

Company Number 05385506

PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2007

PANTHEON RESOURCES PLC

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PANTHEON RESOURCES PLC

DIRECTORS, SECRETARY AND ADVISERS

Directors	Susan Graham (Executive Chairman) Robert John Rosenthal (Technical Director) Justin George Hondris (Non-Executive Director) Andrew Granville Waller (Non-Executive Director) John Arthur Walmsley (Non-Executive Director)
Company Secretary	John Bottomley
Registered Office	30 Farringdon Street London EC4A 4HJ
Company Number	05385506
Auditors	UHY Hacker Young LLP Chartered Accountants St Alphage House 2 Fore Street London EC2Y 5DH
Solicitors	Watson, Farley & Williams LLP 15 Appold Street London EC2A 2HB
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Principal Bankers	Barclays Bank plc 7th Floor, United Kingdom House 180 Oxford Street London W1D 1EA
Nomad & Broker	Oriel Securities Limited 125 Wood Street London EC2V 7AN

PANTHEON RESOURCES PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Pantheon ended its financial year awaiting its first significant production and cash flow, on the brink of an active drilling programme and having refreshed and diversified its asset portfolio. This was achieved within 18 months of its initial public offering ("IPO") in April 2006. The scale of the transformation may be measured as, at the beginning of the period, drilling had not even commenced on any of the Group's exploration prospects.

The second half of the financial year was dominated by the drilling of the Wilson well, just as the first half had been focussed on the testing of the Plum Deep prospect. Success was attained at Wilson with a declaration of commerciality on 18 June 2007. At the end of the financial year work was underway to tie this well into the sales pipeline. Since the end of the financial year, Wilson has been brought on-stream and is now in an extended production test phase.

The disappointment and uncertainty created by the deeper zones at Plum Deep only served to intensify Pantheon's efforts to secure other potential high impact ventures. Since May 2007, two high impact ventures, Bullseye and South Louisiana, have been added to the portfolio, both located in Louisiana. The South Louisiana venture has had a number of benefits to Pantheon. Apart from adding another high impact project to Pantheon's portfolio, it also provided lower risk targets with the Point Clair prospect. Moreover, since the acquisition of South Louisiana, additional exploration prospects have been identified on the venture.

Pantheon continues to analyse further opportunities in conjunction with established operators. The aim is to enhance shareholder value and returns. This is in line with its stated strategy. Since the financial year end, Pantheon has farmed-into the Dunn Deep #2 well on Padre Island, which has subsequently proved a natural gas discovery. The period from farm-in to first production amounted to just over six weeks. This highlights the ability to obtain rapid cash flow and good returns in an energy-thirsty, low sovereign risk market with excellent infra-structure.

The changed asset base has led to a consideration of the resources that Pantheon needs to deploy in the future. Pantheon has maintained a strategy of keeping corporate overheads low since its IPO. However the company is now at a stage of development where additional senior management is required. The board has already been strengthened by the appointment of John Walmsley as a non-executive director in August 2007. His extensive experience in the oil and gas industry has proven invaluable in his short tenure.

With six producing wells from a total of nine wells drilled since the Company's formation and heading into a period of further drilling, the Company believes it an ideal time to appoint a Chief Executive Officer. The search is now advanced. The Company is delighted with the response which has identified several high calibre candidates to date, and detailed discussions are underway in relation to this matter. Once this key appointment is confirmed, then it should be followed by further positions.

High oil and natural gas prices may have led to a resurgence of the global oil and gas industry over the past years but they have also heralded a less welcome trend. Costs have risen, wells have been delayed due to a tight rig market and the general workforce has suffered from inexperience following years of under-investment and cut-backs. Pantheon has not been immune to these trends. Both the Wilson and Plum Deep wells recorded cost over-runs from initial budgets. While testing programmes account for some of the additional cost burden, these factors have contributed.

Since the year-end, Pantheon has raised £900,000 by way of a placing of 1,500,000 ordinary fully paid up shares at a price of 60p per share with institutional investors. This was oversubscribed. The proceeds have provided Pantheon with additional funding to help finance the drilling programmes in South Louisiana and Texas, as well as for the provision of general working capital.

PANTHEON RESOURCES PLC

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

Pantheon is now facing a period of rising production and cash flow. Drilling has commenced on the Nottoway prospect with the spudding of the Fay Weill et al well on 12 October. This well should be followed by others, Bullseye and Point Clair, over the coming months as the exploration programme gathers pace. In its relatively short time as a public company, Pantheon has made significant progress. This should provide a foundation on which to build a focused exploration and production company.

Susan Graham
19 December 2007

**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2007**

Review of Operations

Pantheon's production for its financial year ended 30 June 2007 averaged 47 thousand cubic feet per day ("mcf"). First production was achieved on 29 September 2006 with the start-up of the Zebu discovery. All output arose from four fields, all within the Project Wharton venture

PI Project Area

Wilson

The Kindee ST 949 #1 well on the Wilson structure was spudded on 7 February 2007. This well was declared commercial on 18 June 2007 following the discovery of natural gas in the main objective and the preliminary analysis of test results in early June. At the end of the financial year work was underway to tie this well into the sales pipeline.

As a result of the extensive technical difficulties encountered whilst drilling the well, the Wilson partners decided to complete the well for commercial production in the bottom zone alone. Well bore conditions were considered sufficiently poor to restrict testing of two other zones further up from the main objective.

The Operator has provided initial estimates of potential recoverable natural gas volumes for the main objective zone alone. These are estimated to be between 8 to 20 billion cubic feet ("bcf"). This range compares with pre-drill gross best estimate potential reserves (previously described as "P50 potential reserves") of 9 bcf for the entire prospect. This was assessed by Pantheon's independent technical adviser at the time of the initial public offering.

These reserve estimates are not definitive. This is attributable to the poor quality and incomplete nature of the electric logs obtained over the zone. A final assessment requires an extended production test. It is also dependent of the results of an appraisal well once the production test results are analysed.

Wilson is the second in a multi-well programme. It is targeting three objectives with the main target being a shallow prospect in the Upper Frio system. Pantheon has increased its WI to 31.77%, subject to final documentation.

During drilling a number of technical difficulties arose which led to delays, additional costs and which also restricted the testing programme. In March 2007, a "kick" was taken and natural gas flowed to the surface in drilling through a secondary objective. Standard well control procedures were taken. The well was shut in and the drilling fluid (mud) weight increased before continuing to drill through the prospective natural gas zone. Subsequently a water influx caused the mud properties to deteriorate. This resulted in the drill string becoming stuck in the bottom of the well.

The well was deviated once the well was stabilised by the running of 9 5/8" casing. However, several attempts were made to deviate the well. Each of these was hampered by an influx of natural gas. The decision was made to cut a window in the casing at 8,200 feet through which the well would be deviated and side tracked. This was accomplished successfully.

Electric logs were run to evaluate the section that caused the natural gas "kick" and water influx. These indicated that this secondary objective was predominately water-wet with no obvious gas/water contact. It appears that the natural gas that flowed came only from the top two feet of the section. This zone was thus deemed non-commercial.

In April, the well bore collapsed during an operation to run a 7 inch liner. Efforts to free the liner were only partially successful. It was assessed that further efforts to free the remaining liner would take much longer than it would to deviate and re-drill. It was thus decided to deviate the well once more.

PANTHEON RESOURCES PLC

In May another “kick” was taken when gas flowed into the well bore and the well was shut in as required by standard well control procedures. Gas was flared at the surface and the density of the drilling fluid was increased in order to control the pressure in the well. At that point a zone above the gas zone began to take drilling fluid (circulation was lost) and lost circulation material was added to the drilling mud in order to halt the losses.

Once the well was controlled, the well was drilled to its total depth and testing commenced. Tests of the first zone (the main objective) resulted in a peak flow of 3.3 million cubic feet of natural gas through a 10/64 inch choke. The well was shut in and the choke size reduced to 8/64 inches. It was then flowed for 27 hours and achieved a final rate of 1.8 million cubic feet per day of natural gas, 3 barrels of oil per day and 56 barrels of water per day. Flow tubing pressure was 6,007 psi.

Tests have been performed on two of the remaining three shallower zones. Electric logs provided strong indications of the presence of natural gas in one zone (second shallowest). Damage to this zone is believed by the Operator to account for the apparent failure to record any significant flows of fluids during testing. This impairment may have resulted from the material used to cure the lost circulation deeper in the well bore that occurred during drilling. Mechanical difficulties impeded the testing of the separate third shallowest zone. Both of these zones will be re-investigated/tested in an appraisal well scheduled for later in 2007.

Plum Deep

The Kindee ST 212 #1 well on the Plum Deep structure commenced drilling on 1 August 2006. This well reached target depth of 16,392 feet (measured depth) on 15 November 2006. Well logging identified four natural gas bearing zones spanning 1,000 feet, which initiated a flow testing and coring programme. One of these zones was at a shallower depth than the other three. A decision was made to sidetrack the well and focus the testing programme on the three deepest zones initially.

A conventional core in a sidetrack well was retrieved. Initial analysis of this core indicated that 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 confirmed the presence of a tight reservoir formation. Preliminary determination of porosity and permeability showed this zone to be primarily water wet, and unlikely to be productive as a reservoir.

At the beginning of January 2007, a second core was taken in the deepest zone which spanned over 800 gross feet. A comprehensive logging and sampling programme was undertaken once the well reached target depth of 15,450 feet (measured depth). This programme determined that the deepest three zones in the sidetrack well were non-commercial, despite the encouraging preliminary indications. Consequently the sidetrack was plugged and abandoned.

Core analysis results were received in January 2007. These confirmed that the sands in the deep section of Plum Deep have very low permeability. This is due primarily to the presence of calcite cement. For Plum Deep, this means that the deep reservoirs sampled are non-prospective.

Accordingly, a decision has been made to take an impairment charge against this prospect relating to costs incurred up to and including 30 June 2007. This amounted to US\$7.82 million.

Murdoch/Kingsway

Pantheon was informed by the Operator of the PI Project Area that leases over both the Murdoch and Kingsway prospects were due to expire during 2007. It also indicated that it was unlikely that drilling would be initiated prior to the expiry dates. In this event, the leases would automatically lapse. Further, while the Joint Venture may reapply for the leases in question, there is no guarantee that it would be successful.

At the half year, Pantheon took the view that it would be prudent to write-down its carried forward expenditure on these leases. This led to the decision to take an impairment charge of US\$0.277 million.

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REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2007

Lemonseed

Following a review of the carrying values of all assets at year end, a decision was made to take an impairment charge for the carrying value of the Lemonseed prospect, which amounted to US\$0.135m. The company has taken the view that it is unlikely to participate in the drilling of this prospect.

Project Wharton

During the 12 months to end June 2007, six wells were drilled on Project Wharton. Four (Baptist, Caddo, Mohawk and Zebu) were successful, discovering natural gas. Two, Dakota and Kant, were plugged and abandoned as non-commercial during the period. Total impairment charges of US\$0.287 million against both the Dakota and Kant prospects have been taken.

All of Pantheon's four discoveries were brought on-stream during the period. First natural gas production to Pantheon flowed on 29 September 2006 when the Zebu field was brought on-stream. This was followed by the commissioning of the Mohawk #1 well on 1 December 2006, Caddo on 8 February 2007 and Baptist on 19 June 2007.

Pantheon's net natural gas production on a working interest basis ("WI") averaged 47.0 thousand cubic feet a day ("mcf") during the six months ended 31 December 2006. Table 1 shows Pantheon's historic monthly net production on a WI basis

Table 1: Pantheon Monthly Natural Gas Production on Working Interest Basis (mcf)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2006									2	34	28	35
2007	42	95	108	80	61	81						

Zebu (Pantheon 9.375%): Zebu #1 was discovered in August 2006 and commenced production on 29 September 2006. Zebu discovered natural gas in two Frio sands. The decision was made to produce from the deeper zone at around 4,280 feet ("ft"). The primary objective, which encountered natural gas at around 3,750 ft, remains to be completed for production. The Joint Venture intends to produce from the secondary zone until depleted and then complete the primary zone higher up the well bore.

Dakota (Pantheon 18.75%): Dakota #1 was plugged and abandoned as non-commercial in late September 2006. Both natural gas and formation water were recovered from three zones.

Mohawk (Pantheon 18.75%): Mohawk #1 was discovered in October 2006 and brought on-stream on 1 December 2006. Mohawk #1 encountered natural gas in both its primary and secondary Frio objectives.

Caddo (Pantheon 18.75%): Caddo #1 encountered natural gas in a shallow Frio formation at around 4,470 ft and was completed for production testing in November, 2006.

Kant (Pantheon 18.75%): This well was plugged and abandoned as non-commercial in early January 2007, having spudded in late December 2006. Hydrocarbons were present in the primary objective. However the well was deemed non-commercial due to low natural gas saturation and thin reservoir sands.

Baptist (Pantheon 11.25%): Baptist #1 well encountered natural gas in both its primary and secondary objectives in early April 2007. The Baptist #1 well was drilled to test a large Frio seismic amplitude anomaly revealed by the Shell East Graceland 3D (vintage 1996). Baptist was commissioned on 19 June 2007.

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REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2007

South Louisiana

In May 2007, Pantheon added another oil and natural gas exploration venture to its portfolio. Pantheon farmed-into a project in Iberville Parish, Louisiana, south of Baton Rouge. This venture is operated by Petro-Hunt LLC (“Petro-Hunt”), the oil and gas arm of the Hunt brothers, based in Dallas. PetroHunt has also farmed into this project with a 60% working interest (“WI”).

The farm-in covers two prospects; Nottoway and Point Clair. The project combines lower risk prospects at Point Clair with high impact, moderate risk targets at Nottoway. The prospects are considered to be a large oil play.

The addition of the South Louisiana venture has a double benefit to the Company. First, with the Nottoway prospect, Pantheon adds another high impact project to Pantheon’s portfolio, adding a balanced diversification to the Padre Island Project. Secondly, there is the advantage of this venture providing lower risk targets with Point Clair.

Pantheon is participating with a 7.5% working interest, carrying the farm-out companies for a 25% back-in after project payout (“BIAPPO”). All costs will be recovered by Pantheon prior to back-in by the farm-out partners and no revenues will be received by these companies until Pantheon attains payout. In the event of Pantheon electing to drill a second or subsequent well, the same terms apply. If such drilling occurs prior to payout then costs would accrue and the back-in deferred until all costs are recovered.

There is a four well commitment on this project. However, it is critical to note that Pantheon would be able to withdraw from the project at any time without penalty. In the event of a success with the first well and subsequent withdrawal from the project, i.e. without drilling the second well of the commitment, then Pantheon would have earned the acreage. This four well programme would combine higher reward prospects with low risk smaller prospects.

Bullseye

In July 2007, Pantheon added a third high impact oil and natural gas exploration venture to its portfolio. Pantheon farmed-into a project in Iberia Parish, Louisiana, south of Baton Rouge. This is located to the south-west of and adjacent to Iberville Parish, where Pantheon has farmed-into the South Louisiana venture.

Pantheon is participating with a 15% working interest (“WI”), carrying the farm-out company, Hawkeye Stratigraphic Inc., for a 25% back-in to casing point. At this point Hawkeye may elect to participate in the well. If this occurs, Pantheon’s working interest would fall to 11.25% and its net revenue interest would be approximately 8.08%.

The farm-in covers one prospect, Bullseye, with leases covering 1,700 net acres. The Bullseye prospect is testing deeper untested fault blocks on the crest of the Laurel Ridge field. Laurel Ridge is a “turtle” (inverted basin) feature discovered in 1944 by Humble Oil (ExxonMobil).

At Bullseye the intention is to test two deeper geo-pressured targets with one vertical well. The targets are in the Miocene (Miogyp) and Oligocene (Cib Haz) between 12,400 feet (“ft”) and 13,500 ft on the crest of the Laurel Ridge anticline. These have combined gross best estimate potential reserves (previously described as “P50 potential reserves”) of 12.5 million barrels (“mmbo”) of liquids and 33 billion cubic feet (“bcf”) of natural gas

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REVIEW OF OPERATIONS FOR THE YEAR ENDED 30 JUNE 2007

The Bullseye prospect's principal attributes may be characterised as:

- Two independent traps mapped by 3D seismic calibrated to the lithology
- An offset well with logs indicating both pay and hydrocarbon shows
- Numerous successful direct local analogs for prospects similar to Bullseye in terms of seismic characteristics and trap geometries

Post-Balance Sheet Events

Appointment of Director

On 1 August 2007, Pantheon announced the appointment of Mr John Walmsley as a director of the company. Mr Walmsley's extensive experience in the oil and gas industry has proven invaluable since his appointment.

Capital Raising

Since the year-end, Pantheon has raised £900,000 by way of a placing of 1,500,000 ordinary fully paid up shares at a price of 60p per share with institutional investors. This was oversubscribed. The proceeds have provided Pantheon with additional funding to help finance the drilling programmes in South Louisiana and Texas, as well as for the provision of general working capital.

Dunn Deep #2

In early August 2007, Pantheon farmed-into an appraisal/development well of the Mid-Frio La Playa #1 natural gas find ("Dunn Deep #1"). Although located on Padre Island, Dunn Deep #2 is separate from the Padre Island Joint Venture. Pantheon had a 10% paying interest to earn approximately a 7.5% working interest ("WI"). This equated to a one-third for one-quarter farm-in. This represented very favourable terms relative to normal industry agreements for a farm-in to a development well. It should be noted that Pantheon does not have an interest in Dunn Deep #1. The operator is BNP, a private Texas-based company.

The Dunn Deep #2 well commenced drilling on 15 August, 2007. The main objective in Dunn Deep #2 was the Marg Tex 35 formation. This is the same zone as that tested successfully at the Wilson discovery. Planned total measured depth of 10,542 feet was achieved and electric logs were run. Net pay of 20 feet was encountered within a 50 feet gross interval in the main objective. No flow testing was undertaken. On 7 September 2007, it was announced that Dunn Deep#2 would be completed as a natural gas producer.

Dunn Deep #2 came on-stream on 17 September 2007, less than two weeks from confirmation of a commercial discovery. An early hook-up to the sales grid was achievable as the well had been drilled from an existing site.

Initial gross production from the field was 3 million standard cubic feet of gas per day and 60 barrels a day of condensate. This has risen to a stabilised rate of 4.8 mmcf/d of natural gas.

Wilson

Subsequent to the financial year-end, Pantheon has seen the start-up of the Wilson #1 well on 10 September 2007 in which it has a 31.77% working interest. Initial gross output from Wilson was 2.5 mmcf/d of natural gas.

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**REVIEW OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2007**

Production

Subsequent to the financial year-end, Pantheon has seen the commencement of production from two of its wells located on Padre Island. These have augmented existing output from the four producing wells on Project Wharton. Average production to Pantheon for the July to September period was 359 mcf on a working interest basis compared with the 74.1 mcf averaged for the previous three month period. Table 2 provides a quarterly breakdown of production.

Table 2 :Pantheon Quarterly Natural Gas Production on Working Interest Basis (mcf)

	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)
2006	0.7	32.3	81.7	74.1
2007	359.2			

South Louisiana

The first well on Pantheon’s South Louisiana venture, Fay Weil Ross et al #1, commenced drilling on 12 October 2007. This well is scheduled to be a 15,498 feet test of the Nottoway Prospect, a salt feature unknown until a new 3D seismic survey was shot in late 2005. This well is located to the south of Baton Rouge near the small community of White Castle, Louisiana.

On 17 December it was announced that the well had reached a measured depth (“MD”) of 12,025 feet at which point 7 5/8 inch casing is being set. The target horizons have yet to be reached. Hydrocarbon shows were encountered in the mud logs in shallower zones. These shallower zones have been logged. The results of these electric logs suggest the presence of a thin hydrocarbon pay zone.

Two factors should be highlighted. First, these shows were encountered in a reservoir that was not considered either a primary or secondary objective prior to drilling. Secondly, the occurrence of hydrocarbons at this shallower depth should not be interpreted as an indication of the presence of hydrocarbons in either the primary or secondary zone.

The Nottoway Prospect is located between two existing oil and gas fields, White Castle Dome and Laurel Ridge. Deeper exploration was undertaken on both fields in 2006. New discoveries were made in both White Castle Dome and Laurel Ridge Field in the deeper Oligocene section in 2006. Similar zones are objectives in the Nottoway Prospect.

Padre Island

Pantheon notes that BNP and Golden Gate Petroleum are in current discussions concerning the terms and conditions for the drilling of the Manzano well. Following the outcome of these discussions Pantheon will gain greater visibility on the timing of this well.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The Directors present their report together with the audited accounts of Pantheon Resources Plc (“Pantheon” or “the Company”) and its subsidiary undertakings (together “the Group”) for the year ended 30 June 2007.

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 the investment in oil and gas exploration and development. The Group operates in its parent undertaking and in the USA 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 page 18. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2007.

Use of financial instruments

Pantheon’s financial risk management objectives are to minimise debt, to fund exploration activity through equity financing and to ensure sufficient working capital for the Group’s overhead and capital expenditure commitments. This is achieved by prudent financial management and careful management of the Group’s cash balances, both short and long term. The Group does not use derivative financial instruments. The financial risk management objectives and policies of the Group set out in Note 18 of the Financial Statements include the Group’s exposure to price, liquidity and credit risk.

Information to shareholders – website

The Group maintains its own website (www.pantheonresources.com) to facilitate provision of information to external stakeholders and potential investors and to meet the new AIM guidance.

Group structure and changes in share capital

Details of movements in share capital during the period are set out in Note 14 to these accounts.

Directors

The following Directors held office during the period:

Susan Graham (Executive Chairman)

Robert John Rosenthal (Technical Director)

Justin George Hondris (Non-Executive Director)

Andrew Granville Waller (Non-Executive Director)

John Arthur Walmsley (Non-Executive Director) (Appointed 31 August, 2007)

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

Directors' interests

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

Name	30 June 2007	30 June 2006
	Number of Ordinary shares of £0.01	Number of Ordinary shares of £0.01
S Graham	14,925	14,925
R Rosenthal*	1,800,000	1,800,000
J Hondris	250,000	250,000
A Waller**	450,000	450,000
J A Walmsley	Nil	Nil

* Held by SAPS Overseas Limited (a company in which R Rosenthal is interested)

** 200,000 of these ordinary shares are held by Rosepoint Capital Pty Limited (a company in which A Waller is interested)

Share options

Share options over ordinary shares of £0.01 held by directors on 30 June 2007 were as follows:

Exercise price	Number of options				Total
	£1.00	£1.25	£1.50	£2.00	
S Graham	250,000	250,000	200,000	200,000	900,000
R Rosenthal	-	-	150,000	150,000	300,000
J Hondris	-	-	150,000	150,000	300,000
A Waller	-	-	150,000	150,000	300,000

Report on Directors' remuneration and service contracts

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

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 £	2007 Total £
S Graham	44,269	5,731	-	50,000
R Rosenthal	44,269	5,731	-	50,000
J Hondris	37,002	4,665	-	41,667
A Waller	25,000	-	-	25,000
	<u>150,540</u>	<u>16,127</u>	<u>-</u>	<u>166,667</u>

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

Substantial shareholders

The Company has been notified, in accordance with Sections 198 to 202 of the Companies Act 1985, of the under noted interests in its ordinary shares as at 18 December 2007:

	Number of Ordinary shares	% of Share Capital
SAPS Overseas Limited	1,800,000	10.56%
HSBC Global Custody Nominee (UK) Limited	1,500,000	8.80%
Barclayshare Nominees Limited	1,371,685	8.04%
BBHISL Nominees Limited	1,050,000	6.16%
Ilanda Associates Limited	850,000	4.98%
Jim Nominees Limited	816,000	4.79%
TD Waterhouse Nominees (Europe) Limited	777,109	4.56%
L R Nominees Limited	622,110	3.65%
HSBC Client Holdings Nominee (UK) Limited	601,000	3.52%
Nutraco Nominees Limited	554,167	3.25%
Morstan Nominees Limited	520,000	3.05%

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 year ended 30 June 2007.

Remuneration and Audit committees

The company does not at present operate a Remuneration committee. It is expected that such a committee will be established in the forthcoming year as the company grows.

The audit committee meets twice per year to discuss half yearly and annual results. For the annual results, the independent auditors, UHY Hacker Young LLP, are invited to discuss the results and their assessment of internal controls.

The Chairman of the Audit committee is John Walmsley, and the other participating member is Justin Hondris.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

Statement of directors' responsibilities

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

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of disclosure to the auditors

So far as the Directors are aware:

- a) there is no relevant audit information of which the Company's auditors are unaware; and
- b) all the Directors have taken 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

On 30 April 2007 the Company's auditors, UHY Hacker Young, transferred their business into a limited liability partnership, UHY Hacker Young LLP ("the LLP"), and the office of auditor has passed to the LLP. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that UHY Hacker Young LLP be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

By order of the board

**Justin Hondris
Director**

19 December 2007

**DIRECTORS' BIOGRAPHIES
FOR THE YEAR ENDED 30 JUNE 2007**

Susan Graham, Chairman

Susan Graham has many years experience in the oil and gas sector. She joined Merrill Lynch in 1986 and was Managing Director and Global Head of the Energy Team from 1998 until her retirement in 2003. During her 27 year City career, she gained extensive experience in both primary and secondary equity markets on a global basis. This involved lead roles in the privatisations of British Gas, Britoil, CNOOC, Elf Aquitaine, ENI, MOL, Norsk Hydro, OMV, Petrobras, Repsol, Total and YPF. She assisted in the introduction of Enterprise Oil and LASMO to US markets and was also involved in M&A activity including Total's mergers with PetroFina and Elf.

She has an M.A. in Chemistry from Lady Margaret Hall, Oxford and an MSc in Forensic Archaeological Science from University College London. She is a member of the Securities Institute and the National Association of Petroleum Investment Analysts.

Robert Rosenthal, Technical Director

Robert Rosenthal is an exploration geologist with over 32 years experience in the sector. Beginning his career with Exxon USA, he spent 15 years with BP attaining the position of Global Consultant for Exploration (World Wide) reporting directly to the Chief Geologist and General Manager for global exploration. He has been involved with the formation of several Australian Stock Exchange ("ASX") listed oil and gas exploration companies which have made discoveries in Texas, California and Oklahoma.

He completed both his BS Geology (1974) and MSc Geology (1977) at the University of Southern California.

Justin Hondris, Director

Justin Hondris brings international experience in Private Equity management, corporate finance and investment banking. He previously qualified as a Chartered Accountant (although is no longer an active member), and as an Associate of the Securities Institute of Australia. He spent nearly 5 years at Cazenove & Co, in London, and prior to that at Hartley Poynton, an Australian based investment bank with a strong presence in the junior resources sector. He is a member of Pantheon's Audit Committee.

Andrew Waller, Director

Andrew Waller has extensive public company experience spanning various sectors, although heavily weighted towards the mining sector in areas including oil and gas, uranium, gold and chrome. He also brings relevant skills in capital raising and project management, in Europe, Africa and Australasia.

John Walmsley, Director

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

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PANTHEON RESOURCES PLC
FOR THE YEAR ENDED 30 JUNE 2007**

We have audited the Group and Parent Company financial statements (the "financial statements") of Pantheon Resources plc for the year ended 30 June 2007 which comprise the Group income statement, the Group and Parent Company statements of changes in equity, 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 in accordance with the basis and 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union are set out in the Statement of Responsibilities of Those Charged with Governance.

Our responsibility is to audit the financial statements in accordance with the 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 information given in the Directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, 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 with the Company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, Review of Operations and 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 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group'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.

**INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2007 and of the Group's loss for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by 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 2007;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

UHY Hacker Young LLP

19 December 2007

Chartered Accountants
Registered Auditors

St. Alphage House
2 Fore Street
London, EC2Y 5DH

PANTHEON RESOURCES PLC

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	2007 £	2006 £
Turnover	3	23,693	-
Cost of sales		(877)	-
Gross profit		22,816	-
Administrative expenses before share based payments and impairment losses		(427,679)	(238,536)
Share based payments	19	(487,540)	(161,513)
Impairment of intangible assets	12	(4,438,420)	-
Total administration expenses	4	(5,353,639)	(400,049)
Operating loss	4	(5,330,823)	(400,049)
Finance revenue	6	235,789	60,535
Loss before taxation		(5,095,034)	(339,514)
Taxation	7	-	-
Loss for the year		(5,095,034)	(339,514)
Loss per ordinary share – basic and diluted	2	(32.76)p	(8.33)p

The comparative amounts represent 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.

PANTHEON RESOURCES PLC

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Share capital £	Share premium £	Retained earnings £	Currency reserve £	Equity reserv	Total £
Group						
At 1 July 2006	155,524	9,698,748	(339,514)	-	161,51	9,676,271
Net loss for the year	-	-	(5,095,034)	-	-	(5,095,034)
Foreign currency	-	-	-	(234,275)	-	(234,275)
Share based payment	-	-	-	-	487,54	487,540
Balance at 30 June 2007	155,524	9,698,748	(5,434,548)	(234,275)	649,05	4,834,502
Company						
At 1 July 2006	155,524	9,698,748	(301,025)	-	161,51	9,714,760
Net loss for the year	-	-	(4,969,235)	-	-	(4,969,235)
Share based payment	-	-	-	-	487,54	487,540
Balance at 30 June 2007	155,524	9,698,748	(5,270,260)	-	649,05	5,233,065

PANTHEON RESOURCES PLC

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007**

	Notes	2007 £	2006 £
Fixed assets			
Intangible fixed assets	12	3,792,161	1,818,024
Tangible fixed assets	13	249,566	-
		<u>4,041,727</u>	<u>1,818,024</u>
Current assets			
Trade and other receivables	9	69,049	109,907
Cash and cash equivalents	10	1,447,432	8,409,699
		<u>1,516,481</u>	<u>8,519,606</u>
Creditors: amounts falling due within one year	11	<u>723,706</u>	<u>661,359</u>
Net current assets		<u>792,775</u>	<u>7,858,247</u>
Total assets less liabilities		<u>4,834,502</u>	<u>9,676,271</u>
Capital and reserves			
Called up share capital	14	155,524	155,524
Share premium account		9,698,748	9,698,748
Retained losses		(5,434,548)	(339,514)
Currency reserve		(234,275)	-
Equity reserve		<u>649,053</u>	<u>161,513</u>
Shareholders' funds		<u>4,834,502</u>	<u>9,676,271</u>

The financial statements were approved by the Board on 19 December 2007

Justin Hondris
Director

PANTHEON RESOURCES PLC

**COMPANY BALANCE SHEET
AS AT 30 JUNE 2007**

	Notes	2007 £	2006 £
ASSETS			
Fixed assets			
Tangible fixed assets	12	2,077	-
Debtors: amounts falling due after one year	9	3,801,339	1,240,113
Current assets			
Trade and other receivables	9	60,098	109,907
Cash and cash equivalents	10	1,434,390	8,409,699
		1,494,488	8,519,606
Creditors: amounts falling due within one year	11	64,839	44,959
Net current assets		1,429,649	8,474,647
Total assets		5,233,065	9,714,760
Capital and reserves			
Called up share capital	14	155,524	155,524
Share premium account		9,698,748	9,698,748
Retained losses		(5,270,260)	(301,025)
Equity reserve		649,053	161,513
Shareholders' funds		5,233,065	9,714,760

The financial statements were approved by the Board on 19 December 2007

Justin Hondris
Director

PANTHEON RESOURCES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2006 £
Net cash (outflow)/ inflow from operating activities	15	(424,943)	312,916
Cash flows from investing activities			
Interest received		235,789	60,535
Acquisition of tangible fixed assets		(2,769)	-
Net funds used for capital expenditure		(6,536,068)	(1,818,024)
Net cash inflow from investing activities		(6,303,048)	(1,757,489)
Cash flows from financing activities			
Proceeds from issue of shares		-	10,420,061
Issue costs		-	(565,789)
Net cash inflow from financing activities		-	9,854,272
Net (decrease)/increase in cash and cash equivalents		(6,727,991)	8,409,699
Effect of foreign currency translation reserve		(234,276)	
Cash and cash equivalents at the beginning of the year		8,409,699	-
Cash and cash equivalents at the end of the period	10	1,447,432	8,409,699

PANTHEON RESOURCES PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 £	2006 £
Net cash (outflow)/ inflow from operating activities	15	(424,454)	(155,087)
Cash flows from investing activities			
Interest received		235,789	60,535
Acquisition of tangible fixed assets		(2,769)	-
Loans to group companies		(6,783,875)	(1,350,021)
Net cash inflow from investing activities		(6,550,854)	(1,289,486)
Cash flows from financing activities			
Proceeds from issue of shares		-	10,420,061
Issue costs		-	(565,789)
Net cash inflow from financing activities		-	9,854,272
Net (decrease)/increase in cash and cash equivalents		(6,975,309)	8,409,699
Cash and cash equivalents at the beginning of the year		8,409,699	-
Cash and cash equivalents at the end of the period	10	1,434,390	8,409,699

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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 year ended 30 June 2007 were authorised for issue by the board of Directors on 19 December 2007 and the balance sheets were signed on the Board’s behalf by Mr J Hondris.

The group financial statements are presented in UK pounds sterling.

In accordance with the provisions of the Section 230 of the Companies Act 1985, the Company has not presented a profit and loss account. A loss for the year ended 30 June 2007 of £4,969,235 (2006: loss for period of £301,025) has been included in the income statement.

1.2. Basis of consolidation

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

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

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

1.3. Revenue

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

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

1.4. Foreign currency translation

(i) Functional and presentational currency

Items included in the Group's financial statements are measured using United States Dollars ("US\$"), which is the currency of the primary economic environment in which the Group operates ("the functional currency"). The financial statements are presented in Pounds Sterling ("£"), which is the functional currency of the Company and is the Group's presentation currency.

The individual financial statements of each Group company are presented in the functional currency of the primary economic environment in which it operates.

(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.

1.5. 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.

1.6. 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

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1.8. 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.

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

The cost of other fixed assets is written off by equal annual instalments over their expected useful lives, as follows:

Office equipment – two years.

1.9. 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 18 to the accounts.

1.10. Share based payments

In the prior year the Company made share-based payments to certain directors and advisers by way of issue of share options. The fair value of these payments is calculated by the Company using the Black-Scholes option pricing model. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest.

1.11. Critical accounting estimates and judgements

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

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

Impairment of intangible assets

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1.11. Critical estimates and judgements (continued)

Expenditure and Development

Expenditure and development costs are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. If the amount of economically proven reserves varies, this will impact on the amount of the asset which should be carried on the balance sheet.

Share based payments

The Group records charges for share based payments.

For option based share based payments management estimate certain factors used in the option pricing model, including volatility, exercise date of options and number of options likely to be exercised. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves.

1.12. New standards and interpretations not applied

During the year, the IASB and IFRIC have issued a number of new standards, amendments and interpretations with an effective date after the date of these financial statements. Of these, only the following are expected to be relevant to the Group:

IFRS 7	Financial instruments: Disclosures	1 January 2007
IFRS 8	Operating segments	1 January 2009
IAS1	Presentation of Financial Statements: Capital Disclosures	1 January 2007
IFRIC 10	Interim Financial Information and Impairment	1 November 2006

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2. Loss per share

The basic loss per share of 32.76p (2006: 8.33p) for the Group is calculated by dividing the loss for the year by the weighted average number of ordinary shares in issue of 15,552,329 (2006: 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 19.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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.

All turnover relates to income from the Group's oil and gas assets and is derived from the United States.

The loss for the year is analysed by geographical area as follows:

Geographical segment (Group)	United Kingdom	United States	Total
	£	£	£
Turnover:	-	23,693	23,693
Cost of sales	-	(877)	(877)
Interest receivable	235,789	-	235,789
Impairment of investment	-	(4,438,420)	(4,438,420)
Share-based payments	(487,540)	-	(487,540)
Administration expenses	(406,198)	(21,481)	(427,679)
Loss before taxation	(657,949)	(4,437,085)	(5,095,034)

The net operating assets are analysed by geographical area as follows:

Geographical segment (Group)	United Kingdom	United States	Total
	£	£	£
Developed oil & gas properties	-	247,489	247,489
Exploration and development costs	-	3,792,161	3,792,161
Fixed assets	2,077	-	2,077
Trade and other receivables	60,098	8,951	69,049
Cash and cash equivalents	1,447,432	-	1,447,432
Trade and other payables	(64,837)	(658,869)	(723,706)
Net assets	1,444,770	3,389,732	4,834,502

4. Operating loss

	2007	2006
	£	£
This is stated after charging:		
Auditors' remuneration		
- In capacity as auditor (group and company)	12,000	8,000
- Other services pursuant to legislation	4,962	-
Foreign exchange loss	-	38,489

5. Directors' emoluments

	2007	2006
	£	£
Wages and salaries	150,540	121,875
Social security costs	16,127	9,642
	166,667	131,517

There are no employees other than the Directors.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

6. Finance revenue

	2007	2006
	£	£
Bank interest	235,789	60,535

7. Taxation

	2007	2006
	£	£
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(5,095,034)	(339,514)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax of 30.00%	(1,528,510)	(101,854)
Effects of:		
Non deductible expenses	153,762	12,445
Timing differences not recognised		48,454
Tax losses carried forward	1,374,748	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.

8. Subsidiary entities

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

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

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.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

9. Trade and other receivables

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Amounts falling due within one year:				
Trade receivables	8,951	-	-	-
Prepayments and accrued income	54,286	73,457	54,286	73,457
Other receivables	5,812	36,450	5,812	36,450
	<u>69,049</u>	<u>109,907</u>	<u>60,098</u>	<u>109,907</u>

Amounts falling due after more than one year :

Amount due from subsidiary undertakings	-	-	3,801,339	1,240,113
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10. Cash and cash equivalents

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Cash at bank and in hand	1,447,432	8,033,232	1,434,390	8,033,232
Cash equivalents	-	376,467	-	376,467
	<u>1,447,432</u>	<u>8,409,699</u>	<u>1,434,390</u>	<u>8,409,699</u>

11. Trade and other payables

	Group 2007 £	Group 2006 £	Company 2007 £	Company 2006 £
Trade creditors	1,005		1,005	
Other payables	-	36,959	-	36,959
Accruals	722,701	624,400	63,834	8,000
	<u>723,706</u>	<u>661,359</u>	<u>64,839</u>	<u>44,959</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

12. Intangible assets

	Exploration and development costs £
Group	
Cost	
At 30 June 2006	1,818,024
Additions	6,536,068
Reclassified to Tangible assets	(268,823)
	<hr/>
At 30 June 2007	8,085,269
	<hr/>
Impairment	
At 30 June 2006	-
Impairment during the period	4,438,420
Foreign exchange movement	(145,312)
	<hr/>
At 30 June 2007	4,293,108
	<hr/>
Net book value	
	3,792,161
At 30 June 2007	<hr/> <hr/>
At 30 June 2006	<hr/> <hr/>

The Company had no intangible assets at either 30 June 2007 or 30 June 2006.

13. Tangible assets

	Developed Oil & Gas Properties £	Office Equipment £	Total £
Group			
Cost			
At 30 June 2006	-	-	-
Reclassified from Intangible assets	268,823	-	268,823
Additions	-	2,769	2,769
	<hr/>	<hr/>	<hr/>
At 30 June 2007	268,823	2,769	271,592
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation			
At 30 June 2006	-	-	-
Depreciation for the year	21,334	692	22,026
	<hr/>	<hr/>	<hr/>
At 30 June 2007	21,334	692	22,026
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
At 30 June 2007	247,489	2,077	249,566
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2006	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

13. Tangible assets (continued)

	Office Equipment £
Company Cost	
At 30 June 2006	-
Additions	<u>2,769</u>
At 30 June 2007	<u><u>2,769</u></u>
Depreciation	
At 30 June 2006	-
Depreciation for the year	<u>692</u>
At 30 June 2007	<u><u>692</u></u>
Net book value	
At 30 June 2007	<u><u>2,077</u></u>
At 30 June 2006	<u><u>-</u></u>

	2007 £	2006 £
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14. Called up share capital

Authorised:		
1,000,000,000 ordinary shares of £0.01 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, issued and fully paid:		
15,552,329 ordinary shares of £0.01 each	<u><u>155,524</u></u>	<u><u>155,524</u></u>

There were no changes to the issues share capital during the year.

15. Net cash (outflow)/ inflow from operating activities

	G1	G1
Operating loss	(5,330,823)	(400)
Impairment	4,438,420	
Depreciation	22,027	
Cost of issuing share options	487,540	161
Decrease/(increase) in trade and other receivables	40,858	(109)
Increase in trade and other payables	<u>62,347</u>	<u>661</u>
Net cash (outflow)/ inflow from operating activities	<u><u>(424,943)</u></u>	<u><u>312</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

15. Net cash (outflow)/ inflow from operating activities (continued)

	Compl	Compl
Operating loss	(5,205,023)	(361)
Impairment	4,289,948	
Depreciation	692	
Cost of issuing share options	487,540	161
Decrease/(increase) in trade and other receivables	49,809	
Increase in trade and other payables	19,880	44
Net cash (outflow)/ inflow from operating activities	(424,454)	(155)

16. Control

No one party is identified as controlling the Company

17. Decommissioning expenditure

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

18. Financial instruments

At 30 June 2007, the Group had cash on one month term deposits of £nil (2006:£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 2007 %	Fixed interest rate 2007 £	Non - Interest Bearing 2007 £
<i>Financial assets:</i>			
Cash on Deposit	4.1	1,434,390	-

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

18. 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.

19. Share based payments

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

	Group 2007	Group 2006	Company 2007	Company 2006
	£	£	£	£
Cost of issuing share options	487,540	161,513	487,540	161,513

	Value	Number of
Exercise price	Pence	Options granted and held at 30 June 2007
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%
Vesting period	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.

20. Post balance sheet events

Appointment of Director

On 1 August 2007, Pantheon announced the appointment of Mr John Walmsley as a director of the company. Mr Walmsley's extensive experience in the oil and gas industry has proven invaluable since his appointment.

Capital Raising

On 21 November, 2007 Pantheon raised £900,000 by way of a placing of 1,500,000 ordinary fully paid up shares at a price of 60p per share with institutional investors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

20. Post balance sheet events (continued)

Issue of Options to new Director

On 2 November, 2007 Pantheon granted options to subscribe for 300,000 shares to its newly appointed director, Mr John Walmsley. The price payable for these shares is 100p for the first 100,000 shares, 150p for the second 100,000 shares and 200p for the remaining 100,000 shares.

New Projects

On 17 July, 2007 Pantheon announced its farm-in to the Bullseye prospect in Louisiana, and on 7 August 2007 Pantheon farmed into a development well at Padre Island which was subsequently announced as a discovery. On 16 October, 2007 Pantheon announced the spudding of the Fay Weil Ross et al#1 well designed to test the Nottoway prospect. This well is still currently being drilled.