally placed with investors 4,554,600 new ordinary shares of 1 pence each in the Company (“the Placing Shares”) at an issue price of 12 pence per share to raise £0.507million after expenses (“the Placing”). Application has been made for the Placing Shares to be admitted to trading on the AIM market of the London Stock Exchange plc (“Admission”). The Placing is conditional, *inter alia*, upon Admission which is expected to be on 24 August 2009.

The net proceeds of the Placing will be used to fund the estimated costs for the proposed remedial operations on the Vision Rice University #1 (“VRU#1”) well on the Tyler County project, and for general working capital. As previously announced, these remedial actions follow extensive drilling and testing delays at the VRU#1 well. Specific details of the proposed remedial work at the well were announced on 13 August 2009.

As previously announced, the drilling and testing delays at both the Bullseye and Tyler County projects have also resulted in additional costs becoming payable by the Company. These additional costs have been met through Pantheon’s existing cash resources and the proposed bridging finance facilities of up to £1.45m announced on 29 April 2009 and 25 June 2009, of which a total of £1.13m has been drawn down to date. Following the completion of the Placing there is no intention for the Company to draw down the remaining balance of the bridging finance facilities.

The delays at the VRU#1 well relate primarily to mechanical difficulties encountered whilst drilling and do not reflect the potential prospectivity of the project. Specific difficulties encountered include much higher than expected reservoir pressures and the unexpected presence of an “unconsolidated rubble zone”. Despite the mechanical challenges caused by these unexpected features, both features are considered to be beneficial for the project overall. In Austin Chalk wells, higher pressure is generally regarded as a positive as it usually indicates higher potential reserves and productivity. Unconsolidated rubble zones typically exhibit higher porosity and permeability, and should lead to enhanced recovery and flow rate per well if confirmed.

Previously Pantheon has advised that the Company is in discussions for the provision of a possible debt-based facility to fund the development of both its Bullseye and Tyler County projects. The Board continues to believe that a debt-based facility for the remainder of both programmes is preferable to issuing additional equity, in order to minimise dilution to existing shareholders. A decision is expected to be made on this possible facility subsequent to the completion of this well. Should the VRU#1 well be completed successfully and brought into production then the Company is optimistic about securing a debt-based facility. Should however the remedial operations be unsuccessful or a debt-based facility not be agreed, the Company may be required to explore other alternatives for future funding of its assets.

Following completion of the Placing, the Company will have 44,391,730 ordinary shares of 1 pence each ("Ordinary Shares") in issue. The Placing Shares will rank *pari passu* in all respects with the Company's existing Ordinary Shares. These Placing Shares will represent approximately 10.26% percent of the enlarged issued share capital of the Company on Admission.

Jay Cheatham CEO of Pantheon Resources, stated,

"I am very pleased with the response to the private placing and the confidence shown in the Company's future. This placing was constrained in order to minimise dilution to existing shareholders, and should allow the Company to complete the proposed remedial actions for the well."

"I remain very excited by the potential for this well and for the entire project. I believe it is extremely important to recognise that the difficulties experienced in this well are for engineering and mechanical reasons, and not because of the absence of hydrocarbons. Put simply, the well was not originally engineered for the features encountered. Ironically, these very features are potentially materially beneficial for the remainder of the project. We are delighted to have a 25% stake in this joint venture, and our challenge is to maintain that interest with a minimum dilution to existing shareholders".

For further information on Pantheon Resources plc, see the website at www.pantheonresources.com

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Background on Vision Rice University #1 ("VRU#1") Well

The first well on this Tyler County project commenced on 12 November 2008 with the spudding of the Vision Rice University #1 ("VRU#1") well. In February 2009 the completion assembly was run. Reservoir pressure was materially higher both than that seen in the Anadarko/Ergon wells located to the north. The operator had already engineered the well in the expectation that the reservoir pressure would be higher than those encountered in the Anadarko/Ergon wells. However the pressure encountered exceeded even its pre-drill estimates. This higher pressure caused the operator to complete the well with a shorter lateral (horizontal) section than originally planned. However fractures were cut with commensurate natural gas shows.

After setting a slotted liner in the horizontal segment of the wellbore, service company personnel failed to set a production packer, on two separate occasions. On the third attempt, a packer and production tubing were successfully installed. During subsequent clean-up operations the well bore became blocked. This caused further delays.

The operator utilised a coiled tubing unit in an attempt to remove the blockages. During these procedures, small pieces of formation flowed through the slotted liner into the well bore resulting in a new obstruction. This occurred each time the well was cleaned out. Such experiences are consistent with the presence of an unconsolidated rubble formation. Eventually the blockages prevented the extraction of the coiled tubing from the hole.

The presence of a potential unconsolidated rubble zone was imperceptible on the seismic available to the joint venture prior to drilling. Such zones are known to exist elsewhere in the Austin Chalk. The existence of an unconsolidated rubble zone would be extremely encouraging for the project. Such zones typically exhibit higher permeability and porosity. These usually lead to both enhanced recovery and flow rate per well. If confirmed, these factors would have a significant and beneficial impact on the project's economics. Additionally, during the very limited testing operations performed, the well produced natural gas, condensate and black oil.

The information gathered from the current well should facilitate the drilling of any future wells on the project. In particular, it should result in subsequent wells being drilled at a lower cost than originally expected, despite the mechanical problems contributing towards additional time and cost overruns in this well. Lower potential future drilling costs would also enhance the project's economics.

Remedial operations planned by the operator will utilise a high pressure snubbing unit in an attempt to remove the stuck coiled tubing. The plan is to then cement the upper zone to prevent further migration of pebbles and fine sediments into the well bore, before undertaking clean-out and completion operations. This operation is estimated to take two to three weeks on a trouble free basis to complete once the snubbing unit is on location.