

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all of your Shares in Pantheon Resources plc, please forward this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible for transmission to the purchaser or transferee. If you have sold only part of your holding of Shares in Pantheon Resources plc you should retain these documents.

This document does not constitute an offer to buy, acquire or subscribe for, or the solicitation of an offer to buy, acquire or subscribe for, Shares, or an invitation to buy, acquire or subscribe for Shares, nor does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute a prospectus and a copy has not been delivered to the Financial Conduct Authority. This document provides you with information about the Placing but does not invite you to participate in it.

It is expected that applications will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM with the Firm Shares expected to be admitted on or around 2 October 2014 and the Conditional Shares expected to be admitted on or around 21 October 2014. The Placing Shares will, when issued, rank *pari passu* in all respects with the Existing Shares including the right to receive dividends and other distributions declared following their respective Admission. The issue of the Shares pursuant to the Placing will not constitute an offer to the public requiring an approved prospectus under section 85 of the Financial Services and Markets Act 2000 as amended and, accordingly, this document does not constitute a prospectus.

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# Pantheon Resources plc

*(Incorporated and registered in England and Wales with registered number 5385506)*

## Proposed placing and Notice of General Meeting

**Nominated Adviser and Broker  
Oriel Securities Limited**

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**This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Pantheon Resources plc set out on page 8 of this document, which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below.**

A notice to convene a General Meeting of Pantheon Resources plc to be held at One America Square, Crosswall, London EC3N 2SG at 10.00 a.m. on 16 October 2014 is set out at the end of this document. Shareholders will find enclosed with this document a Form of Proxy for use in relation to the General Meeting. To be valid, the Form of Proxy must be completed in accordance with the instructions set out thereon and returned as soon as possible to the Company Secretary at the registered office of the Company at One America Square, Crosswall, London EC3N 2SG, so as to be received as soon as possible but in any event no later than 10.00 a.m. on 14 October 2014. The return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting in person should they so wish.

Oriel Securities Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”), is acting exclusively for the Company in connection with the Placing and will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of this document or any matter, transaction or arrangement referred to herein. The responsibilities of Oriel Securities Limited as the Company’s nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person. Oriel Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.

The Placing Shares described in this document have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “Securities Act”) or under the securities laws of any state of the United States, and may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States except under an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of the Placing Shares in the United States. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States. In addition, offers, sales or transfers of the Placing Shares in or into the United States for a period of time

following completion of the Placing by a person (whether or not participating in the Placing) may violate the registration requirement of the Securities Act. Furthermore, the Placing Shares have not been and will not be registered under the applicable laws of any of Australia, Canada, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered or sold to any national, resident or citizen thereof.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. Subject to certain exceptions, this document is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, Canada, the Republic of South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

In accordance with the AIM Rules - Guidance for Mining and Oil & Gas Companies, the information contained in this document has been reviewed and signed off by Mr. Arthur E. Berman BA, M.S. (Geology), director of Labyrinth Consulting Services Inc who has over 30 years' experience in petroleum exploration and production. He has compiled, read and approved the technical disclosure in this document. The technical disclosure in this document complies with the SPE/WPC standard.

## **FORWARD LOOKING STATEMENTS**

This document contains forward-looking statements. These statements relate to the Company's future prospects, developments and business strategies. Forward-looking statements are identified by their use of terms and phrases such as "potential", "estimate", "expect", "may", "will" or the negative of those, variations or comparable expressions, including references to assumptions.

The forward-looking statements in this document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. These forward-looking statements speak only as at the date of this document. No statement in this document is intended to constitute a profit forecast or profit estimate for any period.

Neither the Directors nor the Group undertake any obligation to update forward-looking statements other than as required by the AIM Rules or by any other applicable law or regulation, whether as a result of new information, future events or otherwise.

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## PLACING STATISTICS

Placing Price	20 pence
Number of Ordinary Share in issue prior to the Placing	102,099,770
Number of new Ordinary Shares to be issued pursuant to the Firm Placing	59,000,000
Number of new Ordinary Shares to be issued pursuant to the Conditional Placing	33,609,870
Enlarged Issued Ordinary Share Capital following the Firm Placing	161,099,770
Enlarged Issued Ordinary Share Capital following the Conditional Placing <sup>1</sup>	196,356,396
Gross proceeds of the Placing	£18.5 million
Gross proceeds of the Firm Placing	£11.8 million
Gross proceeds of the Conditional Placing	£6.7 million
Estimated net proceeds of the Placing (assuming completion of the Conditional Placing)	£17.4 million

1 - including the Additional Shares

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS\*

Date of publication of this Circular	30 September 2014
Admission and commencement of dealings in the Firm Shares on AIM	8.00 a.m. on 2 October 2014
CREST accounts credited with the Firm Shares	2 October 2014
Last time and date for receipt of completed Forms of Proxy for the General Meeting	10.00 a.m. on 14 October 2014
General Meeting	10.00 a.m. on 16 October 2014
Announcement of result of General Meeting	on 16 October 2014
Admission and commencement of dealings in the Conditional Shares on AIM**	8.00 a.m. on 21 October 2014
CREST accounts credited with the Conditional Shares**	21 October 2014

\* Each of the times and dates in the table above is indicative only and may be adjusted by Pantheon, in which event details of the new times and dates will be notified by way of an announcement issued via a Regulatory Information Service. References to times in this Circular are to UK times unless otherwise stated.

\*\* These events are conditional on the passing of the Resolutions at the General Meeting.

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act”	the Companies Act 2006;
“Admission”	means each of the First Admission and Second Admission;
“Additional Shares”	the 1,646,756 new Shares which conditional upon the passing of the Resolutions will be subscribed for at the Placing Price by persons using commissions they are entitled to in respect of the Placing;
“AIM”	a market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time;
“Articles”	the articles of association of the Company as amended from time to time;
“Board” or “Directors”	the directors of the Company;
“Conditional Shares”	the 33,609,870 Shares which may, pursuant to the Conditional Placing, be allotted and issued fully paid up at the Placing Price;
“Conditional Placing”	the proposed placing of the Conditional Shares pursuant to the terms of the Placing Agreement and the Subscriptions;
“CREST”	a relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;
“Existing Shares”	102,099,770 Shares currently in issue at the date of this document;
“Euroclear”	Euroclear UK and Ireland Limited;
“Firm Shares”	the 59,000,000 Shares which may, pursuant to the Firm Placing, be allotted and issued fully paid up at the Placing Price;
“Firm Placing”	the proposed placing of the Firm Shares pursuant to the terms of the Placing Agreement and the Subscriptions;
“First Admission”	the admission of the Firm Shares to trading on AIM becoming effective in accordance with the AIM Rules;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“General Meeting”	the general meeting of the Company, to be convened to consider the Resolutions, notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries and subsidiary undertakings as at the date of this document;
“Joint Venture” or “JV”	the joint venture between the Company and Vision;
“LAP Agreement”	a Lease Acquisition and Participation Agreement entered into between Pantheon LP, Vision and Vision Operating on 29 September 2014;
“London Stock Exchange”	London Stock Exchange plc;
“Notice”	the notice of General Meeting set out in this document;
“Net Mineral Acres”	with respect to a person’s interest in a lease: (i) the number of gross acres covered by such lease, times (ii) the percentage of the oil and gas covered by such lease, times (iii) the percentage of the estate of the original lessee

in said lease (working interest) owned by such person. For example, the number of Net Mineral Acres attributable to a lease covering an undivided one half interest in the oil and gas rights in and under a 100 acre tract of land in which a person owns 90% of the estate of the original lessee in such lease would be 45 acres. The 45 Net Mineral Acres in this example is derived as follows: (100 acres) times 50% (the landowner's interest in the oil and gas rights) times 90% (such Person's ownership percentage of the estate of the original lessee);

"Oriel Securities"	Oriel Securities Limited, the Company's nominated adviser and broker;
"Pantheon LP"	Pantheon Oil & Gas, LP, a wholly owned subsidiary of Pantheon Resources plc;
"Pantheon Resources plc" or "the Company"	Pantheon Resources plc, a company incorporated and registered in England and Wales with registered number 5385506;
"Placing"	the Firm Placing and/or Conditional Placing, as the context requires;
"Placing Agreement"	the conditional agreement dated 30 September 2014, made between the Company (1), and Oriel Securities (2), relating to the Placing and which in respect of the Conditional Placing is conditional upon, amongst other things, the passing of the Resolutions at the General Meeting and Second Admission, further details of which are set out in the letter from the Chairman of the Company within this document;
"Placing Price"	20 pence per share;
"Placing Shares"	means, as the context requires, the Firm Shares and Conditional Shares, together or individually;
"Resolutions"	the Resolutions set out in the Notice;
"Second Admission"	the admission of the of the Conditional Shares to trading on AIM becoming effective in accordance with the AIM Rules;
"Shares"	ordinary shares of 1 pence each in the capital of the Company, having the rights and being subject to the restrictions contained in the Articles;
"Share Option Scheme"	the Pantheon Resources plc 2009 Discretionary Share Option Plan;
"Shareholders" or "Members"	holders of Shares from time to time;
"Subscriptions"	the letters of subscription entered into between the Company and certain investors in connection with the Placing;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "in uncertificated form"	a share or security recorded in the Company's register of members as being held in uncertificated form, title to which may be transferred by means of CREST;
"Vision"	Vision Resources LLC;
"Vision Operating"	Vision Operating Company, LLC.

## GLOSSARY

“Barrel (BBL)”	means a unit of measurement commonly used in quoting liquid hydrocarbon volumes: 1 barrel = 42 U.S. gallons, 35 imperial gallons (approximately) or 159 litres (approximately);
“btu”	means a British Thermal Unit, a unit index of energy content in gas;
“hydrocarbons”	means a compound of the elements hydrogen and carbon, in either liquid or gaseous form. Natural gas and petroleum are mixtures of hydrocarbons;
“Mmbtu”	means a ‘Million British Thermal Units’;
“oil”	means liquid hydrocarbons, generally more viscous and darker in colour than condensates;
“P50”	means in a Monte Carlo simulation, the median value of a particular parameter's occurrence. For example, a P50 net pay of 50 feet means that half of the trials in the simulation encountered a value less than 50 feet;
“Prospect”	means an undrilled or poorly understood, and therefore hypothetical, hydrocarbon trap;
“reservoir”	means a porous rock unit in which hydrocarbons occur in an oil field;
“Sandstone”	means a sedimentary rock composed primarily of sand sized grains, usually quartz, a common hydrocarbon reservoir rock;
“seismic survey”	means a tool employing an energy source, such as dynamite, and recording devices used to measure the travel time from a rock layer to the surface. The primary tool used to detect hydrocarbon traps;
“structure”	means a geological feature usually higher in elevation than the surrounding rock, formed by local deformation of the rock layers;
“well log”	means device which records rock physical parameters in the well bore during or after drilling, or, the data obtained by these devices.

Throughout this document the exchange rate of GBP 1.00:US\$1.63 has been used.

## **Pantheon Resources plc**

*(Incorporated and registered in England and Wales with registered number 5385506)*

### Directors:

John Arthur Walmsley, Non-Executive Chairman  
John Bishop (Jay) Cheatham, Chief Executive Officer  
Justin George Hondris, Director, Finance and Corporate Development

### Registered office:

One America Square  
Crosswall  
London  
EC3N 2SG

30 September 2014

Dear Shareholder

### **Proposed placing and Notice of General Meeting**

#### **Introduction**

The Board of Pantheon Resources plc announced today that it has conditionally raised gross proceeds of up to £18.5 million (US\$30.2 million) (before expenses) by way of a Firm Placing of 59,000,000 new ordinary Shares and Conditional Placing of 33,609,870 new ordinary Shares at a price of 20 pence per share.

The net proceeds of the Placing will be used by Pantheon to increase its working interest in its Kara Farms joint venture from 25% to 50%, through a revised joint venture with Vision. Through the joint venture, Pantheon will also be able to purchase a 50% working interest in oil and gas leases which Vision is in the process of acquiring in three new project areas in Tyler and Polk Counties and in certain other leases. The new oil and gas leases are in three project areas currently named Prospect A, Prospects B+C and Prospect D. Upon completion of these transactions, Pantheon will hold a total net acreage position (including its existing acreage) of approximately 24,729 acres with attributable net P50 prospective recoverable resources estimated to be 150.5 million barrels of oil equivalent.

#### **The placing**

The Placing of Firm Shares for cash at a price of 20 pence per Share is subject to the terms and conditions of the Placing Agreement and the Subscriptions and conditional on First Admission, which is expected to occur on 2 October 2014. The Firm Shares will be allotted pursuant to the existing authority granted to the Directors by Shareholders at the Company's annual general meeting held on 13 December 2013. The Placing is not underwritten.

The Placing of Conditional Shares for cash at a price of 20 pence per Share is subject to the passing of the Resolutions at the General Meeting and the terms and conditions of the Placing Agreement and Subscriptions and conditional on Second Admission. It is expected that Second Admission will occur and that dealings in the Conditional Shares will commence on AIM on or around 21 October 2014.

This document provides you with the background to and the reasons for the Placing, and explains why the Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole, and why the Board recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

#### **Background to the Placing and Use of Proceeds**

Pantheon is conducting the Placing in order to implement its strategy of exploring for and developing oil and gas deposits onshore USA. Over the past several years the Joint Venture in association with the Bureau of Economic Geology ("BEG") at University of Texas, Austin, has conducted a comprehensive geological study across parts of south east Texas. The study included the review and analysis of a comprehensive suite of historical data from across the region held by both Vision and BEG. This data included well logs, seismic surveys (2D and 3D), and well cores. The analysis of this data has enabled the Joint Venture to develop a deeper understanding of the geology of the region. This understanding has enabled the Joint Venture to geologically



map two hydrocarbon bearing geological structures, the Austin Chalk and the Woodbine/Eagleford Sandstone, on its Kara Farms acreage.

The Company is raising funds with the intention of acquiring an additional 25% interest in its Kara Farms joint venture and 50% working interests in additional acreage (currently named Prospect A, Prospects B+C and Prospect D, together with certain other leases) which it believes has potential to host these structures and, subject to and depending on the interests in the acreage it acquires, it plans to drill up to two wells. A summary of the terms of the revised Joint Venture are set out in Appendix 1.

#### *Austin Chalk*

The Austin Chalk is a well-understood regional geological structure which has been producing for approximately one hundred years, and is currently producing today in acreage neighbouring Kara Farms. The Brookeland Field Austin Chalk predominantly produces natural gas with some associated oil and natural gas liquids. The Austin Chalk typically requires horizontal wells in order to be most productive but they do not require hydraulic fracturing. The Austin Chalk is the secondary target in the Kara Farms and Prospects B+C acreage, offering potential downside protection, with the primary target being the more prolific Woodbine/Eagleford Sandstone. The Austin Chalk is considered by Vision as a development play and is believed to exhibit low geological risk, with neighbouring drilling enjoying a circa 93% commercial success rate.

#### *Woodbine/Eagleford Sandstone*

The Woodbine/Eagleford Sandstone is a deeper conventional reservoir target, with analogous producing wells showing exceptional reservoir quality. It is expected to produce both oil and wet gas. The Company's current and proposed new acreage sits in close proximity to the prolific Double A Wells field which has produced around 415 billion cubic feet gas and around 20 million barrels oil since 1985, the equivalent of US\$4 billion in revenue assuming prices of US\$100 per barrel of oil and US\$4.50 per thousand cubic feet of wet gas, from a footprint approximating 4,000 acres.

The Woodbine/Eagleford Sandstone is proven to exist on the JV's Kara Farms acreage as there is an existing well (the "LP2 well") producing from this formation. The LP2 well was drilled by Vision prior to Pantheon entering the JV and the Company has no economic interest in this well. The LP2 well has produced over US\$30 million in revenue to date. The JV intends to drill the Kara Farms well approximately a mile away from the LP2 well in what it believes is a more prospective location with potential for hydrocarbons in both the Austin Chalk and the Woodbine/Eagleford Sandstone. Subject to completion of the acquisition of the new acreage, the Company intends to drill its second well on Prospect A on the new acreage west of the Double A Wells field. If only part of the new acreage is acquired, the Company might be required thereafter to unitise.

The JV has identified further potential for a Woodbine/Eagleford Sandstone in new project areas A, B+C and D. The Austin Chalk, offering potential downside protection, is understood to be present in the Kara Farms acreage and project areas B+C. Gross P50 prospective resource estimates (recoverable) are contained in the table below.

#### *Gross P50 Prospective Resource Estimates (Recoverable)\**

	<b>Oil Million Barrels Oil**</b>	<b>Gas Billion Cubic Feet**</b>	<b>Million Barrels Oil Equivalent***</b>	<b>Potential Vertical Wells**</b>	<b>Individual Vertical Well NPV10 (P<sub>50</sub>)****</b>	<b>Individual Vertical Well NPV10 (Pmean)****</b>
Kara Farms (existing project)	11	255	53	Up to 34	US\$28m	US\$65m
Prospect A (new acreage)	12	276	58	Up to 37	US\$29m	US\$66m
Prospect B + C (new acreage)	17	458	93	Up to 61	US\$28m	US\$65m

	<b>Oil Million Barrels Oil**</b>	<b>Gas Billion Cubic Feet**</b>	<b>Million Barrels Oil Equivalent***</b>	<b>Potential Vertical Wells**</b>	<b>Individual Vertical Well NPV10 (P<sub>50</sub>)****</b>	<b>Individual Vertical Well NPV10 (P<sub>mean</sub>)****</b>
Prospect D (new acreage)	11	261	54	Up to 35	US\$29m	US\$66m
Austin Chalk (Kara Farms, existing project and Prospect B + C – new acreage)	8	210	43	Up to 42		
<b>TOTALS</b>	<b>59</b>	<b>1460</b>	<b>301</b>	<b>Up to 217</b>		

\* Fiscal Terms: Royalty: c.25%; Production tax: 4.6% Oil & 7.5% Gas; Corporation tax: 25-35%; Carried forward tax losses: US\$27m; Estimated Operating expenses: US\$78,000 pa/well; Oil Price assumption: US\$100bbl; and Gas price assumption: US\$4.50Mmbtu. All estimates are for the Woodbine/Eagleford Sandstone unless otherwise indicated.

\*\* Estimates of recoverable resource and potential number of wells (on a 100% basis) by Art Berman an independent petroleum geologist with more than 30 years of experience.

\*\*\* Natural gas converted to barrels oil equivalent on a ratio of 6 thousand cubic feet : 1 barrel oil equivalent.

\*\*\*\* Operator estimate.

There are no prospective resource estimates for the certain other leases also to be acquired.

### *Development*

In the event of commercial success, it may be possible to fund all or some development drilling with cash flow from production. Modelled wells in both the Woodbine/Eagleford and Austin Chalk formations offer potential for payback in as little as 4-5 months, dependent upon, amongst other things, prevailing commodity prices and drilling costs. The upcoming Kara Farms well will target the Woodbine/Eagleford Sandstone as its primary objective. If unsuccessful, the JV intends to complete this well in the secondary objective, the Austin Chalk, which is considered an appraisal well by the JV.

### *Use of Proceeds*

The directors anticipate that the net proceeds of the Placing will be used as follows:

- i. Payments to Vision under the LAP Agreement (further details of which are set out in Appendix 1) to increase the Company's WI in its Kara Farms joint venture from 25% to 50% and to purchase new oil and gas leases in project areas currently named Prospect A, Prospects B+C and Prospect D and in certain other leases, comprising:
  - a. approximately US\$7.0 million in respect of the interest to be acquired in the Initial Leases (referred to in Appendix 1);
  - b. approximately US\$8.8 million in respect of the interest to be acquired in the Additional Leases (referred to in Appendix 1); and
  - c. approximately US\$5.5 million in respect of the interest to be acquired in the Other Leases (referred to in Appendix 1).
- ii. Drilling and General & Administration
  - a. to fund 50% of the cost of drilling two wells on the JV acreage, the other 50% to be funded by Vision. The JV will be obligated to drill the two wells, with the initial well on the existing Kara Farms acreage and the second well, on the newly acquired acreage, Prospect A. The JV anticipates drilling the wells back to back under a single rig contract with spudding of the first well towards the end of the fourth quarter of 2014. The anticipated costs of the wells attributable to the Company is approximately US\$3 million per well; and
  - b. for general corporate purposes.

The total consideration payable to Vision, assuming that the Company completes all three acquisitions, will be US\$21.3 million which will be satisfied from the proceeds of the Firm Placing to the extent it relates to the Initial Leases and the Additional Leases, if acquired. The US\$21.3 million payable to Vision will be reduced in the event that the acquisition of the Additional Leases is not completed by Vision or by Pantheon LP from Vision and is also subject to customary adjustments.

The Firm Placing is not conditional on the completion of the Conditional Placing and should shareholders not approve the Resolutions or if the Conditional Placing does not complete, the Company will require additional funds in order to satisfy its drilling commitments and for general working capital purposes.

### Pantheon Director Participation

The participation of certain directors of Pantheon in the Placing will be as follows:

<u>Director</u>	<u>Holding as at the date of this document</u>	<u>Firm Shares subscribed for</u>	<u>Resulting holding after admission of Firm Shares</u>	<u>% of enlarged share capital post-Firm Placing</u>	<u>Conditional Shares subscribed for</u>	<u>Resulting holding after admission of Conditional Shares</u>	<u>% of enlarged share capital post-Conditional Placing<sup>(3)</sup></u>
John Bishop Cheatham	2,829,249	469,871	3,299,120	2.1 %	255,129	3,554,249	1.8 %
John Arthur Walmsley <sup>(1)</sup>	1,109,938	479,883	1,589,821	1.0 %	270,117	1,859,938	1.0 %
Justin George Hondris <sup>(2)</sup>	935,000	127,968	1,062,968	0.7 %	72,032	1,135,000	0.6 %

(1) John Walmsley's participation and resultant shareholding includes shares held by his spouse's pension fund of which she is the sole beneficiary.

(2) Justin Hondris' participation and resultant shareholding includes shares held by his spouse of which she is the sole beneficiary.

(3) Including the Additional Shares.

In addition, as announced on 30 September 2014, the Company has awarded Share options to certain directors and employees of the Company under the Company's Share Option Scheme or pursuant to option agreements, all of which vest as to 50% on the date of grant and 50% on the later of the first anniversary of grant and the spudding of the second well in the Company's upcoming drilling programme. Details of the awards to Directors are as follows:

<u>Director</u>	<u>Number of options granted</u>	<u>Exercise Price per Share<sup>2</sup></u>	<u>Options as a per cent of issued Share Capital following the Placing<sup>3</sup></u>
John Bishop Cheatham	4,385,000	30 pence	2.2 %
John Arthur Walmsley	1,000,000 <sup>1</sup>	30 pence	0.5 %
Justin George Hondris	3,865,000	30 pence	2.0 %

(1) granted pursuant to an option agreement, outside of the Share Option Scheme.

(2) the exercise price represents a 50% premium to the Placing Price.

(3) assuming completion of the Firm Placing, the Conditional Placing and the issue of the Additional Shares.

The above awards constitute all options currently outstanding to the Directors.

### Details of the Placing

The issue and allotment of the Firm Shares for cash at a price of 20 pence per share is subject to the terms and conditions of the Placing Agreement and the Subscriptions and conditional only on First Admission. The Firm Shares have been allotted pursuant to the pre-existing pre-emption disapplication authority granted to Directors by Shareholders at the Company's annual general meeting held on 13 December 2013. It is expected that dealings in the Firm Shares will commence on AIM on 2 October 2014.

The issue and allotment of the Conditional Shares for cash at a price of 20 pence per share is subject to the passing of the Resolutions at the General Meeting and the terms and conditions of the Placing Agreement and Subscriptions, conditional on Second Admission. Subject to receipt of Shareholder approval for the Resolutions it is expected that dealings in the Conditional Shares will commence on AIM on 21 October 2014.

The Firm Shares equal approximately 57.8% of the ordinary Shares in issue at the date of this document. The Firm and Conditional Shares together with the Additional Shares equal approximately 92.3% of the ordinary Shares in issue at the date of this document. All Placing Shares, when issued, will rank pari passu in all respects with the Existing Issued Ordinary Share Capital with regard to dividend entitlements, interests and all other rights and obligations attaching to the Shares, including the right to vote at the General Meeting.

The Placing Agreement contains warranties from the Company in favour of Oriel Securities in relation to, amongst other things, the accuracy of the information in this document and other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Oriel Securities in relation to certain liabilities it may incur in respect of the Placing. Oriel Securities has the right to terminate the Placing Agreement in certain circumstances prior to First Admission, including in the event of a breach of the warranties. Following First Admission, Oriel Securities has the right to terminate the Placing Agreement in respect of the Conditional Placing only in certain circumstances prior to Second Admission, in particular, in the event of a breach of the warranties.

### **Related party**

The Directors' participation in the Placing is deemed to be a Related Party Transaction under Rule 13 of the AIM Rules for Companies. Oriel Securities, the Company's Nominated Adviser, considers that the terms of the Placing with the Directors are fair and reasonable insofar as Shareholders are concerned.

### **General Meeting**

A notice is set out at the end of this document convening the General Meeting to be held at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG on 16 October 2014 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the Resolutions.

The Resolutions comprise:

- an ordinary resolution to authorise the Directors to allot the Conditional Shares and the Additional Shares, such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2014; and
- a special resolution to disapply Shareholders' statutory pre-emption rights (which require a company to offer new shares, or rights to subscribe for new shares for cash, first to existing shareholders in proportion to their holdings) in relation to the allotment of the Conditional Shares and the Additional Shares, such authority to expire at the conclusion of the Annual General Meeting on the Company to be held in 2014.

Subject to First Admission, the Firm Shares shall be eligible to vote on the Resolutions at the General Meeting.

### **Action to be taken**

A Form of Proxy is enclosed for use at the General Meeting. Whether or not you are able to attend the General Meeting, you are requested to complete the Form of Proxy and return it in accordance with the instructions provided thereon as soon as possible and, in any event, so as to be received by the Company Secretary at the registered office of the Company at One America Square, Crosswall, London EC3N 2SG no later than 10.00 a.m. on 14 October 2014.

The fact that you have completed a Form of Proxy will not preclude you from attending and voting in person if you so wish.

**Recommendation**

The Board considers the Placing to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

Yours faithfully,

John Arthur Walmsley

Chairman

## APPENDIX 1

### Joint Venture Key Terms

The LAP Agreement provides for the following to occur:

- **Polk County – 43,154 Net Mineral Acres – approximately US\$7.0 million** Pantheon LP is to acquire a 50% interest in certain interests in oil and gas properties in Polk County, Texas covering 6,721 Net Mineral Acres (the “First Tranche Initial Leases”), in respect of which Vision has a right of acquisition from a third party. This interest is to be acquired by Pantheon LP contemporaneously with the acquisition of the leases by Vision from the third party pursuant to a Purchase and Sale Agreement entered into between Vision and the third party (“Initial PSA”). The acquisition is expected to close on or about 6 October 2014 and the base acquisition price is approximately US\$7.0 million, payable on closing, subject to adjustment to reflect any adjustment made under the Initial PSA. Pantheon LP has a right to withdraw from this transaction should the number of Net Mineral Acres to be transferred at closing be less than an agreed minimum that is satisfactory to Pantheon LP.

In addition to the 50% interest in the First Tranche Initial Leases, Pantheon LP will also acquire as part of this transaction and at no additional cost, a further 25% interest in certain other oil and gas lease interests covering up to approximately 36,433 Net Mineral Acres (the “Second Tranche Initial Leases” and, together with the First Tranche Initial Leases, the “Initial Leases”) and an option to acquire a further 25% interest in such Second Tranche Initial Leases. The option in respect of the Second Tranche Initial Leases is exercisable by Pantheon LP until 1 April 2015 at an option price of US\$2.0 million. Should Pantheon LP exercise the option, it would need to raise additional funds to settle the option price.

- **Polk & Tyler Counties – 14,304 Net Mineral Acres – approximately US\$8.8 million** Pantheon LP is to acquire a 50% interest in certain oil and gas leases proposed to be granted by a third party to Vision in the Polk and Tyler Counties, Texas, covering approximately 14,304 Net Mineral Acres (the “Additional Leases”). This interest is to be acquired by Pantheon LLP contemporaneously with the grant of the Additional Leases. Vision and the third party have entered into a non-binding letter of intent in respect of the proposed grant of the Additional Leases and the grant of the Additional Leases remains subject to contract. Subject to Vision and the third party entering into a binding agreement, the acquisition by Pantheon LP is expected to close on or about 9 October 2014 and the base acquisition price is approximately US\$8.8 million and is payable on closing, subject to adjustment to reflect any adjustment made under the binding agreement. Pantheon LP has a right to withdraw from this transaction should the number of Net Mineral Acres to be transferred at closing be less than an agreed minimum that is satisfactory to Pantheon LP.

In respect of the Additional Leases located in Polk County, the third party grantor of the leases will retain an option to participate in wells drilled on the underlying land or lands pooled with that land for up to a 25% working interest (proportionately reduced to the mineral interest of the third party grantor in the relevant well or unit). This option will not apply to Pantheon LP’s interests in wells proposed to be drilled on Prospect A, but would otherwise apply to Pantheon LP’s interests in the Additional Leases located in Polk County.

- **Polk & Tyler Counties – 10,218 Net Mineral Acres – approximately US\$5.5 million** Pantheon LP is to acquire a 50% interest in certain oil and gas leases in respect of which Vision is the owner or has a right of acquisition in the Polk and Tyler Counties, Texas, covering approximately 10,218 Net Mineral Acres (the “Other Leases”). The acquisition by Pantheon LP is expected to close on or about 21 October 2014 and the base acquisition price is approximately US\$5.5 million and is payable on closing, subject to adjustment in the event the number of Net Mineral Acres actually transferred to Pantheon LP at closing is adjusted.
- **Well Commitments** Pantheon LP and Vision are to each fund their respective 50% participating interest share of two new wells to be drilled in the area of the Initial Leases, Additional Leases or Other Leases (together, the “Subject Leases”). The first obligation well is to be drilled in the Kara Farms Area by 1 August 2015 and the second obligation well is to be drilled on the new Prospect A by 15 October 2015. Authorisations for Expenditure for the two wells have been agreed and set the approximate gross cost of each well at US\$6.0 million. Vision Operating will be the operator of the obligation wells. Should the JV acquire the Initial Leases but not the Additional Leases for any reason, the JV would still hold sufficient acreage to drill both the Kara Fields prospect and new Prospect A, although the JV might thereafter be required to unitise.

- **Operating Agreements** an operating agreement to be entered into by Pantheon LP, Vision and Vision Operating. Under this operating agreement, Vision Operating shall be the operator and each of Pantheon LP and Vision shall hold their respective participating interests in the Subject Leases and the existing Kara Farms acreage. The new operating agreement will supersede the previous operating agreement for the existing Joint Venture; and
- **Area of Mutual Interest** the creation of an area of mutual interest by Pantheon LP, Vision and Vision Operating over the areas of the Subject Leases and certain surrounding areas. Each of Pantheon LP and Vision shall have the option to participate alongside the other, to the extent of its participating interest and in exchange for its participating interest share of acquisition costs, in the event another party to the LAP Agreement acquires any additional oil and gas interests in the area of mutual interest.

# **Pantheon Resources plc**

## **Notice of General Meeting**

*(Incorporated and registered in England and Wales with registered number 5385506)*

The Board of Pantheon Resources plc hereby gives notice of a general meeting of the Company (the “**General Meeting**”) to be held at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG on 16 October 2014 at 10.00 a.m. to consider and, if thought fit, to pass the following Resolutions. Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution. Unless the context otherwise requires, words and expressions used in this Notice have the meanings given to them in the circular to Shareholders dated 30 September 2014, of which this Notice forms part.

### **Ordinary Resolution**

1. THAT the Directors be and they are hereby generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (“the Act”), in addition to all previous powers granted to them, to exercise all the powers of the Company to allot and make offers to allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £352,566.26 in connection with the allotment of up to 35,256,626 Shares, provided that this such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2014. The Company may, at any time before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

### **Special Resolution**

2. THAT the Directors be and they are hereby empowered pursuant to Section 570 of the Act, in addition to all previous powers granted to them, to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred by resolution 1 above as if Section 561(1) of the Act did not apply to any such allotment, up to an aggregate nominal amount of £352,566.26 in connection with the allotment of up to 35,256,626 Shares, provided that this power shall, unless previously revoked or varied by special resolution of the Company in general meeting, expire at the conclusion of the Annual General Meeting of the Company to be held in 2014. The Company may, at any time before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors are hereby empowered to allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By Order of the Board

**Ben Harber**  
*Company Secretary*

*Registered Office:*  
One America Square  
Crosswall  
London EC3N 2SG

30 September 2014



## Notes

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the General Meeting. A Shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. A proxy need not be a Shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact the Company Secretary on +44 (0) 20 7264 4444.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at One America Square, Crosswall, London EC3N 2SG not less than 48 hours (excluding non-working days) before the time for holding the meeting (namely by 10.00 a.m. on 14 October 2014) or any adjournment thereof.

3. The return of a completed proxy form will not prevent a Shareholder attending the General Meeting and voting in person if he/she wishes to do so.

4. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 10.00 a.m. on 14 October 2014 (or, in the event of any adjournment, 10.00 a.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. At 29 September 2014 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 102,099,770 Shares, carrying one vote each. Therefore, the total voting rights in the Company as at that time were 102,099,770.

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