

Press release

22 January 2016

**Pantheon Resources plc**

**Testing and production update**

Pantheon Resources plc ("the Company"), the AIM-quoted oil and gas exploration and production company with a 50% working interest in several projects in Tyler and Polk Counties, East Texas, announces the following operational update:

**Update on testing operations at VOS#1 well, Tyler County, onshore East Texas**

The JV has completed the pressure build up test on VOS#1. This has provided valuable diagnostic information on what the JV perceives is a blockage in the well. This has taken time, but gathering the data is an iterative process and careful analysis and preparation is necessary to minimise risk in deep, high pressure wells which have encountered such a large section of net pay.

Blockages have occurred in a number of wells in the nearby Double A Wells field and these were successfully remediated. The JV has been able to access relevant data from these wells and analysis has already been undertaken.

In addition to the pressure build up test, the JV has decided to perform a second flow test at a wider range of choke sizes and tubing pressures, as well as an inexpensive diagnostic spinner survey, which, combined with the data from the Double A Wells field, should help decide the optimal course of action.

A spinner survey tool will be dropped to the bottom of the wellbore and slowly pulled up through the perforated interval. This will allow the JV to identify the perforation points at which production fluids are entering the well and assess more accurately where any potential blockages might be occurring. The JV is currently investigating the availability of the relevant equipment and the spinner survey will be conducted as soon as this is procured and available.

A further announcement will be made when operations are complete.

**Update on operations at VOBM#1 well, Polk County, onshore East Texas**

As a final step in bringing the VOBM#1 well online, the JV is negotiating with nearby natural gas processing plants for the supply and processing of natural gas. Once these have been agreed, the JV will begin preparations for commercial production of both natural gas and liquids. This is expected to occur at the end of Q1 2016.

**Background**

The primary objective of the JV is to identify and exploit commercially the oil and gas discoveries it has made in the Eagle Ford sandstone formation in East Texas. The Double A Wells field, an analogue field which lies very close to much of the JV acreage, has produced over 20 million barrels of oil and 415 bcf of natural gas to date from a footprint of circa 4,000 acres. In addition to the two discoveries it has announced, the JV has identified a number of other prospects on its acreage with similar geological signatures and resource potential to the Double A Wells field. These are

conventional wells in an area of abundant infrastructure and have the potential to be profitable at levels well below today's oil and gas prices.

**Jay Cheatham, CEO, said:**

*“Performing a flow test and spinner survey is a prudent measure to make absolutely sure that we can complete analysis and testing of the VOS#1 well in the most methodical and cost-effective manner. This has not changed our view of the scale or commerciality of the VOS#1 discovery, which was producing commercial quantities of oil and gas before the shut in.*

*To date we have found commercial volumes of oil and gas in the Eagle Ford sandstone with both of our first two wells. Both wells have exceeded our pre-drill estimates on net pay and confirmed our ability to identify commercial well locations successfully. We expect to have the VOBM#1 well in Polk County on production and generating cash flow at the end of this quarter.*

*Our leased acreage has the potential for up to five lookalike fields to the Double A Wells field, and given that each successful P50 well has estimated capital and operating costs of less than \$5 barrel of oil equivalent, both discoveries should remain profitable even if today's much lower oil price environment were to persist. The outlook for the company remains extremely positive.”*

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Further information:

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies - June 2009, the information contained in this announcement has been reviewed and signed off by Jay Cheatham, a qualified Chemical & Petroleum Engineer, who has over 40 years' relevant experience within the sector. The technical disclosure in this announcement complies with the SPE/WPC standard.

The mineral resource estimates presented by the Company have been prepared by Mr. Arthur E. Berman BA, M.S. (Geology), Director of Labyrinth Consulting Services Inc., who has over 30 years' experience as a geoscientist.