Pantheon Resources plc – Interim Results for the six months ended 31 December 2008

Pantheon Resources plc ("Pantheon" or the "Company"), the AIM-quoted oil and gas exploration company active onshore Gulf of Mexico, today announces its interim results for the period ended 31 December 2008. A full copy of the results will be available for access on the company's website at www.pantheonresources.com

KEY POINTS

- Continued implementation of Pantheon's new strategic plan under its CEO, Jay Cheatham.
- Drilling underway on the Company's two major projects; Bullseye and Tyler County.
- Loss for the period of £0.235million compares with £0.860million for the corresponding period ended 31 December 2007.
- Significant discovery announced with Jumonville #1 well on Bullseye prospect.
- Gross production from this well has averaged around 500 barrels of oil equivalent per day since coming onstream.
- Exploration continues at Bullseye as the Jumonville #2 well drills to a new deeper Cib Haz horizon. First of three main objectives, the Camerina, has been penetrated with oil and natural gas shows recorded on the mud logs.
- First well spudded on Tyler County project. Well results to date have confirmed the technical case for the down-dip Austin Chalk play. Testing and production is now awaited.
- Pantheon is highly encouraged for the play which comprises over 25,000 acres and has the potential for up to 60 wells.
- Over the next few months further progress should be reported on the Company's two main projects.

Further information:

Pantheon Resources PLC	
Jay Cheatham, CEO	+44 20 7484 5359
Justin Hondris, Director - Finance & Corporate Development	
Oriel Securities Limited (Nominated Adviser)	
Michael Shaw	+44 20 7710 7600

Chairman's statement for the six months ending 31 December 2008

The last six months of 2008 witnessed the continued implementation of the Company's new strategic plan under the aegis of its Chief Executive Officer, Jay Cheatham. This period also saw the beginning of a critical phase for Pantheon as drilling either commenced or continued on the Company's two major projects; Bullseye and Tyler County. All of this occurred against a backdrop of a severe decline in commodity prices as the effects of recession were observed in a sharp fall in demand.

At the time of the full year results for 2008 drilling was imminent on the Tyler County project in East Texas. The long awaited first well on this project commenced on 12 November 2008 with the spudding of the Vision Rice University #1 ("Rice University #1") well. In February 2009 the completion assembly was run.

Reservoir pressure was materially higher both than that seen in the Anadarko/Ergon wells located to the north and also to pre-drill estimates. This higher pressure caused the operator to complete the well with a shorter lateral (horizontal) section than originally planned. However fractures were cut with commensurate natural gas shows.

Testing and production is now awaited to assess fully the Rice University #1 well. Critically the well results to date have confirmed the technical case for the down-dip Austin Chalk play in Tyler County. This has positive implications for the remainder of the Joint Venture acreage position. Pantheon remains highly encouraged for the play which comprises more than 25,000 acres and has the potential for up to 60 wells.

Completion activities are continuing. A work-over rig is on location to repair a leak in the tubing assembly. Once accomplished, the next stage is the completion of the pipeline before starting production. This is expected in early April.

Prior to the release of the full year results for 2008, Pantheon announced a significant discovery for the company with the Jumonville #1 well on the Bullseye prospect. Gross production from this well has averaged around 500 barrels of oil equivalent per day ("boepd") since it was brought onstream in October 2008 and continues at this level.

The first delineation well on Bullseye, Acosta #1, penetrated both the Miogyp and Camerina zones but was too close to the old Acosta well bore in the permeable Miogyp to permit an adequate test. At present this well is suspended while the operator conducts feasibility studies on potential actions.

The second delineation well, Jumonville #2, commenced drilling on 25 December 2008. The purpose of this well is two-fold. First it is to act as a delineation/production well for the Camerina and Miogyp formations. Secondly it represents the initial test of the deeper, structurally larger Cib Haz formation which is the primary objective in this well. The Cib Haz interval is located below 13,000 feet and has a mean gross reserve size of 20 million barrels of oil equivalent ("mmboe").

The Jumonville # 2 well is currently at 12,339 feet and is setting a 7⅝ inch liner prior to drilling ahead. The first of three main objectives, the Camerina, has been penetrated with oil and natural gas shows recorded on the mud logs. The results thus far are consistent with pre-drill estimates.

Success in the Cib Haz would be a major event for Pantheon. However, should the Cib Haz prove non-commercial it is expected that Jumonville #2 would be completed in the Miogyp formation which is the same producing formation as at Jumonville #1.

The last six months have been exceedingly challenging from a commodity price standpoint. Crude oil has plunged over 70% from highs of US$145 a barrel for West Texas Intermediate crude oil ("WTI") to US$40 a barrel. Natural gas suffered a similar fate falling to around US$4.00 per thousand cubic feet ("mcf") from US$14 per mcf. This collapse has had a major impact on all oil and gas company cash flows as well as services. Pantheon is no exception. However, it is critical to note that the Company's two main prospects, Bullseye and Tyler County, remain economic in the current depressed environment.

Average production for the first half of the 2009 financial year was 50 boepd down from the 61 boepd for the equivalent period of the 2008 financial year. Existing output from the Padre Island and Wharton ventures was augmented with new production from Jumonville#1 from October 2008. It is currently expected that Rice University #1 should become a producer. Output from Rice University #1 should augment both Pantheon's daily production and cash flow. This should also provide the Company with the basis for further growth.

Since Jay's stewardship of Pantheon commenced at the beginning of 2008, Pantheon has participated in six new test wells and entered into a new strategic phase. Over the next few months further progress should be reported on the Company's two main projects. The discoveries at Bullseye in Louisiana and Rice University #1 in Tyler County, Texas are yet to be fully delineated. Exploration continues at Bullseye as the Jumonville #2 well drills to a new deeper Cib Haz horizon. At Tyler County, the Rice University #1 well awaits testing and a gas pipeline. These should add value to shareholders and provide a sound footing for the Company's future development.

Operational Update

Tyler County, East Texas

The Rice University #1 well has been completed by running a slotted liner into the bottom portion of the well. Drilling was halted when a gas kick was encountered at 15,292 feet measured depth and the mud weight to control the well exceeded the well bore parameters. At an estimated reservoir pressure of 12,500 psi this reservoir greatly exceeds that of the Anadarko/Ergon wells to the north and pre-drill expectations. Completion activities are continuing. A work-over rig is on location to repair a leak in the tubing assembly. Once accomplished, the next stage is the completion of the pipeline before starting production.

The Rice University #1 well is the first in an initial programme of three wells targeting the Austin Chalk and Woodbine formations located in the Brookeland field in Tyler County, East Texas. This venture covers 30,000 acres and is located immediately south of Anadarko Petroleum Corporation's and Ergon Oil and Gas's successful drilling, also in Tyler County.

Success in this venture would prove up an extension to the Brookeland Field and may lead to a 30 to 60 well programme for Pantheon; essentially a development scheme for a new field. The Austin Chalk wells are completed horizontally and approximately 50% of all production is usually generated in the first year.

Bullseye

Jumonville # 2 is scheduled to drill through the Camerina and Miogyp formations. These two intervals will have logs and side wall cores to further the knowledge of these intervals. The primary objective is the Cib Haz interval below 13,000 feet. Total depth for the Jumonville # 2 well is planned for approximately 14,200 feet.

Jumonville # 2 well is currently at 12,339 feet and is setting a 7⅝ inch liner prior to drilling ahead. The first of three primary objectives, the Camerina, has been penetrated with oil and gas shows recorded on the mud logs. The results thus far are consistent with the operator’s pre-drill estimates.

The next interval to be penetrated by the Jumonville # 2 well will be the Miogyp Formation. The Miogyp objective is up-dip from the oil production in the Jumonville # 1 well and is expected to provide additional confirmation of pay thickness and distribution of this reservoir.

The primary target in the Jumonville # 2 well is the deeper Cib Haz reservoir which is contained in the same hydrocarbon trap as the shallower productive intervals. The Cib Haz Formation is an exploration target since it has yet to be tested. Based on 3D seismic, it appears to be several times larger than the Miogyp Formation.

PANTHEON RESOURCES PLC

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2008

		6 months ended 31 December 2008 (unaudited) £	6 months ended 31 December 2007 (unaudited) £	Year ended 30 June 2008 (audited) £
Turnover		297,141	171,640	784,240
Cost of sales		(202,893)	(389,153)	(156,713)
Gross (loss)/profit		94,248	(217,513)	627,527
Administrative expenses before share based payments and impairment losses		(363,227)	(262,823)	(582,196)
Share based payments		(72,517)	(50,700)	(55,820)
Impairment of intangible assets		(10,984)	(341,860)	(4,858,558)
Total administrative expenses		(446,728)	(655,383)	(5,496,574)
Operating loss		(352,480)	(872,896)	(4,869,047)
Finance revenue		117,060	12,841	22,419
Loss before taxation		(235,420)	(860,055)	(4,846,628)
Taxation		-	-	-
Loss for the period		(235,420)	(860,055)	(4,846,628)
Loss per ordinary share – basic and diluted	(note 2)	(0.6)p	(5.41)p	(26.01)p

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2008

	Share capital £	**Share premium £**	**Retained earnings £**	**Currency reserve £**	**Equity reserve £**	**Total £**
Group						
At 30 June 2008	397,339	14,723,365	(10,281,176)	(241,650)	704,873	5,302,751
Net loss for the period	-	-	(235,420)	-	-	(235,420)
Foreign currency	-	-	-	1,479,217	-	1,479,217
Share based payment	-	-	-	-	23,550	23,550
Issue of Shares	1,033	48,967	-	-	-	50,000
At 31 December 2008	398,372	14,772,332	(10,516,596)	1,237,567	728,423	6,620,098

PANTHEON RESOURCES PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	31 December 2008 (unaudited)	31 December 2007 (unaudited)	30 June 2008 (audited)
ASSETS	£	£	£
Fixed assets			
Intangible fixed assets (note 3)	4,561,252	811,190	2,134,551
Tangible fixed assets (note 4)	1,452,217	3,606,247	167,755
	6,013,469	4,417,437	2,302,306
Current assets			
Trade and other receivables	620,422	164,356	1,379,722
Cash and cash equivalents	168,987	753,969	3,091,725
	789,409	918,325	4,471,447
LIABILITIES			
Creditors: amounts falling due within one year	182,780	427,034	1,471,002
Net current assets	606,629	491,291	3,000,445
Total assets less liabilities	6,620,098	4,908,728	5,302,751
EQUITY			
Capital and reserves			
Called up share capital	398,372	170,524	397,339
Share premium account	14,772,332	10,522,435	14,723.365
Retained losses	(10,516,596)	(6,294,603)	(10,281,176)
Currency reserve	1,237,567	(189,381)	(241,650)
Equity reserve	728,423	699,753	704,873
Shareholders' funds	6,620,098	4,908,728	5,302,751

PANTHEON RESOURCES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2008

	6 months ended 31December 2008 (unaudited) £	6 months ended 31 December 2007 (unaudited) £	Year ended 30 June 2008 (audited) £
Net cash (outflow)/ inflow from operating activities	546,740	(501,667)	(68,906)
Cash flows from investing activities			
Interest received	117,060	12,841	22,419
Expenditure on tangible fixed assets	(1,418,563)	(499)	(2,655)
Funds used for capital expenditure	(3,648,225)	(1,059,989)	(2,478,605)
Net cash inflow from investing activities	(4,949,728)	(1,047,647)	(2,458,841)
Cash flows from financing activities			
Proceeds from issue of shares	1,033	900,000	4,349,274
Issue costs	-	(61,313)	(169,859)
Net cash inflow from financing activities	1,033	838,687	4,179,415
Net decrease in cash and cash equivalents	(4,401,955)	(710,627)	1,651,688
Effect of foreign currency translation reserve	1,479,217	17,164	(7,375)
Cash and cash equivalents at the beginning of the period	3,091,725	1,447,432	1,447,432
Cash and cash equivalents at the end of the period	168,987	753,969	3,091,725

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2008 (unaudited) £	6 months ended 31 December 2007 (unaudited) £	Year ended 30 June 2008 (audited) £
Operating loss	(235,420)	(872,896)	(4,869,047)
Impairment	10,983	341,860	4,858,558
Depreciation	134,101	370,648	84,466
Cost of issuing shares and options	72,517	50,700	55,820
Decrease/(increase) in trade and other receivables	759,300	(95,307)	(223,656)
Increase/(decrease) in creditors	(1,288,221)	(296,672)	24,953
Net cash (outflow)/inflow from operating activities	546,740	(501,667)	(68,906)

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 1985.

This interim report has been prepared on a basis consistent with the Group's expected accounting policies for the year ending 30 June 2008. These accounting policies are the same as those set out in the Group's Annual Report and Financial Statements for the year ended 30 June 2008, 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.

The financial information contained in this report is unaudited. This interim financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the year ended 30 June 2008 have been taken from the Group's statutory accounts for that financial year, which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain references to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 237 (2) or (3) of the Companies Act 1985.

1.2. Basis of consolidation

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

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

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

1.3. Foreign currency translation

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

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

1.4. Cash and cash equivalents

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

1.5. Deferred taxation

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

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

1.6. Exploration and development costs

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

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

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

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

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

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

1.8. Share based payments

In previous reporting periods 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

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.

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 United States of America dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

1.9 Financial instruments (continued)

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.

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 2008 (unaudited)	6 months ended 31 December 2007 (unaudited)	Year ended 30 June 2008 (audited)
	£	£	£
Loss attributable to equity shareholders	(235,419)	(860,055)	(4,846,628)
Weighted average of ordinary shares at period end	39,816,234	15,886,568	18,635,255
Loss per share	(0.6)p	(5.41)p	(26.01)p

3. Intangible fixed assets

	Exploration & development costs £
Group	
Cost:	
At 30 June 2008	11,286,217
Additions	2,816,415
Reclassification to Tangible Assets	(1,149,182)
Exchange differences	4,084,351
At 31 December 2008	17,037,801
Impairment:	
At 30 June 2008	9,151,666
Charge for period	10,983
Exchange differences	3,313,900
At 31 December 2008	12,476,549
Net book value:	
At 31 December 2008	4,561,252
At 30 June 2008	2,134,551

4. Tangible fixed assets

	Developed Oil and gas Properties £	Office equipment £	Total £
Group			
Cost:			
At 30 June 2008	268,823	5,424	274,247
Additions	1,359,197	-	1,359,197
Exchange differences	96,399	-	96,399
At 31 December 2008	1,724,419	5,424	1,729,843
Depreciation:			
At 30 June 2008	104,779	1,713	106,492
Charge for period	133,425	676	134,101
Exchange differences	37,033	-	37,033
At 31 December 2008	275,237	2,389	277,626
Net book value:			
At 31 December 2008	1,449,182	3,035	1,452,217
At 30 June 2008	164,044	3,711	167,755

5. Issue of Share Capital

The Company issued 103,349 ordinary shares to the CEO, Mr. Jay Cheatham, on 6 August 2008 in accordance with the company's Short Term Share Incentive Plan.

6. Approval by Directors

The interim report for the six months ended 31 December 2008 was approved by the Directors on 30 March 2008.

7. Availability of Interim Report

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

8. Post Balance Sheet Events

In January 2009, the first delineation well on Bullseye, Acosta #1, penetrated both the Miogyp and Camerina zones but was too close to the old Acosta well bore in the permeable Miogyp to permit an adequate test. At present this well is suspended while the operator conducts feasibility studies on potential actions and completes the Jumonville #2 well which may also provide valuable data relevant for such actions.

Jumonville # 2 well on the Bullseye prospect is currently below 12,339 feet and is setting a 7⅝ inch liner prior to drilling ahead.

In February 2009 the completion assembly was run on the Vision Rice University #1 ("Rice University #1") well in Tyler County, East Texas. Testing and production is now awaited to assess fully the Rice University #1 well which is expected in early April.