



ASX Announcement

1st October 2014

ASX ANNOUNCEMENT **Pantheon Resources Plc**

Melbourne, 1st October 2014 - Argo Exploration Ltd ("Argo"; ASX Code 'AXT') would like to refer to the recent announcement by Pantheon Resources Plc ("Pantheon") to the London Stock Exchange (AIM –Quoted) in relation to a placing of Shares and Revised Joint Venture.

Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon. The value of Argo's investment in Pantheon is approximately \$2.66 million, at an exchange rate of 1.86 as of the date of this announcement.

Jay Cheatham CEO of Pantheon stated: *"I am extremely pleased with the outcome of this placing. It represents an affirmation by investors of the Directors' confidence in the new Joint Venture and also its operator and partners. This transaction is accretive to all existing shareholders given that we are doubling our interest in the existing Kara farms acreage for less than a doubling of shares in issue. Additionally, the company intends to acquire a 50% WI in four new prospects. Subject to successful acquisition of these interests, the company will enjoy a total attributable P50 Prospective Recoverable Resource Estimate of 150.5 Million Barrels Oil Equivalent. Our new net acreage prospect of c.24,729 acres is several times our current acreage. The placing also raised sufficient funding for Pantheon's 50% interest in two commitment wells. I and the rest of Pantheon's Board are delighted to welcome some important new shareholders to the Company's register."*

As per the announcement Pantheon intends to fund the drilling of two obligation wells to test the Woodbine/Eagleford sandstone on their current Kara Farms acreage and on new Prospect A in Polk County.

The Board of Argo firmly believe that should this drilling enjoy some success, then this should provide material capital appreciation for Argo shareholders.

For further information please contact:

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Executive Director

Mr Chris Martin
Non-Executive Director

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30 September 2014



Pantheon Resources plc

Placing of Shares & Revised Joint Venture

Pantheon Resources plc the AIM-quoted oil and gas exploration company, is pleased to announce 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 "Placing")

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. Further details of the Joint Venture and prospective recoverable resource estimates are set out at the end of this announcement.

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.

Together the Placing of the Firm and Conditional Placing Shares will raise up to US\$30.2 million before expenses. The Placing Shares will rank pari passu in all respects with the existing ordinary Shares in the Company.

Further details of the Placing are set out at the end of this announcement.

Use of Proceeds

The net proceeds of the Placing of approximately US\$28.4 million will be used:

- to increase the Company's Working Interest ("WI") from 25% to 50% in the current Kara Farms Prospect Acreage;
- to purchase a 50% WI in oil and gas leases in four new project areas in Tyler and Polk Counties which Vision is in the process of acquiring;
- to fund the drilling of two obligation wells to test the Woodbine/Eagleford sandstone on the Company's current Kara Farms acreage and on new Prospect A in Polk County; and
- for general working capital.

Directors' Participation

| <u>Director</u> | <u>Holding as at the date of this announcement</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-Placing (3)</u> |
|---------------------------|--|-----------------------------------|---|--|--|--|---|
| John Bishop Cheatham | 2,829,249 | 469,871 | 3,299,120 | 2.1 % | 255,129 | 3,554,249 | 1.8 % |
| John Arthur Walmsley (1) | 1,109,938 | 479,883 | 1,589,821 | 1.0 % | 270,117 | 1,859,938 | 1.0 % |
| Justin George Hondris (2) | 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.

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 Limited, the Company's nominated adviser, considers that the terms of the Placing with the directors of the Company are fair and reasonable insofar as the Company's shareholders are concerned.

Following the announcement of the Placing the Board will consider the grant of new share options over up to 10,000,000 ordinary Shares, representing 5.1% of the enlarged share capital assuming completion of the Firm Placing and Conditional Placing and including the Additional Shares.

Expected Timetable

| | |
|---|-------------------------------|
| 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 |
| General Meeting | 10.00 a.m. on 16 October 2014 |
| Announcement of result of General Meeting | 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 |

All dates are subject to change and any changes will be notified via a RIS.

Jay Cheatham CEO of Pantheon stated: *"I am extremely pleased with the outcome of this placing. It represents an affirmation by investors of the Directors' confidence in the new Joint Venture and also its operator and partners. This transaction is accretive to all existing shareholders given that we are doubling our interest in the existing Kara farms acreage for less than a doubling of shares in issue. Additionally, the company intends to acquire a 50% WI in four new prospects. Subject to successful acquisition of these interests, the company will enjoy a total attributable P50 Prospective Recoverable Resource Estimate of 150.5 Million Barrels Oil Equivalent. Our new net acreage prospect of c.24,729 acres is several times our current acreage. The placing also raised sufficient funding for Pantheon's 50% interest in two commitment wells. I and the rest of Pantheon's Board are delighted to welcome some important new shareholders to the Company's register."*

Further information:

| | |
|--|------------------|
| Pantheon Resources plc Jay Cheatham, CEO Justin Hondris, Director, Finance and Corporate Development | +44 20 7484 5359 |
| Oriel Securities Limited (Nominated Adviser and broker) Michael Shaw Ashton Clanfield | +44 20 7710 7600 |

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 does not constitute, or form part of, a prospectus relating to Pantheon Resources plc (the "Company"), nor does it constitute or contain any invitation or offer to any person, or any public offer, to subscribe for, purchase or otherwise acquire any shares in the Company or advise persons to do so in any jurisdiction, nor shall it, or any part of it form the basis of or be relied on in connection with any contract or as an inducement to enter into any contract or commitment with the Company.

The content of this announcement has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA") and the securities mentioned herein have not been, and will not be, registered with the Australian Securities and Investments Commission or registered with the Registrar of Companies in Hong Kong under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) ("HK Companies Ordinance").

This announcement is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States.

Oriel Securities Limited is acting solely as Nominated Adviser and Broker exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the contents of this announcement and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Oriel Securities Limited by FSMA or the regulatory regime established thereunder, Oriel Securities Limited accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this announcement and nothing in this announcement shall be relied upon as a promise or representation in this respect, whether as to the past or the future. Oriel Securities Limited accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this announcement or any such statement.

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies, the information contained in this announcement 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 as a geoscientist. He has compiled, read and approved the technical disclosure in this regulatory announcement. The technical disclosure in this announcement complies with the SPE/WPC standard.

Further information regarding the Placing and the revised Joint Venture

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 at model 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)**

| | Oil Million Barrels Oil** | Gas Billion Cubic Feet** | Million Barrels Oil Equivalent*** | Potential Vertical Wells** | Individual Vertical Well NPV10 (P₅₀)**** | Individual Vertical Well NPV10 (Pmean)**** |
|---|--|---|--|---|---|--|
| 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 |
| 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 | | |
| TOTALS | 59 | 1460 | 301 | Up to 217 | | |

* 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 purposes.

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 announcement. 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 announcement. 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 announcement 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.

General Meeting

A notice convening a General Meeting to be held at the offices of SGH Martineau LLP at One America Square, Crosswall, London EC3N 2SG for the purposes of considering and, if thought fit, passing the Resolutions will be sent to shareholders shortly.

The Resolutions will 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.

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.
- **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.

DEFINITIONS

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

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| “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; |

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|-------------------------|---|
| “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 announcement; |
| “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; |
| “Group” | the Company and its subsidiaries and subsidiary undertakings as at the date of this announcement; |
| “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; |

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| “Notice” | the notice of General Meeting; |
| “Net Mineral Acres” | means, 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; |
| “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; |

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| “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

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| “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.