

## COMPANY COMMENT

### Pantheon Resources

#### Corporate Update

**Pantheon provided a material corporate update today prior to an investor presentation/technical webinar scheduled for 4pm (BST) today.**

- Conceptual development plan for SMD-B:** Pantheon has developed a conceptual development plan for the Shelf Margin Deltaic-B (SMD-B) reservoir, which was penetrated by the recently drilled Talitha #A well. The conceptual development plan involves the drilling of 400 developmental wells (of which 194 wells are modelled to recover 1.4 million barrels of oil, with the remainder modelled to recover 0.7 million barrels of oil). In total, based on its conceptual development plan and its assessment of the SMD-B reservoir following the Talitha #A well, Pantheon Resources estimates a total recovery of 421 million barrels of oil from that field. Average well costs are estimated to be \$23 million for three delineation wells and \$12 million thereafter. Based on a flat \$70/b oil price assumption Pantheon Resources estimates that the SMD-B would have a net present value of \$3,578 million (based on a 10% discount rate on a pre-tax basis).
- Conceptual development plan for Alkaid:** Based on an updated conceptual model for the Alkaid field by Lee Keeling & Associates, Pantheon Resources estimates that the field will recover 78 million barrels of oil (up from 76.5 million barrels of oil). We believe the change principally reflects the much stronger crude oil environment, which has made it economic to produce more oil. The conceptual development model is premised on a 44 well development (of which 24 wells are modelled to recover 2.3 million barrels of oil, with the remainder modelled to recover 1.15 million barrels of oil). Average well costs are estimated to be \$23 million for three delineation wells and \$12 million thereafter. Based on a flat \$70/b oil price assumption Pantheon Resources estimates that the SMD-B would have a net present value of \$833 million (based on a 10% discount rate on a pre-tax basis).
- Willow read-across:** In a context where a US Federal Court made a decision that vacated approval of Conoco-Phillips' Willow project, Pantheon Resources has provided the following reminders: i) Pantheon's lands are state-owned, unlike the federal lands on which the Willow project resides ii) Willow, unlike Pantheon's projects, is in the National Petroleum Reserve-Alaska (NPR), an environmentally sensitive area governed by a unique regulatory framework. We believe that Pantheon's projects will receive the strong support of the State of Alaska, which is uniquely entitled to regulate them. All-in-all, we see the decision from the US Federal Court as another factor that actually favours Pantheon Resources by reinforcing the advantages of being on state lands. Importantly, Pantheon's lands are transected by the Dalton Highway and the Trans-Alaska Pipeline System, which will, we believe, materially reduce development costs, developmental timelines and regulatory obstacles.
- Winter objectives:** Pantheon Resources intends to drill at least one other well at either Alkaid or Theta West this winter. We note a well at Alkaid could be brought on commercial production on an expedited basis via a modular production system.
- Farmout:** The company remains focused on finding a suitable partner to farm in to one or more of its projects and this process is ongoing. We note the company indicated it is "in a stronger" position for these negotiations due to the robust commodity price context. The company has been explicit that it retains all funding options on the table and will make whatever funding decisions it decides are optimal.
- Conclusion:** Following the successful Talitha #A result, Pantheon is providing more clarity on the quality, scale and conceptual development of its key assets. We are excited by what we see. Pantheon's assets are emerging as some of the most exciting American conventional appraisal projects seen in decades. We anticipate that they will be prized by the oil & gas farmin market. Following this evening's investor and technical presentation, we anticipate sharpening our pencil and providing an updated fair value estimate on Pantheon Resources.

## CORPORATE

Share Price (last close) 56.3p

Ticker	Pantheon Resources
Index	FTSE AIM
Sector	Oil & Gas
Market Cap	£390m

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#### Analyst

Brendan Long, CFA  
+44 (0) 207 220 1694  
brendan.long@whirelandcb.com

WH Ireland Limited, 24 Martin Lane, London, EC4R 0DR, tel. 020 7220 1666

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## Contacts

### Head of Capital Markets

Fraser Marshall		020 7220 0484	fraser.marshall@whirelandplc.com
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### Research

John Cummins		020 7220 1755	john.cummins@whirelandcb.com
Matthew Davis		0113 394 6620	matthew.davis@whirelandcb.com
Brendan Long	Oil & Gas	020 7220 1694	brendan.long@whirelandcb.com
Paul Smith	Mining	0113 394 6609	paul.smith@whirelandcb.com
Nick Spoliar		020 7220 1761	nick.spoliar@whirelandcb.com
Jason Streets		020 7220 1693	jason.streets@whirelandcb.com
Emma Ulker	Healthcare	020 7398 1141	emma.ulker@whirelandcb.com
Susanna Virtanen		020 7220 1674	susanna.virtanen@whirelandcb.com
Charlie Cullen		020 7220 1678	charlie.cullen@whirelandcb.com

### Sales & Trading

Harry Ansell		020 7220 1670	harry.ansell@whirelandcb.com
Dan Bristowe		020 7220 1648	daniel.bristowe@whirelandcb.com
Melvyn Brown		020 7220 1688	melvyn.brown@whirelandcb.com

### Corporate Broking & Investor Relations

Adam Pollock		020 7220 0482	adam.pollock@whirelandcb.com
Jasper Berry		020 7220 1690	jasper.berry@whirelandcb.com
Hayley Mullens		020 7220 1695	hayley.mullens@whirelandcb.com
Aimee McCusker		020 7398 1136	aimee.mccusker@whirelandcb.com
Alex Carroll		0207 220 1663	alex.carroll@whirelandcb.com

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Corporate	60	96.8	60	100.0
Buy	2	3.2	0	0.0
Speculative Buy	0	0.0	0	0.0
Outperform	0	0.0	0	0.0
Market Perform	0	0.0	0	0.0
Underperform	0	0.0	0	0.0
Sell	0	0.0	0	0.0
<b>Total</b>	<b>62.0</b>	<b>100.0</b>	<b>60.0</b>	<b>100.0</b>

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A draft of this research report has been shown to the company following which factual amendments have been made.

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Company Name	Table of interest number	12-month recommendation history	Date
Pantheon Resources (PANR)	4	Corporate	11.11.20

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