

14 July, 2017

Pantheon Resources plc

Gas processing facility agreement contracted and drilling update

Pantheon Resources plc (“Pantheon” or “the Company”), the AIM-quoted oil and gas exploration company with a working interest of 50%-58% in several conventional projects in Tyler and Polk Counties, onshore East Texas, is pleased to announce the following information:

Gas processing facility agreement contract signed

- Contracts have been formally executed, on improved terms, with Kinder Morgan, the USA’s largest energy infrastructure company, to install and operate a 15mmcf/d capacity gas processing facility in Polk County.
- Instillation of the facility is expected to commence in early August 2017 with targeted first production by mid-September 2017 from VOBM#1 well and VOBM#3. If successful, VOBM#2H will also be hooked up for production following testing. Based upon modelled well data, Pantheon believes it should be able to achieve operating and transportation costs in the lower quartile of North American producers, possibly as low as \$5 per boe.
- The pad, tap in point, permits, and pipeline procurement have already been completed, and rights of way have been agreed and paid for.
- The VOBM#1 well alone, at tested flow rates on a 12/64ths choke could generate an initial c.\$635,000 free cashflow per month to Pantheon, at today’s pricing⁽¹⁾ and after taking into account the accelerated payback arrangement⁽²⁾ concluded last year, after royalties and production taxes. This would generate sufficient cashflow to fund the projected cost of a Polk County vertical well within 4 months. Larger choke apertures would be expected to produce disproportionately greater flow rates.
- At full capacity and on the same terms, the 15mmcf/d gas processing facility running at maximum throughput at today’s pricing⁽¹⁾ is modelled to generate over \$1,500,000 per calendar month of free cash flow net to Pantheon.

Update on VOBM#2H well, Polk County, onshore East Texas (Pantheon 58% WI)

The Company is also pleased to announce that a rig, frac crew and related equipment to undertake the planned frac of the VOBM#2H well has been booked and operations are estimated to commence in early August 2017, subject to there being no third party delays. The frac is designed with the intention of remediating the skin damage believed to have occurred as a consequence of the low penetration rates encountered when drilling the very hard Eagle Ford sandstone in a horizontal or deviated orientation.

The burgeoning activity levels in the Permian Basin play in West Texas, some 800 miles away, has resulted in a significant lead times for equipment and crews in Tyler and Polk County.

Update on VOBM#4 well, Tyler County, onshore East Texas (Pantheon 50% WI)

Arrangements for the procurement of a suitable drill rig for the sidetrack of the VOBM#4 well are presently underway. Quality control issues resulted in the cancellation of negotiations on a previously agreed rig.

Third party reservoir engineering consultants have concluded that based upon analysis of well logs, technical data and hydrocarbons encountered during drilling, the Wilcox in this location has outstanding potential and the objective is to complete the sidetrack as soon as a rig is contracted. A successful flow test could have very positive implications for the surrounding acreage.

Jay Cheatham, CEO of Pantheon Resources said:

“The contract signing for the Polk County gas processing facility is a transformational event for the Company, with near term production augmenting our value proposition from that of an explorer into a full cycle exploration and production company.

“We remain highly confident in the nature of the reservoirs on our acreage and once production begins, we expect to generate sufficient cashflow to help the Company fund future operations. I reiterate to shareholders that the issues we have faced over the past 9 months were operational matters related to specific wellbore conditions and do not in any way affect the geological potential of the Eagle Ford sandstone on our acreage. The discovery of the regionally productive Wilcox on our acreage has the potential, if successful, to be significant for Pantheon and I look forward to updating you as to the progress of the VOBM#4 well.”

Further information:

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

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.

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.

GLOSSARY

mmcf/d	million cubic feet per day
mcf/d	thousand cubic feet per day
mcf	thousand cubic feet
boe	barrel of oil equivalent
WI	Working interest

Footnote

- (1) Assumptions: \$44.50 per barrel oil (WTI), \$3.00mcf gas, calculated after royalties and production taxes.
- (2) Under the accelerated payback arrangement Pantheon will receive the first 70% of production revenues from Polk County wells until costs are recouped, at which point it will revert back to a 58% revenue share.