

Pantheon Resources

Oil and Gas, Exploration and Production

UK Equity Research

16 July 2021

Charlie Sharp | Analyst | Canaccord Genuity Ltd (UK) | csharp@cgf.com | 44.20.7523.4651

Increased resources estimate

Canaccord Genuity view

Pantheon has provided an updated company resource estimate for one of three zones (B) within the Shelf Margin Deltaic (SMD) reservoir found in the Talitha #A well. This has resulted in a 50% upgrade in resource to 404 mmbbls for this single SMD zone. The revised estimate integrates the Talitha well data and 3D seismic, enabling a refinement of Pantheon's assessment of reservoir thickness, rock properties, and areal extent. Furthermore, the well data has given the company sufficient confidence to upgrade its view of resources to 'contingent' from 'prospective'.

We see this resource upgrade as a further step in confirming the overall potential of Pantheon's Alaskan projects potential, which in our view should lead to expanded market and industry interest in the company's large scale and attractively located resources. Pantheon's onshore Alaska licences benefit from close proximity to the Dalton Highway and Trans Alaska Pipeline (TAP), which combine to allow easy access to the company's licences and provide the all-important means of nearby crude oil transportation for future developments.

Resource update

Uplift: Integrating the well data from Talitha #A with the extensive 3D seismic data has resulted in a revised company estimate of 404 mmbbls for SMD reservoir B zone, c.50% above the company's previous estimate of 265 mmbbls.

Other SMD zones: The other two zones, A and C, with previous company estimated resources of 218 mmbbls, were not included in this study.

Operational plans

Subject to completion of a farm-out/funding, Pantheon aims to test all Talitha #A well reservoir zones and to drill at least one other well at Alkaid or Theta West this winter.

Valuation and rating

Considering only the Alkaid 2C resources (independently determined), Pantheon's most recent resource estimates of Theta West (Basin Floor Fan), and SMD (the single zone updated today) gives total net 1,881 mmbbls resources. That equates to a market valuation of \$0.25/bbl.

Our valuation for fully financed, commercially, and technically derisked onshore Alaskan resources is \$7.6/bbl (at LT Brent \$62.5/bbl). The most recent Alaskan asset transaction comparison was in November 2017, when Oilsearch acquired smaller, though more fully appraised, assets at \$3.1/bbl in a cash transaction when Brent was c.\$55/bbl.

In our view, the gap between the present Pantheon market valuation (for a subset of the company's resource base) and the asset transaction price and unrisked market valuation remains too stretched even after a strong market run.

We recognise the subjectivity of project risking, so we now simplify our target price basis by applying a \$1/bbl valuation - in our view representing an appropriate discount - to only the 1,881 mmbbls resource base outlined above. That leads to an increased target price of 170p/sh (from 115p). Considering the technical, financial, and commercial uncertainties, we maintain our Speculative BUY rating.

Follow-on plans

Farm-out: Discussions with a number of groups regarding a potential farm-out of part or all Pantheon's Alaskan projects have started. We believe the oil price strength and the advantageous location of Pantheon's resources are likely to increase industry interest.

Webinar: More detail on the Theta West/SMD resource updates to follow in a webinar soon (date tbc).

Rating
SPECULATIVE BUY
unchanged

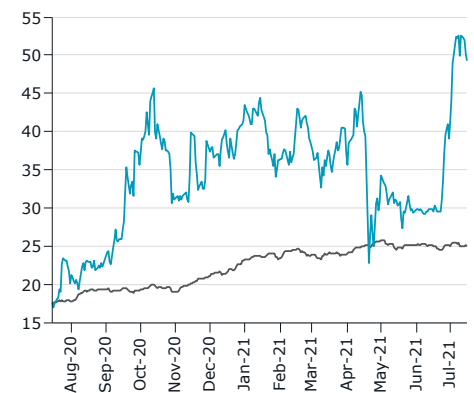
Price Target
170p ↑
from 115p

PANR-AIM

Price
52p

Market Data

52-Week Range (p) :	17 - 58
Avg Daily Vol (000s) :	4,579
Market Cap (£M) :	360.5
Shares Out. (M) :	693.3



Source: FactSet

Priced as of close of business 15 July 2021

Pantheon Resources is focused on its Alaska North Slope Appraisal assets where it has large scale development potential, focused on the Theta West, Greater Alkaid, and Talitha projects.

Figure 1: Pantheon Resources valuation – NPV10 sum of parts (LT Brent \$62.5/bbl)

Asset	Est. Gross Rec. Res (mmbbls)	Net WI (%)	Est. Net Rec.Res (mmbbls)	Resource Valuation (\$/bbl)	Net Resource Valuation		Net Risked Valuation			Net unrisks Valuation		
					(\$m)	(%)	(\$m)	(£m)	(p/sh)	(\$m)	(£m)	(p/sh)
Financials												
Net cash YE20					30	100%	30	21	3	30	21	3
Estimated Talitha #A well cost					-20	100%	-20	-14	-2	-20	-14	-2
Net WC adjustment YE20					-6	100%	-6	-4	-1	-6	-4	-1
G&A					-7	100%	-7	-5	-1	-7	-5	-1
Warrants/Options					13	100%	13	10	1	13	10	1
Net Financials					10		10	7	1	10	7	1
Total Core Producing value					10		10	7	1	10	7	1
Total Core Producing and Development			0		10		10	7	1	10	7	1
Appraisal												
Alkaid - 2C	77	100%	77	6.6	503	60%	302	216	28	503	359	46
Talitha - SMD (B zone)	404	100%	404	7.6	3,075	40%	1,230	879	112	3,075	2,197	281
Talitha - SMD (A+C zones)	200	100%	200	7.6	1,522	40%	609	435	56	1,522	1,087	139
Talitha - Kuparuk	341	100%	341	7.6	2,596	30%	779	556	71	2,596	1,854	237
Theta West - Basin Floor Fan	1,400	100%	1,400	7.6	10,657	30%	3,197	2,284	292	10,657	7,612	974
Appraisal value	2,422		2,422		18,353		6,117	4,369	559	18,353	13,109	1,677
Central value	2,422		2,422		18,363		6,127	4,376	560	18,363	13,117	1,678
Total Value	2,422		2,422		18,363		6,127	4,376	560	18,363	13,117	1,678
TP basis - Alkaid 2C+Talitha SMD 'B' + Theta West			1,881	1.0	1,881	100%	1,881	1,343	172	14,235	10,168	1,301
Total Talitha	945		945		7,193		2,618	1,870	239	7,193	5,138	657
Total Theta West	1,400		1,400		10,657		3,197	2,284	292	10,657	7,612	974

Source: Company report, Canaccord Genuity estimates. Pantheon is seeking a farm-in partner for some or all of its licences onshore Alaska. A successful conclusion to those discussions is uncertain, and if it does the terms cannot be foreseen. Consequently, we have assumed the company funds the planned 2022 operational programme through internally generated financial resources and so maintains 100% working interest across its licence base. For simplicity we have assumed \$40m raised at the current share price, resulting in projected total FD of 785m shares. Current FD share count is 727m.

Appendix: Important Disclosures

For the purposes of UK regulation Canaccord Genuity Limited produces non-independent research which is a marketing communication under the Financial Conduct Authority (FCA) Conduct of Business Rules and an investment recommendation under the Market Abuse Regulation and is not prepared in accordance with legal requirements designed to promote the independence of investment research, nor is it subject to any prohibition on dealing ahead of the dissemination of investment research. However, Canaccord Genuity Limited does have procedures in place to identify and manage conflicts of interest which may arise in the production of non-independent research, which include preventing dealing ahead and Information Barrier procedures. Further detail on Canaccord Genuity Limited's conflict management policies can be accessed at the following website (provided as a hyperlink if this report is being read electronically): <http://www.canaccordgenuity.com/en/cm/SiteInformation/Disclaimer/UK-Disclosures/>.

Analyst Certification

Each authoring analyst of Canaccord Genuity Limited whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research.

Analysts employed outside the US are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction, but are not authoring analysts of the report.

Specialist Salespeople

Specialist Salespeople may be listed on research reports for contact purposes. They are not authoring analysts of the report.

Investment Recommendation

Date and time of first dissemination: July 16, 2021, 02:18 ET

Date and time of production: July 16, 2021, 02:18 ET

Target Price / Valuation Methodology:

Pantheon Resources - PANR

DCF NPV10 risked sum of parts valuation of the independent assessed resources only in two projects in Alaska.

Risks to achieving Target Price / Valuation:

Pantheon Resources - PANR

Subsurface: While Pantheon has access to comprehensive geological, geophysical, and petrophysical data, and to both internal and external technical expertise, there remains a risk that the subsurface may be more complex and less prospective than the company anticipates. That may result in lower valuations of the primary projects, Theta West, Greater Alkaid and Talitha, and potential for those projects to be sub-commercial depending on oil prices.

Infrastructure: A key plank in the ability to commercialise any of the Theta West, Greater Alkaid, and Talitha projects rests on the timely ability to access TAPS. While we currently see no impediment to this, the detail of a potential 'hot tap' tie-in to TAPS is not yet fully established.

Oil price: We model our valuations at long run Brent \$57.5/bbl (WTI \$55/bbl). However, the outlook presents considerable oil price uncertainty and that may have a material impact on valuation. Near and long-term oil price volatility could have a significant impact on project value, industry appetite, and market sentiment.

Distribution of Ratings:

Global Stock Ratings (as of 07/16/21)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	642	66.12%	42.99%
Hold	157	16.17%	21.66%
Sell	11	1.13%	36.36%
Speculative Buy	152	15.65%	67.11%
	971*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

"Risk-adjusted return" refers to the expected return in relation to the amount of risk associated with the designated investment or the relevant issuer.

Risk Qualifier

SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the Global Stock Ratings table)

A list of all the recommendations on any issuer under coverage that was disseminated during the preceding 12-month period may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures-mar.canaccordgenuity.com/EN/Pages/default.aspx>

Required Company-Specific Disclosures (as of date of this publication)

Pantheon Resources currently is, or in the past 12 months was, a client of Canaccord Genuity or its affiliated companies. During this period, Canaccord Genuity or its affiliated companies provided investment banking services to Pantheon Resources.

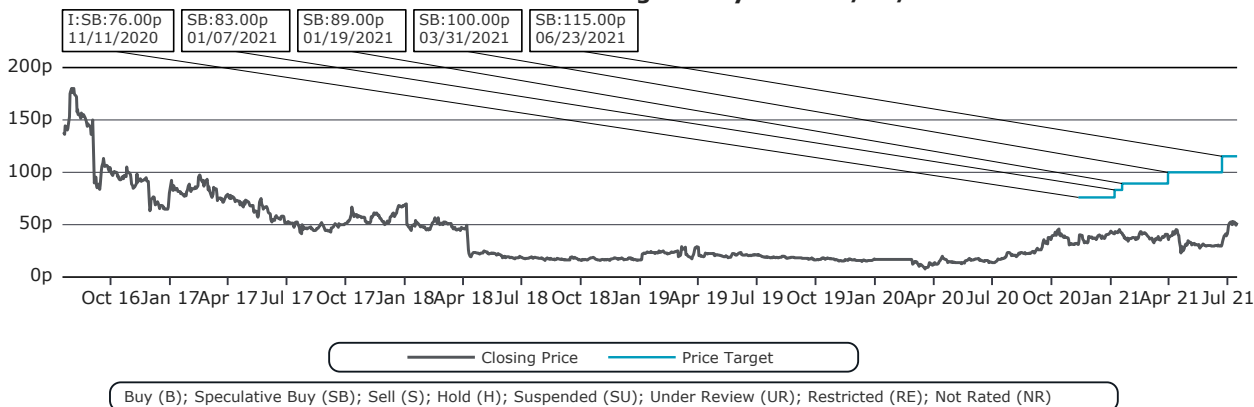
In the past 12 months, Canaccord Genuity or its affiliated companies have received compensation for Investment Banking services from Pantheon Resources .

Canaccord Genuity acts as corporate broker for Pantheon Resources and/or Canaccord Genuity or any of its affiliated companies may have an agreement with relating to the provision of Investment Banking services.

Canaccord Genuity or one or more of its affiliated companies is a market maker or liquidity provider in the securities of Pantheon Resources or in any related derivatives.

Canaccord Genuity or one or more of its affiliated companies intend to seek or expect to receive compensation for Investment Banking services from Pantheon Resources in the next three months.

Pantheon Resources Rating History as of 07/15/2021



Required Company-Specific Disclosures (as of date of this publication)

Past performance

In line with Article 44(4)(b), MiFID II Delegated Regulation, we disclose price performance for the preceding five years or the whole period for which the financial instrument has been offered or investment service provided where less than five years. Please note price history refers to actual past performance, and that past performance is not a reliable indicator of future price and/or performance.

Online Disclosures

Up-to-date disclosures may be obtained at the following website (provided as a hyperlink if this report is being read electronically) <http://disclosures.canaccordgenuity.com/EN/Pages/default.aspx>; or by sending a request to Canaccord Genuity Corp. Research, Attn: Disclosures, P.O. Box 10337 Pacific Centre, 2200-609 Granville Street, Vancouver, BC, Canada V7Y 1H2; or by sending a request by email to disclosures@cgf.com. The reader may also obtain a copy of Canaccord Genuity's policies and procedures regarding the dissemination of research by following the steps outlined above.

General Disclaimers

See "Required Company-Specific Disclosures" above for any of the following disclosures required as to companies referred to in this report: manager or co-manager roles; 1% or other ownership; compensation for certain services; types of client relationships; research analyst conflicts; managed/co-managed public offerings in prior periods; directorships; market making in equity securities and related derivatives. For reports identified above as compendium reports, the foregoing required company-specific disclosures can be found in a hyperlink located in the section labeled, "Compendium Reports." "Canaccord Genuity" is the business name used by certain wholly owned subsidiaries of Canaccord Genuity Group Inc., including Canaccord Genuity LLC, Canaccord Genuity Limited, Canaccord Genuity Corp., and Canaccord Genuity (Australia) Limited, an affiliated company that is 80% owned by Canaccord Genuity Group Inc.

The authoring analysts who are responsible for the preparation of this research are employed by Canaccord Genuity Limited, which is authorised and regulated by the Financial Conduct Authority (FCA).

With respect to research recommendations on issuers covered by a research analyst employed by Canaccord Genuity Limited, it is Canaccord Genuity Limited's policy that research analysts publish financial estimates, valuations, price targets and recommendations for all companies covered at least every six months and as soon as possible after all relevant events.

The authoring analysts who are responsible for the preparation of this research have received (or will receive) compensation based upon (among other factors) the Investment Banking revenues and general profits of Canaccord Genuity. However, such authoring analysts have not received, and will not receive, compensation that is directly based upon or linked to one or more specific Investment Banking activities, or to recommendations contained in the research.

The information contained in this research has been compiled by Canaccord Genuity Limited from sources believed to be reliable, but (with the exception of the information about Canaccord Genuity) no representation or warranty, express or implied, is made by Canaccord Genuity, its affiliated companies or any other person as to its fairness, accuracy, completeness or correctness. Canaccord Genuity Limited has not independently verified the facts, assumptions, and estimates contained herein. All estimates, opinions and other information contained in this research constitute Canaccord Genuity's judgement as of the date of this research, are subject to change without notice and are provided in good faith but without legal responsibility or liability.

From time to time, Canaccord Genuity salespeople, traders, and other professionals provide oral or written market commentary or trading strategies to our clients and our principal trading desk that reflect opinions that are contrary to the opinions expressed in this research. Canaccord Genuity's affiliates, principal trading desk, and investing businesses also from time to time make investment decisions that are inconsistent with the recommendations or views expressed in this research.

This research is provided for information purposes only and does not constitute an offer or solicitation to buy or sell any designated investments discussed herein in any jurisdiction where such offer or solicitation would be prohibited. As a result, the designated investments discussed in this research may not be eligible for sale in some jurisdictions. This research is not, and under no circumstances should be construed as, a solicitation to act as a securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. This material is prepared for general circulation to clients and does not have regard to the investment objectives, financial situation or particular needs of any particular person. Investors should obtain advice based on their own individual circumstances before making an investment decision. To the fullest extent permitted by law, none of Canaccord Genuity Limited, its affiliated companies or any other person accepts any liability whatsoever for any direct or consequential loss arising from or relating to any use of the information contained in this research.

Research Distribution Policy

Canaccord Genuity research is posted on the Canaccord Genuity Research Portal and will be available simultaneously for access by all of Canaccord Genuity's customers who are entitled to receive the firm's research. In addition research may be distributed by the firm's sales and trading personnel via email, instant message or other electronic means. Customers entitled to receive research may also receive it via third party vendors. Until such time as research is made available to Canaccord Genuity's customers as described above, Authoring Analysts will not discuss the contents of their research with Sales and Trading or Investment Banking employees without prior compliance consent.

For further information about the proprietary model(s) associated with the covered issuer(s) in this research report, clients should contact their local sales representative.

Short-Term Trade Ideas

Research Analysts may, from time to time, discuss "short-term trade ideas" in research reports. A short-term trade idea offers a near-term view on how a security may trade, based on market and trading events or catalysts, and the resulting trading opportunity that may be available. Any such trading strategies are distinct from and do not affect the analysts' fundamental equity rating for such stocks. A short-term trade idea may differ from the price targets and recommendations in our published research reports that reflect the research analyst's views of the longer-term (i.e. one-year or greater) prospects of the subject company, as a result of the differing time horizons, methodologies and/or other factors. It is possible, for example, that a subject company's common equity that is considered a long-term 'Hold' or 'Sell' might present a short-term buying opportunity as a result of temporary selling pressure in the market or for other reasons described in the research report; conversely, a subject company's stock rated a long-term 'Buy' or 'Speculative Buy' could be considered susceptible to a downward price correction, or other factors may exist that lead the research analyst to suggest a sale over the short-term. Short-term trade ideas are not ratings, nor are they part of any ratings system, and the firm does not intend, and does not undertake any obligation, to maintain or update short-term trade ideas. Short-term trade ideas are not suitable for all investors and are not tailored to individual investor circumstances and objectives, and investors should

make their own independent decisions regarding any securities or strategies discussed herein. Please contact your salesperson for more information regarding Canaccord Genuity's research.

For Canadian Residents:

This research has been approved by Canaccord Genuity Corp., which accepts sole responsibility for this research and its dissemination in Canada. Canaccord Genuity Corp. is registered and regulated by the Investment Industry Regulatory Organization of Canada (IIROC) and is a Member of the Canadian Investor Protection Fund. Canadian clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity Corp. in their particular province or territory.

For United Kingdom and European Residents:

This research is for persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restrictions in section 21 of the Financial Services and Markets Act 2000 (or any analogous legislation) on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Article 19(5) (Investment Professionals) and 49(2) (High Net Worth companies, unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This material is not for distribution in the United Kingdom or Europe to retail clients, as defined under the rules of the Financial Conduct Authority.

For United States Persons:

This research is distributed by Canaccord Genuity Limited in the United States to "major US institutional investors", as defined under Rule 15a-6 promulgated under the US Securities Exchange Act of 1934, as amended, and as interpreted by the staff of the US Securities and Exchange Commission (SEC). This research is also distributed in the United States to other institutional investors by Canaccord Genuity LLC, who accepts responsibility for this research and its dissemination in the United States. US clients wishing to effect transactions in any designated investment discussed should do so through a qualified salesperson of Canaccord Genuity LLC.

Analysts employed outside the US, as specifically indicated elsewhere in this report, are not registered as research analysts with FINRA. These analysts may not be associated persons of Canaccord Genuity LLC and therefore may not be subject to the FINRA Rule 2241 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

For Jersey, Guernsey and Isle of Man Residents:

This research is sent to you by Canaccord Genuity Wealth (International) Limited ("CGWI") for information purposes and is not to be construed as a solicitation or an offer to purchase or sell investments or related financial instruments. This research has been produced by an affiliate of CGWI for circulation to its institutional clients and also CGWI. Its contents have been approved by CGWI and we are providing it to you on the basis that we believe it to be of interest to you. This statement should be read in conjunction with your client agreement, CGWI's current terms of business and the other disclosures and disclaimers contained within this research. If you are in any doubt, you should consult your financial adviser.

CGWI is licensed and regulated by the Guernsey Financial Services Commission, the Jersey Financial Services Commission and the Isle of Man Financial Supervision Commission. CGWI is registered in Guernsey and is a wholly owned subsidiary of Canaccord Genuity Group Inc.

For Australian Residents:

This research is distributed in Australia by Canaccord Genuity Limited. Under ASIC Class Order (CO 03/1099), Canaccord Genuity Limited is exempt from the requirement to hold an Australian financial services licence for the provision of its financial services to you. Canaccord Genuity Limited is authorised and regulated by the Financial Conduct Authority under the laws of the United Kingdom which differ from Australian laws. This research is provided to you on the basis that you are a 'wholesale client' within the meaning of section 761G of the Corporations Act 2001 (Cth). To the extent that this research contains any advice, this is limited to general advice only. Recipients should take into account their own personal circumstances before making an investment decision. Clients wishing to effect any transactions in any financial products discussed in this research should do so through a qualified representative of Canaccord Genuity (Australia) Limited or its Wealth Management affiliated company, Canaccord Genuity Financial Limited ABN 69 008 896 311 holder of AFS Licence No 239052.

For Hong Kong Residents:

This research is distributed in Hong Kong by Canaccord Genuity (Hong Kong) Limited which is licensed by the Securities and Futures Commission. This research is only intended for persons who fall within the definition of professional investor as defined in the Securities and Futures Ordinance. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Recipients of this report can contact Canaccord Genuity (Hong Kong) Limited. (Contact Tel: +852 3919 2561) in respect of any matters arising from, or in connection with, this research.

Additional information is available on request.

Copyright © Canaccord Genuity Corp. 2021 – Member IIROC/Canadian Investor Protection Fund

Copyright © Canaccord Genuity Limited. 2021 – Member LSE, authorized and regulated by the Financial Conduct Authority.

Copyright © Canaccord Genuity LLC 2021 – Member FINRA/SIPC

Copyright © Canaccord Genuity (Australia) Limited. 2021 – Participant of ASX Group, Chi-x Australia and of the NSX. Authorized and regulated by ASIC.

All rights reserved. All material presented in this document, unless specifically indicated otherwise, is under copyright to Canaccord Genuity Corp., Canaccord Genuity Limited, Canaccord Genuity LLC or Canaccord Genuity Group Inc. None of the material, nor its content, nor any copy of it, may be altered in any way, or transmitted to or distributed to any other party, without the prior express written permission of the entities listed above.

None of the material, nor its content, nor any copy of it, may be altered in any way, reproduced, or distributed to any other party including by way of any form of social media, without the prior express written permission of the entities listed above.