Company Number 05385506

PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2017

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Walmsley (Non-Executive Chairman) John (“Jay”) Cheatham (Chief Executive Officer) Justin Hondris (Executive Director, Finance and Corporate Development) Phillip Gobe (Non-Executive Director)
Company Secretary	Ben Harber
Registered Office	Shakespeare Martineau 6th Floor 60 Gracechurch Street London EC3V 0HR
Company Number	05385506
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Principal Bankers	Barclays Bank plc Level 27, 1 Churchill Place London E14 5HP
Nominated Adviser & Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Communications & Public Relations	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD

The year to June 2017 has been another period of progression for the business which has seen us continue to demonstrate the resource potential of our acreage in East Texas with a commercial discovery in the VOBM#3 well and the discovery of two new horizons in the VOBM#4 well. In addition, we have reached the key milestone of first production, achieved post year end in November 2017, with first cashflows to follow shortly. Progressing our assets from geological study to drilling, testing and production is what E&P businesses are established for and I am proud of our team's achievements in this respect.

During the period and post year end we also completed three very important transactions. In Polk County we increased our working interest from 50% to 58% (55.1% in the units associated with the VOBM#1 & VOBM#2H wells) and in Tyler County we increased our working interest from 50% to 75% in VOBM#4 and secured an option to move to 75% over a greater area in Tyler County. We also completed a $12.5m fundraising, financing the business for a very exciting and hopefully active period ahead.

While we have not been able to progress our drilling and development programme as quickly as first anticipated given the mechanical issues at VOBM#2H and the knock-on effects of the welcome, but unexpected, additional discoveries of two new horizons at VOBM#4, we have to date drilled five wells, all of which have successfully found hydrocarbons. Importantly for the Company we have also achieved first production and the decision to progress with a gas processing facility is, we believe, a sound decision for maximising long term value.

Our confidence in the geological potential of our acreage is undiminished. What has however become apparent to both Pantheon and Vision (the operator) during the year is that the delays and drilling issues we have faced have been greatly affected by a decline in the quality and experience of service providers to the industry. While frustrating for management and shareholders, the good news is we have now assembled drilling and operational teams with the required experience and skills necessary to move the development programme forward successfully.

In December 2016, the Board appointed Phillip Gobe as an independent non-executive Director. As an oil industry veteran of more than 35 years, his wealth of knowledge in drilling and operations is well known throughout the industry. He is currently a member of the Pioneer Natural Resources and Scientific Drilling International boards, and while at Atlantic Richfield Company managed the operations of Prudhoe Bay, North America's largest oil field. His vast knowledge of both the operating and commercial aspects of the industry has brought strength and depth to our Board and I am delighted with his contributions to date.

During the year we have also taken steps to improve the depth of our technical and operational expertise and experience. Pantheon has appointed the operational and technical expertise of Sierra Hamilton, an organisation well known to Phillip Gobe, as a retained technical consultancy to advise and also to provide an independent second opinion on operating, geological and technical operations, as well as helping expedite solutions to any problems encountered.

Outlook

The year ahead is expected to be a busy one, as we seek to accelerate our drilling programme in both Tyler and Polk Counties, which will be funded from our existing cash resources and from expected cash flows from Polk County. Post the results from VOBM#4 we will be better placed to make an informed decision on gas processing options in Tyler County, and will make arrangements to bring the wells there into production and into cashflow as soon as practical.

With production now ramping up, we will be generating cash as we go into 2018 and our exciting portfolio of high quality prospects gives us a clear development runway. Whilst we may encounter future challenges, the dedication and hard work of management, our partners and teams on the ground over the last 12 months has laid the foundations for a strong 2018 for the Company.

John Walmsley
Chairman

21 November 2017

2017 has been a significant year for the business in which we have progressed our large acreage position in Texas and, post the period end, graduated from being an exploration company to an exploration and production company. We have also made further progress in proving up our proprietary geological model of the conventional mini basin hydrocarbon system comprising the prolific Eagle Ford sandstone reservoir and potentially the productive sections of the Wilcox and Navarro formations. Whilst progress was slower than we had hoped throughout the period due to the knock-on effects of operational issues, our belief in the geological potential of the project is undiminished. The issues we have experienced have been operational in nature and should not be repeated. At a geological level however, the potential size of the prize to shareholders has actually increased with our enlarged working interest and with the discovery of the potentially productive Wilcox and Navarro zones on our acreage. The long term strategy of the Pantheon management is, and always has been, to maximise the value of the Company, whilst minimising equity dilution. Nothing has changed in this regard and we are doggedly pursuing that goal.

During the period and since year end, a number of achievements have been made across our acreage. Thanks to the hard work of the management team and all of our staff on the ground, the Company has established a 58% (55.1% in the units associated with the VOBM#1 and VOBM#2H wells) interest in the Polk County acreage, together with an accelerated cost recovery mechanism which sees Pantheon receive the first 70% of Polk County revenues until we have recouped the cost of that additional working interest. We have also increased our working interest in the VOBM#4 well in Tyler County from 50% to 75%, with an option to move to 75% over a much larger area in Tyler County. This was an exceptional outcome for the Company, especially given that it covers all zones and all depths. In a success case, the implications could be significant.

As well as the operational progress made, culminating in the recent commissioning of the gas processing facility in Polk County and delivery of first production, Pantheon has strengthened its balance sheet and remains well funded. The Company successfully raised US$12.5 million in July 2017 to accelerate our exploration, appraisal and development programme, which when combined with the expected production revenues, stands us in good stead going forward.

In October 2014 it was estimated that Pantheon's acreage (on a gross basis) had the potential to contain a P50 Prospective Resource of 301mmboe (50% Pantheon = 150.5 mmboe) from the Eagle Ford sandstone and Austin Chalk formations. Including the additional 8% working interest acquired in Polk County, but, for conservatism, excluding any additional interest in Tyler County (on the basis that we have not yet exercised the option to move to 75% on anything other than the individual VOBM#4 well and that it is too early to determine the possible commerciality of the Wilcox or Navarro zones) the P50 Prospective Resource attributable to Pantheon increases from 150.5 mmboe to approximately 158 mmboe. At a 60p share price and USD/GBP exchange rate of 1.32, Pantheon is currently valued at approximately $1.18 per boe P50 Prospective Resource – in an area of abundant infrastructure, low sovereign risk, and estimated operating costs of less than $5 per boe.

Our drilling to date has continued to bolster our belief that we have the potential for multiple Double A wells type field lookalikes as well as the Austin Chalk. Additionally, drilling this year has uncovered the possibility of a potentially large Wilcox accumulation and additional potential from the Navarro formation, also in Tyler County.

Impact of the downturn in the Service Industry

One area which has impacted us during the year is the state of the oil services sector in East Texas, which is experiencing both a shortage of skilled and practised crews, and sub optimally maintained equipment. Approximately 50% of the total operating drilling rigs in the US are presently in the Permian Basin in West Texas, some 600 miles away, which in turn has meant supply in East Texas for operating rigs has continued to decline. Quality service personnel especially from the major service companies are scarce in East Texas and we have been impacted by this through poor service, even from the top suppliers in the industry, as their focus is diverted towards the larger players in the Permian. Over the past 6-9 months the operator has identified and contracted some smaller, boutique service providers and is very pleased to report that so far the experience in present operations has been very good. During the year Pantheon also hired the highly regarded team at Sierra

Hamilton, one of the world's largest providers of outsourced engineering and on-site supervision services to the oil and gas industry, to strengthen our in house technical and operational capability.

Operations review

The major operational milestone for the Company, achieved post the period end in November 2017, was the commissioning of our stand-alone gas processing facility and commencement of first production in Polk County. We contracted with Kinder Morgan to build and operate a 15 mmcf/d plant on our VOBM#3 wellsite, tied into the nearby Gulf South gas trunk line. During the early commissioning phase we have, in line with standard practice, focused on optimizing the setup and efficiency of the gas processing facility, before gradually increasing production volumes thereafter. The VOBM#s 1, 2H and 3 wells are tied into the facility to produce into this system and we have signed marketing agreements with TEXLA for natural gas and Sunoco for oil. First revenues are expected in late December/early January. This marks a significant milestone for the Company, as we move into a revenue generating phase. The gas processing facility is modular by design and is able to be increased in size in the future if required.

The VOBM#4 well encountered three potentially productive zones above the target Eagle Ford sandstone. The presence of productive Wilcox and Navarro horizons above the Austin Chalk caused severe loss circulation issues resulting in an improperly set liner by a third party service provider. The improperly set liner required multiple cement squeezes to the liner top, ultimately cementing the productive Wilcox at the VOBM#4 location. This cascaded into the current side-track operation which is attempting to access the Wilcox in this location from a parallel wellbore some 200 feet away. Drilling operations are underway and on-track and results will be reported at the conclusion of drilling operations.

The re-entry of VOBM#2H to side-track and complete, marked the continuation of a challenging experience with this well. We have learned that it is not possible to effectively drill the Eagle Ford sandstone formation horizontally with today's drilling technologies, and we will drill future wells vertically. We have fully documented that penetration rates in the hard and abrasive Eagle Ford sandstone were an order of magnitude lower when drilled horizontally compared to when drilled vertically. Several reservoir experts believe the poor penetration rates created a silica fines issue that occluded the reservoir and caused excess heat and friction at the drill bit reservoir interface. The re-entry was successful mechanically, however the various dog-legs in the wellbore architecture have not allowed for an optimal completion with the perforations about 2,800 feet away, horizontally, from the production tubing and packer. Our consulting reservoir engineers believe the various bends will likely result in turbulence and back pressure effects in certain areas which may mask the true flow potential of the location. However, the log response on VOBM#2H indicates better reservoir potential than VOBM#1, supporting our view that the underlying potential of the location is excellent.

Forward Drilling Programme

Both Pantheon and the operator share a joint desire to accelerate the drilling of our project. However, a fundamental principle of exploration drilling is to drive down the risk of failure of future operations. Integral to this concept is to meticulously study available data (which would include that from present operations) to better assist in future decision making. In Tyler County for example, the outcome of the VOBM#4 well will play a key role in the location of future wells and for planning logistics for gas processing arrangements in that County.

In Polk County we are currently planning to spud an additional Eagle Ford well in early 2018, west of the VOBM#1 well. Any production from this well could flow into the existing gas processing facility, or could justify a scale up of that facility.

In Tyler County, current thinking is to drill a number of wells in 2018; an Eagle Ford sandstone well in the LP2 offset basin; the centre basin test near the existing VOBM#4 well; and a follow up well(s) in the Wilcox area, if successful. Tyler County has tremendous resource potential and each well we drill there increases our understanding of the geology and chance of future success.

Overall the first half of 2018 could see a number of new wells drilled. Once we know the outcome of the VOBM#4 well and have analysed flow data from VOBM#2H we will be better positioned to provide a more detailed forward drilling plan, and we look forward to discussing this with shareholders further at the AGM in mid December.

Conclusion

Pantheon management will continue to build long term value and, with an even stronger team in place, remains well positioned going forward. Our geological potential has increased and we are well funded from existing cash resources and production. Indeed, with near term cash flow from our Polk County gas processing facility and an early hook up possible in Tyler County, we can hopefully pursue a two rig programme in 2018.

The potential of our acreage position remains incredibly exciting. Despite some operational setbacks, Pantheon has come a long way over recent years and is evolving into a full cycle E&P company. Our strategy to prove up this acreage for an eventual sale is unchanged, and I am committed to applying our learnings to create significant value for shareholders.

Glossary

"boe"	barrel of oil equivalent
"mmboe"	millions of barrels of oil equivalent
"mmcf/d"	million standard cubic feet per day
"Prospective Resource"	those quantities of hydrocarbons which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations
"P50"	the best estimate of the quantity of resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate

The technical disclosure in this announcement complies with the SPE/WPC standard.

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies - June 2009, the information contained in this announcement has been reviewed and signed off by Jay Cheatham, a qualified Chemical & Petroleum Engineer, who has over 40 years' relevant experience within the sector.

The information contained within this RNS is considered to be inside information prior to its release.

Jay Cheatham
Chief Executive Officer

21 November 2017

Financial Review

The Group made a total loss from operations for the financial year ended 30 June 2017 of $1,740,192 (2016: $1,363,604). The increase over the prior year was due to a number of factors including increased legal costs associated with resolving the previously disclosed lease dispute (which was subsequently settled in July 2017) and the dispute with the independent third party consultant (as disclosed in note 22), as well as the additional administrative and personnel costs as the company moves from an exploration to an exploration and production company.

Impairments

The total impairment charge for the year was $nil (2016: $nil).

Accounting policies: Change in functional and presentation currency

These consolidated financial statements are presented in US dollars. On 1 July 2016, the functional currency of Pantheon Resources plc changed from Pounds Sterling to US Dollars. This change was effected in anticipation of the Group moving into oil and gas production, therefore generating US Dollar denominated revenues. The majority of the Group's expenditures are also US Dollar denominated.

On the 1 July 2016, the presentation currency of Pantheon Resources plc also changed from Pounds Sterling to US Dollars.

The change in presentation currency is to better reflect the Group's business activities and to improve investors' ability to compare the Company's financial results with other publicly traded businesses in the oil and gas industry.

To change the functional and presentation currency from Pounds Sterling to US Dollars, the Company followed IAS 21 *The Effects of Changes in Foreign Exchange Rates* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.* This change has been applied retrospectively. For the 2016 comparative balances, assets and liabilities have been restated into the presentation currency (US Dollars) at the rate of exchange prevailing at the respective balance sheet date, with the equity balances restated at historical rates on the date of issue of said equity instrument. The comparative income statements and cash flow statements were restated at the average exchange rates for the reporting period. The average rates for the reporting period approximated the exchange rates as at the date of the transactions. Exchange differences arising on translation were taken to the foreign exchange reserve in shareholders' equity. The Company has presented a third statement of financial position as at 30 June 2015 in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

Exchange rates used	**USD / GBP**
12 months ending 30 June 2017 average rate	1.2738
12 months ending 30 June 2016 average rate	1.4753
Spot rate 30 June 2017	1.2995
Spot rate 30 June 2016	1.3253
Spot rate 30 June 2015	1.5725

Capital structure

The Company did not issue any new shares or options during the year.

As at 30 June 2017 there were 214,957,458 shares on issue (2016: 214,957,458) – Note 14.

The Company has 10,000,000 options outstanding to acquire ordinary shares (2016: 10,000,000) at an exercise price of £0.30 per share. As at 30 June 2017 all share options were fully vested.

Going concern

The Directors are satisfied with the Group's ability to operate as a going concern for the next 12 months, as documented further in Note 1.4.

Taxation

The Group incurred a loss for the year and has not incurred a tax charge. The Directors have not considered it appropriate to recognise a deferred tax asset to reflect the potential benefit arising from these timing differences.

Risk assessment

The Group's oil and gas activities are subject to a variety of risks, both financial and operational, including but not limited to those outlined below. These and other risks have the potential to materially affect the financial performance of the Group.

Liquidity and Interest Rate Risk

Liquidity risk remains elevated for many companies in the natural resources sector for a number of reasons including but not limited to the slowdown in the Global economy, the volatility in commodity prices, recent political and other influences, which have negatively impacted energy prices and created economic uncertainty.

Oil & Gas Price Risk

Future oil and gas sales revenues are subject to the volatility of the underlying commodity prices throughout the year. Over the past year the energy sector has been impacted by, but not limited to, volatility in commodity prices which has resulted in very difficult market conditions for the sector. The Group did not engage in any commodity price hedging activity during the year.

Currency Risk

Almost all capital expenditure and operational revenues for the year were denominated in US dollars. The Group keeps the majority of its cash resources denominated in US dollars throughout the year to minimise volatility and foreign currency risk. The Group did not engage in any foreign currency hedging activity during the year.

Financial Instruments

As this stage of the Group's activities it has not been considered appropriate or necessary to enter into any derivatives strategies or hedging strategies. Once the Group's production revenues increase substantially, such strategies will be reviewed on a more regular basis.

Justin Hondris

21 November 2017

Principal activity

The Company is registered in England and Wales, having been incorporated under the Companies Act with registered number 05385506 as a public company limited by shares.

The principal activity of the Group is the investment in oil and gas exploration and development. The Group operates in the U.K. through its parent undertaking and in the U.S.A. through subsidiary companies, details of which are set out in the Note 8 to these accounts.

Review of the Business and Key Performance Indicators

Please refer to the Finance Director's Report on page 8 for the review of the business and analysis of the Key Performance Indicators of the business.

Financial Position and Future Prospects

Please refer to the Chief Executive Officer's statement and operation review on page 5 for an overview of the Company position and prospects.

Key operational risks and uncertainties

The Group is in the business of exploration and production of oil and gas. Accordingly, the principal operational risks and uncertainties affecting the Group include, but are not limited to, the time and monetary costs associated with the unsuccessful drilling of prospects; the potential for incorrect geological interpretation or evaluation; mechanical, operational or other technical problems encountered during the drilling of prospects; lease issues; lease costs; environmental or permitting issues; costs and contractual obligations relating to gas processing and distribution; mechanical or other technical problems which may from time to time affect existing production; the potential for increased costs for drilling or operating in a tight rig market; the uncertainty surrounding potential recoverability of reserves; deterioration in commodity prices or unfavourable exchange rate movements, political risk or economic conditions; and the potential for unexpected deterioration or abandonment of existing production. Pursuant to the terms of the respective operational agreements, and typical for the industry, the Group is also potentially exposed to the timing, financial and operational position of counterparties, in particular with respect to the timing, and therefore payment for the proposed drilling of wells.

By order of the board.

Justin Hondris
Director

21 November 2017

The Directors present their report together with the audited accounts of Pantheon Resources plc ("Pantheon" or "the Company") and its subsidiary undertakings (together "the Group") for the year ended 30 June 2017.

Results and dividends

The Group results for the period are set out on page 23. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2017.

Information to shareholders – website

The Group maintains its own website (www.pantheonresources.com) to facilitate provision of information to external stakeholders and potential investors and to comply with Rule 26 of the AIM Rules for Companies.

Group structure and changes in share capital

Details of the Group structure and the Company's share capital during the period are set out in Notes 8 and 14 to these accounts.

Directors

The following Directors held office during the year:
John Walmsley (Non-Executive Chairman)
John Cheatham (Chief Executive Officer)
Justin Hondris (Director, Finance & Corporate Development)
Phillip Gobe (Non-Executive Director) (Appointed on 12 December 2016)

Directors' interests

The beneficial and non-beneficial interests in the Company's shares of the Directors and their families were as follows:

Name	30 June 2017 Number of Ordinary shares of £0.01
J Cheatham	3,554,249
J Hondris*	1,135,000
J Walmsley*	1,859,938
P Gobe	75,000

*Some of these ordinary shares are beneficially owned by the respective spouses of Messrs J Walmsley and J Hondris.

Share options
Share options for Ordinary shares of £0.01, held by Directors on 30 June 2017 were as follows:

Exercise price	Number of options £0.30
J Walmsley	1,000,000
J Cheatham	4,385,000
J Hondris	3,865,000
Total	9,250,000

These are 100% vested as at 30 June 2017.

Report on Directors' remuneration and service contracts

The service contracts of all the Directors are subject to a six month termination period.

Pensions

Following implementation of the mandatory work place pension scheme the company is now fully compliant.

Directors' remuneration

	Fees/basic salary	Share-based payments	Pension Contributions	Health Insurance	2017 Total	2016 Total
	$	$	$	$	$	$
J Cheatham	398,270	-	-	-	398,270	301,079
J Hondris	328,922	-	18,570	3,050	350,542	196,507
J Walmsley	92,350	-	-	-	92,350	89,955
P Gobe	30,192	-	-	-	30,192	-
	849,734	-	18,570	3,050	871,354	587,541

The salary of J Hondris included a one off bonus during the year.

Director incentive scheme

In 2012 the Company implemented a short term executive director incentive scheme ("the scheme") developed in conjunction with executive remuneration specialists at Deloitte LLP. Any incentive bonus resulting from the scheme will be shared by executive Directors and will be calculated as 2.25% of the value of "net-booked reserves" for a period (deducting any net-booked reserves recognised in earlier periods for this purpose). For the purposes of the scheme, net-booked reserves will include 100% of proved reserves and 25% of probable reserves booked to the Group, as determined by an independent third party, where relevant, in accordance with the classification definitions as mandated by the Society of Petroleum Engineers.

The remuneration committee will determine the extent to which any annual bonus resulting from the scheme will be settled in cash or share options with a discounted exercise price. The cash component will be at least one third of the total and there is no obligation to pay any of the annual bonus by way of share options. In the event of a sale of the Company or other change of control, the calculation will be undertaken by reference to the equity value of the Company (less the value of net booked reserves recognised in earlier periods). The remuneration committee believes that the scheme, together with the granting of share options provides an appropriate and reasonable structure to reward and motivate the executive Directors for performance that is aligned to the interests of shareholders and provides a balance of long term and short term performance measurement. Any potential benefit from the scheme is linked to the booking of net-booked reserves which is considered to be a key milestone reflecting potential "value add" for the benefit of shareholders. The value of share options is directly linked to the longer term share price performance and is therefore also considered to be a suitable metric as a basis for executive remuneration.

No benefit has been paid from the scheme since inception.

Subsequent events

The period subsequent to year end has been an active one for the Group. Details of subsequent events can be found at Note 23.

Substantial shareholders

The Company has been notified, in accordance with Chapter 5 of the FCA Disclosure and Transparency Rules, of the under noted interests in its ordinary shares as at 17 November 2017:

	Number of Ordinary Shares	% of Share Capital
Jim Nominees Limited	27,901,205	11.76
Ferlim Nominees Limited	15,766,293	6.64
Vidacos Nominees Limited	11,253,428	4.74
Rock (Nominees) Limited	9,331,656	3.93
Barclays Direct Investing Nominees Limited	8,840,748	3.72
HSDL Nominees Limited	7,628,340	3.21
TD Direct Investing Nominees (Europe) Limited	7,257,017	3.06

Political and charitable contributions

There were no political or charitable contributions made by the Company during the year ended 30 June 2017 (2016: £Nil).

Remuneration and Nomination Committee

The Board of Directors has established the Remuneration and Nomination Committee of the Board. Phillip Gobe is the chairman of the committee and John Walmsley and Justin Hondris are the other members. Other Directors may attend meetings by invitation.

The Remuneration and Nomination Committee meets as required, but aims to meet at least twice a year. Its role is to determine the remuneration arrangements and contracts of executive Directors and senior employees, and the appointment or re-appointment of Directors. It also has the responsibility for reviewing the performance of the executive Directors and for overseeing administration of the Company's share option schemes. No Director is however involved in deciding his own remuneration.

Audit Committee

An Audit Committee of the Board has been established. During the year, the Audit Committee consisted of John Walmsley as chairman, Jay Cheatham and Phillip Gobe. This Committee provides a forum through which the Group's finance functions and auditors report to the non-executive Directors. Meetings may be attended, by invitation, by the Company Secretary, other Directors and the Company's auditors.

The Audit Committee meets at least twice a year. Its terms of reference include review of the Annual and Interim Accounts, consideration of the Company and Group's accounting policies, the review of internal control, risk management and compliance procedures, and consideration of all issues surrounding the annual audit. The Audit Committee will also meet with the auditors and review their reports relating to accounts and internal control systems.

To follow best practice the external auditors have held discussions with the Audit Committee on the subject of auditor independence and have confirmed their independence in writing.

Conflicts Committee

A Conflicts Committee of the Board has been established. This Committee consists of John Walmsley as chairman, Justin Hondris, Jay Cheatham and Phillip Gobe.

The role of the Conflicts Committee is to assist the Board in monitoring actual and potential conflicts of interest under the definitions of the Companies Act 2006. Under the Companies Act 2006 Directors are responsible for their individual disclosures of actual or potential conflict. To follow best practice, the Conflicts Committee holds discussions with the Company's UK lawyers.

Anti-Corruption & Bribery Committee

An Anti Corruption & Bribery Committee has been established. This committee consists of Justin Hondris (as Chairman), Jay Cheatham and Phillip Gobe.

The purpose of the Anti-Corruption & Bribery Committee is to ensure the Company's compliance with the Bribery Act 2010.

Corporate Governance

The Directors acknowledge their responsibility for, and recognise the importance of implementing and maintaining, high standards of corporate governance. Given its current size, personnel limitations and operational status the Company has not adopted a formal corporate governance code, however it does liaise closely with the Nomad and company. However the Company does, where practical, comply with relevant aspects from the UK Corporate Governance Code as appropriate for a company of its size, nature and stage of development.

EU Market Abuse Regulations

The EU Market Abuse Regulation came into effect in the UK on 3 July 2016 and the company has implemented relevant policies and procedures to ensure compliance with the requirements of the regime.

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRS") as adopted by the European Union. Company Law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

a) select suitable accounting policies and then apply them consistently;
b) make judgements and estimates that are reasonable and prudent;
c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of disclosure to the auditors

So far as the Directors are aware:

a) there is no relevant audit information of which the Company's auditors are unaware; and
b) all the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

By order of the board

Justin Hondris
Director

21 November 2017

John Walmsley, Non Executive Chairman

John Walmsley has over 30 years' experience in the energy sector as either adviser or principal. This includes periods as Chief Executive of Hardy Oil & Gas (1994 – 1998) and Managing Director, Finance and Business Development, of Enterprise Oil plc (1984 – 1993). He is currently Executive Chairman of Consilience Energy Advisory Group Ltd (CEAG) and non-executive Chairman of TSX and AIM listed Orosur Mining Inc. He has international business and financial experience in Europe, Asia-Pacific and North America at the corporate, institutional and senior government level. He is a fellow of the Institute of Chartered Accountants in England and Wales and was a Tax Partner at Arthur Anderson prior to joining Enterprise Oil. He acts as Chairman of Pantheon's Audit and Conflicts Committees.

Jay Cheatham, Chief Executive Officer

Jay Cheatham has more than 40 years' experience in all aspects of the petroleum business. He has extensive international experience in both oil and natural gas, primarily for ARCO. At ARCO, Jay held a series of senior appointments. These include Senior Vice President and District Manager (ARCO eastern District) with direct responsibility for Gulf Coast US operations and exploration and President of ARCO International where he had responsibility for all exploration and production outside the U.S. Jay's most recent appointment was as President and CEO of Rolls-Royce Power Ventures, where he had the key responsibility for restructuring the Company.

Jay also has considerable financial skills in addition to his corporate and operational expertise. He has acted as Chief Financial Officer for ARCO's US oil and natural gas company (ARCO Oil & Gas). Moreover he has understanding of the capital markets through his past position as CEO to the Petrogen Fund, a private equity fund.

Justin Hondris, Director, Finance and Corporate Development

Justin Hondris has over 11 years experience in public company management in the upstream oil and gas sector and has wide ranging experience in corporate finance, private equity and capital markets in the UK and abroad. Prior to Pantheon, Justin held a senior position in the private equity sector where he gained valuable experience in both investment and exit strategies for growth companies.

He is responsible for the financial, legal, administrative and corporate development functions of the company.

Phillip Gobe, Non-Executive Director

Phillip Gobe has over 40 years' experience in the oil and gas business both in the U.S.A. and internationally. Phillip has held senior positions in Energy Partners Ltd (President & COO), Nuevo Energy Co. (COO), Vastar Resources (COO) and several senior positions with Atlantic Richfield Company, including a role as Operations Manager of Prudhoe Bay in Alaska, the largest oilfield in the USA. Throughout his career Phillip has successfully overseen several corporate exits at substantial premiums to pre-deal valuations. Phillip also has a background in drilling, human resources and health & safety. He is currently a non-executive director of the S&P 500 company, Pioneer Natural Resources and Scientific Drilling International Inc, the fifth largest provider of directional drilling and measurement equipment and operational services. Phillip acts as Chairman of Pantheon's Remuneration and Nominations Committee.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PANTHEON RESOURCES PLC
FOR THE YEAR ENDED 30 JUNE 2017

Opinion

We have audited the financial statements of Pantheon Resources Plc for the year ended 30 June 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 30 June 2017 and of the Group and Parent company's loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit; and directing the efforts of the engagement team. This is not a complete list of all risks identified by our audit.

Key audit matter	**How our audit addressed the key audit matter**
Impairment of exploration and evaluation assets and loans due from subsidiary companies The Group has capitalised significant costs in respect of the Tyler and Polk county projects in accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources' (IFRS 6), therefore there is a risk of impairment. There are a significant number of leases covering the areas over which the Exploration and Evaluation assets are located, therefore the renewal and good standing of the leases in vital in order to ensure no impairment of the exploration assets is required. The Company has a significant loan balance due from its subsidiary Pantheon Oil and Gas LP to which the carrying value is clearly linked to the underlying exploration and evaluation assets.	In accordance with IFRS 6 we reviewed the exploration and evaluation (E&E) assets for indications of impairment and considered the potential revenues expected to be generated from future production. We reviewed and discussed the directors' impairment review and assessment which was based on net present value (NPV) calculations based on the approved forecasts. We obtained evidence of the renewal of a sample of key leases and reviewed an independent assessment to gain assurance that there should be no renewal issues within the boundary of the resource estimates. We reviewed the future plans of the projects in respect of funding, viability and development.
Management override of controls Intrinsically there is always a risk of material misstatement due to fraud as a result of possible management override of internal controls.	We reviewed the nominal ledger accounts, journals and cash transactions to identify any unusual or exceptional transactions. We investigated and tested a sample of items to ensure amounts paid during the year related to business expenses and that transactions were appropriate. We reviewed and enquired into the accounting systems, processes, controls and segregation of duties that existed in the Company and the Group. We also evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement of fraud.

Going concern	**How our audit addressed the key audit matter**
The financial statements are prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. As the group had not yet produced revenue at the year end, going concern was considered to be a possible uncertainty during the audit process.	We have reviewed the group's cash flow forecasts for the period to January 2019 and the current financial position. Subsequent to year end the company raised approximately $12.5m through an equity fund raising. In November 2017 the group commenced production in Polk County with first production revenues expected late 2017/early 2018. The group is currently expected to be able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.
Change in functional and presentation currency	
These are the first financial statements of the Company following the change of its functional currency to US dollars from GBP. Additionally the presentation currency has been changed to US dollars from GBP. The changes could potentially lead to arithmetic errors on translation of the current and comparative period figures.	We have reviewed the method of translation and the disclosures in the financial statements to ensure the date and rate of translation has been applied in accordance IAS 21 'The effect of changes in foreign exchange rate' and also the method of translation of the presentation currency to ensure the change has been prepared in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors', using the correct rates of exchange. No errors in the methods employed or arithmetic inaccuracies in the change of the functional currency to US dollars from GBP were identified.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Our application of materiality (continued)

Overall materiality	We determined materiality for the financial statements as a whole to be \$596,000.
How we determine it	Based on the main key indicator, being 1% of gross assets of the Group.
Rationale for benchmarks applied	We believe net asset values is the most appropriate benchmark due to the size and stage of development of the Company and Group and due to the Group not yet generating any revenue.
Performance materiality	On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and this was rounded to \$447,000.

We agreed with the Audit Committee that we would report to them all misstatements over \$25,000 identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the parent company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the Finance Director in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.This description forms part of our auditor's report.

This report is made solely to the Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Wright (Senior Statutory Auditor)
For and on behalf of
UHY Hacker Young
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

21 November 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Continuing operations			
Revenue	3	-	567
Cost of sales		-	(759)
Gross profit/(loss)		-	(192)
Administration expenses		(1,754,259)	(1,290,375)
Share-based payments	20	-	(79,388)
Operating loss	4	(1,754,259)	(1,369,955)
Interest receivable	6	14,067	6,351
Loss before taxation		(1,740,192)	(1,363,604)
Taxation	7	-	-
Loss for the year		(1,740,192)	(1,363,604)
Other comprehensive loss for the year			
Exchange differences from translating foreign operations		(239,528)	(464,379)
Total comprehensive loss for the year		(1,979,720)	(1,827,983)
Loss per share			
Loss per ordinary share – basic from continuing operations	2	(0.81) c	(0.67) c
Loss per ordinary share – diluted from continuing operations	2	(0.81) c	(0.67) c

The loss for the current and prior year and the total comprehensive loss for the current year and prior year are wholly attributable to the equity holders of the parent company, Pantheon Resources Plc.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Equity reserve $	Total Equity $
Group						
At 1 July 2016	3,557,582	94,914,770	(37,643,602)	(79,209)	902,854	61,652,395
Net loss for the year	-	-	(1,740,192)	-	-	(1,740,192)
Other comprehensive income: Foreign currency translation	-	-	-	(239,528)	-	(239,527)
Total comprehensive income for the year	-	-	(1,740,192)	(239,528)	-	(1,979,720)
Balance at 30 June 2017	3,557,582	94,914,770	(39,383,794)	(318,737)	902,854	59,672,675

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Equity reserve $	Total Equity $
Company						
At 1 July 2016	3,557,582	94,914,770	(17,592,913)	(13,003,202)	902,854	68,779,091
Net loss for the year	-	-	(1,107,247)	-	-	(1,107,247)
Other comprehensive income: Foreign currency translation	-	-	-	(1,363,366)	-	(1,363,365)
Total comprehensive income for the year	-	-	(1,107,247)	(1,363,366)	-	(2,470,613)
Balance at 30 June 2017	3,557,582	94,914,770	(18,700,160)	(14,366,568)	902,854	66,308,478

PANTHEON RESOURCES PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share capital $	Share premium $	Retained Losses $	Currency reserve $	Equity reserve $	Total Equity $
Group						
At 1 July 2015	3,292,810	66,011,310	(36,279,998)	385,170	823,466	34,232,758
Net loss for the year	-	-	(1,363,604)	-	-	(1,363,604)
Other comprehensive income: Foreign currency translation	-	-	-	(464,379)	-	(464,379)
Total comprehensive income for the year	-	-	(1,363,604)	(464,379)	-	(1,827,982)
Capital raising						
Issue of shares	261,260	29,783,698	-	-	-	30,044,958
Issue of shares in lieu of fees	3,512	400,436	-	-	-	403,948
Issue costs	-	(1,280,674)	-	-	-	(1,280,674)
Share-based payments						
Issue of share options	-	-	-	-	79,388	79,388
Balance at 30 June 2016	3,557,582	94,914,770	(37,643,602)	(79,209)	902,854	61,652,395

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Equity reserve $	Total Equity $
Company						
At 1 July 2015	3,292,810	66,011,310	(16,654,371)	(3,172,307)	823,466	50,300,908
Net loss for the year	-	-	(938,542)	-	-	(938,542)
Other comprehensive income: Foreign currency translation	-	-	-	(9,830,895)	-	(9,830,895)
Total comprehensive income for the year	-	-	(938,542)	(9,830,895)	-	(10,769,437)
Capital raising						
Issue of shares	261,260	29,783,698	-	-	-	30,044,958
Issue of shares in lieu of fees	3,512	400,436	-	-	-	403,948
Issue costs	-	(1,280,674)	-	-	-	(1,280,674)
Share-based payments						
Issue of share options	-	-	-	-	79,388	79,388
Balance at 30 June 2016	3,557,582	94,914,770	(17,592,913)	(13,003,202)	902,854	68,779,091

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017 $	2016 $	2015 $
ASSETS				
Non-current assets				
Exploration and evaluation assets	12	55,545,596	37,785,079	25,798,927
Property, plant and equipment	13	1,166	2,972	5,643
		55,546,762	37,788,051	25,804,570
Current assets				
Trade and other receivables	9	328,319	349,552	286,609
Cash and cash equivalents	10	4,382,206	23,727,187	8,280,762
		4,710,525	24,076,739	8,567,371
Total assets		60,257,287	61,864,790	34,371,941
LIABILITIES				
Current liabilities				
Trade and other payables	11	584,612	212,395	139,183
Total liabilities		584,612	212,395	139,183
Net assets		59,672,675	61,652,395	34,232,758
EQUITY				
Capital and reserves				
Share capital	14	3,557,582	3,557,582	3,292,810
Share premium	14	94,914,770	94,914,770	66,011,310
Retained losses		(39,383,794)	(37,643,602)	(36,279,998)
Currency reserve		(318,737)	(79,209)	385,170
Equity reserve	20	902,854	902,854	823,466
Shareholders' equity		59,672,675	61,652,395	34,232,758

The financial statements were approved by the Board of Directors on 21 November 2017 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	2017 $	2016 $	2015 $
ASSETS				
Non-current assets				
Property, plant and machinery	13	1,166	2,972	5,643
Loans to subsidiaries	9	64,069,579	62,693,014	46,138,860
		64,070,745	62,695,986	46,144,503
Current assets				
Trade and other receivables	9	123,075	125,871	84,064
Cash and cash equivalents	10	2,260,055	6,041,844	4,163,678
		2,383,130	6,167,715	4,247,742
Total assets		66,453,875	68,863,701	50,392,245
LIABILITIES				
Current liabilities				
Trade and other payables	11	145,397	84,610	91,337
Total liabilities		145,397	84,610	91,337
Net assets		66,308,478	68,779,091	50,300,908
EQUITY				
Capital and reserves				
Share capital	14	3,557,582	3,557,582	3,292,810
Share premium	14	94,914,770	94,914,770	66,011,310
Retained losses		(18,700,160)	(17,592,913)	(16,654,371)
Currency reserve		(14,366,568)	(13,003,202)	(3,172,307)
Equity reserve	20	902,854	902,854	823,466
Shareholders' equity		66,308,478	68,779,091	50,300,908

The financial statements were approved by the Board of Directors on 21 November 2017 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Net outflow from operating activities	15	(1,598,530)	(1,719,878)
Cash flows from investing activities			
Interest received		14,067	6,351
Interest paid		-	(22,128)
Funds used for drilling and exploration	12	(17,760,518)	(11,986,152)
Net cash outflow from investing activities		(17,746,451)	(12,001,929)
Cash flows from financing activities			
Proceeds from share issues	14	-	29,984,517
Issue costs paid in cash		-	(816,286)
Net cash inflow from financing activities		-	29,168,231
(Decrease)/increase in cash and cash equivalents		(19,344,981)	15,446,425
Cash and cash equivalents at the beginning of the year		23,727,187	8,280,762
Cash and cash equivalents at the end of the year	10	4,382,206	23,727,187

PANTHEON RESOURCES PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Net cash outflow from operating activities	15	(2,415,692)	(10,719,424)
Cash flows from investing activities			
Interest received		10,468	5,643
Interest paid		-	(22,128)
Loans to subsidiary companies		(1,376,565)	(16,554,155)
Net cash outflow from investing activities		(1,366,097)	(16,570,640)
Cash flows from financing activities			
Proceeds from share issues	14	-	29,984,517
Issue costs paid in cash		-	(816,287)
Net cash inflow from financing activities		-	29,168,230
(Decrease)/increase in cash and cash equivalents		(3,781,789)	1,878,166
Cash and cash equivalents at the beginning of the year		6,041,844	4,163,678
Cash and cash equivalents at the end of the year	10	2,260,055	6,041,844

1. Accounting policies

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

1.1. Basis of preparation

The financial statements have been prepared on a going concern basis using the historical cost convention and in accordance with the International Financial Reporting Standards ("IFRSs"), 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 2006.

The Group's financial statements for the year ended 30 June 2017 were authorised for issue by the board of Directors on 21 November 2017 and were signed on the Board's behalf by Mr J Hondris.

The Group and Company financial statements are presented in US dollars.

In accordance with the provisions of Section 408 of the Companies Act 2006, the Company has not presented an income statement. A loss for the year ended 30 June 2017 of $1,107,247 (2016: loss of $938,542) has been included in the consolidated income statement.

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. Interests in joint arrangements

IFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

1.4. Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements. Subsequent to year end the Company raised c.$12.5m through an equity fund raising and in November 2017 commenced production in Polk County with first production revenues expected late 2017/early 2018. The Directors believe that the Group is sufficiently funded and believe the use of the going concern basis is appropriate. Accordingly, the Directors have prepared the financial statements on a going concern basis.

1.5. Revenue

Oil and Gas revenue represents amounts invoiced (exclusive of sales related taxes) for the Group's share of oil and gas sales in the year.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

1.6. Foreign currency translation

(i) Functional and presentational currency
The financial statements are presented in US Dollars ("$"), which is the functional currency of the Company and is the Group's presentation currency. On 1 July 2016, the functional and presentation currency of the Group changed from Pounds Sterling to US Dollars. This change was effected in anticipation of the Group moving into oil and gas production, therefore generating US Dollar denominated revenues. The majority of the Group's expenditures are also US Dollar denominated.

To change the functional and presentation currency from Pounds Sterling to US Dollars, the Company followed IAS 21 *The Effects of Changes in Foreign Exchange Rates* and *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.* This change has been applied retrospectively. For the 2016 comparative balances, assets and liabilities have been restated into the presentation currency (US Dollars) at the rate of exchange prevailing at the respective balance sheet date, with the equity balances restated at historical rates on the date of issue of said equity instrument. The comparative income statements and cash flow statements were restated at the average exchange rates for the reporting period. The average rates for the reporting period approximated the exchange rates as at the date of the transactions. Exchange differences arising on translation were taken to the foreign exchange reserve in shareholders' equity. The Company has presented a third statement of financial position as at 30 June 2015 in accordance with *IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.*

(ii) Transactions and balances
Transactions in foreign currencies are translated into US dollars at the average exchange rate for the year. 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 US dollars 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.

1.7. 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.

1.8. 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.

1.9. Exploration and evaluation costs and developed oil and gas properties

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 evaluation 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 property, plant and equipment as 'Developed Oil & Gas Properties' 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.

1.10 Impairment of exploration costs and developed oil and gas properties, and depreciation of assets

Impairment reviews on development and producing assets are carried out at the end of the respective accounting period. 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 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.

Exploration and evaluation costs
In relation to the Tyler and Polk County projects, the carrying value as at 30 June 2017 represents back costs and direct costs paid in relation to the project, seismic, land and drilling costs relating to the prospects as well as prepaid costs towards future drilling.

Based on estimates by a third party technical consultant, the Group estimates potential for in excess of 100 wells at an average P50 prospective resource (recoverable) of 1.4Mmboe per well from the Eagle Ford sandstone formation alone. Additionally, potential lies in the separate and independent Austin Chalk structure which is known to exist on parts of the Tyler Country acreage. Pantheon has working interest ranging from 50% to 58% in the prospects in Polk County, and subsequent to 30 June 2017 increased its working interest to 75% in the VOBM#4 well in Tyler County, with the option to increase its working interest to 75% in an area surrounding the VOBM#4 well. Based upon those estimates and results achieved to date, the Directors believe the carrying values at 30 June 2017 are supported.

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

Other property, plant and equipment
Other property, plant and equipment 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, being seven years.

- Office equipment is depreciated by equal annual instalments over their expected useful lives, being three years.

1.11. Financial instruments

IFRS7 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. These disclosures have been made in Note 19 to the accounts.

1.12. Share based payments

On occasion, the Company has made share-based payments to certain Directors and advisers by way of issue of share options. The fair value of these payments is calculated by the Company 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 Company's best estimate of the number of shares that will eventually vest.

During the year $Nil was charged to share based payments in relation to previously granted share options to Directors and employees (2016: $79,388).

1.13. Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRSs also require management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

Impairment of tangible and intangible assets
Determining whether an asset is impaired requires an estimation of whether there are any indications that its carrying value is not recoverable.

At each reporting date, the Company reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Developed Oil & Gas Properties
Developed Oil & Gas Properties are amortised over the life of the area according to the estimated rate of depletion of the economically recoverable reserves. If the amount of economically recoverable reserves varies, this will impact on the amount of the asset which should be carried on the balance sheet.

Share-based payments
The Group records charges for share-based payments.

For option based share-based payments, to determine the value of the options management estimate certain factors used in the option pricing model, including volatility, vesting date, exercise date of options and the number of options likely to vest. At each reporting date during the vesting period management estimate the number of shares that will vest after considering the vesting criteria. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves.

1.14. New standards and interpretations not applied

As of the date of these financial statements the IASB and IFRIC have issued a number of new standards, amendments and interpretations. These new Standards, Amendments and Interpretations are effective for accounting periods beginning on or after the dates shown below. Of these, only the following are expected to be relevant to the Group:

Standard	*Impact on initial application*	*Effective date*
IAS 7*	Statement of cash flow	1 January 2017
IAS 12*	Income taxes	1 January 2017
IFRS 9*	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

* Amendments

The Group does not anticipate that the adoption of these standards will have a material effect on its financial statements in the period of initial adoption.

2. Loss per share

The total loss per share for the group of 0.81 US cents (2016: 0.67 US cents) is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 214,957,458 (2016: 202,115,081).

The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

3. Segmental information

The Group's activities involve production of and exploration for oil and gas. There are two reportable operating segments: USA and Head Office. Non-current assets, income and operating liabilities are attributable to the USA, whilst most of the corporate administration is conducted through Head Office.

Each reportable segment adopts the same accounting policies.

In compliance with IFRS 8 'Operating Segments', the following tables reconcile the operational loss and the assets and liabilities of each reportable segment with the consolidated figures presented in these Financial Statements, together with comparative figures for the year ended 30 June 2017.

Year ended 30 June 2017

Geographical segment (Group)	**Head Office**	**USA**	**Consolidated**
	$	**$**	**$**
Revenue	-	-	-
Cost of sales	-	-	-
Interest receivable	10,467	3,600	14,067
Administration expenses	(1,117,716)	(636,543)	(1,754,259)
Share-based payments	-	-	-
Loss by reportable segment	(1,107,249)	(632,943)	(1,740,192)
Plant and equipment	1,166	-	1,166
Exploration and evaluation assets	-	55,545,596	55,545,596
Trade and other receivables	123,075	205,244	328,319
Cash and cash equivalents	2,260,055	2,122,151	4,382,206
Intercompany balances	64,069,579	(64,069,579)	-
Total assets by reportable segment	66,453,875	(6,196,588)	60,257,287
Total liabilities by reportable segment	(145,397)	(439,215)	(584,612)
Net assets by reportable segment	66,308,478	(6,635,803)	59,672,675

3. Segmental information (continued)

Year ended 30 June 2016

Geographical segment (Group)	Head Office	USA	Consolidated
	$	$	$
Revenue	-	567	567
Cost of sales	-	(759)	(759)
Interest receivable	5,643	708	6,351
Administration expenses	(864,796)	(425,579)	(1,290,375)
Share-based payments	(79,388)	-	(79,388)
Loss by reportable segment	(938,541)	(425,063)	(1,363,604)
Plant and equipment	2,972	-	2,972
Exploration and evaluation assets	-	37,785,079	37,785,079
Trade and other receivables	125,871	223,681	349,552
Cash and cash equivalents	6,041,844	17,685,343	23,727,187
Intercompany balances	62,693,014	(62,693,014)	-
Total assets by reportable segment	68,863,701	(6,998,911)	61,864,790
Total liabilities by reportable segment	(84,610)	(127,785)	(212,395)
Net assets by reportable segment	68,779,091	(7,126,696)	61,652,395

Year ended 30 June 2015

Geographical segment (Group)	Head Office	USA	Consolidated
	$	$	$
Plant and equipment	5,643	-	5,643
Exploration and evaluation assets	-	25,798,927	25,798,927
Trade and other receivables	84,065	202,544	286,609
Cash and cash equivalents	4,163,677	4,117,085	8,280,762
Intercompany balances	46,138,860	(46,138,860)	-
Total assets by reportable segment	50,392,245	(16,020,304)	34,371,941
Total liabilities by reportable segment	(91,337)	(47,846)	(139,183)
Net assets by reportable segment	50,300,908	(16,068,150)	34,232,758

4. Operating loss

	2017 $	2016 $
Operating loss is stated after charging:		
Depreciation	1,714	1,986
Auditor's remuneration		
- group and parent company audit services	23,565	25,817
Auditor's remuneration for non-audit services		
- taxation services and compliance services	14,329	18,017

5. Employment costs

The employee costs of the Group, including Directors' remuneration, are as follows:

	2017 $	2016 $
Wages and salaries	941,952	645,588
Social security costs	85,820	52,482
Statutory pension costs	23,015	-
	1,050,787	698,070

The summary of the directors' remuneration is shown in the directors' report.

6. Interest receivable

	2017 $	2016 $
Bank interest received	14,067	6,351

7. Taxation

	2017 $	2016 $
Current tax		
UK corporation tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(1,740,192)	(1,363,604)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20.5% (2016: 20%)	(343,688)	(272,721)
Effects of:		
Non deductible expenses	958	17,197
Capital allowances	162	56
Tax losses carried forward not recognised as deferred tax asset	342,568	255,468
Total tax charge	-	-

Factors that may affect future tax charges

Changes to the UK corporation tax rates were announced in the 2015 Summer Finance Bill where the rate reduced from 20% to 19% from 1 April 2017 and then to 18% from 01 April 2019. The Finance Bill (2016) has further reduced the rate of corporation tax to 17% from 1 April 2020. As a result, this further reduction in the rate would be reflected in these financial statements had the company's deferred tax assets and liabilities been provided for.

The Group's deferred tax assets and liabilities as at 30 June 2017 have been measured at 17%, although no deferred tax has been recognised as such in these accounts.

At the year end date, the Group has unused losses carried forward of $32.6M (2016: $31M) available for offset against suitable future profits. Of these losses approximately $24.0M (2016: $23.4M) were sustained in the USA. Unused US tax losses expire in general within 20 years of the year in which they are sustained.

The directors do not consider it appropriate to recognise a deferred tax asset in respect of such losses, due to the uncertain nature of future revenue streams. The contingent deferred tax asset is estimated to be $6.5M (2016: $5.2M).

8. Subsidiary entities

The Company currently has the following wholly owned subsidiaries all of which were incorporated on 3 February 2006:

Name	Country of Incorporation	Percentage ownership	Activity
Hadrian Oil & Gas LLC	United States	100%	Holding Company
Agrippa LLC	United States	100%	Holding Company
Pantheon Oil & Gas LP	United States	100%	Oil & gas exploration

Pantheon Oil & Gas LP is 99% owned by Agrippa LLC as its limited partner and 1% by Hadrian Oil & Gas LLC as its general partner.

9. Trade and other receivables

	Group 2017 $	Group 2016 $	Group 2015 $	Company 2017 $	Company 2016 $	Company 2015 $
Amounts falling due within one year:						
Trade receivables	-	-	82,493	-	-	-
Prepayment & accrued income	145,781	144,515	48,084	94,997	93,732	54,059
Other receivables	30,739	53,238	4,233	28,078	32,139	30,005
Receivable - Padre Isl. Authority	151,799	151,799	151,799	-	-	-
	328,319	349,552	286,609	123,075	125,871	84,064

The receivable from Padre Island Authority comprises a security deposit provided to the Padre Island Environmental Authority. This balance was settled in full post year end.

9. Trade and other receivables (continued)

	Group 2017 $	Group 2016 $	Group 2015 $	Company 2017 $	Company 2016 $	Company 2015 $
Amounts falling due after one year:						
Amount due from Subsidiary undertaking	-	-	-	64,069,579	62,693,014	46,138,860

An annual impairment review of the amount due from subsidiary undertakings (loans to subsidiaries) is performed by comparing the expected recoverable amount of the subsidiary's underlying tangible and intangible assets to the carrying value of the loan in the Company's statement of financial position.

The recoverable amount of the amount due from subsidiary undertakings is based upon value in use calculations. The use of this method requires the estimation of future cash flows from the underlying assets, discounted using a suitable pre tax discount rate. For the purposes of these calculations the Company's Tyler & Polk County Eagle Ford sandstone project was modelled on a P50 basis using a discount rate of 10%. The key assumptions upon which the cash flow projections were based include recoverable resource, number of wells drilled, cost of drilling and the future prices of both oil and natural gas. Management also recognised that material value is believed to exist in the separate and independent Austin Chalk prospect. For the purpose of the calculations the following assumptions were used:

Potential Number of vertical wells drilled	<160
Average reserves per well	1.4Mmboe
Oil price ($/bbl)	$46.50
Natural gas price ($/mcf)	$3.08
Cost of drilling modelled vertical well	$3.75m

These key assumptions have been determined by reference to a number of sources including information provided by the operator of the project, external market information, published futures pricing for oil and natural gas and management's expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management has performed sensitivity analysis on each of the key assumptions including increasing the drilling costs, reducing commodity prices and reducing average reserves per well by a number of scenarios. None of these factors lead to an indication of impairment; hence the Company concluded that no impairment was required as of 30 June 2017.

10. Cash and cash equivalents

	Group 2017 $	Group 2016 $	Group 2015 $	Company 2017 $	Company 2016 $	Company 2015 $
Cash at bank and in hand	4,382,206	23,727,187	8,280,762	2,260,055	6,041,844	4,163,678

11. Trade and other payables

	Group 2017 $	Group 2016 $	Group 2015 $	Company 2017 $	Company 2016 $	Company 2015 $
Trade creditors	473,102	108,216	48,434	82,246	28,216	48,434
Accruals	111,510	104,179	90,749	63,151	56,394	42,903
	584,612	212,395	139,183	145,397	84,610	91,337

12. Exploration and evaluation assets

Group	2017 $	2016 $	2015 $
Cost			
At 1 July	37,785,078	25,798,927	5,796,812
Additions	17,760,518	11,986,152	20,002,115
At 30 June	55,545,596	37,785,079	25,798,927
Amortisation and impairment			
As at 1 July	-	-	-
Charge for period	-	-	-
At 30 June	-	-	-
Net book value			
At 30 June 2017, 30 June 2016 & 30 June 2015	55,545,596	37,785,079	25,798,927

The Group additions for the year comprise the direct costs associated with the preparation and drilling of oil and gas wells, together with costs associated with leases and seismic acquisition and processing.

The Group has performed value in use calculations on its exploration and evaluation assets. These involved NPV calculations with a variety of sensitivity assumptions for both commodity prices and well recoverabilities using the geological estimates provided by an independent geological consultant. The directors have assessed the exploration and evaluation assets for impairment indicators, and based upon the fact that leases are of good standing and drilling results to-date have supported the geological model, no impairment is considered necessary.

The Directors are satisfied that the NPV of the Group's exploration and evaluation assets exceeds the carrying values and believes that no impairment of these is required at 30 June 2017.

13. Property, plant and equipment

Group & Company	Developed Oil & Gas Properties $	Production Facilities & Equipment $	Office Equipment $	Total $
Cost				
At 1 July 2015	-	-	17,886	17,886
Additions	-	-	-	-
Exchange difference	-	-	(2,813)	(2,813)
At 30 June 2016	-	-	15,073	15,073
Additions	-	-	-	-
Exchange difference	-	-	(293)	(293)
At 30 June 2017	-	-	14,780	14,780
Depreciation				
At 1 July 2015	-	-	12,243	12,243
Depreciation for the year	-	-	1,986	1,986
Exchange difference	-	-	(2,127)	(2,127)
At 30 June 2016	-	-	12,102	12,102
Depreciation for the year	-	-	1,714	1,714
Exchange difference	-	-	(202)	(202)
At 30 June 2017	-	-	13,614	13,614
Net book value				
As at 30 June 2017	-	-	1,166	1,166
As at 30 June 2016	-	-	2,972	2,972
As at 30 June 2015	-	-	5,643	5,643

As discussed in note 1.9, when oil and gas production commences, the related exploration assets will be transferred from exploration and evaluation assets (note 12) to developed oil and gas properties as shown above. The assets will then be amortised over the estimated life of the commercial reserve on a ‘unit of production’ basis.

14. Share Capital

	2017 $	2016 $	2015 $
Allotted, issued and fully paid:			
214,957,458 ordinary shares of £0.01 each	3,557,582	3,557,582	3,292,810

Issued share capital:	Number	Issued & fully paid capital $
As at 30 June 2017	214,957,458	3,557,582

15. Net cash outflow from operating activities

	Group 2017 $	Group 2016 $
Loss for the year	(1,740,192)	(1,363,604)
Net interest (received)/paid	(14,067)	15,778
Unrealised (gains)/losses on assets held for sale	(14,590)	5,504
Depreciation	1,714	1,985
Decrease/(increase) in trade and other receivables	35,823	(68,448)
Increase in trade and other payables	372,216	73,212
Share-based payments	-	79,388
Effect of translation differences (Fixed Assets)	93	685
Effect of translation differences	(239,527)	(464,378)
Net cash outflow from operating activities	(1,598,530)	(1,719,878)

	Company 2017 $	Company 2016 $
Loss for the year	(1,107,249)	(938,541)
Net interest (received)/paid	(10,467)	16,485
Depreciation	1,714	1,985
Decrease/(increase) in trade and other receivables	2,795	(41,806)
Increase/(decrease) in trade and other payables	60,786	(6,725)
Share-based payments	-	79,388
Effect of translation differences (Fixed Assets)	93	685
Effect of translation differences	(1,363,364)	(9,830,896)
Net cash outflow from operating activities	(2,415,692)	(10,719,424)

16. Control

No one party controls the Company.

17. Decommissioning expenditure

The Directors have considered the environmental issues and the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation. In their view, no provision is necessary for any future costs of decommissioning or any environmental damage.

18. Exploration and evaluation commitments

The Group has no obligation to drill any further wells beyond the current drilling programme, or make any further payments in respect of any new wells in any of its operations. Should the Group elect to not participate in any wells beyond the first well in Polk and Tyler County then it would forfeit an area of acreage surrounding the particular well that the Group had elected not to participate in.

As at 30 June 2017, the Group has no fixed financial commitments in respect of any other programmes other than maintaining its interest in its existing operations. Before any new wells are commenced in relation to these operations, the Group must first elect to participate in any proposed well thereby allowing the Group to decline participation if it deems appropriate.

19. Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

The main purpose of cash and cash equivalents financial instruments is to finance the Group's operations. The Group's other financial assets and liabilities such as receivables and trade payables, arise directly from its operations. It is, and has been throughout the entire period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market risk

Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company does not use derivative products to hedge foreign exchange risk and has exposure to foreign exchange rates prevailing at the dates when funds are transferred into different currencies.

Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

19. Financial instruments (continued)

In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates. The Group has no policy as to maximum or minimum level of fixed or floating instruments.

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate.

	Weighted average interest rate 2017	Fixed interest rate 2017	Non - interest bearing 2017
Financial assets:	%	$	$
Cash on deposit	0.05	4,382,206	-
Trade and other receivables	-	-	328,319

Net fair value
The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the statement of financial position and in the related notes.

Currency risk
The functional currency for the Group's operating activities and exploration activities is the US dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

Financial risk management
The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to wider financial risks as the business develops.

Liquidity risk
Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:
- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

Credit risk management
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main counterparties are the operators of the respective projects. Funds are normally only remitted on a prepayment basis a short period before the expected commencement of drilling. The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Trade receivables at 30 June 2017 consist primarily of deposits and bonds relating to the Company's previous Padre Island Joint Venture. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

19. Financial instruments (continued)

Capital management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. Capital will continue to be sourced from equity and from borrowings as appropriate.

20. Share-based payments

No share options were issued in the year. A charge of $Nil (2016: $79,388) relates to share options issued in prior years.

Movements in share options in issue

Exercise price	Number of options issued as of 30 June 2016	Issued during year	Expired during year	Number of options issued as of 30 June 2017
£0.30	10,000,000	-	-	10,000,000
Total	10,000,000	-	-	10,000,000

The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.30 (2016: £0.30). The cost of all share options issued is calculated at the time of issue using the Black & Scholes valuation model. All share options have been fully expensed as at 30 June 2017.

21. Related party transactions

There were no related party transactions during the year other than the payment of remuneration to Directors.

22. Contingent liability

Pantheon is in dispute with an independent third party consultant who provided geological consultancy services to Pantheon during the period 2008 to 2010. The consultant is seeking a payment of $25,000 per successfully completed well and a 1% overriding royalty interest on future revenues attributable to Pantheon from Pantheon's Polk and Tyler County interests. Pantheon has filed a lawsuit against the consultant, seeking a declaration that the claims are without merit and that the consultant has no entitlement to any such overriding royalty or cash payment. Regardless of the outcome, the financial impact upon Pantheon is not considered material.

23. Subsequent events

Completion of successful fundraising
In July 2017 the company completed a heavily oversubscribed equity fundraising of 22,216,100 shares with a nominal value of £0.01, raising gross proceeds of c.US$12.5 million at a price of 43 pence sterling (GBP) per Placing Share.

Commissioning of gas processing facility and commencement of first production from Polk County
In July 2017 contracts were formally executed, with Kinder Morgan, the USA's largest energy infrastructure company, to install and operate a 15mmcf/d capacity gas processing facility in Polk County, servicing the VOBM#1, VOBM#2H and VOBM#3 wells. This facility was successfully commissioned and oil and gas production commenced on 14 November, 2017. First revenues are expected late December 2017 or early January 2018.

VOBM#4 sidetrack
In October 2017, a sidetrack to the VOBM#4 well was commenced. The sidetrack will target the Wilcox formation which was encountered in the original wellbore, and which is a prolific producing formation in Tyler and Polk Counties. Drilling is underway at the time of writing and an update will be provided once drilling operations have concluded.

Settlement of lease dispute
In September 2017, the lease dispute with certain third parties, as disclosed in Pantheon's announcement of 27 July 2017, was settled. Pantheon's working interest in the units associated with the VOBM#1 and VOBM#2H wells has been reduced from 58% to 55.1% after well payout. No cash or additional consideration was paid in relation to this settlement.

Increased working interest in certain Tyler County assets
In July 2017, Pantheon acquired an additional 25% working interest in the VOBM#4 well and an option to acquire an additional 25% working interest in over 7,000 acres in Tyler County. In consideration for the addition Pantheon will pay 40% of the planned sidetrack costs and an estimated $1.5m in respect of the option, should it elect to exercise it.

GLOSSARY

bbl	barrel of oil	mcfd	thousand cubic feet per day
bopd	barrels of oil per day	Mmboe	million barrels of oil equivalent
boepd	barrels of oil equivalent per day	NPV	net present value
mcf	thousand cubic feet	$	United States dollar