

29 February 2016

Pantheon Resources plc

Operational update

Pantheon Resources plc ("Pantheon" or "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, is pleased to announce the following operational update:

VOS#1 well, Tyler County, onshore East Texas

Having earlier completed a pressure build up test on the VOS#1 discovery, the operator Vision has completed a diagnostic spinner survey in order to determine the relative flow contribution from the perforated intervals and to identify more accurately where flows are being restricted to determine the optimal remediation procedure. Vision has subsequently made a further detailed analysis of a number of wells in the nearby Double A Wells field, which are also known to have experienced restricted flow rates during testing.

The results of the second flow test confirmed that the well is a commercial discovery at current flow rates. During the second test period the well flowed at a sustained rate of over 750 barrels of oil equivalent per day on a 12/64th choke. Analysis has confirmed that these rates should be materially improved by applying a standard fracture stimulation procedure as the optimal remediation technique. This is considered a straightforward procedure in a vertical hole and the operator is confident of a successful outcome. This procedure is currently being planned and will be completed after the necessary equipment and operating team have been sourced.

Similar fracture stimulation procedures were used to enhance recovery from a number of wells in the Double A Wells field with great success. Typically a fracture stimulation procedure could be expected to improve the flow rates by up to three times the initial flow rate. It will however take a period of sustained production data before a final assessment of the expected improvements can be made. Although a decision to complete a standard fracture stimulation procedure has been taken with the VOS#1 well, the partners do not believe that such procedures should be required for the majority of future wells.

Having further extended its understanding of the well's performance during testing, the operator can confirm that the potential productive zone in the Eagle Ford sandstone has more than 270 feet of hydrocarbon bearing sandstone, of which 107 feet was perforated during testing. The extent of the hydrocarbon-bearing section increases the probability for greater resources in place on the remainder of the Tyler County acreage.

VOBM#1 well, Polk County, onshore East Texas

The operator is now close to concluding arrangements for processing the gas production and extraction of natural gas liquids with the preferred natural gas processing plant. The first commercial production is estimated to occur in the early part of Q2 2016. On a modelled P50 basis the VOBM#1 well has an estimated payback of approximately seven months (after deduction of royalties and production taxes) at oil and gas prices of US\$30 bbl oil/US\$2.00 mcf natural gas. As previously noted, analysis of the well logs and flow testing data indicates that the VOBM#1 well could materially

exceed the pre-drill P50 estimates. As an illustration of the potential upside, a modelled Pmean outcome would, if achieved, more than double the estimated present value of the discovery. Combined capital and operating costs are projected to be less than US\$5 per boe.

Future drilling

Following the successful 2015 exploration drilling programme, which validates the geological modelling of our licence areas, the next objective is to exploit commercially the full potential of the acreage portfolio, taking advantage of falling costs in the mid and upstream sectors of the industry. The first well in the 2016 drilling programme will be in Polk County. It is a step out from the VOBM#1 discovery well and unlike the first two wells will be drilled horizontally. Significantly, the operator now considers this to be a development well. In Tyler County, the next well will be a large step out from VOS#1 into the Core Offset prospect in the heart of the Eagle Ford mini-basin complex.

Financing

Pantheon believes it is in a fortunate position, given the quality of its assets and the imminence of first production, of having various potential financing options available to it and the company will make a decision at the appropriate time.

Jay Cheatham, CEO, said:

“The more we analyse the results of the VOS#1 well, the more confident we are that both it and the VOBM#1 well before it will prove to exceed our original P50 estimates. We have taken extra time to analyse the restricted flow rates in the VOS#1 well. It is impossible to know the exact extent of any blockage or reservoir damage caused by the use of heavy drilling mud, however there are permeability variations across the 270 foot column of sandstone. Because of the exceptional extent of the reservoir encountered, we, along with the service companies, have concluded that flow rates and recovery can be substantially improved by adopting a straightforward fracture stimulation remediation technique that has worked effectively with analogous neighbouring wells. The extent of the column and the flow rates achieved from a narrow choke during subsequent testing have confirmed our belief that this should be an exceptionally productive well and one which exceeds our initial expectations.

“The knowledge and experience acquired with these first two commercial discoveries reinforces our desire to press ahead with further drilling, taking advantage of the reduced costs provided by a low price environment. The decision to use horizontal drilling techniques to drill future wells on our acreage is another important step forward in the company’s transition from exploration to development status. The operator has always considered that horizontal completions would be the most efficient method for drilling these wells, but adopted a more cautious approach for its first two wells to minimise risk. The horizontal well models suggest that ultimate recoveries could be between 200% and 300% greater than that of a vertical well.

“Our focus is now on drilling out the multiple well targets which have been de-risked by VOS#1 and VOBM#1. We have drilled two discovery wells in two separate counties, in two separate mini basins, on two different seismic packages. Following from Polk County, the next well in Tyler County will be a horizontal well, a large step out from our first, and located in the third of the five prospective areas in the company’s portfolio. With combined operating and capital costs forecast at below \$5 per boe and the prospect of near term cash flow from our first two successes, I have never been more certain about the future of this company.”

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.

***Note to Editors – Background on the Double A Wells Field**

In addition to the two discoveries it has announced, the JV has previously identified numerous other locations on its acreage with similar geological signatures and resource potential to the Double A Wells field, the analogue field nearby. It was discovered in 1985 and has produced over 20 million barrels of oil and 415 bcf of natural gas to date from a footprint of circa 4,000 acres, making it one of the most prolific fields in North America, measured on a return on investment per acre basis. At the time of the Company's equity placing in late 2014, which has financed the first two wells drilled by the JV, the P50 Prospective Resource attributable to the project were estimated by the independent geologist Art Berman at 301 mmboe (PANR share 50%) on a P50 basis.

GLOSSARY

bbl	barrel of oil
bcf	billion cubic feet
boe	barrels of oil equivalent
boepd	barrels of oil equivalent per day
mcf	thousand cubic feet
mmboe	million barrels of oil equivalent