PANTHEON RESOURCES PLC

INTERIM REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

Pantheon Resources PLC

Chief Executive Officer's statement for the six months ending 31 December 2007

The last six months of 2007 were exciting times for Pantheon Resources plc ("Pantheon"). Pantheon participated in three discoveries with the two most significant being Wilson and Dunn Deep #2 both coming on stream during the period. As a result, Pantheon's gross working interest ("WI") production rose from 80 thousand cubic feet a day ("mcfd") in the April to June quarter 2007 to 1,100 mcfd average in the October to December quarter 2007. Production in January and February averaged 995 thousand cubic feet a day. In addition, Pantheon raised £900,000 through a placing of 1.5 million shares with institutional investors. These proceeds, along with cash flow from production, provided additional working capital to contribute towards Pantheon's current South Louisiana drilling Programme.

With production and revenue imminent, the Board of Directors strengthened the Board with the appointment of John Walmsley as a non-Executive Director, and commenced a formal executive search for a CEO. John brings over 30 years experience in the UK oil and gas sector to his duties as a Board member. In January 2008, I joined the Company as CEO. I started my career as an engineer with Arco in 1969, however my oil and gas experience started from a very early age, as both my father and grand-father were independent oil and gas explorers and producers in Louisiana and Texas. I ended my Arco career as President of Arco International Oil & Gas after several years running the Gulf Coast exploration and production operations.

Since I joined the company, Pantheon Resources has had a major disappointment. On February 21 Petro-Hunt LLC ("Petro-Hunt") abandoned the Fay Weil Ross et al #1 well on the Nottoway prospect. This was due to mechanical difficulties after the drill pipe stuck twice before reaching the final objectives. Petro Hunt will conduct a review of this well before making further recommendations.

Petro-Hunt has now spudded the State Lease 19255 et al #1 well (the Point Clair prospect) which was part of the original Nottoway Dome farm-in. Point Clair has a best estimate reserve potential of nine million barrels oil equivalent ("mmboe"). The last drilling report had this well drilling below 11,100 feet. Petro-Hunt should reach total depth in early April on a trouble-free basis. Pantheon has a 7.5% WI BPPO ("before project payout") carrying the farmee company for 25% (pro-rata share) until project payout. Pantheon's next high impact well, Bullseye (Pantheon 15% WI), should spud in April. Bullseye will test two zones with a combined best estimate potential reserve of 19 mmboe.

Since the start of 2008, Pantheon also elected not to participate in the Manzano Deep project on Padre Island. This was due to an increase in the risk profile and commercial terms compared with other opportunities.

On the personnel front Bob Rosenthal decided to stand down as a Board member and technical director. To bolster our technical expertise Pantheon has hired Ledgerock Energy Consulting to provide geologic and geophysical consulting to the company. Dr Ed Duncan is President and Technical Director of Ledgerock. Ed brings 30 years experience in the industry most recently as Vice President Exploration for Swift Energy Company.

In closing I want to assure shareholders that your Board is working hard to enhance shareholder value in these volatile market times. We are currently reviewing several high impact opportunities that, if successful, have the opportunity to move Pantheon Resources to another level.

Review of Operations

Padre Island

Dunn Deep #2 (Pantheon WI 7.5%)

Production commenced on September 17, 2007. This occurred less than two weeks from confirmation of a natural gas find. Initial gross production from the field was 3 million standard cubic feet of gas per day and 60 barrels a day of condensate, equating to approximately 560 barrels of oil equivalent per day.

Although located on Padre Island, Dunn Deep is separate from the Padre Island Joint Venture. It should also be recognised that Dunn Deep is an appraisal/development of La Playa Mid-Frio Unit #1 ("La Playa Deep"). However Pantheon does not have an interest in La Playa Deep #1. The operator is BNP, a private Texas-based company.

Wilson (Pantheon WI 31.77%)

Wilson was declared commercial on June 18, 2007. Production commenced on September 10, 2007. Initial production from the field was 2.5 million standard cubic feet of gas per day, equating to approximately 450 barrels of oil equivalent per day.

Testing of two remaining zones was not completed adequately. This was a result of poor well conditions. The Wilson partners decided that it was better to complete the well for commercial production in the bottom zone rather than persist with testing operations in poor well bore conditions. This strategy had the benefit of avoiding problems further up the well bore. The strong prevailing US gas prices also represented a major incentive to bring the lower Wilson zone into production as soon as possible. Potential reserves in the other zones will be evaluated further in a subsequent appraisal/development well to be drilled following extended production.

Project Wharton

The Project Wharton wells generally continue to produce at or above expectations.

<u>Baptist (Pantheon WI 11.25%)</u>

Baptist #1 encountered natural gas in April 2007 in both its primary and secondary objectives. The Baptist #1 well was drilled to test a large Frio seismic amplitude anomaly revealed by the Shell East Graceland 3D (vintage 1996). It was brought on stream on June 19, 2007.

<u>Caddo (Pantheon 18.75%)</u>

Caddo #1 encountered natural gas in a shallow Frio formation (4,470 feet) in October 2006. It was brought on stream on February 8, 2007. The Caddo #1 discovery is located in an area of mutual interest that covers a large area where six other prospects exist. These target comparable Yegua and Frio anomalies, but Miocene objectives are also present in all of them. The Caddo well was abandoned when production levels dropped and the well became uneconomic to produce.

<u>Mohawk (Pantheon 18.75%)</u>

Mohawk #1 was a discovery in October 2006 and brought onstream on December 1, 2006. Mohawk #1 encountered natural gas in both its primary and secondary Frio objectives.

Zebu (Pantheon 9.375%)

Zebu #1 was a discovery in August 2006 and commenced production on September 29, 2006. Zebu discovered natural gas in two Frio sands. It produced from the deeper secondary zone at around 4,280 feet until December 2007 when this lower zone was depleted. At that time Zebu was recompleted in the main objective at 3,750 feet.

Nottoway (Pantheon 7.5% WI BPPO)

The Fay Weil Ross et al #1 well commenced drilling in Iberville Parish, Louisiana in October 2007. The well was scheduled as a 15,498 feet test of the Nottoway Prospect, a geological feature unknown until a new 3D seismic survey was shot in late 2005. The operator is Petro-Hunt, L.L.C. ("Petro-Hunt").

The Nottoway Prospect is located between two existing oil and gas fields, White Castle Dome and Laurel Ridge. Deeper exploration was undertaken on both fields in 2006. New discoveries were made in both White Castle Dome and Laurel Ridge Field in the deeper Oligocene section in 2006. Similar zones are objectives in the Nottoway Prospect.

The well was drilling at 13,894 feet measured depth. Very high pressure was encountered at one of the deeper objectives. While trying to control the well, the drill pipe became stuck in the hole. After consultation, Petro -Hunt LLC, the Operator, elected to come back up the hole, set a cement plug, sidetrack the well and drill to the original objectives. While re-drilling in the sidetrack, the drill pipe became stuck again and Petro-Hunt decided to abandon the well. The well was abandoned for mechanical purposes only.

Pantheon is participating with a 7.5% working interest ("WI"), carrying the farm-out companies for a 25% back-in after project payout ("BIAPPO"). All costs will be recovered by Pantheon prior to back-in by the farm-out partners and no revenues will be received by these companies until Pantheon attains payout.

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2007

		6 months ended 31 December 2007 (unaudited) £	6 months ended 31 December 2006 (unaudited) £	Year ended 30 June 2007 (audited) £
Turnover		171,640	6,823	23,693
Cost of sales:				
Production costs		(18,851)	-	(877)
Depreciation, depletion and amortisation		(370,302)	-	-
Total cost of sales		(389,153)	6,823	(877)
Gross (loss)/profit		(217,513)	6,823	22,816
Administrative expenses:				
Share based payments		(50,700)		(487,540)
Impairment of intangible assets		(341,860)	(3,260,859)	(4,438,420)
Other		(262,823)	(444,240)	(427,679)
Total administrative expenses		(655,383)	(3,705,099)	(5,353,639)
Operating loss		(872,896)	(3,698,276)	(5,330,823)
Finance revenue		12,841	149,833	235,789
Loss before taxation		(860,055)	(3,548,443)	(5,095,034)
Taxation		-	-	-
Loss for the period		(860,055)	(3,548,443)	(5,095,034)
Loss per ordinary share – basic and diluted	(note 2)	(5.41)p	(22.82)p	(32.76)p

All of the above amounts are in respect of continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2007

	Share capital £	**Share premium** £	**Retained earnings** £	**Currency reserve** £	**Equi reserv**	**Total** £
Group						
At 30 June 2007	155,524	9,698,748	(5,434,548)	(234,275	649,05	4,834,502
Net loss for the period		-	(860,055)	-		(860,055)
Foreign currency	-	-	-	44,894		44,894
Share based payment			-	-	50,70	50,700
Proceeds from issue of shares (note 5)	15,000	885,000	-	-		900,000
Share issue costs		(61,313)	-	-		(61,313)
At 31 December 2007	170,524	10,522,435	(6,294,603)	(189,381	699,75	4,908,728

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	31 December 2007 (unaudited)	31 December 2006 (unaudited)	30 June 2007 (audited)
	£	£	£
Fixed assets			
Intangible fixed assets (note 3)	811,190	911,074	3,792,16
Tangible fixed assets (note 4)	3,606,247	2,077	249,56
	4,417,437	913,151	4,041,72
Current assets			
Trade and other receivables	164,356	125,253	69,04
Cash and cash equivalents	753,969	5,348,887	1,447,43
	918,325	5,474,140	1,516,48
Creditors: amounts falling due within one year	427,034	259,463	723,70
Net current assets	491,291	5,214,677	792,77
Total assets less liabilities	4,908,728	6,127,828	4,834,50
Capital and reserves			
Called up share capital	170,524	155,524	155,52
Share premium account	10,522,435	9,698,748	9,698,74
Retained losses	(6,294,603)	(3,887,957)	(5,434,54
Currency reserve	(189,381)	161,513	(234,27
Equity reserve	699,753	-	649,05
Shareholders' funds	4,908,728	6,127,828	4,834,50

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	6 months ended 31 December 2007 (unaudited) £	6 months ended 31 December 2006 (unaudited) £	Year ended 30 June 2007 (audited) £
Net cash (outflow)/ inflow from operating activities	(501,667)	(854,302)	(279,631)
Cash flows from investing activities			
Interest received	12,841	149,833	235,78
Expenditure on tangible fixed assets	(499)	(2,769)	(2,76
Net funds used for other capital expenditure	(1,059,989)	(2,353,574)	(6,536,06
Net cash inflow from investing activities	(1,047,647)	(2,206,510)	(6,303,04
Cash flows from financing activities			
Proceeds from issue of shares	900,000	-	
Issue costs	(61,313)	-	
Net cash inflow from financing activities	838,687	-	
Net decrease in cash and cash equivalents	(710,627)	(3,060,812)	(6,582,67
Effect of foreign currency translation reserve	17,164	-	(379,58
Cash and cash equivalents at the beginning of the period	1,447,432	8,409,699	8,409,69
Cash and cash equivalents at the end of the period	753,969	5,348,887	1,447,43

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2007 (unaudited) £	6 months ended 31 December 2006 (unaudited) £	Year ended 30 June 2007 (audited) £
Operating loss	(872,896)	(3,698,276)	(5,330,82
Impairment	341,860	3,264,552	4,438,42
Depreciation	370,648	692	22,02
Cost of issuing share options	50,700	-	487,54
Decrease/(increase) in trade and other receivables	(95,307)	(15,348)	40,85
Increase/(decrease) in creditors	(296,672)	(405,922)	62,34
	(501,667)	(854,302)	(279,63

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2007**

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

1.1. Basis of preparation

The financial statements have been prepared using the historical cost convention. In addition, the financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") including IFRS 6, Exploration for and Evaluation of Mineral Resources, as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 1985.

This interim report has been prepared on a basis consistent with the Group's expected accounting policies for the year ending 30 June 2008. These accounting policies are the same as those set out in the Group's Annual Report and Financial Statements for the year ended 30 June 2007, which are available from the registered office or the website (www.pantheonresources.com).

The group financial statements are presented in UK pounds sterling.

The financial information contained in this report is unaudited. These interim financial statements do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the year ended 30 June 2007 have been taken from the Group's statutory accounts for that financial year, which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain references to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 237 (2) or (3) of the Companies Act 1985.

1.2. Basis of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising on acquisitions is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

All the companies over which the Company has control apply, where appropriate, the same accounting policies as the Company.

1.3. Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. The resulting exchange gain or loss is dealt with in the income statement.

The assets, liabilities and the results of the foreign subsidiary undertakings are translated into Sterling at the rates of exchange ruling at the year end. Exchange differences resulting from the retranslation of net investments in subsidiary undertakings are treated as movements on reserves.

1.4. Cash and cash equivalents

The company considers all highly liquid investments, with a maturity of 90 days or less to be cash equivalents, carried at the lower of cost or market value.

1.5. Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and expected to apply when the related deferred tax is realised or the deferred liability is settled.

Deferred tax assets are recognised to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

1.6. Exploration and development costs

All costs associated with oil, gas and mineral exploration and investments are capitalised on a project by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general corporate overheads. If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial reserves on a unit of production basis. Where a licence is relinquished or project abandoned, the related costs are written off. Where the Group maintains an interest in a project, but the value of the project is considered to be impaired, a provision against the relevant capitalised costs will be raised.

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the group to obtain necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition thereof.

Amounts recorded for these assets represent costs and are not intended to reflect present or future values.

1.7. Impairment of exploration and development costs and depreciation of fixed assets

The carrying value of unevaluated areas is assessed on at least an annual basis or when there has been an indication that impairment in value may have occurred. The impairment of unevaluated prospects is assessed based on the Directors' intention with regard to future exploration and development of individual significant areas and the ability to obtain funds to finance such exploration and development.

The cost of other fixed assets is written off by equal annual instalments over their expected useful lives, as follows:
Office equipment – two years.

1.8. Share based payments

The Group issued share-based payments to certain employees (including directors) by way of issues of share warrants. The fair value of these payments is calculated by the Group using the Black Scholes option pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Group’s best estimate of shares that will eventually vest.

1.9. Financial instruments

International Accounting Standard 32 requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

The Group's policies include that no trading in derivative financial instruments shall be undertaken.

2. Loss per share

	6 months ended 31 December 2007 (unaudited)	6 months ended 31 December 2006 (unaudited)	Year ended 30 June 2007 (audited)
	£	£	£
Loss attributable to equity shareholders	(860,055)	(3,548,443)	(5,095,034)
Weighted average of ordinary shares at period end	15,886,568	15,552,329	15,552,329
Loss per share	(5.41)p	(22.	(3

3. Intangible fixed assets

	Exploration & development costs
	£
Group	
Cost:	
At 30 June 2007	8,085,269
Additions	1,059,989
Reclassified to tangible fixed assets	(3,733,049
Exchange differences	90,049
At 31 December 2007	5,502,259
Impairment:	
At 30 June 2007	4,293,108
Charge for period	341,860
Exchange differences	56,101
At 31 December 2007	4,691,069
Net book value:	
At 31 December 2007	811,190
At 30 June 2007	3,792,161

4. Tangible fixed assets

	Developed Oil and gas properties	Office equipment	Total
	£	£	£
Group			
Cost:			
At 30 June 2007	268,823	2,769	271,59
Additions	-	499	49
Reclassified from intangible fixed assets	3,733,049	-	3,733,04
Exchange differences	2,994	-	2,99
At 31 December 2007	4,004,866	3,268	4,008,13
Depreciation:			
At 30 June 2007	21,334	692	22,02
Charge for period	370,302	346	370,64
Exchange differences	9,213	-	9,21
At 31 December 2007	400,849	1,038	401,88
Net book value:			
At 31 December 2007	3,604,017	2,230	3,606,24
At 30 June 2007	247,489	2,077	249,56

5. Issue of Share Capital

The Company raised capital of £900,000 by means of placing 1,500,000 new ordinary shares on 21 November 2007 at a price of 60p per share. Costs associated with this placing amounted to £61,313.

6. Approval by Directors

The interim report for the six months ended 31 December 2007 was approved by the Directors on 28 March 2008.

7. Availability of Interim Report

The interim report will be made available immediately on the Company's website (www.pantheonresources.com), and copies will be sent shortly to registered shareholders, with further copies available on request from the Company's registered office.