



PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

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PANTHEON RESOURCES PLC

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Walmsley (Non-Executive Chairman) John (“Jay”) Cheatham (Chief Executive Officer) Justin Hondris (Executive Director, Finance and Corporate Development)
Company Secretary	Ben Harber
Registered Office	One America Square Crosswall London EC3N 2SG
Company Number	05385506
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Principal Bankers	Barclays Bank plc Level 27, 1 Churchill Place London E14 5HP
Nominated Adviser & Broker	Oriel Securities Limited 150 Cheapside London EC2V 6ET

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

It is not unreasonable to say that the impact of Pantheon's activities during the year to 30 June 2014 and to date have been transformational for the Company. Shareholders should refer to the Chief Executive's Statement for greater details of the change in our fortunes and outlook that has taken place, but it is worth noting some highlights here.

As the restructuring efforts of the year did not bear fruit until after the year-end, the financial statements for the year to 30 June 2014 bear little witness to the major underlying changes in Pantheon's circumstances during the period and its ongoing position. They do however testify to the continuing tight cost controls which the organisation has been exercising during a period of relatively low operational activity.

Shareholders may remember that we entered this reporting period with advice from our operator Vision Gas Resources LLP ("Vision"), that before drilling the first well on our target prospect they would seek to restructure the Tyler County Joint Venture ("JV") by introducing a new partner. They also emphasised the need to ensure the availability of a suitable drilling rig with a highly experienced crew.

During the period under review, initial discussions with potential new JV partners became protracted. In view of the JV's increased confidence in the geological prospectivity of the acreage, a view which took into account a detailed proprietary study of data collected and analysed with the Bureau of Economic Geology at the University of Texas, Austin, Vision and Pantheon elected to take up the available interests and associated financing requirements themselves (the "Agreement"). Pantheon now has a 50% interest in four projects and a 25% interest in an additional prospect in the JV – a position offering substantially greater potential than its previous interest.

The priority since the Agreement has been to complete the further steps necessary to enable the first two wells to be drilled on the Company's prospects in Tyler and Polk County. Those steps included completing a placing to fund Pantheon's share of the JV costs and finalising leasing agreements with scores of holders of mineral rights in the JV's area of activity. The placing was completed successfully in October and the process of finalising agreements with landowners is now all but complete. The stage is therefore set for the drilling to go ahead. The JV is in active discussions with drilling rig companies with an objective to commence drilling in Q1 2015. Shareholders concerned that recent oil price falls may defer drilling plans should be comforted in the knowledge that the JV anticipates drilling the first well in 1Q 2015 and is obligated to spud the first two wells prior to mid October 2015.

While oil prices have fallen sharply in recent weeks, the economics of our wells – which are not targeting the shale - remain extremely robust.

While exploration for hydrocarbons is by its nature exposed to a variety of risks, we continue to look forward with confidence to the results of this new phase in the Company's history. Success with either of the two planned wells has the potential to achieve a step change in the size of Pantheon, with consequent commensurate benefits for all shareholders, for whose continued support we remain grateful.

John Walmsley

1 December 2014

**CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW
FOR THE YEAR ENDED 30 JUNE 2014**

Since our Interim Report in March 2014, your company has transformed itself from a minority partner in the Tyler County Joint Venture into a 50/50 partner in four separate prospective areas in the Tyler and Polk counties and a 25% partner in a large prospect in Polk County.

Pantheon raised gross proceeds of c.US\$30.5 million (c.£18.5 million) before costs in a placing which completed in October of this year, of which c.US\$20 million was used to fund the acreage acquisition and back costs of the JV, c.US\$6 million to fund our 50% interest in two wells and the balance for transaction and G&A costs. Pantheon moves from a company with a 25% working interest in a single project with gross prospective resource of c.100 millions of barrels of oil equivalent ("mmboe") to one with a 50% working interest in c.300 mmboe (gross) of prospective resource. The transaction was accretive even to those shareholders who did not participate in the fundraising.

Our first well will be drilled in Tyler County and will offset the existing producing LP2 well. Its primary target will be the Eagleford sandstone formation, which has a gross P50 prospective resource estimate (recoverable) of 53 mmboe. The LP2 well is situated on the JV acreage and has produced +US\$30 million of revenue to date from the Eagleford sandstone. Whilst Pantheon has no economic interest in the LP2 well as it was drilled prior to Pantheon joining the JV, it is nevertheless extremely important as it materially de-risks the upcoming offset well. If the Eagleford sandstone proves not to be commercial, the well will be plugged back and completed as a horizontal well in the secondary objective, the Austin Chalk formation, which sits above the Eagleford sandstone and which has a total gross P50 prospective resource estimate (recoverable) of 43 mmboe on the JV acreage.

The JV restructuring is the result of a huge amount of hard work and commitment, which included an incredibly comprehensive geological study undertaken in conjunction with the Bureau of Economic Geology at the University of Texas, Austin. When negotiations with a third joint venture partner experienced continued delays earlier this year, the operator Vision Gas Resources LLP ("Vision") agreed to fund a 50% working interest in the significantly enlarged JV and Pantheon seized the opportunity to raise additional funding to increase its working interest from 25% to 50%. We then succeeded in raising almost 90% of our prior market capitalization, at only a 10% discount, in a very difficult market. The success of the placing in a deteriorating market for resource companies is a testament, I believe, to the reputation of our management team and the outstanding quality of the prospects we have acquired in a complex East Texas play to which we have devoted a considerable amount of detailed proprietary research.

I would like to remind our shareholders that our primary target is not shale but a sandstone, which requires neither horizontal drilling nor fracking, and is still economic well below \$50/bbl oil. The porosity and permeability of the sandstone formation we are targeting is an order of magnitude greater than that of shale, which is why its economics are so superior. Porosity is estimated to be some 2.5 times greater and permeability as much as 50 times greater than that of the typical shale plays. As I have stated many times before, this is one of the most exciting projects I have been associated with in my career and I am delighted that we were able to complete the recent fundraising and acquisitions so successfully for the benefit of all our new and existing shareholders. Our partner Vision is in active discussions with the major land drilling contractors to find the most suitable drilling rig and crew for our wells. I am confident we will be drilling the first of two back-to-back wells in Q1 2015. This truly is the most exciting time in our Company's history to date.

Jay Cheatham

1 December 2014

PANTHEON RESOURCES PLC
FINANCE DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Financial Review

The Group made a total loss from operations for the financial year ended 30 June 2014 of £738,471 (2013: £700,095).

Production

The Group's net total sales production for the financial year ended 30 June 2014 amounted to 6.4 mcf (2013: 10.5 mcf) natural gas and nil bopd (2013: nil boepd) oil. Average realisations for the year for natural gas and oil were \$3.76 (2013: \$3.09) per mcf of natural gas and nil (2013: \$nil) per barrel of oil respectively.

Revenue

Revenues for the year ended 30 June 2014 were marginally lower than the previous year at £5,381 (2013: £7,541).

Cost of sales

Cost of sales for the year ended 30 June 2014 were higher than the previous year at £26,372 (2013: £7,353). These costs primarily relate to workover costs associated with a depleted well.

Impairments

The total impairment charge for the year was £nil (2013: £nil).

Accounting policies

There have been no major changes to accounting policies during the year.

Capital structure

The Company did not issue any new shares or options during the year.

As at 30 June 2014 there were 102,099,770 shares in issue.

Going concern

The Directors are satisfied with the Group's ability to operate as a going concern for the next 12 months, as documented further in Note 1.3.

Taxation

The Group incurred a loss for the year and has not incurred a tax charge. The Directors have not considered it appropriate to recognise a deferred tax asset to reflect the potential benefit arising from these timing differences.

PANTHEON RESOURCES PLC
FINANCE DIRECTOR'S REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Risk assessment

The Group's oil and gas activities are subject to a variety of risks, both financial and operational, including but not limited to those outlined below. These and other risks have the potential to materially affect the financial performance of the Group.

Liquidity and Interest Rate Risk

Liquidity risk has increased for many companies as a result of the 2009 global economic crisis and the more recent economic woes in Europe in particular, for companies with smaller market capitalisations.

Interest Rate risk and the cost and availability of debt and equity finance were dramatically affected following the global economic crisis and continue to be challenging for smaller companies.

Oil & Gas Price Risk

Oil and Gas sales revenues were subject to the volatility of the underlying commodity prices throughout the year. Over the past two years the U.S. energy sector has broadly exhibited strong oil prices and a strengthening in natural gas prices. Oil prices have however weakened materially subsequent to year end. Activity in unconventional plays in the USA remains buoyant resulting in a high cost environment for rigs and associated services, however these costs have softened considerably from their highs.

The Group did not engage in any commodity price hedging activity during the year.

Currency Risk

Almost all capital expenditure and operational revenues for the year were denominated in US dollars. The Group keeps the majority of its cash resources denominated in US dollars throughout the year to minimise volatility and foreign currency risk. The Group did not engage in any foreign currency hedging activity during the year.

Financial Instruments

As this stage of the Group's activities it has not been considered appropriate or necessary to enter into any derivatives strategies or hedging strategies. Once the Group's production revenues increase substantially, such strategies will be reviewed on a more regular basis.

Justin Hondris

1 December 2014

PANTHEON RESOURCES PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2014

Principal activity

The Company is registered in England and Wales, having been incorporated under the Companies Act with registered number 05385506 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 the U.K. through its parent undertaking and in the U.S.A. through subsidiary companies, details of which are set out in the Note 9 to these accounts.

Review of the Business and Key Performance Indicator's

Please refer to the Finance Director's Report on page 6 for the review of the business and analysis of the Key performance indicators of the business.

Financial Position and Future Prospects

Please refer to the chief executive officer's statement and operation review on page 5 for an overview of the Company position and prospects.

Key operational risks and uncertainties

The Group is in the business of exploration and production of oil and gas. Accordingly, the principal operational risks and uncertainties affecting the Group include, but are not limited to, the time and monetary costs associated with the unsuccessful drilling of prospects; mechanical or other technical problems encountered during the drilling of prospects; mechanical or other technical problems which may from time to time affect existing production; the potential for increased costs for drilling in a tight rig market; the uncertainty surrounding potential recoverability of reserves; deterioration in commodity prices or economic conditions; and the potential for unexpected deterioration or abandonment of existing production. Pursuant to the terms of the respective joint ventures, and typical for the industry, the Group is also potentially exposed to the timing, financial and operational position of those joint ventures, in particular with respect to the timing, and therefore payment for the proposed drilling of wells.

By order of the board

Justin Hondris
Director

1 December 2014
Company Number 05385506

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

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 2014.

Results and dividends

The Group results for the period are set out on page 17. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2014.

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 comply with Rule 26 of the AIM Rules for Companies.

Group structure and changes in share capital

Details of the Group structure and the Company's share capital during the period are set out in Notes 9 and 16 to these accounts.

Directors

The following Directors held office during the year:

Susan Graham (Non-Executive Director) – retired 30 June 2014

John Walmsley (Non-Executive Chairman)

John Cheatham (Chief Executive Officer)

Justin Hondris (Executive Director)

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 2014 Number of Ordinary shares of £0.01
S Graham (retired 30 June 2014)	200,000
J Cheatham	2,829,249
J Hondris	935,000
J Walmsley*	1,109,938

* 427,659 of these ordinary shares are held by John Walmsley's spouse.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

Share options

Share options expiring on 11 September 2014, for Ordinary shares of £0.01, held by Directors on 30 June 2014 were as follows:

Exercise price	Number of options				Total
	£0.30	£0.40	£0.50	£0.60	
J Walmsley	-	-	-	-	-
J Cheatham	400,000	300,000	300,000	200,000	1,200,000
J Hondris	350,000	250,000	200,000	100,000	900,000
Total	750,000	550,000	500,000	300,000	2,100,000

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

	Fees/basic salary £	Share-based payments £	Benefits in kind £	2014 Total £	2013 Total £
S Graham*	47,917	-	-	47,917	62,500
J Cheatham	184,378	-	-	184,378	197,239
J Hondris	126,458	-	-	126,458	125,000
J Walmsley	52,083	-	-	52,083	37,500
	410,836	-	-	410,836	422,239

* Susan Graham retired 30 June 2014

Director incentive scheme

In 2012 the Company implemented a short term executive director incentive scheme developed in conjunction with executive remuneration specialists at Deloitte LLP. Any incentive bonus resulting from the scheme will be shared by executive Directors and will be calculated as 2.25% of the value of "net-booked reserves" for a period (deducting any net-booked reserves recognised in earlier periods for this purpose). For the purposes of the scheme, net-booked reserves will include 100% of Proved reserves and 25% of Probable reserves booked to the Group, as determined by an independent third party in accordance with the classification definitions as mandated by the Society of Petroleum Engineers.

The Remuneration Committee will determine the extent to which any annual bonus will be settled in cash or share options with a discounted exercise price. The cash component will be at least one third of the total and there is no obligation to pay any of the annual bonus by way of share options. In the event of a sale of the Company or other change of control, the calculation will be undertaken by reference to the equity value of the Company (less the value of net booked reserves recognised in earlier periods). The Remuneration Committee believes that this annual incentive, together with out of the money share options provide an appropriate and reasonable structure to reward the executive Directors for performance that is aligned to the interests of shareholders as any potential benefit from this scheme is linked to the booking of net-booked reserves and share price appreciation. No benefit has been paid from this incentive scheme since inception.

Subsequent events

On 30 September 2014, the Company announced the successful completion of a fundraising of up to £18.5 million before expenses through the issuance of 94,256,626 new ordinary fully paid shares. This fundraising was approved in full at a general meeting of shareholders on 16 October, 2014. The fundraising allowed Pantheon to double its stake in its existing Tyler County Joint Venture to 50%. Additionally, the Company acquired a 50% working interest in three new projects in Tyler and Polk Counties, and acquired a 25% working interest in a further project in Polk County, East Texas. An independent expert has estimated a Gross Prospective P₅₀ Resource (Recoverable) of the enlarged Joint Venture acreage of 301 Million Barrels of Oil equivalent ("Mmboe"), equating to 150.5 Mmboe for Pantheon's 50% working interest. Full details of the transaction can be found in the Company's announcement dated 30 September 2014.

On 30 September 2014 the Company issued 10m share options with an exercise price of £0.30 to Directors and employees of the Company. 50% of these share options vested immediately and the remaining 50% vest on the later of the first anniversary of grant, or the spudding of the second well to be drilled on the JV acreage. These are the only share options in issue in the Company, with all previous share options having expired. Full details of Director's share option entitlements can be found in the Company's announcement dated 30 September 2014.

Substantial shareholders

The Company has been notified, in accordance with Chapter 5 of the FCA Disclosure and Transparency Rules, of the under noted interests in its ordinary shares as at 28 November 2014

	Number of Ordinary Shares	% of Share Capital
Ferlim Nominees Limited	32,670,193	16.64
Roy Nominees Limited	10,980,000	5.59
Commerz Nominees Ltd	10,458,809	5.33
Lynchwood Nominees Limited	7,184,500	3.66
ROCK (Nominees) Limited	6,240,473	3.18
Deutsche Bank Aktiengesellschaft London	6,134,969	3.12

Political and charitable contributions

There were no political or charitable contributions made by the Company during the year ended 30 June 2014.

Remuneration and Nomination Committee

The Board of Directors has established the Remuneration and Nomination Committee of the Board. Susan Graham was chairman of the Remuneration and Nomination Committee and John Walmsley is the other member. John Walmsley replaced Susan Graham as chairman upon her retirement from the Company. Other Directors may attend meetings by invitation.

The Remuneration and Nomination Committee meets as required, but aims to meet at least twice a year. Its role is to determine the remuneration arrangements and contracts of executive Directors and senior employees, and the appointment or re-appointment of Directors. It also has the responsibility for reviewing the performance of the executive Directors and for overseeing administration of the Company's share option schemes. No Director is however involved in deciding his own remuneration.

Audit Committee

An Audit Committee of the Board has been established. During the year, the Audit Committee consisted of John Walmsley as chairman and Susan Graham as the other member. This Committee provides a forum through which the Group's finance functions and auditors report to the non-executive Directors. Meetings may be attended, by invitation by the Company Secretary, other Directors and the Company's auditors. Susan Graham retired on 30 June 2014 and was replaced by Justin Hondris.

The Audit Committee meets at least twice a year. Its terms of reference include review of the Annual and Interim Accounts, consideration of the Company and Group's accounting policies, the review of internal control, risk management and compliance procedures, and consideration of all issues surrounding the annual audit. The Audit Committee will also meet with the auditors and review their reports relating to accounts and internal control systems.

To follow best practice, and in accordance with International Standard ISA 260, the external auditors have held discussions with the Audit Committee on the subject of auditor independence and have confirmed their independence in writing.

Conflicts Committee

A Conflicts Committee of the Board has been established. This Committee consists of Susan Graham as chairman, John Walmsley and Jay Cheatham. Susan Graham retired on 30 June 2014 and was replaced by John Walmsley as chairman.

The role of the Conflicts Committee is to assist the Board in monitoring actual and potential conflicts under the definitions of the Companies Act 2006. Under the Companies Act 2006 Directors are responsible for their individual disclosures of actual or potential conflict. To follow best practice, the Conflicts Committee holds discussions with the Company's UK lawyers.

Anti-Corruption & Bribery Committee

An Anti Corruption & Bribery Committee has been established. This committee consists of Justin Hondris (as Chairman) and Jay Cheatham.

The purpose of the Bribery Committee is to ensure the Company's compliance with the Bribery Act 2010.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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; and
- 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 2006. 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 all the 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

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young 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

1 December 2014
Company Number 05385506

John Walmsley, Non Executive Chairman

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) and non-executive Chairman of TSX and AIM listed Orosur Mining Inc. 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 and Nomination Committees.

John Cheatham, Chief Executive Officer

Jay Cheatham has more than 40 years' experience in all aspects of the petroleum business. He has extensive international experience in both oil and natural gas, primarily for ARCO. At ARCO, Jay held a series of senior appointments. These include Senior Vice President and District Manager (ARCO eastern District) with direct responsibility for Gulf Coast US operations and exploration and President of ARCO International where he had responsibility for all exploration and production outside the U.S. Jay's most recent appointment was as President and CEO of Rolls-Royce Power Ventures, where he had the key responsibility for restructuring the Company.

Jay also has considerable financial skills in addition to his corporate and operational expertise. He has acted as Chief Financial Officer for ARCO's US oil and natural gas company (ARCO Oil & Gas). Moreover he has understanding of the capital markets through his past position as CEO to the Petrogen Fund, a private equity fund.

Justin Hondris, Director, Finance and Corporate Development

Justin Hondris brings international experience in Private Equity investment 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 moved to London in 1997 to join Cazenove & Co in its investment banking (Institutional Equities) division. Prior to that he was an equity advisor at Hartley Poynton, an Australian based investment bank with a strong presence in the junior resources sector. Most recently Justin was a London based partner for the manager of an Australian private equity fund.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2014

We have audited the financial statements of Pantheon Resources plc for the year ended 30 June 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, set out in page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PANTHEON RESOURCES PLC

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PANTHEON RESOURCES PLC (continued)
FOR THE YEAR ENDED 30 JUNE 2014**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Wright (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor

UHY Hacker Young
Quadrant House
4 Thomas More Square
London E1W 1YW

1 December 2014

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 £	2013 £
Continuing operations			
Revenue	3	5,381	7,541
Cost of sales		(26,372)	(7,353)
Gross (loss)/profit		(20,991)	188
Administration expenses		(717,874)	(702,020)
Operating loss	4	(738,865)	(701,832)
Interest receivable	7	394	1,737
Loss before taxation		(738,471)	(700,095)
Taxation	8	-	-
Loss for the year		(738,471)	(700,095)
Other comprehensive income for the year			
Exchange differences from translating foreign operations		(544,530)	169,829
Total comprehensive income for the year		(1,283,001)	(530,266)
Attributable to:			
Equity holders of the Company		(1,283,001)	(530,266)
Loss per share			
Loss per ordinary share – basic and diluted from continuing operations	2	(0.72)p	(0.69)p

PANTHEON RESOURCES PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total equity £
Year ended 30 June 2014						
Group						
At 1 July 2013	1,020,998	21,915,804	(18,481,105)	819,078	55,335	5,330,110
Net loss for the year	-	-	(738,471)	-	-	(738,471)
<i>Other comprehensive income:</i>						
Foreign currency translation	-	-	-	(544,530)	-	(544,530)
Total comprehensive income for the year	-	-	(738,471)	(544,530)	-	(1,283,001)
Balance at 30 June 2014	1,020,998	21,915,804	(19,219,576)	274,548	55,335	4,047,109

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Company						
At 1 July 2013	1,020,998	21,915,804	(7,840,955)	-	55,335	15,151,182
Net loss for the year	-	-	(492,029)	-	-	(492,029)
Total comprehensive income for the year	-	-	(492,029)	-	-	(492,029)
Balance at 30 June 2014	1,020,998	21,915,804	(8,332,984)	-	55,335	14,659,153

PANTHEON RESOURCES PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total equity £
Year ended 30 June 2013						
Group						
At 1 July 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)
<i>Other comprehensive income:</i>						
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
	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total equity £
Company						
At 1 July 2012	1,020,998	21,915,804	(7,421,071)	-	106,035	15,621,766
Net loss for the year	-	-	(470,584)	-	-	(470,584)
Total comprehensive income for the year	-	-	(470,584)	-	-	(470,584)
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	(7,840,955)	-	55,335	15,151,182

PANTHEON RESOURCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	2014 £	2013 £
ASSETS			
Non-current assets			
Exploration and evaluation assets	13	3,389,552	3,804,692
Property, plant and equipment	14	-	-
		<u>3,389,552</u>	<u>3,804,692</u>
Current assets			
Trade and other receivables	10	192,087	210,422
Cash and cash equivalents	11	635,261	1,406,476
		<u>827,348</u>	<u>1,616,898</u>
Total assets		<u>4,216,900</u>	<u>5,421,590</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	169,791	91,480
Total liabilities		<u>169,791</u>	<u>91,480</u>
Net assets		<u>4,047,109</u>	<u>5,330,110</u>
EQUITY			
Capital and reserves			
Share capital	15	1,020,998	1,020,998
Share premium	15	21,915,804	21,915,804
Retained losses		(19,219,576)	(18,481,105)
Currency reserve		274,548	819,078
Equity reserve		55,335	55,335
Shareholders' equity		<u>4,047,109</u>	<u>5,330,110</u>

The financial statements were approved by the Board of Directors on 1 December 2014 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	Notes	2014 £	2013 £
ASSETS			
Non-current assets			
Property, plant and machinery	14	-	-
Loans to subsidiaries	10	14,573,576	15,073,576
		<u>14,573,576</u>	<u>15,073,576</u>
Current assets			
Trade and other receivables	10	49,115	49,473
Cash and cash equivalents	11	138,232	81,596
		<u>187,347</u>	<u>131,069</u>
Total assets		<u>14,760,923</u>	<u>15,204,645</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	101,770	53,463
Total liabilities		<u>101,770</u>	<u>53,463</u>
Net assets		<u>14,659,153</u>	<u>15,151,182</u>
EQUITY			
Capital and reserves			
Share capital	15	1,020,998	1,020,998
Share premium	15	21,915,804	21,915,804
Retained losses		(8,332,984)	(7,840,955)
Equity reserve		55,335	55,335
Shareholders' equity		<u>14,659,153</u>	<u>15,151,182</u>

The financial statements were approved by the Board of Directors on 1 December 2014 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 £	2013 £
Net cash outflow from operating activities	16	(765,835)	(637,960)
Cash flows from investing activities			
Interest received		394	1,737
Purchase of plant and equipment		-	(1,649)
Funds used for drilling and exploration		(5,774)	(23,208)
Proceeds received from assets held-for-sale		-	121,060
Net cash (outflow)/inflow from investing activities		(5,380)	97,940
Decrease in cash and cash equivalents		(771,215)	(540,020)
Cash and cash equivalents at the beginning of the year		1,406,476	1,946,496
Cash and cash equivalents at the end of the year	11	635,261	1,406,476

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Notes	2014 £	2013 £
Net cash outflow from operating activities	16	<u>(443,410)</u>	<u>(443,048)</u>
Cash flows from investing activities			
Purchase of plant and equipment		-	(1,649)
Interest received		46	50
Receipts from group companies		<u>500,000</u>	<u>450,000</u>
Net cash inflow from investing activities		<u>500,046</u>	<u>448,401</u>
Increase in cash and cash equivalents		56,636	5,353
Cash and cash equivalents at the beginning of the year		81,596	76,243
Cash and cash equivalents at the end of the year	11	<u><u>138,232</u></u>	<u><u>81,596</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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 on a going concern basis using the historical cost convention and in accordance with the International Financial Reporting Standards (“IFRSs”), including IFRS 6, ‘Exploration for and Evaluation of Mineral Resources’, as adopted by the European Union (“EU”) and in accordance with the provisions of the Companies Act 2006.

The Group’s financial statements for the year ended 30 June 2014 were authorised for issue by the board of Directors on 1 December 2014 and were signed on the Board’s behalf by Mr J Hondris.

The Group and Company financial statements are presented in UK pounds sterling.

In accordance with the provisions of Section 408 of the Companies Act 2006, the Company has not presented an income statement. A loss for the year ended 30 June 2014 of £492,029 (2013: loss of £470,584) has been included in the consolidated 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1.3. Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a total loss of £738,471 for the year (2013: £700,095) and had cash resources of £0.63m at 30 June 2014. It has also prepaid US\$2.5m and approximately US\$0.5m in back costs towards the upcoming well.

The Directors believe the Tyler County Joint Venture to be of material potential value to the Group, based upon a number of factors. The JV has conducted an extremely comprehensive three year study of the Woodbine/Eagleford sandstone potential for the JV acreage. This study concluded that the acreage appears analogous to the nearby and prolific “Double A Wells” field and has materially upgraded the JV’s confidence in the potential for Woodbine/Eagleford sandstone on the acreage, and has also increased the estimated potential size of Woodbine/Eagleford on the JV acreage.

Separately and independent of the Woodbine, the shallower Austin Chalk formation on the acreage is unchanged in its geological potential. The geological success of the VRU#1 well confirmed the presence of hydrocarbons in the Austin chalk, which coupled with the high success rates enjoyed by drilling actively adjacent to the acreage causes the Directors to have very high confidence in the project.

The Directors believe the inherent value in the Group’s projects are sufficient to ensure the going concern of the Group.

Subsequent to year end, the Company has successfully completed a fundraising of £18.5m before expenses to increase its stake in its existing joint venture from 25% to 50%. Additionally, the Company acquired a 50% working interest in three new project areas in Tyler and Polk Counties, East Texas. The capital raising also provided sufficient funding to complete the drilling of two wells and provided working capital for a minimum of 12 months. An independent expert has estimated Gross Prospective Resources (Recoverable) of 301 Million Barrels of Oil Equivalent (“Mmboe”) on the enlarged acreage position. This equates to 150.5 Mmboe attributable Pantheon’s 50% working interest. Full details of the transaction can be found in the Company’s announcement dated 30 September 2014.

The Directors have reviewed the Group’s overall position and outlook and are of the opinion that the Group will be able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements. If required the Directors may also reduce or delay certain expenditure. The Directors therefore believe that the use of the going concern basis is appropriate. Accordingly, the Directors have prepared the financial statements on a going concern basis.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. Exploration and evaluation 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 evaluation 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 property, plant and equipment 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.

1.9. Impairment of exploration and development costs and depreciation of 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.

Exploration and evaluation costs

In relation to the Tyler County project, the carrying value as at 30 June 2014 solely represents back costs paid in relation to the project and prepaid costs towards the forthcoming well.

Based on estimates by a third party technical consultant, the Group estimates potential for up to or exceeding 30 wells at an average gross reserve of 190,000 barrels oil and 5 bcf natural gas per well from the Austin Chalk zone alone. Additionally, great potential lies in the separate and independent deeper Eagleford/Woodbine sandstone structure for which the JV has increased its confidence levels, and estimate of potential size, over recent years. Based upon those estimates the Directors believe the carrying values at 30 June 2014 are supported.

Developed Oil and Gas Properties

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

Other property, plant and equipment

Other property, plant and equipment 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, being seven years.
- Office equipment is depreciated by equal annual instalments over their expected useful lives, being four years.

1.10. Financial instruments

IFRS7 requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

The Group's policies include that no trading in derivative financial instruments shall be undertaken. These disclosures have been made in Note 20 to the accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1.11. Share based payments

On occasion 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 the number of shares that will eventually vest.

There were no share-based payments during the year.

1.12. 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. IFRSs 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 tangible and intangible assets

Determining whether an 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.

Developed Oil & Gas Properties

Developed Oil & Gas Properties are amortised over the life of the area according to the estimated rate of depletion of the economically recoverable reserves. If the amount of economically recoverable 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, to determine the value of the options management estimate certain factors used in the option pricing model, including volatility, vesting date, exercise date of options and the number of options likely to vest. At each reporting date during the vesting period management estimate the number of shares that will vest after considering the vesting criteria. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1.13. New standards and interpretations not applied

As of the date of these financial statements the IASB and IFRIC have issued a number of new standards, amendments and interpretations. These new Standards, Amendments and Interpretations are effective for accounting periods beginning on or after the dates shown below. Of these, only the following are expected to be relevant to the Group:

Standard	Subject	Effective from
IAS 32	Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRS 11	Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 16 and IAS 38	Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 9	Financial Instruments	1 January 2018

2. Loss per share

The total loss per share for the group of 0.72p (2013: 0.69p) is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 102,099,770 (2013: 102,099,770).

The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. Segmental information

The Group's activities involve production of and exploration for oil and gas. There are two reportable operating segments: USA and Head Office. Non-current assets, income and operating liabilities are attributable to the USA, whilst most of the corporate administration is conducted through Head Office.

Each reportable segment adopts the same accounting policies.

In compliance with IFRS 8 'Operating Segments', the following tables reconcile the operational loss and the assets and liabilities of each reportable segment with the consolidated figures presented in these Financial Statements, together with comparative figures for the year ended 30 June 2013.

Year ended 30 June 2014

Geographical segment (Group)	Head Office	USA	Consolidated
	£	£	£
Revenue	-	5,381	5,381
Cost of sales	-	(26,372)	(26,372)
Interest receivable	46	348	394
Administration expenses	(492,075)	(225,799)	(717,874)
Loss by reportable segment	(492,029)	(246,442)	(738,471)
Exploration and evaluation assets	-	3,389,552	3,389,552
Trade and other receivables	49,115	142,972	192,087
Cash and cash equivalents	138,232	497,029	635,261
Intercompany balances	14,573,576	(14,573,576)	-
Total assets by reportable segment	14,760,923	(10,544,023)	4,216,900
Total liabilities by reportable segment	(101,770)	(68,021)	(169,791)
Net assets by reportable segment	14,659,153	(10,612,044)	4,047,109

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. Segmental information (continued)

Year ended 30 June 2013

Geographical segment (Group)	Head Office	USA	Consolidated
	£	£	£
Revenue	-	7,541	7,541
Cost of sales	-	(7,353)	(7,353)
Interest receivable	50	1,687	1,737
Administration expenses	(470,635)	(231,385)	(702,020)
Loss by reportable segment	(470,585)	(229,510)	(700,095)
Exploration and evaluation assets	-	3,804,692	3,804,692
Trade and other receivables	49,473	160,949	210,422
Cash and cash equivalents	81,596	1,324,880	1,406,476
Intercompany balances	15,073,576	(15,073,576)	-
Total assets by reportable segment	15,204,645	(9,783,055)	5,421,590
Total liabilities by reportable segment	(53,463)	(38,017)	(91,480)
Net assets by reportable segment	15,151,182	(9,821,072)	5,330,110

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Operating loss

	2014	2013
	£	£
Operating loss is stated after charging:		
Depreciation	-	1,905
Auditor's remuneration		
- group and parent company audit services	13,500	13,500
Auditor's remuneration for non-audit services		
- taxation services and compliance services	6,542	2,650
	<hr/>	<hr/>

5. Employment costs

The employee costs of the Group, including Directors' remuneration, are as follows:

	2014	2013
	£	£
Wages and salaries	454,836	469,245
Social security costs	39,095	41,506
	<hr/>	<hr/>
	<hr/>	<hr/>
	493,931	510,751

There is one employee in addition to the Directors. Further details on Directors' emoluments are shown in the Directors' report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

7. Interest receivable

	2014	2013
	£	£
Bank interest received	394	1,737

8. Taxation

	2014	2013
	£	£
Current tax		
UK corporation tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(738,471)	(700,095)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 22.5% (2013: 23.75%)	(166,162)	(166,273)
<i>Effects of:</i>		
Non deductible expenses	6,783	1,402
Capital allowances	(152)	-
Tax losses carried forward not recognised as deferred tax asset	159,531	164,871
Total tax charge	-	-

Factors that may affect future tax charges

On 2 July 2013, the Finance Bill received its final reading in the House of Commons and so the previously announced reduced rates of corporation tax of 21% from 1 April 2014 to 31 March 2015, and 20% from 1 April 2015 onwards were substantially enacted.

At the year end the Group had unused losses carried forward of approximately £20.2m (2013: £21.3m) which are available for set off against future suitable profits. Of these losses, approximately £16.2m (2013: £17.8m) were sustained in the USA. Unused US tax losses expire within 20 years of the year in which they are sustained.

The Directors do not consider it appropriate to recognise a deferred tax asset in respect of such losses, due to the uncertainty of future profit streams. The contingent deferred tax asset (remeasured at 20% for 2014) is estimated to be £4.03m (2013: £7.0m) in respect of losses carried forward.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. 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

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.

10. Trade and other receivables

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Amounts falling due within one year:				
Trade receivables	54,212	61,147	-	-
Prepayments and accrued income	32,172	30,665	32,172	30,665
Other receivables	16,942	18,808	16,943	18,808
Receivable from Padre Island Authority	88,761	99,802	-	-
	192,087	210,422	49,115	49,473

The receivable from Padre Island Authority comprises a security deposit provided to the Padre Island Environmental Authority. The Directors expect this balance to be received before 30 June 2015.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

10. Trade and other receivables (continued)

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Amounts falling due after more than one year:				
Amount due from subsidiary undertakings	-	-	14,573,576	15,073,576

During the year Pantheon Oil & Gas LP repaid £500,000 of the above loan to Pantheon Resources plc.

An annual impairment review of the amount due from subsidiary undertakings (loan to subsidiary) is performed by comparing the expected recoverable amount of the subsidiary's underlying tangible and intangible assets to the carrying value of the loan in the Company's balance sheet.

The recoverable amount of the amount due from subsidiary undertakings is based upon value in use calculations. The use of this method requires the estimation of future cash flows from the underlying assets, discounted using a suitable pre tax discount rate. For the purposes of these calculations the Company's Tyler County Austin Chalk project was modelled on a P50 basis using a discount rate of 10%. The key assumptions upon which the cash flow projections were based include recoverable reserves, number of wells drilled, cost of drilling and the future prices of both oil and natural gas. Management also recognised that material value is believed to exist in the separate and independent Eagleford/Woodbine prospect. For the purpose of the calculations the following assumptions were used:

Potential Number of vertical wells drilled	<30
Average reserves per well	8 Bcfe
Oil price (\$/bbl)	\$80
Natural gas price (\$/mcf)	\$4.30
Cost of drilling typical Tyler County well	\$8m

These key assumptions have been determined by reference to a number of sources including information provided by the operator of the project, external market information, published futures pricing for oil and natural gas and management's expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Management has performed sensitivity analysis on each of the key assumptions including increasing the drilling cost to as high as \$10mm, reducing commodity prices by 20% and reducing average reserves per well by a number of scenarios. None of these factors lead to an indication of impairment, hence the Company concluded that no impairment was required as of 30 June 2014.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

11. Cash and cash equivalents

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Cash at bank and in hand	635,261	1,406,476	138,232	81,596

12. Trade and other payables

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Trade creditors	54,681	34,579	54,681	34,579
Accruals	115,110	56,901	47,089	18,884
	<u>169,791</u>	<u>91,480</u>	<u>101,770</u>	<u>53,463</u>

13. Exploration and evaluation assets

Group	2014 £	2013 £
Cost		
At 1 July	3,804,692	3,661,831
Additions	5,774	23,208
Effects of foreign exchange	(420,914)	119,653
At 30 June	<u>3,389,552</u>	<u>3,804,692</u>
Amortisation and impairment		
As at 1 July	-	-
Charge for period	-	-
As at 30 June	<u>-</u>	<u>-</u>
Net book value		
At 30 June 2014 and 30 June 2013	<u>3,389,552</u>	<u>3,804,692</u>

The Company had no intangible assets at either 30 June 2014 or 30 June 2013.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

14. Property, plant and equipment

Group & Company	Developed Oil & Gas Properties £	Production Facilities and Equipment £	Office Equipment £	Total £
Cost				
At 1 July 2013	-	-	7,337	7,337
Additions	-	-	-	-
At 30 June 2014	-	-	7,337	7,337
Depreciation				
At 1 July 2013	-	-	7,337	7,337
Depreciation for the year	-	-	-	-
At 30 June 2014	-	-	7,337	7,337
Net book value				
At 30 June 2014	-	-	-	-
At 30 June 2013	-	-	-	-

Group & Company	Developed Oil & Gas Properties £	Production Facilities and Equipment £	Office Equipment £	Total £
Cost				
At 1 July 2012	-	-	5,688	5,688
Additions	-	-	1,649	1,649
At 30 June 2013	-	-	7,337	7,337
Depreciation				
At 1 July 2012	-	-	5,432	5,432
Depreciation for the year	-	-	1,905	1,905
At 30 June 2013	-	-	7,337	7,337
Net book value				
At 30 June 2013	-	-	-	-
At 30 June 2012	-	-	256	256

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
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15. Share capital	2014 £	2013 £
Allotted, issued and fully paid: 102,099,770 ordinary shares of £0.01 each	1,020,998	1,020,998

	Number	Issued and fully paid capital £	Share premium £
Issued share capital: As at 1 July 2013 and 30 June 2014	102,099,770	1,020,998	21,915,804

The ordinary shares rank pari passu in all respects including the right to receive dividends and other distributions declared, made or paid.

16. Net cash outflow from operating activities

	Group 2014 £	Group 2013 £
Operating loss from continuing operations	(738,865)	(701,832)
Depreciation	-	1,905
Decrease in trade and other receivables	18,335	73,682
Increase/(decrease) in trade and other payables	78,311	(61,891)
Effect of translation differences	(123,616)	50,176
Net cash outflow from operating activities	(765,835)	(637,960)
	Company 2014 £	Company 2013
Operating loss	(492,075)	(470,634)
Depreciation	-	1,905
Decrease/(increase) in trade and other receivables	358	(3,435)
Increase in trade and other payables	48,307	29,116
Net cash outflow from operating activities	(443,410)	(443,048)

17. Control

No one party is identified as controlling the Company.

18. 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.

19. Capital commitments

The Group has no obligation to drill any further wells or make any further payments in respect of any new wells in any of its joint ventures. Should the Group elect to not participate in any wells beyond the first well in the Tyler County joint venture then it would forfeit its interest over the remainder of the programme.

As at 30 June 2014, the Group has no fixed financial commitments in respect of any other programmes other than maintaining its interest in its existing joint ventures. Before any new wells are commenced in relation to these joint ventures, the Group must first elect to participate in any proposed well thereby allowing the Group to decline participation if it deems appropriate.

20. Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables.

The main purpose of cash and cash equivalents financial instruments is to finance the Group's operations. The Group's other financial assets and liabilities such as receivables and trade payables, arise directly from its operations. It is, and has been throughout the entire period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments is market risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Market risk

Market risk is the risk that changes in market prices, and market factors such as foreign exchange rates and interest rates will affect the entity's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Company does not use derivative products to hedge foreign exchange risk and has exposure to foreign exchange rates prevailing at the dates when funds are transferred into different currencies.

**NOTES TO THE FINANCIAL STATEMENTS
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20. Financial instruments (continued)

Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's cash and cash equivalents with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates. The Group has no policy as to maximum or minimum level of fixed or floating instruments.

Interest rate risk is measured as the value of assets and liabilities at fixed rate compared to those at variable rate.

	Weighted average interest rate 2014	Fixed interest rate 2014	Non - interest bearing 2014
<i>Financial assets:</i>	%	£	£
Cash on Deposit	0.15%	635,261	-
Trade and other receivables	-	-	192,087

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.

Financial risk management

The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to wider financial risks as the business develops.

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions.

The entity has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

20. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main counterparties are the operators of the respective projects. Funds are normally only remitted on a prepayment basis a short period before the expected commencement of drilling. The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Trade receivables at 30 June 2014 consist primarily of deposits and bonds relating to the Company's previous Padre Island Joint Venture. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Capital management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders. Capital will continue to be sourced from equity and from borrowings as appropriate.

21 Share-based payments

No share options were issued in the year and there are no share-based payment charges in the income statement for the current and prior financial years.

Movements in share options in issue

Exercise price	Number of options issued as of 30 June 2013	Issued during year	Expired during year	Number of options issued as of 30 June 2014
£0.30	750,000	-	-	750,000
£0.40	550,000	-	-	550,000
£0.50	500,000	-	-	500,000
£0.60	300,000	-	-	300,000
Total	2,100,000	-	-	2,100,000

All 2,100,000 of these share options expired in September 2014.

All shares options in existence at the year end have vested and are thus exercisable. The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.42 (2013: £0.42). The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 was 0.2 years (2013: 1.2 years).

22. Related party transactions

There were no related party transactions during the period other than the payment of remuneration to Directors.

23. Subsequent events

On 30 September, 2014, the Company announced the successful completion of a fundraising of £18.5 million before expenses. This fundraising was approved in full at a general meeting of shareholders on 16 October 2014 and was completed through the issuance of 94,256,626 new ordinary fully paid shares. On completion of the fundraising the enlarged number of ordinary shares in issue is 196,356,396. The fundraising allowed Pantheon to double its stake in its existing Tyler County JV to 50%. Additionally, the company acquired a 50% working interest in 3 new projects in Tyler and Polk Counties, and to acquire a 25% working interest in a further project in Polk County, East Texas. An independent expert has estimated a Gross Prospective P₅₀ Resource (Recoverable) of the enlarged JV acreage of 301 Million Barrels of Oil equivalent (“Mmboe”), equating to 150.5 Mmboe for Pantheon’s 50% working interest.

On 30 September, 2014 the Company issued 10 million share options with an exercise price of £0.30 to Directors and employees of the Company. 50% of these share options vested immediately and the remaining 50% vest on the later of the first anniversary of grant, or the spudding of the second well to be drilled on the JV acreage. These are the only share options in issue in the Company with all previous share options having expired.