PANTHEON RESOURCES PLC

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

Pantheon Resources plc (“Pantheon” or “the Company”) presents its interim results for the six months ended 31 December 2013.

Pantheon reports a loss of £337,676 for the six months to end 31 December 2013 compared with a similar loss of £339,471 for the six months to end 31 December 2012. This reflects the Company’s rigorous cost control in order to preserve capital during a period of relative operational inactivity as extended negotiations have ensued over the licence arrangements in respect of the Tyler County Joint Venture.

The recently established General Electric Financial Services/Vess Eagleford shale/Woodbine acreage play west of Tyler County has heightened interest in the region. Declining US natural gas inventories and strengthening gas prices further enhance the long term value of acreage in the region. Pantheon has reported that an Asian group has been negotiating to farm-in to the Tyler County Joint Venture. Its period of exclusivity has now expired. This has permitted Vision Gas Resources LLC, the operator, to authorise another large international company to enter the data room. This company is currently evaluating the information. Additionally, another entity is currently assessing the opportunity.

In addition, Mr Art Berman has provided an independent review of the potential of the Tyler County Joint Venture acreage containing the Kara Farms prospect. Mr Berman is a well respected, independent consulting geologist with over 30 years of geological experience in the oil and gas industry with an M.S. (Geology) from the Colorado School of Mines. Mr Berman has concluded that on a P50 basis, the Kara Farms prospect has the potential to contain gross prospective recoverable resources of 14 million barrels of oil (“mmbo”) and 350 billion cubic feet of gas (“bcfg”) from the Eagleford/Woodbine feature. This estimate, prepared in accordance with the Petroleum Resource Management System guidelines produced by the Society of Petroleum Engineers, is broadly in line with Pantheon’s earlier statements that the Kara Farms acreage has the potential to contain a field similar in size to that of the Double A Wells field. The Double A Wells field has produced an estimated 20 mmbo and 415 bcfg to date.

The Company also announces that after eight years, Sue Graham will be stepping down from the Board at the end of Pantheon’s current financial year.

“I have long believed that there is a finite time for all things and after eight years I judged that it was now the right time to move on from Pantheon and gain fresh perspectives. I have cherished my time as a Board member which commenced before the Company's flotation on AIM in April 2006 and which has encompassed many changes and challenges. I am pleased to leave Pantheon in capable hands."

Financial Review

For the period ended 31 December 2013 the Group made a loss of £337,676 (unaudited) compared with a loss of £339,471 (unaudited) for the equivalent period of last year.

Cash and cash equivalents as at 31 December 2013 were £967,005. Additionally, the Group has paid US$2.5 million back costs and has prepaid over US$400,000 in direct costs towards the next Tyler County Joint Venture well. The Company remains fully funded for the expected costs of this upcoming well.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2013

	6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	Year ended 30 June 2013 (audited) £
Continuing operations			
Revenue	2,596	-	7,541
Cost of sales	(6,845)	-	(7,353)
Gross (loss)/profit	(4,249)	-	188
Administrative expenses	(333,698)	(341,674)	(702,020)
Operating loss	(337,947)	(341,674)	(701,832)
Interest receivable	271	1,212	1,737
Loss before taxation	(337,676)	(340,462)	(700,095)
Taxation	-	-	-
Loss for the period from continuing operations	(337,676)	(340,462)	(700,095)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	-	991	-
Total profit/(loss) from discontinued operations	-	991	-
Loss for the period	(337,676)	(339,471)	(700,095)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2013

		6 months ended 31 December 2013 (unaudited) £	6 months ended 31 December 2012 (unaudited) £	Year ended 30 June 2013 (audited) £
Loss for the period		(337,676)	(339,471)	(700,095)
Other comprehensive (loss)/income for the period:				
Exchange differences from translating foreign currency		(416,525)	(188,948)	169,829
Total comprehensive (loss)/income for the year		(754,201)	(528,419)	(530,266)
Loss per ordinary share – basic and diluted from continuing operations	(note 2)	(0.33)p	(0.33)p	(0.69)p
Loss per ordinary share - basic and diluted from discontinued operations	(note 2)	-	(0.00)p	-
Loss per ordinary share - basic and diluted from continuing and discontinued operations	(note 2)	(0.33)p	(0.33)p	(0.69)p

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2013

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Group						
At 30 June 2013	1,020,998	21,915,804	(18,481,105)	819,078	55,335	5,330,110
Net loss for the period	-	-	(337,676)	-	-	(337,676)
Other comprehensive income:						
Foreign currency translation	-	-	-	(416,525)	-	(416,525)
Total comprehensive income for the period	-	-	(337,676)	(416,525)	-	(754,201)
Balance at 31 December 2013	1,020,998	21,915,804	(18,818,781)	402,553	55,335	4,575,909

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2012

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Group						
At 30 June 2012	1,020,998	21,915,804	(17,831,710)	649,249	106,035	5,860,376
Net loss for the period	-	-	(339,471)	-	-	(339,471)
Other comprehensive income:						
Foreign currency translation	-	-	-	(188,948)	-	(188,948)
Total comprehensive income for the period	-	-	(339,471)	(188,948)	-	(528,419)
Balance at 31 December 2012	1,020,998	21,915,804	(18,171,181)	460,301	106,035	5,331,957

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Group						
At 30 June 2012	1,020,998	21,915,804	(17,831,710)	649,249	106,035	5,860,376
Net loss for the year	-	-	(700,095)	-	-	(700,095)
Other comprehensive income:						
Foreign currency translation	-	-	-	169,829	-	169,829
Total comprehensive income for the year	-	-	(700,095)	169,829	-	(530,266)
Transfer of previously expensed share based payment on expiration of options	-	-	50,700	-	(50,700)	-
Balance at 30 June 2013	1,020,998	21,915,804	(18,481,105)	819,078	55,335	5,330,110

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	31 December 2013 (unaudited)	31 December 2012 (unaudited)	30 June 2013 (audited)
ASSETS	£	£	£
Fixed assets			
Exploration and evaluation assets (note 3)	3,491,575	3,537,510	3,804,692
Property, plant & equipment	-	211	-
	3,491,575	3,537,721	3,804,692
Current assets			
Trade and other receivables	198,230	200,979	210,422
Cash and cash equivalents	967,005	1,696,804	1,406,476
	1,165,235	1,897,783	1,616,898
Total assets	4,656,810	5,435,504	5,421,590
LIABILITIES			
Current liabilities			
Trade and other payables	80,901	103,547	91,480
Total liabilities	80,901	103,547	91,480
Net assets	4,575,909	5,331,957	5,330,110
EQUITY			
Capital and reserves			
Called up share capital	1,020,998	1,020,998	1,020,998
Share premium	21,915,804	21,915,804	21,915,804
Retained losses	(18,818,781)	(18,171,181)	(18,481,105)
Currency reserve	402,553	460,301	819,078
Equity reserve	55,335	106,035	55,335
Shareholders' funds	4,575,909	5,331,957	5,330,110

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2013

	6 months ended 31 December 2013 (unaudited)	6 months ended 31 December 2012 (unaudited)	Year ended 30 June 2013 (audited)
	£	£	£
Net cash outflow from operating activities	(439,742)	(249,256)	(637,960)
Cash flows from investing activities			
Funds used for drilling exploration	-	-	(23,208)
Proceeds received from assets held for re-sale	-	-	121,060
Interest received	271	1,212	1,737
Expenditure on equipment	-	(1,649)	(1,649)
Net cash inflow/(outflow) from investing activities	271	(437)	97,940
Net decrease in cash and cash equivalents	(439,471)	(249,692)	(540,020)
Cash and cash equivalents at the beginning of the period	1,406,476	1,946,496	1,946,496
Cash and cash equivalents at the end of the period	967,005	1,696,804	1,406,476

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2013 (unaudited)	6 months ended 31 December 2012 (unaudited)	Year ended 30 June 2013 (audited)
	£	£	£
Operating loss from continuing operations	(337,947)	(341,674)	(701,832)
Operating profit/(loss) from discontinued operations	-	991	-
Depreciation	-	1,694	1,905
Decrease in trade and other receivables	12,192	204,185	73,682
(Decrease)/ increase in trade and other payables	(10,579)	(49,824)	(61,891)
Effect of translation differences	(103,408)	(64,627)	50,176
Net cash outflow from operating activities	(439,742)	(249,256)	(637,960)

1. Accounting policies

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

1.1. Basis of preparation

This financial information has been prepared using the historical cost convention. In addition, the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IFRS 6 " Exploration for and Evaluation of Mineral Resources", as adopted by the European Union.

This interim report has been prepared on a basis consistent with the Group's expected accounting policies for the year ending 30 June 2014. 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 2013, which are available from the registered office or the website (www.pantheonresources.com).

The Group financial information and statements are presented in UK pounds sterling and is unaudited. This interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 30 June 2013 have been taken from the Group's statutory accounts for that financial year, which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not contain references to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

1.2. Basis of consolidation

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

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

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

1.3. Foreign currency translation

(i) Functional and presentational currency

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

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

(ii) Transactions and balances

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

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

1.4. Cash and cash equivalents

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

1.5. Deferred taxation

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

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

1.6. Exploration and development costs

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

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

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

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

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

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

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

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

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

2. Loss per share

	6 months ended 31 December 2013 (unaudited)	6 months ended 31 December 2012 (unaudited)	Year ended 30 June 2013 (audited)
Loss per ordinary share – basic and diluted from continuing operations	(0.33)p	(0.33)p	(0.69)p
Loss per ordinary share - basic and diluted from discontinued operations	-	(0.00)p	-
Loss per ordinary share - basic and diluted from continuing and discontinued operations	(0.33)p	(0.33)p	(0.69)p

The calculations above have been calculated by dividing the relevant loss classification by the weighted average number of ordinary shares in issue of 102,099,770. The diluted loss per share has been kept the same as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

3. Exploration and evaluation assets

	Exploration & evaluation assets £
Group	
Cost:	
At 30 June 2013	3,804,692
Effects of foreign exchange	(313,117)
At 31 December 2013	3,491,575
Net book value:	
At 31 December 2013	3,491,575
At 30 June 2013	3,804,692

4. Approval by Directors

The interim report for the six months ended 31 December 2013 was approved by the Directors on 28 March 2014.

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. Events after the Reporting Period

There were no material events which occurred after 31 December 2013.