



**ASX/Media Release  
March 9, 2016**

### **Pantheon Resources Plc**

**Melbourne, 9<sup>th</sup> March 2016** - Argo Exploration Ltd ("Argo"; ASX Code 'AXT') would like to refer to the announcement by Pantheon Resources Plc ("Pantheon") to the London Stock Exchange (AIM -Quoted) in relation to the ***capital raising and proposed placing.***

Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon. The value of Argo's investment in Pantheon is **~\$A17.25 million as** at the date of this announcement.

*Argo Director Chris Martin said "This capital raise by Pantheon not only significantly derisks the company, but also adds some very high quality Institutional Investors to the register. Pantheon is now set for a very exciting and aggressive 2016 Drilling Campaign, and we eagerly await the spudding of the Polk County step out well expected 2<sup>nd</sup> quarter 2016."*

#### **For further information please contact:**

Chris Martin - Director  
Andrew Van Der Zwan - Director

Telephone (03) 9692 7222

Email: [argoexploration@iinet.net.au](mailto:argoexploration@iinet.net.au)

Or visit the website [www.argoexploration.com.au](http://www.argoexploration.com.au)



8 March 2016

## **Pantheon Resources plc**

### **Proposed Placing**

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 a proposed placing of approximately 15.3 million new Ordinary Shares ("**Placing Shares**") at a price of 115 pence per Placing Share, representing approximately 8.0% of the Company's issued share capital in order to raise proceeds of approximately US\$25 million (gross) (the "**Placing**").

#### **Introduction**

The Placing is being conducted, subject to the satisfaction of certain conditions, through an accelerated bookbuild (the "**Bookbuild**") which will be launched immediately following this placing announcement (the "**Announcement**") and will be subject to the terms and conditions set out in the Appendix.

Stifel Nicolaus Europe Limited ("**Stifel**") has been appointed bookrunner in respect of the Placing.

#### **Background to the Placing**

In October 2014, the Company successfully completed a transformational funding, raising approximately US\$30.2 million (before expenses). This allowed the Company to double its working interest in its venture with Vision Resources LLP from 25% to 50% for less than a doubling of shares in issue. It also enabled the Company to acquire a 50% interest in three new prospects and a 25% interest in a fourth prospect, all in Tyler and Polk Counties, East Texas and to provide financing for its drilling programme.

In the period subsequent to the fundraising, the Company has made two material discoveries, finding commercial volumes of oil and gas in the Eagle Ford sandstone with its first two wells (the VOBM#1 and VOS#1 wells), both of which exceeded the Company's pre-drill estimates on net pay and productivity. Importantly, these discoveries were made on two different mini basins, in two different counties and on two different seismic packages, validating the Company's geological model.

These results have transformed the Company into a resilient, low cost oil and gas development and production Company which is capable of generating cashflow at well below current commodity prices. The Company is now focused on accelerating the drilling out the multiple well targets which have been de-risked by the VOS#1 and VOBM#1 wells and pursuing its future drilling programme.

The Company has recently announced that the extent of the 270 feet hydrocarbon-bearing zone in the Eagle Ford sandstone encountered on the VOS#1 well increases the probability for greater resources in place on the remainder of the Tyler County acreage. In addition, for the VOBM#1 discovery well in Polk County, the operator is 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 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.

This Placing is intended to raise the funds necessary to capitalise on the knowledge and experience acquired with these first two commercial discoveries and to press ahead with further drilling, taking advantage of the reduced costs provided by a low price environment.

#### **Use of Proceeds**

The Company intends to use the proceeds of the Placing for the following purposes:

- i) to drill three new wells - approximately US\$8.5 million
  - o first well to be a development well from VOBM#1, Polk County and to be drilled horizontally (50% share) - c.US\$2.6 million per well;
  - o second well to be a horizontal step out/appraisal well - Polk County (50% share) - c.US\$2.6 million per well;
  - o third well is a large step out deviated well in Tyler County onto the Core Offset prospect (50% share) - c.US\$3.3 million per well.
- ii) for fracture stimulation at VOS#1 - c.US\$1.0 million
  - o Pantheon (50% share) c.US\$0.5 million and repayable advance to its partner Vision (50% share) c.US\$0.5 million
- iii) to pursue additional exploitation and development drilling across the portfolio - c.US\$8.0 million.
- iv) to consolidate further the JV's portfolio through land purchases containing prospects which have been de-risked by Pantheon's successful 2015 exploration programme - c.US\$4.0 million; and
- v) for working capital and deal expenses.

#### **Details of the Placing**

Investors who participate in the Placing will be required to make bids for Placing Shares in Sterling. Members of the public are not entitled to participate in the Placing.

The Placing is being conducted, subject to the satisfaction of certain conditions, through the Bookbuild to be carried out by Stifel. The book will open with immediate effect and may close at any time thereafter. The timing of the closing of the book and the number of Placing Shares will be agreed between the Bookrunner and the Company following completion of the Bookbuild and will then be announced as soon as practicable on a Regulatory Information Service in the UK.

A description of certain relevant aspects of the Placing Agreement can be found in the terms and conditions contained in the Appendix to this Announcement under the heading "Placing Agreement". The Placing will be made on a non-pre-emptive basis. The Company will rely on the waiver of pre-emption rights authority given by shareholders of the Company at the Annual General Meeting held on 15 December 2015.

Application will be made for admission of the Placing Shares to trading on the AIM Market of the London Stock Exchange ("**Admission**"). It is expected that Admission will become effective on 11 March 2016.

The Placing Shares will, when issued, be credited as fully paid and rank *pari passu* with the existing Ordinary Shares in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid.

The Placing is conditional upon, inter alia, Admission becoming effective. The Placing is also conditional upon the Placing Agreement becoming unconditional and not being terminated.

The Appendix to this Announcement (which forms part of the Announcement) sets out the terms and conditions of the Placing. By choosing to participate in the Placing and by making an oral or written offer to acquire Placing Shares, investors will be deemed to have read and understood this Announcement in its entirety (including the Appendix) and to be making a legally binding offer on the terms and subject to the terms and conditions in it, and to be providing the representations, warranties, undertakings and acknowledgements contained in the Appendix.

Jay Cheatham, CEO of Pantheon, stated:

*"Pantheon has had a truly transformative year with the drillbit, validating years of extensive research and geological modelling of our licence areas. We are now well placed to embark on the next chapter in the growth of the Company and to execute our strategy of transitioning Pantheon from exploration to development and exploitation status. This placing will enable us to exploit commercially the full potential of our acreage position, taking advantage of materially falling costs in the mid and upstream sectors of the industry to deliver attractive returns for our shareholders."*

Further information:

**Pantheon Resources plc**

Jay Cheatham, CEO

Justin Hondris, Director, Finance and Corporate Development