



**ASX/Media Release
5 June 2018**

Pantheon Resources Plc

Melbourne, 5 June 2018 - 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 an Operational update.

Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon. The value of Argo’s investment in Pantheon is ~\$A2.4m as at the date of this announcement.

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4 June, 2018

Pantheon Resources plc

Operational 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 operational update.

VOBM#5, Polk County (75% working interest) – independent technical analysis completed

Following the announcement of the VOBM#5 well results on 9 April 2018, Pantheon appointed Sierra Hamilton, a leading independent oil and gas consultancy to conduct a detailed technical analysis of the well in order to better understand the cause of, and implications of, the water production.

The results of the analysis concluded that the large volume of produced water in the VOBM#5 well is not believed to be sourced from the perforated intervals in the targeted Eagle Ford sandstone, and is more likely a result of frac operations communicating with a deeper water source below the perforations. Future wells will most likely only perforate the upper portion of the Eagle Ford sandstone and will be designed (in collaboration with third party experts) to avoid possible communication with deeper water sources. Encouragingly, the analysis also concluded that absent fracking, the perforated intervals should have produced hydrocarbons and water volumes comparable to analogue wells in the nearby Double A Wells Field.

VOBM#1 sidetrack and future operations

Pantheon confirms that the operator has identified two appropriate drill rigs for the planned sidetrack of the VOBM#1 well. Discussions are presently underway and aim (subject to contracts and scheduling) for spudding as early as late July. The original VOBM#1 well was tested at 1,500 boepd on a 12/64th inch choke before production was subsequently impacted by collapsed casing. The VOBM#1 sidetrack is considered to have a high probability of success by the operator.

Pantheon also confirms that in Tyler County, negotiations are in late stages for the processing and transportation of natural gas for the VOS#1 and future Tyler County operations.

Jay Cheatham, CEO, said:

“This is extremely good news for Pantheon shareholders because the analysis concludes that the Eagle Ford sandstone in our West AA prospect is not water saturated, and that the water has likely been introduced from a source below the perforations as a result of the frac.

The analysis of the VOBM#5 and other Polk County wells was a very comprehensive undertaking, involving extensive analysis of regional data which took considerable time to complete. The analysis also concluded that 100% of the perforated intervals in our wells were in fact hydrocarbon bearing pay zones and following this analysis the consulting geologist Art Berman has confirmed his assessment of potential P50 Prospective Resource of our project has not changed, remaining at 301mmboe. Certainly, any future fracking operations will be undertaken carefully to avoid possible communication with deeper water sources, but we will carefully consider this in well design and planning, and in this regard I am also pleased to report that Pantheon and the operator have made a concerted effort to improve our future operational capabilities with some key appointments.

“I hope the conclusions of this independent analysis restores shareholder confidence in our play, which Pantheon and the operator are firmly committed to. Our issues have been operational, and we are being vigilant in doing everything possible to minimise such issues going forward.”

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