



16 July, 2018

Pantheon Resources plc

Corporate update

Pantheon Resources plc ("Pantheon" or "the Company"), the AIM-quoted oil and gas exploration company with a 50% - 75% working interest in several conventional project areas in Tyler and Polk Counties, onshore East Texas provides the following corporate update.

Strategic review

Following the recent death of Bobby Gray, the principal of Vision Resources ("Vision"), Pantheon has commenced a strategic review of its Tyler & Polk County project.

Pantheon has commenced discussions (and indeed had already commenced discussions prior to Bobby's death) for the potential acquisition of some or all of Vision's working interest positions in the jointly leased Tyler and Polk County project (the "Project"), to increase Pantheon's working interests up to 100% and to assume operatorship and control of the Project. Pantheon believes this to be an obvious and prudent step which would afford Pantheon increased freedom and flexibility to conduct corporate and operational activities.

Discussions are ongoing, however terms have not yet been finalised. Pantheon's objective is for the acquisition to be on accretive terms for its shareholders. The purchase consideration is anticipated to be non-cash, subject to credits for any prepayments/advances made to Vision by Pantheon, and will be correlated to the future success of the Project. Consideration may take the form of any or a combination of equity, premium priced warrants, a success based royalty or other non-equity consideration. Whilst Pantheon is confident of a successful outcome to these discussions, there can be no guarantee that an agreement will be concluded. Further announcements will be made in due course in accordance with regulatory requirements.

In addition and as previously stated, Pantheon believes a farm out to be the preferred method to finance forward drilling operations and confirms that it is presently in discussions with a number of parties in regards to a possible farm-out of a working interest in the project. Discussions with a USA based industry party are already at an advanced stage. Having both ownership and operatorship (subject to a successful transaction with Vision) would provide greater flexibility in terms of commercial negotiations with potential new partners.

Pantheon has undertaken a review of the acreage position as part of this strategic review, and the acreage position currently stands at 17,145 net mineral acres⁽¹⁾ under lease. This compares to the 20,576 net mineral acres leased in October 2014, to which the project's Prospective P50 Resource estimate of 301mmboe relates. Accordingly, to the extent that the leased position remains below 20,576 net mineral acres, the Prospective P50 Resource estimate of 301mmboe will have reduced and will require revision after a decision has been made on which of the acreage to renew, due to certain of the lapsed acreage covering non-core areas which the Company may choose not to renew.

Naturally, any purchase consideration paid to Vision for an acquisition of their interests will reflect the current acreage position.

At the time of Bobby Gray's death Vision was in live discussions for the possible renewal of a significant portion of those lapsed leases which covered core areas. Pantheon will take its time to carefully consider and prioritise which of these leases should be renewed to optimise the portfolio. If the board identifies key leases which warrant immediate renewal it will of course act to secure those lease(s) accordingly. Once leasing decisions have been finalised, the Company will provide an updated Prospective P50 Resource estimate at the appropriate time.

The Company also confirms that progress has been made for the hookup to first production of the VOS#1 well. The Company has now agreed terms with the gas processing company, subject to contracts, for the distribution and processing of natural gas in Tyler County. The Company has formally contracted surveyors, who have already commenced fieldwork, for the routing and construction of the pipeline from VOS#1 well to the main trunkline.

The Company confirms that as of 13 July 2018, cash and prepayments amounted to c.US\$4.5m.

Jay Cheatham, CEO, said:

"The strategic decision to seek to acquire Vision's working interests in our Tyler & Polk county project is something that we have wanted to do for a long time and makes absolute sense if successfully completed, delivering Pantheon both control and flexibility in extracting the value from our project.

"Lease management is an ongoing process and is subject to inherent fluctuations as companies attempt to secure optimum terms and to continually high grade their lease positions. In Pantheon's case, our project is represented by approximately 5,000 underlying leases which involves regular negotiation and management.

"The decision to seek to farm out part of our project also makes sense, and aims to deliver increased drilling activity funded by an industry partner."

Footnotes:

- (1) Includes 721.4 net mineral acres over which a free 12 month extension had been negotiated and agreed, but had not been executed at the time of Bobby Gray's death.

-Ends -

Further information:

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

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