The information contained within this Announcement is deemed by Pantheon Resources PLC to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

04 June 2024

Alaska Gasline Development Corp. and Pantheon Resources plc

Sign Gas Sales Precedent Agreement

Pantheon Resources plc (AIM: PANR) ("Pantheon" or "the Company"), owner of 100% working interest in the Kodiak and Ahpun oil and gas fields, and the Alaska Gasline Development Corporation ("AGDC"), a state-owned entity leading the development of the Alaska LNG Project ("Alaska LNG"), are pleased to announce that Pantheon's wholly owned subsidiary, Great Bear Pantheon LLC, has entered into a Gas Sales Precedent Agreement ("GSPA") with AGDC subsidiary 8 Star Alaska LLC.

Alaska LNG is a federally authorised integrated natural gas and LNG export project under development to deliver natural gas within Alaska and export up to 20 million tonnes per annum ("mmtpa") of Liquified Natural Gas ("LNG"). AGDC is pursuing an option to phase Alaska LNG by prioritising the in-state pipeline portion of Alaska LNG consisting of the 42-inch pipeline from the North Slope to Southcentral Alaska to provide natural gas to avert the looming energy crisis facing the region ("Phase 1"). Phase 1 of Alaska LNG does not involve construction of an LNG plant, and as a result has a materially lower capex requirement and construction timeframe, allowing gas transportation as early as 2029. AGDC is aiming to undertake Front End Engineering and Design ahead of a Final Investment Decision ("FID") planned for the middle of 2025.

Frank Richards, AGDC President, commented: "*This agreement solidifies the commercial foundation needed for the Phase 1 portion of Alaska LNG and provides enough pipeline-ready natural gas, at beneficial consumer rates, to resolve Southcentral Alaska's looming energy shortage as soon as 2029.*

"*Phasing Alaska LNG by leading with the construction of the pipeline will make Alaska LNG's export components more attractive to LNG developers and investors, and this agreement will help unlock the project's substantial economic, environmental, and energy security benefits for international markets as well as for Alaska. Today's announcement represents the culmination of the committed work of Pantheon and AGDC leaders and enhances the prospects of Alaska LNG in a way that benefits both the State of Alaska and Pantheon."*

David Hobbs, Pantheon Executive Chairman, commented: "*We are delighted to have the opportunity to create a win-win for the State of Alaska and for Pantheon as we turn the fantastic exploration & appraisal success of the past five years into the development of two giant oil and gas fields on Alaska's North Slope. We are building a mutually beneficial long-term relationship with Alaska LNG and with the State which* *seeks to supply much needed gas required for Southcentral Alaska's energy needs, while at the same time realising the value from our contingent resources exceeding 1.5 billion barrels of ANS blend and 6 Tcf of natural gas.*

"*When we set out our strategy to achieve early production and cashflow on the path to financial self-sufficiency, we considered gas monetisation as a path to non-dilutive funding only one of several possibilities. However, the availability of our pipeline-quality associated gas created the opportunity to bolster the Alaska LNG project, including the pipeline, LNG export facilities and gas conditioning facilities. We are happy to be able to share the benefit, thereby enhancing both Pantheon's and AGDC's project economics and funding profiles. Our goal of demonstrating sustainable market recognition of $5-$10 per barrel of 1C/1P marketable liquids by end 2028 remains unchanged.*"

Key GSPA Contract Provisions

The GSPA contains the key commercial terms to be incorporated into the binding take-or-pay Gas Sales Agreement ("GSA") to take effect after FID, including:

- Pantheon agrees to supply up to 500 million cubic feet per day ("mmcfd") of natural gas at a maximum base price of $1 per million BTU ("mmBtu") in 2024 dollars.
- The minimum daily contract volumes that are used to calculate the level of the take or pay obligation.
- Plateau natural gas deliveries for 20 years, with the potential for extension beyond that initial term.
- The State of Alaska has several options to reduce the natural gas unit price significantly by working with Pantheon to reduce the cost of project financing and/or enable other commercial opportunities, as specified in the GSPA.

Under the GSPA, both parties agree to negotiate the GSA in good faith based on the agreed commercial terms. The GSA will be conditional on:

- AGDC and Pantheon making affirmative FIDs for their respective projects; and
- Required permits and regulatory approvals are obtained for receiving gas from Pantheon's fields into the Alaska LNG Project.

The GSPA is primarily focused on the potential Phase 1 portion of the Alaska LNG Project, and also creates opportunities for Pantheon to benefit as the full integrated Alaska LNG project, including LNG exports, is completed.

The initial term of the GSPA is until June 30, 2025 or until the definitive GSA is executed, whichever comes first. It will automatically renew for additional one-year terms until either party provides notice of termination, effective at the next expiration date. AGDC and Pantheon will now begin working on meeting all the relevant conditions for their respective parts of the project to proceed within the planned schedule.

Key Implications of GSPA Execution

The base price in the GSPA represents potentially significant savings to in-state consumers versus alternative supply options, with further savings possible if the State of Alaska and Pantheon agree regarding additional elements that allow reducing the gas price to below $1 per mmBtu. Furthermore, securing financing for Phase 1 of Alaska LNG could potentially increase commercial alignment for the complete project and thus potentially provide additional demand for Pantheon's associated natural gas above the initial 500 mmcfd plateau.

The GSPA potentially opens up additional funding pathways for the Alaska LNG Project and the Ahpun field development activities. This may relieve Pantheon of the need for equity dilution following FID, in line with the Company's guidance to secure the path of least value dilution for existing shareholders. The consequences of this approach are:

- The Ahpun development scope can be expanded, with an accelerated pace of ramp-up, to maximise production capacity of both oil and gas by 2028/29 in line with in-State gas demand and the Alaska LNG schedule.
- The full scope of the Ahpun development may lead to a requirement for an Environmental Impact Statement ("EIS")—a process that could delay an Ahpun FID beyond the current end 2025 target.

Ahpun initial field development project scope increase

Pantheon's previous initial Ahpun project development scope was focused on developing 150-200 million barrels ("mmbbl") from three to four pads alongside the Dalton Highway, likely plateauing out at a rate of c. 40,000 barrels per day marketable liquids. A development of that scale and footprint might reasonably have been approved under National Environmental Policy Act ("NEPA") with an Environmental Assessment ("EA") rather than an EIS, hence the early target timetable for approval and FID.

Currently Pantheon plans increase the size and scope of the initial development to include the entirety of the Ahpun resource area—including, if successfully tested in the recently proposed Megrez-1 well, Ahpun's eastern topsets. If the classification of these eastern topsets were to move from the prospective to contingent resources, the entire Ahpun development would exceed 900 mmbbl of ANS Blend and 4.5 trillion cubic feet ("tcf") of pipeline-quality gas.

Management believes that full field development of the entire Ahpun resource area may require an EIS due to its potential size and impacts. An EIS would require between two and three years, most likely pushing first significant development capital expenditures for Ahpun development to 2027 with production start-up currently expected in 2028.

It has always been management's expectation that the Kodiak development was of a scale that would require an EIS, hence its planned FID in 2028 and plans for the completion of appraisal drilling in Kodiak during 2026 and 2027.

Update on Pantheon's funding strategy

The agreement with AGDC has provided Pantheon with potential additional funding path flexibility with the overall goal of funding all expenditures from FID to the point of cashflow self-sufficiency on terms better than could have been achieved through the previously announced vendor financing. Consequently, the Company sees no benefit in continuing those discussions as part of an overall funding strategy. This would allow future service contract discussions to focus solely on quality and cost of service without the need to balance funding objectives.

Pantheon's management remain confident that planning on a conservative basis remains the right approach and expect to be able to lay out the full strategy for achieving funding to FID and beyond as originally planned, by the end of June 2024.

In addition, the Company is working with Cawley Gillespie & Associates to finalise their independent resource report on the Ahpun Topsets, which should be completed and published in the following weeks.

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Notes to Editors

Pantheon Resources plc is an AIM listed Oil & Gas company focused on developing its 100% owned Ahpun and Kodiak fields located on State of Alaska land on the North Slope, onshore USA. Independently certified best estimate contingent resources attributable to these projects are currently around 1.6 billion barrels of ANS blend. The Company owns 100% working interest in c. 193,000 acres. In December 2023, Pantheon was the successful bidder for an additional c. 66,000 acres with very significant resource potential to the west, reflected in NSAI's Kodiak IER and prospective resources to the east, contiguous with the Ahpun project. Following the issue of the new leases, which are expected to be formally awarded in summer 2024 upon payment of the balance of the application monies, the Company will have a 100% working interest in c. 259,000 acres.

Pantheon's stated objective is to demonstrate sustainable market recognition of a value of $5-$10/bbl of recoverable resources by end 2028. This is based on targeting Final Investment Decision ("FID") on the Ahpun field by the end of 2027 or early 2028, subject to regulatory approvals, building to at least 20,000 barrels per day of produced liquids into the TAPS main oil line (ANS crude), to achieve financial self-sufficiency and applying the resultant cashflows to support the FID on the Kodiak field by the end of 2028.

A major differentiator to other ANS projects is the close proximity to existing roads and the TAPS pipeline which offers a significant competitive advantage to Pantheon, allowing for materially lower infrastructure costs and the ability to support the development with a significantly lower pre-cashflow funding requirement than is typical in Alaska.

The Company's project portfolio has been endorsed by world renowned experts. Netherland, Sewell & Associates estimate a 2C contingent recoverable resource in the Kodiak project that total 1,208 mmbbl of ANS crude and 5,396 bcf of natural gas. Lee Keeling & Associates estimated 3P/2C recoverable volumes for Ahpun's Alkaid horizon totalling 79 mmbbl of ANS crude and 424 bcf.

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