December 27, 2006

PANTHEON RESOURCES PLC

Preliminary Results for the Period Ended 30 June 2006

Pantheon Resources plc ("Pantheon" or "the Company"), the UK based independent oil and gas exploration company focused on the U.S. Gulf of Mexico region, today announces its maiden preliminary results for the period ended 30 June 2006.

HIGHLIGHTS

- Successful placing and listing on AIM in April 2006
- Farm-into Padre Island Joint venture in south Texas with exposure to six high impact, high-quality natural gas prospects
- Exploration portfolio balanced by farm-in to Project Wharton, south Texas comprising smaller, lower risk natural gas prospects
- Commercial success registered on Project Wharton
- First well on Padre Island yields encouraging results from logging
- Pre-tax loss of £339,314

Executive Chairman, Sue Graham commented:

"Pantheon has experienced an eventful and exciting period since the Company was incorporated in 2005. A successful listing on AIM was completed in April 2006, raising £10 million before expenses. The proceeds are being used primarily to satisfy most of Pantheon's obligations under its farm-into six large, high-quality prospects within the Padre Island Project Area ("PI Project Area"). In June 2006 the Company also farmed into a natural gas venture in south Texas to provide balance to its portfolio. Both projects are consistent with the Company's strategy of focussing initially onshore or near shore the US Gulf of Mexico ("GoM").

Since the period end Pantheon has drilled on the Plum Deep prospect, one of six within the PI Project Area. The well reached target depth on November 15. Logging identified four natural gas bearing zones over a 1,000 feet interval. An extensive testing programme remains to be completed.

Preliminary results of the first stage of this programme have been received. This entailed cutting and retrieval of a conventional core in the shallowest of three potential zones. A drillstem test was also conducted in this zone. The results from this test are consistent with the Joint Venture's pre-drill view that these potential reservoirs are tight and water wet. Preliminary determination of porosity and permeability show that this zone is unlikely to be productive as a reservoir. Drilling to the next planned core point is now underway.

Pantheon has registered commercial success on its Project Wharton venture with three wells encountering natural gas. Of these, two are on-stream producing early cash flow for Pantheon. The third is due on-stream early in the New Year. This increasing natural gas production occurs at a time of improved US natural gas prices and represents an important income stream for a small company such as Pantheon. With easy access to infrastructure and the shallow depth of the wells, the near term financial returns are very attractive.

The Company has at least a further 13 prospects on its Project Wharton venture remaining to be drilled. The 75% success rate of the initial drilling campaign has provided sufficient confidence to boost exploration in the Project Wharton area. In addition to three wells in and around the recent discoveries, a further two exploration wells are currently scheduled for 2007. The current three discoveries, combined with the increased exploration efforts, hopefully will yield higher natural gas production in 2007.

Pantheon has built an exciting portfolio in its short existence as a public company. It is well-balanced between smaller lower risk, early cash flow generating prospects (Project Wharton) and high impact, high-quality natural gas plays (PI Project Area). Moreover, Pantheon's projects are located within the energy-thirsty, geopolitically and fiscally stable market of the U.S.. With abundant infrastructure available to both projects, Pantheon would benefit from any discoveries coming on-stream quickly, affording early cash flow generation. This has already been achieved with two of the Company's three Project Wharton discoveries."

Chairman's Report

Pantheon Resources plc ("Pantheon") was formed in 2005 to be an independent UK based oil and gas exploration company focused on hydrocarbon producing basins onshore or near shore the GoM. Specifically, its initial focus was on the deep geological plays under and around Padre Island, south Texas. Pantheon entered into a Farmout Agreement which provided the right to participate initially in six specific, defined exploration targets which were ready for drilling from a geological and geophysical perspective. Importantly, the joint venture secured a drilling rig contract for one year with options to extend for a further two years.

The six prospects are considered to be large, high quality natural gas plays in an under-explored deep section of the GoM. Reserve potential is deemed significant with estimated prospect sizes ranging up to 337 bcf on a most likely basis (previously referred to as P50). Pantheon is paying 33.33% of the costs associated to casing point with each of the wells to earn a 25% working interest. These terms are considered favourable for a prolific oil and natural gas region in the current environment.

In June 2006, Pantheon expanded its operations by farming-into a natural gas exploration venture in Wharton County, south Texas, located broadly between Houston and Corpus Christi. This venture is operated by the Everest Resource Company ("Everest") which has a long and successful history in the Texas Gulf Coast Area. This farm-in was considered complementary in terms of risk to the high impact PI Project Area. The Project Wharton farm-in comprised three prospects initially. Each of these is of an order of magnitude lower in terms of estimated size and of lower risk.

Post-balance sheet events

Subsequent to the financial year-end, Pantheon commenced drilling operations for both its projects

PI Project Area

The Kindee ST 212#1 well on the Plum Deep structure commenced drilling on August 1, 2006. This well reached target depth of 16,392 feet (measure depth) on November 15, 2006. Well logging identified four natural gas bearing zones spanning 1,000 feet. Flow testing and a coring programme are now underway. The final outcome remains dependent on the testing programme.

Initial results of the first stage of the testing programme are now available. The first conventional core in the sidetrack well has been successfully retrieved and is under analysis. Initial interpretation of the core shows the interval primarily to be inter-bedded silty sandstone and siltstone, with thin beds of sand and shale.

Preliminary interpretation of the DST in the shallowest of three potential zones confirms the presence of a tight reservoir formation. This is consistent with the Joint Venture's pre-drill reservoir models. Preliminary determination of porosity and permeability show this zone to be primarily water wet, and unlikely to be productive as a reservoir.

Drilling to the next planned core point is now underway. This will initiate the collection of a second core. This second core will be taken in the deepest zone which spans over 800 gross feet. Once the second core is collected drilling will proceed to a TD of 15,450'feet ("ft") measured depth, At this stage a comprehensive logging and sampling programme will be undertaken before a 4.5inch production liner is set.

The current drilling programme for the PI Project Area is shown in table 1.

Table 1: PI Project Area - Status

Prospect	**Pantheon Working Interest**	**Most Likely (P50) Reserve Size (Gross)***	**Current Drilling Programme**
Plum Deep	25%	161-293	Testing
Manzano	25%	178-337	December 2006
Wilson	25%	9	First Half 2007
Murdock South	25%	94-227	Second half 2007
Lemonseed	25%	67	Second Half 2007
Kingsway	25%	21	TBA
* This range is based on studies conducted on the acreage by Golden Gate Petroleum ltd and Pantheon's I Independent Technical Adviser to the Initial Public Offering			

Project Wharton

Since the financial year-end, Pantheon has farmed into three more prospects and drilled four wells. The Company is now producing from two recently discovered natural gas fields, Zebu and Mohawk. A third, Caddo, is scheduled to be commissioned early in the New Year. When combined together, these fields will make up an attractive and growing income stream for Pantheon. This increasing natural gas production occurs at a time of improved US natural gas prices. It represents an important income stream for a small company such as Pantheon with attractive near term financial returns.

This initial drilling campaign has delivered effectively a 75% success rate. This has provided sufficient confidence to boost exploration in the Project Wharton area. Pantheon has now agreed to drill two additional exploration wells, Baptist and Kant, over coming months. A further three wells in and around the recent discoveries are currently scheduled for 2007. The current three discoveries, combined with the increased exploration efforts, hopefully will yield higher natural gas production in 2007.

The current interests and status of all prospects in which Pantheon has an interest are shown in table 2

Table 2: Project Wharton and Pantheon's Interests

Prospect	Pantheon Working Interest	Status
Zebu #1	9.375%	Producing
Caddo #1	18.75%	Due on-stream early 2007
Dakota #1	18.75%	P&A non-commercial shows
Mohawk #1	18.75%	Producing
Baptist #1	11.50%	Drilling scheduled for 1Q 2007
Kant #1	18.75%	Drilling scheduled for 1Q 2007
Source: Everest resource Company		

Environmental Policy Statement

While at 30 June 2006, the company is not an operator of any exploration projects, it closely monitors activities to ensure to the best of its knowledge there is no potential for any such breach. Some farm-out projects are located in the Padre Island National Seashore ("PINS") and each of these projects requires a PINS permit which involves rigorous conditions to be met. To achieve this the operator works closely with PINS.

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2006

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 period from incorporation on 8 March 2005 until 30 June 2006.

Principal activity

The Company is registered in England and Wales, having been incorporated on 8 March 2005 under the Companies Act with registered number 5385506 as a public company limited by shares.

The principal activity of the Group is mineral exploration. The Group operates in its parent undertaking and through subsidiary companies, details of which are set out in the note 8 to these accounts.

Results and dividends

The Group results for the period are set out on the following pages. The Directors do not propose to recommend any distribution by way of a dividend for the period ended 30 June 2006.

Group structure and changes in share capital

Details of movements in share capital during the period are set out in note 13 to these accounts.

Report on Directors' remuneration and service contracts

The service contracts of all the Directors are subject to a six month termination period. Under the contracts, each executive Director will be paid £50,000 per annum and each non-executive Director £25,000 per annum.

Pensions

The Group does not operate a pension scheme for Directors or employees.

Directors' remuneration

Remuneration of Directors was as follows:

	Fees/basic salary	Employers NI	Benefits in kind	2006 Total
Executive	**£**	**£**	**£**	**£**
S Graham	35,417	3,877	-	39,294
R Rosenthal	23,958	2,422	-	26,380
Non-Executive				
J Hondris	31,250	3,343	-	34,593
A Waller	31,250	-	-	31,250
	121,875	9,642	-	131,517

Supplier payment policy

The Company's policy is that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all trading terms and conditions have been complied with.

Political and charitable contributions

There were no political or charitable contributions made by the Company during the period ended 30 June 2006.

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2006

Statement of directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs").

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors at the time of approval of the report are aware:

1. there is no relevant audit information of which the Company's auditors are unaware; and
2. the Directors have taken all 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

UHY Hacker Young were appointed auditors to the Company, and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young be re-appointed as auditors of the Company and that the Directors be authorised to fix their remuneration will be put to the next Annual General Meeting.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE PERIOD ENDED 30 JUNE 2006

We have audited the Group and Parent company financial statements (the "financial statements") of Pantheon Resources plc for the period ended 30 June 2006 which comprise the Group income statement, the Group and Parent company balance sheets, the Group and Parent company cash flow statements and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and those International Financial Reporting Standards ("IFRSs") as adopted for use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the Directors' Report is consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Chairman's Statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Group's affairs as at 30 June 2006 and of its loss for the period then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30 June 2006;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' report is consistent with the financial statements.

UHY Hacker Young

21 December 2006

Chartered Accountants

Registered Auditors

St. Alphage House

2 Fore Street

London EC2Y 5DH

GROUP INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

	Notes	2006 £
Revenue		-
Cost of sales		-
Gross profit		**-**
Administration expenses	16	(400,049)
Operating loss	4	(400,049)
Finance revenue	6	60,535
Loss before taxation		(339,514)
Taxation	7	-
Loss for the period		(339,514)
Earnings per ordinary share – basic and diluted	2	(8.33)p

The above are the results for the period from the date of incorporation on 8 March 2005 to 30 June 2006.

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

There are no recognised gains and losses other than those passing through the income statement.

GROUP AND COMPANY BALANCE SHEETS AS AT 30 JUNE 2006

	Notes	Group 2006 £	Company 2006 £
ASSETS			
Non current assets			
Intangible assets	12	1,818,024	-
Other receivables	9	-	1,240,113
		1,818,024	1,240,112
Current assets			
Trade and other receivables	9	109,907	109,907
Cash and cash equivalents	10	8,409,699	8,409,699
		8,519,606	8,519,606
Total assets		10,337,630	9,759,719
EQUITY AND LIABILITIES			
Capital and Reserves attributable to			
Equity holders			
Called up share capital	13	155,524	155,524
Share premium account	13	9,698,748	9,698,748
Retained losses	14	(339,514)	(301,025)
Other reserve	14	161,513	161,513
Total equity		9,676,271	9,714,760
Current liabilities			
Trade and other payables	11	661,359	44,959
Total liabilities		661,359	44,959
Total equity and liabilities		10,337,630	9,759,719

GROUP AND COMPANY CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

	Notes	Group 2006 £	Company 2006 £
Net cash inflow/(outflows) from operating activities	15	312,916	(1,505,108)
Cash flows from investing activities			
Interest received		60,535	60,535
Net funds used for investing in exploration		(1,818,024)	-
Net cash inflow from investing activities		(1,757,489)	60,535
Cash flows from financing activities			
Proceeds from issue of shares	14	10,420,061	10,420,061
Issue costs		(565,789)	(565,789)
Net cash inflow from financing activities		9,854,272	9,854,272
Net increase in cash and cash equivalents		8,409,699	8,409,699
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period	10	8,409,699	8,409,699

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

1. Accounting policies

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

1.1 Basis of preparation

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

The group's financial statements for the period ended 30 June 2006 were authorised for issue by the board of Directors on 21 December 2006 and the balance sheets were signed on the Board's behalf by Mr J Hondris.

The group financial statements are presented in UK pound sterling.

In accordance with the provisions of the Section 230 of the Companies Act 1985, the Parent Company has not presented a profit and loss account. A loss for the period ended 30 June 2006 of £301,025 has been included in the income and expenditure account.

1.2 Basis of consolidation

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

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

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

1.3 Foreign currency translation

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

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

1.4 Cash and cash equivalents

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

1.5 Deferred taxation

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

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

1.6 Exploration and development costs

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

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

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

1.7 Impairment of exploration and development costs

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

1.8 Share based payments

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

1.9 Financial instruments

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

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

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

2. Earnings per share

Basic earnings per share of (8.33)p for the Group is calculated by dividing the loss for the period by the weighted average number of ordinary shares in issue of 4,074,045.

Share options issued on 4 April 2006 are anti-dilutive. Full details of the share options issued are set out in note 16.

3. Segmental information

The primary segmental reporting is determined to be geographical segment according to the location of the assets. The Directors do not believe that there is a secondary segment that could be reported. There are two reporting segments.

Geographical segment (Group)	United Kingdom £	United States £	Total £
Administration expenses	(400,049)	-	(400,049)
Finance revenue	60,535	-	60,535
Loss before taxation	(339,514)	-	(339,514)
Intangible assets	-	1,818,024	1,818,024
Trade and other receivables	109,907	-	109,907
Cash and cash equivalents	8,409,699	-	8,409,699
Trade and other payables	(44,960)	(616,399)	(661,359)
Net assets	8,474,646	1,201,625	9,676,271

At the end of the financial period, the Group had not commenced commercial production from its exploration sites and therefore had no turnover in the period.

	Group 2006 £	Company 2006 £
4. Operating loss		
This is stated after charging:		
Auditors' remuneration	8,000	8,000
- Audit	8,000	8,000
- Non-audit	-	-
Foreign exchange loss	38,489	-

	Group 2006 £	Company 2006 £
5. Directors' emoluments		
Wages and salaries	121,875	121,875
Social security costs	9,642	9,642
	131,517	131,517

There are no employees other than the Directors.

	Group 2006 £	Company 2006 £
6. Finance revenue		
Bank interest	60,535	60,535

	Group 2006 £
7. Taxation	
Factors affecting the tax charge for the period	
Loss on ordinary activities before taxation	(339,514)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax of 30.00%	(101,854)
Effects of:	
Non deductible expenses	12,445
Timing differences not recognised	48,454
Tax losses carried forward	40,955
Current tax charge	-

Factors that may affect future tax charges

At the balance sheet date, the Group has unused United Kingdom tax losses available for offset against suitable future profits in the United Kingdom. A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams. The contingent deferred tax asset is estimated to be £40,900.

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
Hadrian Oil & Gas LLC	United States	100%
Agrippa LLC	United States	100%
Pantheon Oil & Gas LP	United States	100%

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 2006 £	Company 2006 £
Other receivables	36,450	36,450
Amount due from subsidiary undertakings	-	1,240,114
Prepayments and accrued income	73,457	73,457
	109,907	1,350,021

Amounts falling due after more than one year and included in the debtors above are

	Group 2006 £	Company 2006 £
Amount due from subsidiary undertakings	-	1,240,113

10. Cash and cash equivalents

	Group 2006 £	Company 2006 £
Cash at bank and in hand	8,033,232	8,033,232
Cash equivalents	376,467	376,467

	8,409,699	8,409,699

11. Trade and other payables

	Group 2006 £	Company 2006 £
Other payables	36,959	36,959
Accruals	624,400	8,000
	661,359	44,959

12. Intangible assets

	Exploration and development costs £
Cost	
Additions	1,818,024
At 30 June 2006	1,818,024
Impairment	
Impairment during the period	-
At 30 June 2006	-
Net book value	
At 30 June 2006	1,818,024

In accordance with the accounting policy, the Directors have assessed the value of the exploration and development costs carried in the accounts as intangible fixed assets. In the opinion of the Directors, no impairment provision is considered necessary.

	Group 2006 £	Company 2006 £
13. Called up share capital		
Authorised: 1,000,000,000 ordinary shares of £0.01 each	10,000,000	10,000,000
Allotted, issued and fully paid: 15,552,329 ordinary shares of £0.01 each	155,524	155,524

The following shares in the Company were issued during the period:

The Company was incorporated on 8 March 2005 with an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of £0.001 each, of which 2 shares were issued fully paid, on incorporation.

On 15 December 2005 a further 18 shares were issued at £0.001.

On the same date all issued and unissued ordinary shares were consolidated on the basis of 10 ordinary shares of £0.001 each converting to 1 new ordinary share of £0.01 each.

On 15 December 2005 a further 4,999,998 new ordinary shares were issued at £0.01 each.

On 3 March 2006 a further 552,329 shares were issued at £0.67 each.

On admission to AIM, 5 April 2006, 10,000,000 ordinary shares were issued at £1.00 each.

The movements in the share capital are summarised below:

	Number of shares
Issue for cash – founder members	5,555,329
Issue for cash - placement	10,000,000
As at 30 June 2006	15,552,329

The share premiums arising as a result of above transactions were as follows:

	2006
	£
Issue for cash – 3 March 2006	364,537
Issue for cash - 5 April 2006	9,900,000
Costs	(565,789)
As at 30 June 2006	9,698,748

14. Shareholders' funds and changes in shareholders' equity

	Share capital	Share premium	Retained earnings	Other reserve	Total
	£	£	£	£	£
Company					
Issue of shares	155,524	10,264,537	-	-	10,420,061
Issue costs	-	(565,789)	-	-	(565,789)
Share option charge	-	-	-	161,513	161,513
Net loss for the period	-	-	(301,025)	-	(301,025)
Balance at 30 June 2006	155,524	9,698,748	(301,025)	161,513	9,714,760
Group					
Issue of shares	155,524	10,264,537	-	-	10,420,061
Issue costs	-	(565,789)	-	-	(565,789)
Share option charge	-	-	-	161,513	161,513
Net loss for the period	-	-	(339,514)	-	(339,514)
Balance at 30 June 2006	155,524	9,698,748	(339,514)	161,513	9,676,271

15. Net cash inflow (outflow) from operating activities

	Group 2006	Company 2006
	£	£
Operating loss	(400,049)	(361,560)
Cost of issuing share options	161,513	161,513
Increase in trade and other receivables		
	(109,907)	(1,350,021)
Increase in trade and other	661,359	44,960

payables		
Net cash inflow/(outflow) from operating activities	312,916	(1,505,108)

16. Cost of issuing share options

Included within administration expenses is a charge for issuing share options.

	Group 2006 £	**Company 2006 £**
Cost of issuing share options	161,513	161,513

Exercise price Pounds	Value Pence	Number of Options granted and held at 30 June 2006
1.00	42.474	483,284
1.25	35.116	250,000
1.50	31.116	650,000
2.00	23.806	650,000

The share options, detailed above, were granted on 4 April 2006 and will be exercisable between the first and fifth anniversary of Admission to AIM and are non-transferable.

No options were exercised, forfeited or expired during the period.

The option values were calculated with reference to the Black-Scholes option pricing model taking into account the following input assumptions:

Share price	£1.00
Exercise Price	As stated above
Expected volatility	50%
Option life	1 year
Expected dividends	Nil
Risk free interest rate	5.42%

The volatility percentage is an estimation of the expected volatility in the share price for a junior exploration Company which is listed on AIM having regard to comparative companies, quantum of cash raised, targeted (institutional) investment group and risk profile.

17. Control

No one party is identified as controlling the Company.

18. 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.

19. Financial instruments

Interest Rate Risk

At 30 June 2006, the Group had cash on one month term deposits of £7,000,000. The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, was as follows:

	Weighted Average Interest Rate 2006 %	**Fixed interest rate 2006 £**	**Non - Interest Bearing 2006 £**
Financial assets:			
Cash on Deposit	4.34	7,000,000	-

Net Fair Value

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

Currency Risk

The functional currency for the Group's operating activities is the Pound Sterling and for exploration activities the United States of America 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.