

PANTHEON RESOURCES PLC

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

Pantheon's strategy to delineate the prospectivity across its large acreage position in East Texas and seek a full value exit for shareholders remains unchanged. Since the beginning of the period Pantheon has significantly increased its working interest in both the Core Offset area and the VOBM#5 well, and therefore increased its attributable share of the project P50 Prospective Resource. Our understanding of our prospects has increased which has been assisted through specialist technical consultants where relevant. It was also significant in that this is our first period of recorded production revenues.

Notwithstanding a number of operational setbacks, long lead times, mixed quality of service providers and catastrophic flooding, Pantheon made a number of significant achievements during and after the period. These included completing an oversubscribed fundraising, commissioning of the Kinder Morgan gas processing facilities, commencement of first production and strengthening its working interest positions. More recently, the VOBM#5 was drilled on budget to target depth, encountering 60 feet of net pay with very encouraging logs. This well will be fracked today.

Pantheon also increased its working interest in the VOBM#5 and VOBM#4 wells from 50% to 75%, as well as increasing its stake in the Core Offset prospects (Prospects "B&C") in Tyler County to 75%. These were strategically significant acquisitions for the Company given the potential for four separate and independent prospective horizons identified on the acreage; the Eagle Ford Sandstone, the Austin Chalk, the Wilcox and the Navarro.

Our belief in the geological potential of this play is undiminished and remains at 301mmboe P50 Prospective Resource, based only upon the Eagle Ford sandstone and the Austin Chalk horizons. The Wilcox and Navarro horizons add additional potential on the Tyler County acreage.

Pantheon and the operator have also worked hard strengthening their operational and technical capability. In addition to the appointment and valuable input of both our Non-Executive Director Phillip Gobe and consultant Sierra Hamilton over the past 15 months, the operator was able to contract the same personnel who successfully performed multiple successful frac operations within the analogous Double A Wells Field to manage our frac operations for both the VOBM#1 and the VOBM#5 wells. Pantheon and the operator have also recently engaged the services of a drilling expert considered a global opinion leader in his field, and are currently seeking to formally retain his services for future drilling operations.

Operational performance

Polk County

Extensive analysis was undertaken over recent months following the production decline in Polk County announced in January 2018. It has been concluded that the cause of the declines were wellbore specific issues which we believe were exacerbated by the long shut in period, as a result of an inability to agree terms with the local gas processing plant.

The VOBM#1 well in Polk County was completed in October, 2015 and flowed in excess of 6,000 mcf, 500 bopd and zero water. In mid-November 2017, the well commenced sales on a restricted choke while the Kinder Morgan gas plant was commissioned before production volumes unexpectedly declined. The well was shut-in, and analyses undertaken which discovered well bore blockage and collapsed casing below the upper perforations. This was treated and fracked to ameliorate the obstructions and skin damage which improved both flowing tubing pressure and rates. Since that time however, water production has increased further with recent production averaging 2375mcf, 57 bopd and 154bwpd. Analog wells typically produce very little water, and in VOBM#1 such water production only commenced after the shut-in period suggesting that the collapsed casing (believed to have occurred during the shut-in period) has opened communication to a water bearing sand package 50 feet below the perforated interval, impacting production. The Directors do not expect this issue to impact future wells. Should production decline sufficiently, the Company has the option to sidetrack out of the existing well bore, which is estimated to cost approximately \$1.2m net to Pantheon.

Since the production decline in January 2018 no remedial work has occurred on the VOBM#3 well, which continues to produce at low rates, likely because of similar causes to that seen in VOBM#1. No further work is planned on VOBM#3 in the near future.

In January 2018 the VOBM#5 well logged 60-feet of net pay in the targeted Eagle Ford sandstone. A 40-foot section has been perforated with a frac treatment scheduled to occur today, 27th March, 2018, a number of days behind schedule due to a delay by the frac team on an earlier job. VOBM#5 is the first well that does not have potential skin damage from a prolonged shut in or mechanical issues and will be in the correct part of the mini basin, and so will offer an excellent insight into the potential of the West AA prospect.

Tyler County

Negotiations are at an advanced stage with two regional gas processing plants for the processing and transportation of natural gas from VOS#1. If agreed, the objective would be to make arrangements for connection to the main trunkline as soon as is practical.

Discussions are also underway with two different groups about the possibility of jointly exploiting the Wilcox as a horizontal play on our Tyler County acreage, following the confirmation of Wilcox potential in the VOBM#4 well. Whilst the VOBM#4 vertical well itself did not produce from the Wilcox in commercial quantities, it has still demonstrated potential on the acreage. The introduction of such a group into the play would allow it to be drilled and, if successful, developed at a far greater speed than Pantheon and Vision could achieve. Discussions with these groups have advanced further recently, with one expressing interest in a possible programme to exploit the Navarro potential on our acreage also.

Pantheon's Tyler County acreage offers great potential, across four separate zones. The Core Offset (Prospects B & C) prospect contains all 4 of these prospective zones and was estimated to contain a P50 Prospective Resource of 93mmboe from only one of these zones, the Eagle Ford sandstone. The decision to increase our working interest from 50% to 75% in c.8000 acres, which comprises the majority of the Core Offset prospect was an obvious one and has added significant additional resource potential for all shareholders.

Financial & Corporate

The interim results show a loss for the period of \$2.57m (2016: \$0.87m) which included an impairment charge of \$1.83m relating to the sidetrack cost of VOBM#4. The VOBM#4 sidetrack is not expected to be reused, because the Wilcox formation in this area is best drilled akin to shale play employing a horizontal approach with multi stage fracs. Excluding this impairment, the loss amounted to \$0.74m for the period.

At 31 December 2017, cash and cash equivalents amounted to \$7.6m (2016: \$8.5m). As of 26 March 2018 the Group has cash on hand of US\$4.7m, after the prepayment of \$0.78m for the expected frac and completion costs for VOBM#5. In addition to this the Group has c.\$0.25m in revenues receivable and a further c.\$0.25m of prepayments with the operator, totalling \$5.98m.

The next well in the programme is expected to be VOBM#6 in Polk County, and is estimated to cost c.\$4m (100% basis) to drill, complete and frac. Pantheon's 58% share of that well amounts to c.\$2.32m.

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.

PANTHEON RESOURCES PLC

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Notes	6 months ended 31 December 2017 (unaudited) \$	6 months ended 31 December 2016 (unaudited) \$	Year ended 30 June 2017 (audited) \$
Continuing operations				
Revenue		514,303	-	-
Production royalties		(122,885)		
Depletion of developed oil & gas assets		(48,625)		
Cost of sales		(84,797)	-	
Gross profit		<u>257,997</u>	-	-
Administrative expenses		(966,781)	(879,572)	(1,754,259)
Impairment of intangible assets	3	(1,825,051)	-	-
Depreciation of production & pipe line facilities		(37,404)	-	-
Operating loss		<u>(2,571,239)</u>	<u>(879,572)</u>	<u>(1,754,259)</u>
Interest receivable		2,731	4,701	14,067
Loss before taxation		<u>(2,568,508)</u>	<u>(874,871)</u>	<u>(1,740,192)</u>
Taxation		-	-	-
Loss for the period		<u>(2,568,508)</u>	<u>(874,871)</u>	<u>(1,740,192)</u>
Other comprehensive income for the period:				
Exchange differences from translating foreign operations		(555,180)	(403,737)	(239,528)
Total comprehensive income for the period		<u>(3,123,687)</u>	<u>(1,278,608)</u>	<u>(1,979,720)</u>
Attributable to:				
Equity holders of the company		<u>(3,123,687)</u>	<u>(1,278,608)</u>	<u>(1,979,720)</u>
Loss per ordinary share				
Loss per ordinary share – basic and diluted from continuing operations	2	(1.10)c	(0.41)c	(0.81)c

PANTHEON RESOURCES PLC

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Share capital \$	Share premium \$	Retained losses \$	Currency reserve \$	Equity reserve \$	Total Equity \$
Group						
At 30 June 2017	3,557,582	94,914,770	(39,383,794)	(318,737)	902,854	59,672,675
Net loss for the period	-	-	(2,568,508)	-	-	(2,568,508)
<i>Other comprehensive income:</i>						
Foreign currency translation	-	-	-	(555,180)	-	(555,180)
Total comprehensive income for the period	-	-	(2,568,508)	(555,180)	-	(3,123,687)
Capital Raising						
Issue of shares	293,461	11,917,829	-	-	-	12,211,290
Issue of shares in lieu of fees	1,630	68,459	-	-	-	70,089
Issue costs	-	407,523	-	-	-	407,523
Balance at 31 December 2017	3,852,673	107,308,581	(41,952,301)	(873,916)	902,854	69,237,890

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016**

	Share capital \$	Share premium \$	Retained losses \$	Currency reserve \$	Equity reserve \$	Total Equity \$
Group						
At 30 June 2016	3,557,582	94,914,770	(37,643,602)	(79,209)	902,854	61,652,395
Net loss for the period	-	-	(874,871)	-	-	(874,872)
<i>Other comprehensive income:</i>						
Foreign currency translation	-	-	-	(403,737)	-	(403,737)
Total comprehensive income for the period	-	-	(874,871)	(403,737)	-	(1,278,608)
Balance at 31 December 2016	3,557,582	94,914,770	(38,518,473)	(482,947)	902,854	60,373,786

PANTHEON RESOURCES PLC

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

Group	Share capital \$	Share premium \$	Retained losses \$	Currency reserve \$	Equity reserve \$	Total Equity \$
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

PANTHEON RESOURCES PLC

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	6 months ended 31 December 2017 (unaudited) \$	6 months ended 31 December 2016 (unaudited) \$	Year ended 30 June 2017 (audited) \$
ASSETS				
Non-Current Assets				
Exploration and evaluation assets	3	54,019,102	51,839,513	55,545,596
Developed oil and gas assets	3	4,933,129	-	-
Property, plant & equipment	3	2,556,352	2,305	1,166
		<u>61,508,584</u>	<u>51,841,818</u>	<u>55,546,762</u>
Current Assets				
Trade and other receivables		515,445	284,607	328,319
Cash and cash equivalents		7,567,362	8,492,364	4,382,206
		<u>8,082,808</u>	<u>8,776,971</u>	<u>4,710,525</u>
Total assets		<u>69,591,391</u>	<u>60,618,788</u>	<u>60,257,287</u>
LIABILITIES				
Current liabilities				
Trade and other payables		353,501	245,002	584,612
Total liabilities		<u>353,501</u>	<u>245,002</u>	<u>584,612</u>
Net assets		<u>69,237,890</u>	<u>60,373,786</u>	<u>59,672,675</u>
EQUITY				
Capital and reserves				
Share capital		3,852,673	3,557,582	3,557,582
Share premium		107,308,581	94,914,770	94,914,770
Retained losses		(41,952,301)	(38,518,473)	(39,383,794)
Currency reserve		(873,916)	(482,947)	(318,737)
Equity reserve		902,854	902,854	902,854
Shareholders' equity		<u>69,237,890</u>	<u>60,373,786</u>	<u>59,672,675</u>

PANTHEON RESOURCES PLC

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2017**

	6 months ended 31 December 2017 (unaudited) \$	6 months ended 31 December 2016 (unaudited) \$	Year ended 30 June 2017 (audited) \$
Net cash outflow from operating activities	(1,632,713)	(1,185,089)	(1,598,530)
Cash flows from investing activities			
Interest received	2,731	4,701	14,067
Funds used for drilling, exploration and leases	(6,102,396)	(14,054,435)	(17,760,518)
Developed oil & gas assets	(248)	-	-
Property, plant & equipment	(1,771,119)	-	-
Net cash outflow from investing activities	(7,871,032)	(14,049,734)	(17,746,451)
Cash flows from financing activities			
Proceeds from issue of shares	13,096,425	-	-
Issue costs paid in cash	(407,523)	-	-
Net cash inflow from financing activities	12,688,902	-	-
Net increase/(decrease) in cash and cash equivalents	3,185,157	(15,234,824)	(19,344,981)
Cash and cash equivalents at the beginning of the period	4,382,206	23,727,187	23,727,187
Cash and cash equivalents at the end of the period	7,567,362	8,492,363	4,382,206

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2017 (unaudited) \$	6 months ended 31 December 2016 (unaudited) \$	Year ended 30 June 2017 (audited) \$
Operating loss from continuing operations	(2,568,508)	(874,872)	(1,740,192)
Net interest (received)/paid	(2,731)	(4,701)	(14,067)
Unrealised (gains)/losses on assets held for sale	(132)	(12,810)	(14,590)
Impairment of intangible assets	1,825,051	-	-
Depreciation of office equipment	895	477	1,714
Depletion of developed oil & gas assets	48,625	-	-
Depreciation of production & pipeline facilities	37,404	-	-
(Increase)/decrease in trade and other receivables	(186,994)	77,756	35,823
(Decrease)/increase in trade and other payables	(231,111)	32,608	372,216
Effect of translation differences (fixed assets)	(32)	190	93
Effect of translation differences	(555,180)	(403,738)	(239,527)
Net cash outflow from operating activities	(1,632,713)	(1,185,089)	(1,598,530)

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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 based on International Financial Reporting Standards, as adopted by the European Union (“IFRS”), including IFRS 6 “Exploration for and Evaluation of Mineral Resources”.

This interim report has been prepared on a basis consistent with the Group’s expected accounting policies for the year ending 30 June 2018. 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 2017, which are available from the registered office or the company’s website (www.pantheonresources.com). The Group changed its functional currency from Pounds sterling to US Dollars on 1st July 2016.

The Group financial information is presented in US Dollars and is unaudited. The 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 2017 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 prepared in US Dollars (“\$”) which is the functional currency of the Company and is the Group’s presentation currency having changed from Pounds Sterling previously. For the 2016 comparative balances, assets and liabilities have been restated into the functional currency (US Dollars) at the rate of exchange prevailing at the respective balance sheet dates, with the equity balances restated at historical rates on the date of issue of said equity instruments. The comparative income statements and cash flow statements were restated at the average exchange rates for the reporting period. Exchange differences arising on translation were taken to the foreign exchange reserve in shareholders’ equity

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017**

(ii) Transactions and balances

Transactions in foreign currencies are translated into US Dollars at the rate of exchange ruling 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.

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. Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chief Executive's Report. The financial position of the Group, its cash flows and liquidity position are set out in the Interim Financial Statements. The Group commenced first production in November 2017 which will contribute future revenue to the group which, together with existing cash reserves will be the source of funding for the Group. The Group has no debt. The Director's believe that existing cash reserves, operator prepayments and future production revenues are sufficient for the Group to continue as a going concern. The Group is under no contractual obligation to drill future wells and has the ability to opt out of future wells or to delay the drilling of future wells. However, failure to participate in a particular well may result in the Group forfeiting its interest in that particular well unit and failure to have operating activity on leases within the leasehold period may result in those leases expiring. The development and operation of the Group's assets is conditional upon it having sufficient funding. The Group believes that the quality of its assets in East Texas would allow for the raising of debt or equity in the future if required. At 31 December 2017 the Group had no debt and ended the period with \$8.08m million of cash and cash equivalents and receivables available to meet its outstanding trade and other payables of \$0.35 million at 31 December 2017. Negotiations are also at an advanced stage regarding the processing of natural gas in Tyler County which would allow for the VOS#1 well to be hooked up and to commence production, thereby generating additional revenues.

The Directors believe that the Group will be able to operate and meet its commitments as they fall due for at least the next twelve months and thus has continued to adopt the going concern basis of accounting in preparing the Interim Financial Statements.

1.6. 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.

1.7. 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 prospect by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical, leasehold and administrative expenses but not general corporate overheads. Should there be indications of an impairment of the exploration and evaluation asset, then an assessment for impairment is carried out to estimate if the NPV of the prospect on impairment date is less than the carrying cost in which case an impairment will be taken.

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017**

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.

1.8. Developed Oil & Gas Assets

If an exploration project is successful, the related expenditures will be transferred to Developed Oil and Gas Properties and are subjected to an assessment for impairment at the end of the period and are amortised over the estimated life of the commercial reserves on a unit of production basis. Developed oil and gas prospects expenditures are accumulated generally on a prospect by prospect basis and assessment for indications of impairments are performed at the end of each accounting period. 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 and are subjected to an assessment for impairment at the end of each reporting period in accordance with IAS36 'Impairment of Assets' and utilizing DCF analysis to measure the NPV of the asset against the carrying cost of that asset.

1.9. Impairment of exploration and development costs and depreciation of plant & equipment

Assessments for indications of impairment 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 prospect may not be recoverable from future net revenues from oil and gas reserves attributable to that prospect, a comparison between the net book value of the cost attributable to that prospect and the discounted future cash flows from that prospect is undertaken. To the extent that the carrying amount exceeds the recoverable amount, the cost attributable to that prospect is written down to its recoverable amount and charged as an impairment. The cash generating unit applied for impairment testing purposes is generally the prospect, except that a number of prospect interests may be grouped as a single income generating unit where the cash flows of each prospect are interdependent.

Developed Oil and Gas Properties are amortised over the estimated life of the commercial reserves on a unit of production basis. A depletion calculation is performed on individual wells based upon a typeset P50 well estimated at 1.4 mmboc.

Other property, plant & equipment 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, Equipment and pipelines are depreciated by equal instalments over their expected useful lives, in most cases being three years for the Kinder Morgan facility and twenty to thirty years for facilities, tanks and pipelines.
- Office equipment is depreciated by equal annual instalments over their expected useful lives, being four years.

In relation to the Groups assets, the following approach was taken in considering impairments:

In Polk County, consistent with the policy outlined in Notes 1.6 and 1.7 expenditures are accumulated generally on a prospect by prospect basis and assessment for indications of impairments are performed at the end of each accounting period. In relation to the West AA prospect, the costs of VOBM1, 2H, 3 and 5 together with associated leasehold costs have been accumulated on the prospect basis. Given log and well data supports the Directors belief that the prospect offers significant potential to the Group with modelled NPV for the prospect exceeding the net book value, no impairment has been taken at this time. Despite specific individual

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017**

wellbore issues affecting individual well performance, these issues are not considered to be representative of the prospect potential. The VOBM#5 well, being the first well to be located within the heart of the mini basin and not affected by long shut in periods or wellbore issues should provide a much clearer indication of the true potential of the West AA prospect. The West AA prospect will be assessed for impairment at year end, once the outcome of VOBM#5 is known.

In Tyler County, the VOBM#4 well was drilled within the Core Offset prospect. Subsequent to year end it was announced that the sidetracked component of that well would be suspended because tested flow rates were uncommercial within the vertical wellbore configuration. However, it is believed that significant potential remains for the Wilcox and two independent groups are in discussions with the operator to consider exploring the possibility of exploiting the Wilcox on our acreage as a horizontal play. Greater detail on this is discussed on the CEO report. Accordingly, the Board deems it appropriate to impair the total costs of the sidetracked component of the VOBM#4 wellbore. After this impairment, the Group continues to carry \$2.8m in relation to the VOBM#4 well. Significant additional potential also exists in the Eagle Ford sandstone, Austin Chalk and Navarro formations at this location.

2. Loss per share

	6 months ended 31 December 2017 (unaudited)	6 months ended 31 December 2016 (unaudited)	Year ended 30 June 2017 (audited)
Loss per ordinary share from continuing operations:			
Basic	(1.10)c	(0.41)c	(0.81)c

The calculation above for the basis loss per share has been calculated by dividing the relevant loss for the period by the weighted average number of ordinary shares in issue of 233,606,706 (December 2016: 214,957,458; June 2017: 214,957,458).

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017

3. Non-current assets

Exploration and evaluation assets Group	Exploration & evaluation assets \$
<i>Cost:</i>	
At 30 June 2017	55,545,596
Additions	6,102,396
Transfer to developed oil and gas assets	(4,981,506)
Transfer to PP&E	(822,334)
At 31 December 2017	<u>55,844,152</u>
<i>Impairment:</i>	
At 30 June 2017	-
Impairment post balance sheet date	1,825,051
At 31 December 2017	<u>1,825,051</u>
<i>Net book value:</i>	
At 31 December 2017	<u>54,019,102</u>
At 30 June 2017	<u>55,545,596</u>
 Developed Oil and Gas Assets Group	 Developed Oil & Gas assets \$
<i>Cost:</i>	
At 30 June 2017	-
Additions	248
Transferred from exploration & evaluation assets	4,981,506
Depletion of developed oil & gas assets	(48,625)
At 31 December 2017	<u>4,933,129</u>
<i>Net book value:</i>	
At 31 December 2017	<u>4,933,129</u>
At 30 June 2017	<u>-</u>
 Property Plant and Equipment Group	 Property, Plant & Equipment \$
<i>Cost:</i>	
At 30 June 2017	1,166
Additions	1,771,119
Depreciation office equipment	(895)
Transferred from exploration and evaluation assets	822,334
Depreciation of production & pipe line facilities	(37,404)
Exchange difference	32
At 31 December 2017	<u>2,556,353</u>
<i>Net book value:</i>	
At 31 December 2017	<u>2,556,353</u>
At 30 June 2017	<u>1,166</u>

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017**

3. Non-current assets continued

Exploration and Evaluation assets includes direct drilling, technical and accumulated leasehold costs in relation to the prospects. Once a well commences production, costs are reclassified to “Developed Oil & Gas properties” and subject to relevant depletion and amortisation charges as appropriate. In mid November, direct costs associated with the VOBM#1 and #3 wells were reclassified to Developed Oil and Gas properties. No leasehold costs were reallocated at this time because it was considered too early to make a meaningful assessment. As a broad estimation, a prorate calculation of 2 wells from a total of 37 well potential on Polk County for a 6 week period is estimated to be less than \$7,000 for the period and is considered to be immaterial. At year end the Directors will be able to make a more accurate assessment.

4. Approval by Directors

The interim report for the six months ended 31 December 2017 was approved by the Directors on 26 March 2018.

5. Availability of Interim Report

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

6. Subsequent events

In March 2018 it was announced that the VOBM#5 well had reached total depth of 14,190 feet, successfully encountering over 60 feet of net pay in the targeted Eagle Ford sandstone formation on prognosis and having encountered hydrocarbons while drilling. Electric logs have been run and confirm the presence of a potentially significant hydrocarbon bearing horizon in the Eagle Ford sandstone. Production casing was set and frac operations are scheduled to commence on the 27th of March. In the event of success, the operator will immediately commence arrangements to lay a short pipeline to be connected into the processing system.

In March 2018 drilling operations on the VOBM#4 well had concluded and the well was suspended. The well was tested without stimulation and, despite good log responses and production of hydrocarbons while drilling, did not produce hydrocarbons in commercial quantities in the vertical wellbore configuration. The well may, subject to additional analysis, be side-tracked in future with a horizontal lateral, as has been very successfully carried out elsewhere within the Wilcox regionally. Two separate US based groups are in advanced discussions with the operator to explore the possibility of participating in a Wilcox play on our acreage. Over the past 10 days discussions have advanced further with one of the groups expressing interest in the Navarro zone in addition to the Wilcox. For conservatism, the board believes that the costs associated with the VOBM#4 side-track should be impaired because that side-track is unlikely to be used again. Costs associated with the impairment are \$1.825m to Pantheon.

In March 2018 Pantheon confirmed that the operator was currently in advanced negotiations with the operators of two regional gas processing plants in Tyler County for the transportation and processing of natural gas from the presently shut-in VOS#1 discovery well, and potentially future Tyler County production wells

Pantheon increased its working interest from 50% to 75% in the Core Offset prospect encompassing c.8,000 acres comprising the majority of the core offset acreage in Tyler County. The P50 prospective resource estimate for the offset was estimated in 2014 to be 93 mmmboe in the Eagle Ford sandstone. The zones also offer potential for the Austin Chalk, Wilcox and Navarro.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2017**

In January 2018 it was announced that production had significantly declined in both the VOBM#1 and VOBM#3 wells. Extensive diagnostic analysis was undertaken in conjunction with third party specialists on the VOBM#1 well to identify the cause of the decline. It was discovered that the well bore had experienced

significant blockages and occlusions most likely as a result of having been shut-in for over 18 months. Additionally, it was discovered that the well bore has almost certainly experienced collapsed casing in the lower section of perforations. The analysis confirmed the belief that the cause of the production decline was a result of the specific well bore conditions and does not diminish the potential of the Eagle Ford sandstone reservoir on the acreage.

GLOSSARY

bbl	barrel of oil	mcf	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
bwpd	barrels water per day		