PANTHEON RESOURCES PLC

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

Pantheon Resources plc ("Pantheon" or "the Company") presents its interim results for the six months ended 31 December 2011.

The Company also wishes to give shareholders notice of a telephone conference currently planned to be held on April 17. This will be hosted by Pantheon's Chief Executive Officer, Mr Jay Cheatham. He will be joined on the call by two representatives from the Operator of the Joint Venture ("JV"), Vision Gas Resources LLC ("Vision"). These will be Mr Bobby Gray, the Chief Executive Officer of Vision and an adviser to Vision, Mr Art Berman, an experienced and distinguished geologist.

The purpose of the conference call is broadly twofold. First it is to address the factors which have delayed the drilling of the Kara Farms#1H ("KF#1H") well located in Tyler County and provide an update on the timing of future activities. It is currently anticipated by Vision that the KF#1H well will be drilled during this calendar year, subject to the outcome of farm-out negotiations. Secondly it is the intention to discuss the current state of knowledge of the geological and economic prospects for the JV's acreage following the recent completion of the JV's extensive and very encouraging study on the deeper Woodbine formation.

Pantheon's Tyler County acreage comprises at least two separate prospective formations; the shallower Austin Chalk carbonate and the deeper Woodbine sandstone. The former is primarily a natural gas play relatively lean in liquids. The latter is principally a gas condensate play with, at today's prices, approximately 70% of the economic value attributable to anticipated liquid production.

One of the most significant developments has been an in-depth evaluation of the Woodbine formation which commenced nearly two years ago. This extensive, detailed and very encouraging study has been conducted in partnership with the State of Texas Bureau of Economic Geology. It has involved, among others, an assessment of some 2,500 regional wells as well as a comprehensive analysis of separately acquired 3D seismic data and 2,600 miles of 2D data. This review has been completed recently with two main conclusions. First the JV has increased its confidence in the Woodbine play, resulting in a lowered risk profile. Secondly, it has increased confidence in the JV's estimates for the potential of the acreage.

Shareholders should be aware that Pantheon has been subject to a number of constraints. These have affected both the development of the acreage and the Company's ability to communicate fully the rationale behind the apparent lack of activity on the acreage as it has taken place.

First and overwhelmingly there has been a serious deterioration in the macroeconomic background, which has delayed drilling. First quarter 2012 saw natural gas prices in the continental U.S. fall to 10 year lows. In East Texas where the Tyler County acreage is located, netbacks have fallen below US$2.00 per million BTU. Further the historic price ratio between oil and natural gas has widened from 10:1 to more than 40:1 in favour of oil. This has led to today's environment of depressed natural gas prices and high drilling costs.

Even with this adverse situation the Austin Chalk is estimated to be cash positive but it, like each and every natural gas play in the U.S., would deliver a reduced NPV if drilled today. Crucially it would not generate the level of return Pantheon and its shareholders would desire. Development of the Austin Chalk on a stand-alone basis needs to await either a natural gas price recovery or a reduction in drilling costs.

Pantheon is pleased to report that the other constraints on operations are now diminishing but it should be noted that they have by no means disappeared. First, the requirement for commercial confidentiality remains towards disclosure of critical geological data.

Secondly, limitations have been imposed due to the major and separate portfolio of one of the major partners in the JV, Kaiser Francis Oil Corporation ("KFOC"). KFOC elected to take a portfolio approach to drilling, configuring its programme by suspending drilling natural gas wells in favour of oil wells. Its focus towards oil projects is not specific to the Tyler County project. It signifies a portfolio preference for oil assets in light of the imbalance in commodity prices. This strategy is in line with a similar approach adopted by other U.S. companies.

Other Operations

Pantheon has received notice from the State of Louisiana that the offset operator at the Laurel Ridge Field has filed a notice to drill a Camerina test well close to Bullseye prospect. This acreage is a direct offset West of the Company's production. This offset well has an estimated initial potential production of 500 barrels per day. If the well result is as expected it should enhance the Company's acreage value.

Production Update

Production continues to decline at both Baptist and Jumonville. Baptist has declined to a gross 90 thousand cubic feet a day ("mcfd"). With current netbacks at or below US$2 per thousand cubic feet ("mcf"), the economic limit of the Baptist well is close to being reached. Jumonville #1 ("J#1") gross output is now only 9 mcfd, which is at its economic limit. Pantheon awaits the recompletion of J#1 in the Camerina zone which is located, above the current Miogyp producing zone. Jumonville #2 is currently producing a gross 30 barrels oil equivalent from the Miogyp.

Financial Review

The Group made a loss for the period ending 31 December 2011 of GBP359,910 (unaudited) compared with a loss of GBP379,218 (unaudited) for the equivalent period last year.

Cash and cash equivalents as at 31 December 2011 were GBP2,386,851. Additionally, the group has prepaid USD2.975 million in back costs and direct costs towards the KF#1H well. In the event of success in that well, up to USD2.5 million of this may be repaid to the group. The Company has no debt.

Outlook

Pantheon now has a measure of agreement on the forward drilling programme for the KF#1H well. The substantial study recently concluded on the Woodbine sandstone has yielded very positive results and has enabled the JV to confirm its confidence in the low risk nature of the Woodbine target and the overall geological position on the JV's acreage.

The Board is pleased to advise that it has planned an investor conference call with the Managing Director of Vision, Bobby Gray, and the Chief Executive Officer of Pantheon, Mr Jay Cheatham, details of which will be announced shortly. Management looks forward to discussing the situation with shareholders in this call where further information will be provided on timing issues, methodologies to minimise drilling costs and the geology of the JV's acreage.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2011

		6 months ended 31 December 2011 (unaudited) £	6 months ended 31 December 2010 (unaudited) £	Year ended 30 June 2011 (audited) £
Turnover		65,073	128,347	215,493
Cost of sales		(96,989)	(134,144)	(241,804)
Gross (loss)/profit		(31,916)	(5,797)	(26,311)
Administrative expenses before share based payments and impairment losses		(330,226)	(368,090)	(699,757)
Share based payments		-	(9,222)	(18,445)
Impairment of intangible assets		-	-	-
Impairment of tangible assets		-	-	(1,162,168)
Total administrative expenses		(330,226)	(377,312)	(1,880,370)
Operating loss		(362,142)	(383,109)	(1,906,681)
Interest paid		-	-	-
Interest received		2,232	3,891	6,523
Loss before taxation		(359,910)	(379,218)	(1,900,158)
Taxation		-	-	-
Loss for the period		(359,910)	(379,218)	(1,900,158)
Other comprehensive (loss)/income for the period:				
Foreign currency movement		217,142	(354,202)	(583,919)
Total comprehensive (loss)/income for period		(142,768)	(733,420)	(2,484,077)
Loss per ordinary share (basic)	(note 2)	(0.35)p	(0.37)p	(1.86)p
Loss per ordinary share (diluted)	(note 2)	(0.35)p	(0.37)p	(1.86)p

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2011

	Share capital £	Share premium £	Retained earnings £	Currency reserve £	Equity reserve £	Total £
Group						
At 30 June 2011	1,020,998	21,915,804	(16,981,469)	508,280	121,692	6,585,305
Net loss for the period	-	-	(359,910)	-	-	(359,910)
Other comprehensive Income:						
Foreign currency translation	-	-	-	217,142	-	217,142
Total comprehensive income for the period	-	-	(359,910)	217,142	-	(142,768)
Transfer of previously expensed share based payment on cancellation of options	-	-	15,657	-	(15,657)	-
Balance at 31 December 2011	1,020,998	21,915,804	(17,325,722)	725,422	106,035	6,442,537

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2010

	Share capital £	Share premium £	Retained earnings £	Currency reserve £	Equity reserve £	Total £
Group						
At 30 June 2010	1,020,998	21,915,804	(15,647,981)	1,092,199	669,917	9,050,937
Net loss for the period	-	-	(379,218)	-	-	(379,218)
Other comprehensive Income:						
Foreign currency translation	-	-	-	(354,202)	-	(354,202)
Total comprehensive income for the period	-	-	(379,218)	(354,202)	-	(733,420)
Share based payment – issue of options	-	-	-	-	9,222	9,222
Balance at 31 December 2010	1,020,998	21,915,804	(16,027,199)	737,997	679,139	8,326,739

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Share capital £	Share premium £	Retained earnings £	Currency reserve £	Equity reserve £	Total £
Group						
At 30 June 2010	1,020,998	21,915,804	(15,647,981)	1,092,199	669,917	9,050,937
Net loss for the year	-	-	(1,900,158)	-	-	(1,900,158)
Other comprehensive income:						
Foreign currency translation	-	-	-	(583,919)	-	(583,919)
Total comprehensive income for the year	-	-	(1,900,158)	(583,919)	-	(2,484,077)
Issue of shares						
Share based payment- issue of options	-	-	-	-	18,445	18,445
Transfer of previously expensed share based payment on expiration of options	-	-	566,670	-	(566,670)	-
Balance at 30 June 2011	1,020,998	21,915,804	(16,981,469)	508,280	121,692	6,585,305

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011

	31 December 2011 (unaudited)	31 December 2010 (unaudited)	30 June 2011 (audited)
ASSETS	£	£	£
Fixed assets			
Intangible fixed assets (note 3)	3,849,211	3,619,268	3,719,578
Tangible fixed assets (note 4)	136,861	1,444,324	185,593
	3,986,072	5,063,592	3,905,171
Current assets			
Trade and other receivables	329,942	346,586	324,465
Cash and cash equivalents	2,386,851	3,164,118	2,574,997
	2,716,793	3,510,704	2,899,462
Total assets	6,702,865	8,574,296	6,804,633
LIABILITIES			
Creditors: amounts falling due within one year	260,328	247,557	219,328
Total liabilities	260,328	247,557	219,328
Net assets	6,442,537	8,326,739	6,585,305
EQUITY			
Capital and reserves			
Called up share capital	1,020,998	1,020,998	1,020,998
Share premium account	21,915,804	21,915,804	21,915,804
Retained losses	(17,325,722)	(16,027,199)	(16,981,469)
Currency reserve	725,422	737,997	508,280
Equity reserve	106,035	679,139	121,692
Shareholders' funds	6,442,537	8,326,739	6,585,305

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2011

	6 months ended 31 December 2011 (unaudited)	6 months ended 31 December 2010 (unaudited)	Year ended 30 June 2011 (audited)
	£	£	£
Net cash (outflow)/ inflow from operating activities	(407,520)	(108,254)	(271,581)
Cash flows from investing activities			
Interest paid	-	-	-
Interest received	2,232	3,891	6,523
Expenditure on tangible fixed assets	-	696	674
Funds used for drilling and exploration	-	(226,124)	(424,811)
Net cash inflow/(outflow) from investing activities	2,232	(221,537)	(417,614)
Cash flows from financing activities			
Proceeds from issue of shares	-	-	-
Issue costs	-	-	-
Short term loans received	-	-	-
Short term loan repaid	-	-	-
Net cash inflow from financing activities	-	-	-
Net decrease in cash and cash equivalents	(405,288)	(329,791)	(689,195)
Effect of foreign currency translation reserve	217,142	(354,202)	(583,919)
Cash and cash equivalents at the beginning of the period	2,574,997	3,848,111	3,848,111
Cash and cash equivalents at the end of the period	2,386,851	3,164,118	2,574,997

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2011 (unaudited)	6 months ended 31 December 2010 (unaudited)	Year ended 30 June 2011 (audited)
	£	£	£
Operating loss	(362,142)	(383,109)	(1,906,681)
Impairment	-	-	1,162,168
Depreciation	53,909	86,092	149,755
Loss on retirement of assets	-	-	368
Cost of issuing shares and options	-	9,222	18,445
(Increase)/decrease in trade and other receivables	(5,477)	(1,014)	21,107
Increase/(decrease) in trade and other payables	41,000	(31,536)	(59,763)
Effect of translation differences	(134,810)	212,091	343,020
Net cash (outflow)/inflow from operating activities	(407,520)	(108,254)	(271,581)

1. Accounting policies

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

1.1. Basis of preparation

This financial information has been prepared using the historical cost convention. In addition, the financial information has been prepared in accordance with 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 2006.

This interim report has been prepared on a basis consistent with the Group's expected accounting policies for the year ending 30 June 2012. These accounting policies are the same as those set out in the Group's Annual Report and Financial Statements for the year ended 30 June 2011, which are available from the registered office or the website (www.pantheonresources.com).

The group financial information and statements are presented in UK pounds sterling and is unaudited. This interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 30 June 2011 have been taken from the Group's statutory accounts for that financial year, which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain references to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

1.2. Basis of consolidation

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

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

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

1.3. Foreign currency translation

(i) Functional and presentational currency

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

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

(ii) Transactions and balances

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

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

1.4. Cash and cash equivalents

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

1.5. Deferred taxation

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

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

1.6. Exploration and development costs

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

The recoverability of all exploration and development costs is dependent upon the discovery of economically recoverable reserves, the ability of the group to obtain necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition thereof. When production commences the accumulated costs for the relevant area are transferred from intangible fixed assets to tangible fixed assets as ‘Developed Oil & Gas Assets’ or ‘Production Facilities and Equipment’, as appropriate.

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

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

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

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

Exploration and Development costs in relation to the Tyler County Project are accounted for pursuant to the Successful Efforts method of accounting. All direct costs relating to the plugged and abandoned Vision Rice University#1 well have been written off. Accordingly the Intangible Fixed Asset carrying value solely represents back costs and other direct costs paid in relation to the groups projects and prepayments towards the forthcoming KF#1H well.

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

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

1.8. Share based payments

On occasion, in prior periods, the Company made share-based payments to certain employees (including directors) by way of issues of share options. 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

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 principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which 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. This and 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. The company does however, maintain most of its cash reserves in US Dollars given that this is the currency matching most expected operational commitments.

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.

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.

Currency risk
The functional currency for the Group's operating activities is the Pound Sterling and for exploration activities the US Dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review. The Group maintains the majority of its cash reserves in US Dollars.

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 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.

2. Loss per share

	6 months ended 31 December 2011 (unaudited)	6 months ended 31 December 2010 (unaudited)	Year ended 30 June 2011 (audited)
	£	£	£
Basic			
Loss attributable to equity shareholders	(359,910)	(379,218)	(1,900,158)
Weighted average of ordinary shares at period end	102,099,770	102,099,770	102,099,770
Loss per share	(0.35)p	(0.37)p	(1.86)p
Diluted			
Loss attributable to equity shareholders	(359,910)	(379,218)	(1,900,158)
Weighted average of ordinary shares at period end	102,099,770	102,439,914	102,099,770
Loss per share	(0.35)p	(0.37)p	(1.86)p

3. Intangible fixed assets

	Exploration & development costs £
Group	
Cost:	3,719,578
At 30 June 2011	-
Additions	-
Effects of foreign exchange	129,633
At 31 December 2011	3,849,211
Impairment:	
At 30 June 2011	-
Impairment during the period	-
At 31 December 2011	-
Net book value:	
At 31 December 2011	3,849,211
At 30 June 2011	3,719,578

4. Tangible fixed assets

	Developed Oil and Gas Properties £	Production Facilities & Equipment £	Office Equipment £	Total £
Group				
Cost:				
At 30 June 2011	1,579,172	334,994	5,424	1,919,590
Additions	-	-	-	-
Effects of foreign exchange	55,036	11,675	-	66,711
At 31 December 2011	1,634,208	346,669	5,424	1,986,301
Depreciation:				
At 30 June 2011	1,552,281	176,292	5,424	1,733,997
Charge for period	27,177	26,732	-	53,909
Effects of foreign exchange	54,750	6,784	-	61,534
At 31 December 2011	1,634,208	209,808	5,424	1,849,440
Net book value:				
At 31 December 2011	-	136,861	-	136,861
At 30 June 2011	26,891	158,702	-	185,593

5. Approval by Directors

The interim report for the six months ended 31 December 2011 was approved by the Directors on 29th March 2012.

6. Availability of Interim Report

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

7. Events after the Reporting Period

There were no events of any materiality which occurred after 31 December 2011.