

30 December 2016

Pantheon Resources plc

Operational update

Pantheon Resources plc ("Pantheon" or "the Company"), the AIM-quoted oil and gas exploration and development company with a working interest (of 50%-58%) in several conventional projects located onshore in Tyler & Polk Counties, East Texas, notes recent market speculation and is pleased to provide the following operational update:

VOBM#4 well, Tyler County, East Texas (50% working interest)

The VOBM#4 well has encountered two separate, potentially significant, hydrocarbon-bearing zones before it reached its primary (Eagle Ford sandstone) and secondary (Austin Chalk) targets. For both commercial and operational reasons, it has been decided to test the shallower of these two formations before any further drilling to deeper depths is completed. A lower cost workover rig is being brought in to carry out this testing while the Nabors F-12 rig has relocated to re-enter and complete the VOBM#2 well vertically, as previously announced.

The shallower of the two zones, the Wilcox sandstone, has been a prolific producing formation elsewhere in Texas and was encountered in VOBM#4 at c.11,700 ft depth over an interval exceeding 35ft, which compares extremely favourably to Wilcox analog producing wells. Additionally, a second formation which is both separate and independent from the Wilcox was encountered at below 14,000 ft depth, requiring intermediate casing to be set. This zone, in the highly fractured Navarro carbonate formation, also exhibited significant gas shows over a gross interval exceeding 100 ft during drilling.

In drilling through this second zone, the well suffered mud losses and, in order to section off this highly porous zone, it has proved necessary to set a 7 5/8ths inch casing section sooner than planned. This operation has been completed successfully. As a consequence however, drilling operations to the deeper, more highly pressured Austin Chalk and Eagle Ford sandstone formations have been halted until the potentially productive Wilcox formation can be tested. To continue drilling would have required an additional casing string and the consequent use of smaller tools, increasing the risk of possible future mechanical and/or environmental issues in the higher pressure deeper formations.

Drilling was halted at c.15,150 ft, some 400 ft above the target depth in the Eagle Ford sandstone. A drillable cast iron bridge plug ("CIBP") has been installed to isolate and test the shallower Wilcox formation. The CIBP can be drilled out at any time if required. The Nabors F-12 rig has now been demobilized and relocated to the VOBM#2H site, where it will re-enter and complete the drilling of that well. A lower cost workover rig will be used for testing operations at VOBM#4. Results will be announced upon completion of testing operations on the Wilcox. The company regards the discovery of another potentially highly productive hydrocarbon zone at shallower depths as a positive development that adds a new potential source of cash generation and value to the working interest holders.

VOBM#2H well, Polk County, East Texas (58% working interest)

The Nabors F-12 rig has been mobilized to the VOBM#2H well which, as announced previously, will be re-entered and drilled as a vertical completion, targeting the Eagle Ford sandstone formation at a total measured depth of c 17,500 ft. Following detailed analysis of the recently completed VOBM#3 well, the target location has been revised to take account of refined seismic interpretation and seeks to extend upon the material discovery made at VOBM#1 and feed into the combined planned production system for all the company's Polk County discoveries.

Jay Cheatham, CEO, said:

"I am extremely happy to report the presence of two new potentially significant zones, both of which are productive regionally and have the potential to be significant also for Pantheon. Drilling operations have been halted some 400 feet above the primary target formation, so the full potential of those lower zones remain. These two new zones have not been factored into any resource estimates, and if successful, have the potential to further add to the potential of our very exciting acreage position."

"Finding these zones charged above the Eagle Ford sandstone is a positive indicator that we are in the right geological location for the centre basin test, to which we remain committed. Future wells will be engineered with a larger casing programme in order to account safely for the presence of these zones as we extend our drilling programme. Shareholders should note that these are not the same zones as the additional zone encountered in the VOS#1 well."

Further information:

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

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.

This announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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.