

PANTHEON RESOURCES PLC

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Pantheon Resources plc, the AIM-quoted oil and gas company with a 50% working interest in several projects in Tyler and Polk Counties, East Texas, announces its results for the six months ended 31 December 2014.

Highlights

Operational

- Successful completion of £18,500,000 (before expenses) fundraising in October 2014
- Transformational transaction for the business, allowing the Company to double working interest in its Joint Venture with Vision Resources LLP, acquire significant new acreage positions and provide financing for the upcoming drilling programme
- Continued work during the period alongside the Bureau of Economic Geology at the University of Texas, Austin high-grading the drilling targets in the Eagleford/Woodbine and the Austin Chalk identified following the conclusion of an extensive three year geological study

Financial

- Reported loss after tax of £612,005 (2013: £337,676)
 - impacted by additional administrative expenses associated with the October 2014 fundraising, restructuring of the JV and the issuance of share options during the period
- The Group has no debt and is fully funded for the drilling of two high impact wells
- Cash and cash equivalents as at 31 December 2014 were £6,943,806

The successful completion of the fundraising has been transformational for the Company. It allowed Pantheon to double its working interest in its existing joint venture from 25% to 50% (for less than a doubling of shares on issue). It also enabled the Company to acquire a 50% interest in three new prospects and a 25% interest in a fourth prospect, all in Tyler and Polk Counties, East Texas. These prospects were identified following the conclusion of an extensive three year geological study completed in conjunction with the Bureau of Economic Geology at the University of Texas, Austin and appear geologically analogous to the prolific Double A wells field located nearby.

Pantheon is fully funded for the drilling of two wells, the first of which is located on the JV's existing Tyler County acreage and has potential for two separate and independent targets, both proven to exist on the acreage; the Austin Chalk and the Eagleford/Woodbine sandstone. The first well will offset an existing well on the JV acreage which is already producing from the Eagleford/Woodbine sandstone. Pantheon does not have an economic interest in this producing well as it was drilled before Pantheon entered the joint venture in 2008. However the existence of this producing well is material because it confirms the presence of the Eagleford/Woodbine sandstone on the acreage.

Following completion of this transaction, Pantheon has moved from being a company with a 25% working interest in a single high quality project into one with a 50% interest in a prospective resource of c.300 mmboe (million barrels of oil equivalent), spread across several prospects. These prospects are all located onshore East Texas in adjoining counties, ideally located in an area of abundant infrastructure, low transportation costs and of course low sovereign risk. The Board considers this a significant and material differentiator to other projects in other parts of the USA and the world. Should the upcoming wells be successful it is estimated that the JV could be earning revenues in as little as 60 days, potentially allowing the Company to self-fund future wells.

The JV has agreed heads of terms for the contracting of a drill rig and crew at sensible commercial rates, having benefited from the recent downturn in rig activity levels. Recent unseasonal weather conditions in East Texas have caused localised flooding in the immediate drilling area, making access roads being impassable. Once surface conditions improve the rig will be formally contracted and preparation for drilling will commence shortly thereafter.

Financial Review

For the six month period ended 31 December 2014 the Group made a loss of £612,005 (unaudited) compared with a loss of £337,676 (unaudited) for the equivalent period of last year.

During the period the Company raised circa £18,500,000 before costs through an equity placement at £0.20 per ordinary share. These funds were raised at only a 10% discount to the prevailing share price at a time of challenging equity market conditions for the sector, indicating the strong demand for the offering and the quality of the project. The Company also issued 10 million share options with an exercise price of £0.30 per share. The results for the period were dominated by the impact of completing these transactions.

As of 31 December 2014 the Company had on issue 196,356,396 Ordinary Fully Paid shares and 10,000,000 share options, each with an exercise price of £0.30. The Group has no debt and is fully funded for the drilling of two high impact wells.

Cash and cash equivalents as at 31 December 2014 were £6,943,806.

Pantheon CEO Jay Cheatham commented that:

“The first half of this financial year was a significant period for the business and has created a well-financed platform with a transformational drilling programme due to commence in Q2 2015. Despite all the noise and speculation about energy prices in financial markets, I would like to remind shareholders that for our Company, nothing has changed geologically. I have spent the majority of my career working at energy prices below present levels. The Eagleford sandstone is a conventional target with vastly superior porosity and permeability to the unconventional shale based plays which have become so high profile in recent times. Even at today’s energy prices, therefore should these wells be successful, it has the potential to create spectacular value accretion for shareholders.”

PANTHEON RESOURCES PLC

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	6 months ended 31 December 2014 (unaudited) £	6 months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
Continuing operations			
Revenue	2,190	2,596	5,381
Cost of sales	(1,726)	(6,845)	(26,372)
Gross profit/(loss)	464	(4,249)	(20,991)
Administrative expenses	(613,494)	(333,698)	(717,874)
Operating loss	(613,029)	(337,947)	(738,865)
Interest receivable	1,025	271	394
Loss before taxation	(612,005)	(337,676)	(738,471)
Taxation	-	-	-
Loss for the period	(612,005)	(337,676)	(738,471)
Other comprehensive (loss)/income for the period:			
Exchange differences from translating foreign currency	812,908	(416,525)	544,530
Total comprehensive (loss)/income for the period	200,903	(754,201)	(1,283,001)
Attributable to:			
Equity holders of the company	200,903	(754,201)	(1,283,001)
Loss per ordinary share – basic and diluted from continuing operations (note 2)	(0.42)p	(0.33)p	(0.72)p

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Group						
At 30 June 2014	1,020,998	21,915,804	(19,219,576)	274,548	55,335	4,047,109
Net loss for the period	-	-	(612,005)	-	-	(612,005)
<i>Other comprehensive income:</i>						
Foreign currency translation	-	-	-	812,908	-	812,908
Total comprehensive income for the period	-	-	(612,005)	812,908	-	200,903
Capital Raising						
Issue of shares	926,097	17,595,875	-	-	-	18,521,972
Issue of shares in lieu of fees	16,469	312,882	-	-	-	329,351
Issue costs	-	(1,002,502)	-	-	-	(1,002,502)
Share based payments						
Issue of options	-	-	-	-	215,250	215,250
Transfer of previously expensed share based payment on cancellation of options	-	-	55,335	-	(55,335)	-
Balance at 31 December 2014	1,963,564	38,822,059	(19,776,246)	1,087,456	215,250	22,312,083

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2013**

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Group						
At 30 June 2013	1,020,998	21,915,804	(18,481,105)	819,078	55,335	5,330,110
Net loss for the period	-	-	(337,676)	-	-	(337,676)
<i>Other comprehensive income:</i>						
Foreign currency translation	-	-	-	(416,525)	-	(416,525)
Total comprehensive income for the period	-	-	(337,676)	(416,525)	-	(754,201)
Balance at 31 December 2013	1,020,998	21,915,804	(18,818,781)	402,553	55,335	4,575,909

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Group	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
At 30 June 2013	1,020,998	21,915,804	(18,481,105)	819,078	55,335	5,330,110
Net loss for the year	-	-	(738,471)	-	-	(738,471)
<i>Other comprehensive income:</i>						
Foreign currency translation	-	-	-	(544,530)	-	(544,530)
Total comprehensive income for the year	-	-	(738,471)	(544,530)	-	(1,283,001)
	-	-	-	-	-	-
Balance at 30 June 2014	<u>1,020,998</u>	<u>21,915,804</u>	<u>(19,219,576)</u>	<u>274,548</u>	<u>55,335</u>	<u>4,047,109</u>

PANTHEON RESOURCES PLC

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	31 December 2014 (unaudited) £	31 December 2013 (unaudited) £	30 June 2014 (audited) £
ASSETS			
Fixed assets			
Exploration and evaluation assets (note 3)	14,922,655	3,491,575	3,389,552
Property, plant & equipment	-	-	-
	<u>14,922,655</u>	<u>3,491,575</u>	<u>3,389,552</u>
Current assets			
Trade and other receivables	585,270	198,230	192,087
Cash and cash equivalents	6,943,806	967,005	635,261
	<u>7,529,076</u>	<u>1,165,235</u>	<u>827,348</u>
Total assets	<u>22,451,731</u>	<u>4,656,810</u>	<u>4,216,900</u>
LIABILITIES			
Current liabilities			
Trade and other payables	139,648	80,901	169,791
Total liabilities	<u>139,648</u>	<u>80,901</u>	<u>169,791</u>
Net assets	<u>22,312,083</u>	<u>4,575,909</u>	<u>4,047,109</u>
EQUITY			
Capital and reserves			
Called up share capital	1,963,564	1,020,998	1,020,998
Share premium	38,822,059	21,915,804	21,915,804
Retained losses	(19,776,246)	(18,818,781)	(19,219,576)
Currency reserve	1,087,456	402,553	274,548
Equity reserve	215,250	55,335	55,335
Shareholders' funds	<u>22,312,083</u>	<u>4,575,909</u>	<u>4,047,109</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	6 months ended 31 December 2014 (unaudited) £	6 months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
Net cash outflow from operating activities	(337,888)	(439,742)	(765,835)
Cash flows from investing activities			
Funds used for drilling exploration	(11,203,412)	-	(5,774)
Interest received	1,025	271	394
Net cash (outflow)/inflow from investing activities	(11,202,387)	271	(5,380)
Cash flows from financing activities			
Proceeds from issue of shares	18,521,972	-	-
Issue costs	(673,152)	-	-
Net cash inflow from financing activities	17,848,820	-	-
Net increase in cash and cash equivalents	6,308,545	(439,471)	(771,215)
Cash and cash equivalents at the beginning of the period	635,261	1,406,476	1,406,476
Cash and cash equivalents at the end of the period	6,943,806	967,005	635,261

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2014 (unaudited) £	6 months ended 31 December 2013 (unaudited) £	Year ended 30 June 2014 (audited) £
Operating loss from continuing operations	(613,029)	(337,947)	(738,865)
Share based payment charge	215,250	-	-
(Increase)/decrease in trade and other receivables	(393,183)	12,192	18,335
(Decrease)/increase in trade and other payables	(30,143)	(10,579)	78,311
Effect of translation differences	483,217	(103,408)	(123,616)
Net cash outflow from operating activities	(337,888)	(439,742)	(765,835)

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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

This financial information has been prepared using the historical cost convention. In addition, the financial information has been prepared in accordance with International Financial Reporting Standards (“IFRS”), including IFRS 6 “Exploration for and Evaluation of Mineral Resources”, as adopted by the European Union.

This interim report has been prepared on a basis consistent with the Group’s expected accounting policies for the year ending 30 June 2014. 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 2014, which are available from the registered office or the website (www.pantheonresources.com).

The Group financial information and statements are presented in UK pounds sterling and is unaudited. This interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 30 June 2014 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 498 (2) or 498 (3) of the Companies Act 2006.

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

(i) Functional and presentational currency

The financial statements are presented in Pounds Sterling (“£”), which is the functional currency of the Company and is the Group’s presentation currency.

Items included in the Company’s subsidiary entities are measured using United States Dollars (“US\$”), which is the currency of the primary economic environment in which they operate.

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2014**

(ii) Transactions and balances

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

The Group follows the 'successful efforts' method of accounting for exploration and evaluation 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 Developed Oil and Gas Properties 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. When production commences the accumulated costs for the relevant area are transferred from intangible fixed assets to tangible fixed assets as 'Developed Oil & Gas Assets' or 'Production Facilities and Equipment', as appropriate.

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

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

Impairment reviews on development and producing assets are carried out regularly. When events or changes in circumstances indicate that the carrying amount of expenditure attributable to a successful well may not be recoverable from future net revenues from oil and gas reserves attributable to that well, a comparison between the net book value of the cost attributable to that well and the discounted future cash flows from that well is

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2014**

undertaken. To the extent that the carrying amount exceeds the recoverable amount, the cost attributable to that well is written down to its recoverable amount and charged as an impairment.

Developed Oil and Gas Properties are amortised over the estimated life of the commercial reserves on a unit of production basis

Exploration and Development costs in relation to the Tyler County Project are accounted for pursuant to the Successful Efforts method of accounting. All direct costs relating to the plugged and abandoned Vision Rice University#1 well have been written off. Accordingly the Intangible Fixed Asset carrying value solely represents back costs, land and other direct acquisition costs paid in relation to the Group's Tyler & Polk County projects, and prepayments towards the drilling of future wells.

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its estimated useful life as follows:

- Production Facilities and Equipment are depreciated by equal instalments over their expected useful lives, in most cases being seven years.
- Office equipment is depreciated by equal annual instalments over their expected useful lives, being four years.

2. Loss per share

	6 months ended 31 December 2014 (unaudited)	6 months ended 31 December 2013 (unaudited)	Year ended 30 June 2014 (audited)
Loss per ordinary share – basic and diluted from continuing operations	(0.42)p	(0.33)p	(0.72)p

The calculations above have been calculated by dividing the relevant loss classification by the weighted average number of ordinary shares in issue of 146,403,068. The diluted loss per share has been kept the same as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2014**

3. Exploration and evaluation assets

	Exploration & evaluation assets £
Group	
<i>Cost:</i>	
At 30 June 2014	3,389,552
Additions	11,203,412
Effects of foreign exchange	329,691
At 31 December 2014	<u>14,922,655</u>
<i>Net book value:</i>	
At 31 December 2014	<u>14,922,655</u>
At 30 June 2014	<u>3,389,552</u>

4. Approval by Directors

The interim report for the six months ended 31 December 2014 was approved by the Directors on 27 March 2015.

5. Availability of Interim Report

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

6. Events after the Reporting Period

There were no material events which occurred after 31 December 2014.