PANTHEON RESOURCES PLC
INTERIM REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

STATEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

The half year ended 31 December 2020 and the period beyond has been one of continued progress for Pantheon. Even despite the sustained detrimental COVID induced impacts on the global oil and gas market, the Company was able to make a number of significant achievements since 1 July 2020, as outlined below:

Spudding of Talitha #A well Post Period End

The Talitha #A well was spudded in January 2021 and reached a total depth of c 10,456 ft and drilled through the Shelf Margin Deltaic sequence along with a number of secondary targets including (a) the Slope Fan System, (b) the Basin Floor Fan, both being within the Brookian section, as well as (c) the deeper and independent Kuparuk formation. Encouragingly, analysis from logs, sidewall cores and other data obtained during drilling indicates five potentially productive zones in the (from deepest to shallowest) Kuparuk, Lower Basin Floor, Upper Basin Floor Fan sequences, Slope Fan and Shelf Margin Deltaic horizons. Geological data in the Kuparuk Formation, which was a secondary target in this well, was better than expected and warranted a change of plans to test this zone more comprehensively that our pre-drill plans which had prioritised the shallower Shelf Margin Deltaic. After an attempt to test the Kuparuk in the open well bore, the well was sidetracked some 80 ft from the original wellbore, a liner was set. The Kuparuk was perforated from 10,069 to 10,085 ft Measured Depth (10,062-10,078 ft True Vertical Depth). The reservoir pressure encountered was significantly higher than expected or seen in any of the offset wells, and with the exceptionally light oil that has been collected, a more methodical approach to ongoing operations has been required. Fracking and testing operations are now underway.

Granting of the Alkaid Unit

During the period, Pantheon's 100% owned Alaska subsidiary, Great Bear Pantheon was formally granted the Alkaid Unit of 22,804 acres from the State of Alaska, Department of Natural Resources ("DNR"). The granting of a unit is considered to be significant because it provides the Company tenure over the acreage, subject to the Company meeting certain minimum requirements including a commitment to the reprocessing of approximately 50 Square miles of 3D seismic (which is currently underway), as well as engagement of 3rd party specialists to produce an engineering study on a conceptual 'hot-tap' into the Trans Alaska Pipeline System ("TAPS"). There are no firm drilling commitments. In January 2020, the independent experts at Lee Keeling & Assoc., calculated a $595 million net present value (NPV10) for the Alkaid project (at the then prevailing realized oil price of $55/bbl). A major benefit of Alkaid over other projects on the Alaska North Slope is that wells can be brought onto production more rapidly after testing by trucking produced oil up to Pump Station #1, about 20 miles north of Alkaid. Alkaid's location, underneath and adjacent to the Dalton Highway and the Trans Alaska Pipeline System, allows the siting of a drill pad next to the Dalton Highway which offers the ability for year-round activity as well as other material advantages. Pantheon has a 100% working interest in Alkaid.

Granting of the Talitha Unit & receipt of Independent Experts Report

During the period, Great Bear Pantheon was also granted the Talitha Unit comprising 44,463 acres. The Talitha Unit has a drilling commitment which the Company believes it has met with the drilling of the Talitha #A well which was spudded in January 2021.

During the period an Independent Expert Report ("IER") was completed by Lee Keeling & Associates. The IER covered just one of the four targeted horizons at Talitha #A; the Shelf Margin Deltaic sequence. Highlights of the IER are summarized below:

- ⇨ 304 Million Barrels of Oil ("MMBO") Prospective Resource (Recoverable)
- ⇨ $2.7 billion NPV10, using a long-term Brent oil forward curve ranging from $45.84 to $54.89
- ⇨ $8.92 NPV10 per barrel of oil and an Internal Rate of Return of 79.9%
- ⇨ Field peak maximum production rate of 90,000 Barrels of oil per day ("BOPD") facility limited
- ⇨ Average individual producing well EUR (estimated ultimate recovery) of 3.32 MMBO per well
- ⇨ The LKA report confirmed that Talitha is an Appraisal project updip from discovered oil

- ⇨ Located near the Dalton Highway & Trans-Alaska Pipeline (TAPS) allowing a phased development and minimizing upfront capex

Completion of $30.2 million fundraising & appointment of Canaccord Genuity as NOMAD/Broker

In November 2020, Pantheon raised approximately $30.2 million through the placing of 73,756,314 new Ordinary Shares at a price of 31 pence per Ordinary Share (the "Issue Price"). The fundraise was significantly oversubscribed and the new shares represented 14.7 per cent of the issued voting Ordinary Share capital of the Company prior to the fundraise. This fundraise allowed the Company to participate in the January 2021 lease sale in Alaska where it successfully acquired key strategic acreage contiguous to its existing projects, and to have sufficient funds to drill and test the Talitha #A well ultimately at a 100% working interest.

The Company also appointed Canaccord Genuity Limited as its sole Broker and Nominated Adviser in October 2020. With a strong franchise in the natural resources sector and established operations in the UK, North America, Canada and Australia, Canaccord was considered a natural fit for Pantheon.

Acquisition of 10.8% interest in Talitha Unit

Subsequent to the period end, in March 2021, Pantheon formally acquired 100% ownership of Borealis Alaska LLC. Borealis Alaska LLC owned a 10.8% working interest in each of the 16 leases in the 44,463 acre Talitha Unit. Pantheon paid a consideration of 14,272,592 ordinary shares for the 10.8% working interest. Upon completion, Pantheon owned a 100% working interest and an 86.0% net revenue interest in the Talitha Unit.

Leasing Activity

Pantheon also acquired a 100% interest in approximately 66,000 acres in the January 2021 State of Alaska's North Slope Areawide Lease Sale. The new leases are strategically positioned in two areas contiguous to Pantheon’s current acreage on our northwestern, western, and eastern boundaries. Pantheon believes the new acreage to be of significant resource potential. Pantheon's acreage now totals approximately 160,000 contiguous acres.

East Texas

In February 2021, Pantheon formally exited East Texas with the transfer of 100% of our interests in both Polk and Tyler Counties to Neches Transport, a local operator. As a result of exiting East Texas, and in accordance with International Financial Reporting Standards as adopted by the EU (“IFRS”), the expenses for the East Texas Operation have been reclassified to “Discontinued Operations”. This reclassification has been performed on both the current period and the comparative periods shown. The consideration for the sale was in the form of an agreement were the acquirer legally assumed the plug and abandonment liabilities of the East Texas Acreage. At the period end, an amount of $585,863 is classified as assets held-for-sale which represents the remaining written down balance for the East Texas Acreage. There is a corresponding liability held-for-sale which represents the previous plug and abandonment provision of $585,863 for the East Texas Acreage. The East Texas Acreage generated no revenue in the 2020 calendar year and the Group reported an operating loss for the 12 months ended 30 June 2020 of $1.5m from the East Texas Acreage. Further details are set out in note 3 to these accounts.

Financial & Corporate

The interim results show a loss for the period of $3.0 (2019: $2.2m) which was higher than the previous year largely as a result of a $1.6m one-off non-cash accounting charge relating to the issuance of share options.

At 31 December 2020, cash and cash equivalents amounted to $29.8m (2019: $7.4m). Cash and cash equivalents as 26 March 2021 was $17.8m.

In November 2020, Pantheon raised approximately $30.2 million through the placing of 73,756,314 new Ordinary Shares at a price of 31 pence per Ordinary Share, a 72% premium to the previous fundraising price in mid 2019.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Notes	6 months ended 31 December 2020 (unaudited) $	6 months ended 31 December 2019 (unaudited) $	Year ended 30 June 2020 (audited) $
Continuing operations				
Administration expenses		(2,501,541)	(1,852,048)	(3,667,635)
Share option expense		(1,585,904)	-	-
Impairment of exploration and evaluation assets		-	-	(130,112)
Operating loss		(4,087,445)	(1,852,048)	(3,797,747)
Interest receivable		1,000	13,794	23,759
Loss before taxation		(4,086,445)	(1,838,254)	(3,773,988)
Taxation		1,124,124	383,768	965,681
Loss for the period from continuing operations after taxation		(2,962,321)	(1,454,486)	(2,808,307)
Loss for the period from discontinued operations	3	(54,415)	(752,384)	(14,170,288)
Loss for the period		(3,016,736)	(2,206,870)	(16,978,595)
Other comprehensive income for the period				
Exchange differences from translating foreign operations		1,100,162	151,610	(47,800)
Total comprehensive loss for the period		(1,916,574)	(2,055,260)	(17,026,395)
Loss per share from continuing operations:				
Basic and diluted Loss per share	2	(0.57)¢	(0.29)¢	(0.56)¢
Loss per share from discontinued operations:				
Basic and diluted Loss per share	2	(0.01)¢	(0.15)¢	(2.83)¢

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share based payment $	Non controlling Interests $	Total equity $
Group							
At 1 July 2020	8,568,721	173,687,092	(29,608,911)	(268,637)	2,163,898	-	154,542,163
Net loss for the period	-	-	(3,016,736)	-	-	-	(3,016,736)
Other comprehensive income: Foreign currency translation	-	-	-	1,100,162	-	-	1,100,162
Total comprehensive income for the period	-	-	(3,016,736)	1,100,162	-	-	(1,916,574)
Capital Raising							
Issue of shares	973,583	29,207,500	-	-	-	-	30,181,083
Issue costs	-	(1,598,850)	-	-	-	-	(1,598,850)
Share option expense	-	-	-	-	1,585,904	-	1,585,904
Balance at 31 December 2020	9,542,304	201,295,742	(32,625,647)	831,525	3,749,802	-	182,793,726

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share based payment $	Non controlling Interests $	Total equity $
Group							
At 1 July 2019	7,966,075	164,044,720	(12,630,316)	(220,838)	2,163,898	(54,708)	161,268,831
Net loss for the period	-	-	(2,206,870)	-	-	-	(2,206,870)
Other comprehensive income: Foreign currency translation	-	-	-	151,610	-	-	151,610
Total comprehensive income for the period	-	-	(2,206,870)	151,610	-	-	(2,055,260)
Capital Raising							
Issue of shares	602,646	10,244,977	-	-	-	-	10,847,623
Issue of shares in lieu of fees	-	(31,239)	-	-	-	-	(31,239)
Issue costs	-	(571,366)	-	-	-	-	(571,366)
Balance at 31 December 2019	8,568,721	173,687,092	(14,837,186)	(69,228)	2,163,898	(54,708)	169,458,589

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share based payment $	Non controlling Interests $	Total equity $
Group							
At 1 July 2019	7,966,075	164,044,720	(12,630,316)	(220,838)	2,163,898	(54,708)	161,268,831
Net (loss) for the year	-	-	(16,978,595)	-	-	-	(16,978,595)
Other comprehensive income: Foreign currency translation	-	-	-	(47,799)	-	-	(47,799)
Total comprehensive income for the year	-	-	(16,978,595)	(47,799)	-	-	(17,026,394)
Capital Raising							
Issue of shares	602,646	10,244,977	-	-	-	-	10,847,623
Issue of shares in lieu of fees	-	(31,239)	-	-	-	-	(31,239)
Issue costs	-	(571,366)	-	-	-	-	(571,366)
Disposals	-	-	-	-	-	54,708	54,708
Balance at 30 June 2020	8,568,721	173,687,092	(29,608,911)	(268,637)	2,163,898	-	154,542,163

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	6 months ended 31 December 2020 (unaudited) $	6 months ended 31 December 2019 (unaudited) $	Year ended 30 June 2020 (audited) $
ASSETS				
Non-Current Assets				
Exploration and evaluation assets	4	159,097,101	163,434,537	156,097,609
Developed oil and gas assets	4	-	6,933,644	-
Property, plant & equipment	4	54,989	2,494,271	658,898
		159,152,090	172,862,452	156,756,507
Current Assets				
Trade and other receivables		204,436	667,034	74,167
Non-current assets – held for sale		585,863	-	-
Cash and cash equivalents		29,766,746	7,371,384	4,802,965
		30,557,045	8,038,418	4,877,132
Total assets		189,709,135	180,900,870	161,633,639

LIABILITIES

Current liabilities

Trade and other payables	1,367,451	664,424	388,092
Provisions	750,000	1,335,863	1,335,863
Non-current liabilities – held for sale	585,863	-	-
Lease Liabilities	52,762	-	46,311
Deferred tax liability	4,154,706	9,441,994	5,293,296
	6,910,782	11,442,281	7,063,562
Non-current liabilities			
Lease Liabilities	4,627	-	27,914
	4,627	-	27,914
Total liabilities	6,915,409	11,442,281	7,091,476
Net assets	182,793,726	169,458,589	154,542,163
EQUITY			
Capital and reserves			
Share capital	9,542,304	8,568,721	8,568,721
Share premium	201,295,742	173,687,092	173,687,092
Retained losses	(32,625,647)	(14,837,186)	(29,608,911)
Currency reserve	831,525	(69,228)	(268,637)
Share based payment reserve	3,749,802	2,163,898	2,163,898
Non controlling interests	-	(54,708)	-
Shareholders' equity	182,793,726	169,458,589	154,542,163

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020

	6 months ended 31 December 2020 (unaudited) **$**	6 months ended 31 December 2019 (unaudited) **$**	Year ended 30 June 2020 (audited) **$**
Net outflow from operating activities	(989,110)	(3,622,342)	(5,707,802)
Cash flows from investing activities			
Interest received	1,060	14,330	25,881
Funds used for drilling, exploration and leases	(2,999,493)	(1,119,609)	(1,591,591)
Disposal	-	-	(1,134)
Net cash outflow from investing activities	(2,998,433)	(1,105,279)	(1,566,844)
Cash flows from financing activities			
Proceeds from share issues	30,181,084	10,816,383	10,816,383
Issue costs paid in cash	(1,202,850)	(571,364)	(571,364)

Repayment of borrowing and leasing liabilities	(26,910)	-	(21,394)
Net cash inflow from financing activities	28,951,324	10,245,019	10,223,625
Increase in cash & cash equivalents	24,963,781	5,517,398	2,948,979
Cash and cash equivalents at the beginning of the period	4,802,965	1,853,986	1,853,986
Cash and cash equivalents at the end of the period	29,766,746	7,371,384	4,802,965

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2020 (unaudited) $	6 months ended 31 December 2019 (unaudited) $	Year ended 30 June 2020 (audited) $
Loss for the year	(3,016,736)	(2,206,870)	(16,978,595)
Net interest received	(1,060)	(14,330)	(25,881)
Gain on disposal of subsidiary undertaking	-	-	(109,417)
Impairment of intangible assets – E&E	-	-	7,808,912
Impairment developed oil & gas assets	-	-	6,933,644
Impairment of PP&E	-	-	1,907,966
Share option expense	1,585,904	-	-
Bad debt expense	-	-	318,786
Depreciation of office equipment	220	210	420
Depreciation of right of use assets	24,600	-	19,559
Charge on lease - right of use assets	3,141	-	3,260
Depletion of developed oil & gas assets	-	27,800	27,800
(Increase)/decrease in trade and other receivables	(130,268)	(251,053)	21,002
Increase/(decrease) in trade and other payables	583,359	(745,923)	(854,972)
Effect of translation differences (fixed assets)	(14)	(17)	10
Effect of translation differences (right of use assets)	172	-	(29)
Effect of translation differences	1,100,162	151,610	(47,800)
Taxation	(1,138,590)	(583,769)	(4,732,467)
Net cash outflow from operating activities	(989,110)	(3,622,342)	(5,707,802)

NOTES TO THE FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2020

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

This interim report has been prepared on a basis consistent with the Group's expected accounting policies for the year ending 30 June 2021. 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 2020, which are available from the registered office or the company's website (www.pantheonresources.com).

The Group financial information is presented in US Dollars and is unaudited. The interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 30 June 2020 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.

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. 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 US Dollars ("$"), which is the functional currency of the Company and is the Group's presentation currency.

(ii) *Transactions and balances*

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

The assets, liabilities and the results of the foreign subsidiary undertakings are translated into US dollars 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. Going concern

The interim report has 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 is under no obligation to drill any future wells and accordingly the Directors believe the Group has the ability to continue to operate as a going concern. However, should the Group wish to drill future wells, such wells will require additional capital. Should testing operations currently being undertaken in the Talitha #A well be successful, the Directors believe several options would be available to secure that capital. For example, the Group could pursue a farmout of a working interest in one of more future wells on a standalone basis, or on a larger scale the Group could pursue a farmout of a working interest in one or more projects (for example Alkaid, Talitha or Theta West). Any such farmout would likely require the incoming party to pay an up-front payment together with a proportion (up to 100%) of future drilling costs. Success in the Group's Talitha project currently being tested would be expected to increase both the value and the likelihood of such a transaction occurring. The Group could also consider equity funding as an alternate option if it chose to do so. Following the completion of operations at Talitha #A, the Group has no further obligations to drill further wells. This is because the granting of the Alkaid Unit did not require the drilling of any wells, and the current operations at Talitha #A well, in the director's opinion, have met the work commitments required for the Talitha Unit.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group is sufficiently well funded to be able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

1.6. Deferred taxation

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

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

1.7. Exploration and evaluation costs and developed oil and gas properties

The Group follows the 'successful efforts' method of accounting for exploration and evaluation costs. At the point of production, all costs associated with oil, gas and mineral exploration and investments are classified into and capitalised on a 'cash generating unit' ("CGU") basis, in accordance with IAS 36. 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.

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. All balance sheet

carrying values are reviewed for indicators of impairment at least twice yearly. The prospect acreage is classified into discrete "prospects" or CGU's. When production commences the accumulated costs for the specific CGU is transferred from intangible fixed assets to tangible fixed assets i.e., 'Developed Oil & Gas Properties' 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.

1.8 Impairment of exploration costs and developed oil and gas properties, depreciation of assets, plug & abandonment and goodwill

In accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources' (IFRS 6), exploration and evaluation assets are reviewed for indicators of impairment. Should indicators of impairment be identified an impairment test is performed.

In accordance with IAS 36, the Group is required to perform an "impairment test" on assets when an assessment of specific facts and circumstances indicate there may be an indication of impairment, specifically to ensure that the assets are carried at no more than their recoverable amount. Where an impairment test is required, any impairment loss is measured, presented and disclosed in accordance with IAS 36.

Exploration and evaluation costs

Following the exit of East Texas, all exploration and evaluation assets relate to the Alaskan Operation. The Alaskan leasehold assets were fair valued as at the date of acquisition of Great Bear. The carrying value at 31 December 2020 represents the cost of acquisition, (plus the fair value adjustment, in accordance with IFRS) and the capitalised costs incurred subsequent to the acquisition.

Decommissioning Charges

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change — for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

For all wells the Group has adopted a Decommissioning Policy in which all decommissioning costs are recognise immediately when a well is either completed, abandoned, suspended or a decision taken that the well will likely be plugged and abandoned in due course. For completed or suspended wells, the decommissioning charge is recorded against the capitalised amount and subsequently depleted over the useful life of well using unit of production method.

Goodwill

Goodwill is tested annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the asset to which the goodwill relates. Where the recoverable amount is less than its carrying amount, an impairment loss is recognised. If an impairment is recognised it is reflected in the statement of profit or loss and other comprehensive income as part of other operating expenses.

Developed Oil and Gas Properties

Developed Oil and Gas Properties only represent the capitalised costs associated with oil and gas properties, assessed on a CGU (cash generating basis) which have been transferred from "Exploration and Evaluation costs" to "Developed Oil & Gas properties" when the well was commissioned. Wells are depleted over the estimated life of the commercial reserves based on the "Unit of production basis". The carrying values of Developed Oil and Gas properties are tested for indicators of impairment, and 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. The East Texas Oil and Gas Properties were fully impaired as at the last reporting date 30 June 2020.

Other property, plant and equipment

Other property, plant and equipment are stated at historical 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, ranging from 3 to 30 years. Pipeline and associated costs are depreciated over 30 years; tankage,

generators and generator systems over 20 years and equipment associated with the Gas Plant over 3 years.
- Office equipment is depreciated by equal annual instalments over their expected useful lives, being three years.

1.9. Revenue

The Group is engaged in the business of extracting oil and gas. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Contract balances

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The Group does not have any contract assets as performance and a right to consideration occurs within a short period of time and all rights to consideration are unconditional.

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

1.10. Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policy applicable from 1 July 2019

All contracts entered into by the group are assessed to determine if they are either a lease contract or contain a lease contract. Where a lease is identified the Group recognises a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is a lessee.

There are three key evaluations in determining a lease contract:

I. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group.

II. The Group has the right to obtain substantially all of the economic benefits from use of the identified assets throughout the period of use, considering rights within the defined scope of the contract.

III. The Group has the right to direct the use of the identified asset throughout the period of use.

Lease liabilities are initially measured at the discounted present value of all future lease payments, excluding prepayments made up to and including the commencement date of the lease. The discount rate used is either the rate implicit in the lease, or if that is not readily determined, the incremental borrowing rate.

The lease liability is presented as a separate line item in the balance sheet.

Subsequent measurement of the lease liability includes increases to the carrying amount of the liability to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount for the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

A. There is a change in the lease term. In such cases the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.

B. Change of lease payments (due to changes in the reference index or rate) or any changes in expected payments under a guaranteed residual value. In such instances the lease liability is remeasured using unchanged discount rates; a revised discount rate is used where the lease payments are changed due to a change in a floating interest rate.

C. Where a lease modification is not accounted for as a separate lease. In such a case the lease liability is remeasured bases on the modified lease term, using the revised discount rate at the date of the modification.

The initial carrying value of a right of use assets consists of:

- The corresponding lease liability
- All and any prepayments prior to the lease commencement.
- Less: Any lease incentive received by the lessee
- Less: Any initial direct costs incurred by the lessee.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The asset is subsequently measured at initial carrying value less accumulated depreciation and impairment losses.

Where an impairment indictor has been identified, an impairment test is conducted. In assessing whether an impairment is required, the carrying value of the asset is compared with its recoverable value. The recoverable amount is the higher of the assets fair value less the costs to sell and value in use.

Policy applicable prior to 1 July 2019

Leases where substantially all of risks and rewards of ownership where not transferred to the lessee were classified as an "operating lease". Payable amounts, under the lease terms, were charged to the profit and loss account over the lease term.

2. Loss per share

	6 months ended 31 December 2020 (unaudited)	6 months ended 31 December 2019 (unaudited)	Year ended 30 June 2020 (audited)
Loss per share from continuing operations:			
Basic and diluted loss per share	(0.57)c	(0.29)c	(0.56)c
Loss per share from discontinued operations:			
Basic and diluted loss per share	(0.01)c	(0.15)c	(2.83)c

The calculation above for the loss per share has been calculated by dividing either the; relevant loss from continuing operations for the period or the loss from discontinued operations for the period, by the weighted average number of ordinary shares in issue of 519,779,401 (December 2019: 497,618,515; June 2020: 500,386,832). Where a loss has been recorded for the period, the diluted loss per share has been made to equal the basic loss per share.

3. Discontinued Operations

During the period, in late 2020, the Group made a decision to exit its East Texas portfolio entirely, reflecting the previously announced strategic decision of the Group to prioritise its Alaska North Slope asset portfolio, given the significantly larger size, scale and resource potential. The decision to fully impair the carrying value of the East Texas properties at 30 June 2020 was driven by the severe falls in oil and gas prices resulting from the economic impacts of the pandemic, which had devastating effects on the US oil and gas sector. Whilst there has been some recovery in prices since June 30, they were not considered enough alone to justify continued investment into East Texas by Pantheon as it was concluded that capital could be better applied towards Alaska. Many of the East Texas leases required renewal which would have required the investment of significant additional capital which the directors did not believe was in the best interests of shareholders.

By period end management had committed to a plan to dispose of the Group's interest in the East Texas segment. The formal disposal completed in February 2021. The consideration for the sale was in the form of an agreement were the acquirer legally assumed the plug and abandonment liabilities of the East Texas Acreage.

The East Texas Segment was not previously classified as held-for-sale or as a discontinued operation. The Consolidated Statement of Comprehensive Income, including the comparatives, have been restated to show the discontinued operation separately from continuing operations.

At the period end, an amount of $585,863 is classified as assets held-for-sale which represents the remaining written down balance for the East Texas Segment. There is a corresponding liability held-for-sale which represents the previous plug and abandonment provision of $585,863 for the East Texas Segment.

Results of discontinued operations

	6 months ended 31 December 2020	6 months ended 31 December 2019	Year ended 30 June 2020
	$	$	$
Revenue	-	78,003	85,312
Production royalties	-	(22,385)	(24,580)
Depletion of developed oil and gas assets	-	(27,800)	(27,800)
Cost of sales	-	(387,571)	(6,273)
Gross (loss) / profit	-	(359,753)	26,659
Administrative expenses	(68,941)	(313,606)	(421,313)
General & Administrative expenses - Vision	-	(279,562)	(814,762)
Impairment of exploration & evaluation assets	-	-	(7,678,800)
Impairment of developed oil and gas assets	-	-	(6,933,644)
Impairment of property plant and equipment	-	-	(1,907,966)
Bad debt expense	-	-	(318,786)
Gain on disposal of subsidiary undertaking	-	-	109,417
Results from operating activities	(68,941)	(952,921)	(17,965,854)
Interest receivable	61	536	2,121
Income tax	14,465	200,001	3,766,786
Loss from discontinued operations, net of tax	(54,415)	(752,384)	(14,170,288)

Discontinued operations statement of cashflows

	6 months ended 31 December 2020	6 months ended 31 December 2019	Year ended 30 June 2020
	$	**$**	**$**
Net outflow from operating activities	(263,274)	(1,495,306)	(2,049,767)

Cash flows from investing activities

Funds used for drilling, exploration & leases	-	(375,000)	(375,000)
Interest received	61	536	2,121
Disposal	-	-	(1,134)
Net cash inflow/(outflow) from investing activities	61	(374,464)	(374,013)
Cash flows from financing activities			
Inter-company loans	(1,635,323)	5,150,129	4,908,826
Net cash (outflow)/inflow from financing activities	(1,635,323)	5,150,129	4,908,826
(Decrease) / increase in cash & cash equivalents	(1,898,536)	3,280,359	2,485,046
Cash and cash equivalents at the beginning of the period	3,026,491	541,445	541,445
Cash and cash equivalents at the end of the period	1,127,955	3,821,804	3,026,491

4. Non-current assets

Exploration and evaluation assets Group	Exploration & evaluation assets
Cost:	$
At 30 June 2019	201,830,954
Additions	2,547,277
At 31 December 2019	204,378,231
Additions	471,984
At 30 June 2020	204,850,215
Additions	2,999,492
At 31 December 2020	207,849,707
Impairment:	
At 30 June 2019	40,943,694
At 31 December 2019	40,943,694
Charge for the period	7,808,912
At 30 June 2020	48,752,606
At 31 December 2020	48,752,606
Net book value:	
At 31 December 2020	159,097,101
At 30 June 2020	156,097,609

In January 2019, the Group acquired 100% of the share capital of Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC companies (collectively, “Great Bear”). The principal assets of Great Bear are leases with the rights to explore for hydrocarbons in the State of Alaska. At the period end the exploration and evaluation assets all relate to the Alaskan operation; Alaskan assets $159.1m (December 2019: $155.7m), East Texas Assets $Nil (December 2019: $7.7m).

Exploration and evaluation assets are constantly reviewed for indicators of impairment. If an indicator of impairment is found an impairment test is required, where the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. The directors are satisfied that no impairments are required for the current period end.

Property, plant and equipment

Group	Developed Oil & Gas Properties $	Production Facilities & Equipment $	Office Equipment $	Right of Use Assets $	Total $
Cost					
At 30 June 2019	20,290,906	4,312,960	16,099	-	24,619,965
At 31 December 2019	20,290,906	4,312,960	16,099	-	24,619,965
Transition to IFRS 16	-	-	-	91,995	91,995
At 30 June 2020	20,290,906	4,312,960	16,099	91,995	24,711,960
Exchange difference	-	-	-	9,524	9,524
Transferred to - assets held for sale	-	(585,863)	-	-	(585,863)
At 31 December 2020	20,290,906	3,727,097	16,099	101,519	24,135,621
Depreciation					
At 30 June 2019	-	421,181	15,464	-	436,645
Depreciation for the period	-	-	210	-	210
Exchange difference	-	-	(17)	-	(17)
At 31 December 2019	-	421,181	15,657	-	436,838
Depreciation for the period	-	-	210	19,558	19,768
Exchange difference	-	-	26	(392)	(366)
At 30 June 2020	-	421,181	15,893	19,166	456,240
Depreciation for the period	-	-	220	24,600	24,820
Exchange difference	-	-	(14)	2,764	2,750
At 31 December 2020	-	421,181	16,099	46,530	483,810
Depletion					
At 30 June 2019	236,778	-	-	-	236,778
Depletion for the period	27,800	-	-	-	27,800
At 31 December 2019	264,578	-	-	-	264,578
Depletion for the period	-	-	-	-	-
At 30 June 2020	264,578	-	-	-	264,578
Depletion for the period	-	-	-	-	-
At 31 December 2020	264,578	-	-	-	264,578
Impairments					
At 30 June 2019	13,092,684	1,397,950	-	-	14,490,634
At 31 December 2019	13,092,684	1,397,950	-	-	14,490,634
Impairment for the period	6,933,644	1,907,966	-	-	8,841,610
At 30 June 2020	20,026,328	3,305,916	-	-	23,332,244
Impairment for the period	-	-	-	-	-
At 31 December 2020	20,026,328	3,305,916	-	-	23,332,244
Net book value					
At 31 December 2020	-	-	-	54,989	54,989
As at 30 June 2020	-	585,863	206	72,829	658,898

5. Share Capital

In November 2020 the Company completed a placing of 73,756,314 new fully paid ordinary shares with a nominal value of £0.01, raising gross proceeds of c.$30.2m before expenses at an issue price of 31 pence per share.

As at 31 December, 2020 the company had on issue 678,986,082 shares (which includes 102,471,055 non-voting shares which are convertible into ordinary shares on a 1 for 1 basis, subject to certain conditions).
As at 31 December, 2020 the Company also has the following options and warrants:

- 10,000,000 share options and 9,607,843 warrants; all with a £0.30 exercise price. The warrants are identical to the share options except are convertible into non-voting shares.
  In July 2020 the Company approved the issue of up to 13,700,000 share options with an exercise price of £0.27 to Directors, all staff and key consultants.

6. Approval by Directors

The interim report for the six months ended 31 December 2020 was approved by the Directors on the 29 of March 2021.

7. 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.

8. Contingent liability

Vision Operating Company LLC ("VOC") is in dispute with a third-party service provider, Kinder Morgan Treating L.P. ("Kinder Morgan") over the intended early termination of a gas processing agreement in East Texas. VOC ceased making payments to the service provider in July 2019. The service provider subsequently issued a demand to VOC and in January 2021 served Pantheon Resources plc with a petition, seeking a payment of not less than $3.35m in respect of this VOC contract. Pantheon held ownership of less than 0.1% of VOC via a 66.6% interest in Vision Resources LLC. Both Vision Resources LLC and VOC filed for Chapter 7 Bankruptcy in the United States Bankruptcy Court for the Southern District of Texas Houston Division at 28 April 2020.

Pantheon was not a signatory to the gas processing agreement, is not named in the agreement, and explicitly declined to provide any financial support in relation to the agreement. Pantheon has taken legal advice on the matter and believes it has no liability to the service provider. Accordingly, Pantheon do not consider a provision should be included with the final statements and will contest any claim made.

9. Subsequent events

Spudding of the Talitha #A well, North Slope of Alaska

The Talitha #A appraisal well spudded ahead of schedule on 13 January 2021. The well targeted the shallowest Shelf Margin Deltaic horizon as the primary objective and will also drill through a number of secondary objectives including: (i) the 'Slope Fan System', (ii) the 'Basin Floor Fan', and (iii) the 'Kuparuk' horizons.

Drilling and testing operations at Talitha #A must be completed prior to the onset of Spring when temperatures warm up and ice roads begin to thaw. Historically, the drilling season has ended near the end of March, however unseasonably colder than usual conditions suggest that the season will extend well into April 2021. Given the number of targeted formations, and subject to positive results, Pantheon intends to make full use of the available drilling window, undertaking drilling and testing operations as long as weather permits. It is intended that zones not tested this drilling season will be tested next drilling season. Based on preliminary analysis, the well has penetrated all objective formations and encountered oil in each of them. Five distinct oil-bearing zones were identified which warrant testing.

As of 0900hrs Alaska time on 29 March, Pantheon was preparing to trip into the hole with the production assembly in preparation for fracking and testing operations of the deepest of the targeted horizons, the Kuparuk, in the sidetracked hole which had reached a total depth of 10,350 ft measured depth (10,343 ft true vertical depth). The sidetracked hole is approximately 80 ft away from the original wellbore. Encouragingly, the reservoir pressure encountered in the Kuparuk was significantly higher than expected or seen in any of the offset wells, requiring a more methodical and cautious approach to operations. Fluid samples have been obtained from the Kuparuk indicating very light oil. The Company cautions that all analysis is preliminary at this stage, and testing is required before making any definitive assessments. The Company will report testing results once available.

Acquisition of New Acreage

On the 14 of January 2021 the Company announced the acquisition of a 100% interest in approximately 66,000 acres in the State of Alaska's North Slope Areawide Lease Sale. The new leases are strategically positioned in two areas contiguous to our current acreage on our north western, western, and eastern boundaries. Pantheon's acreage now totals approximately 160,000 contiguous acres.

East Texas – Exit of Discontinued Operations

The Company officially exited its East Texas portfolio on the 1 of February 2021. Prior to this, management had made the decision to abandon its East Texas Operation in December 2020. Pantheon no longer has any interest in any oil and gas leases in East Texas.

Annual grant of share options to Directors and Staff

On 28 January 2021 the Company announced an Annual Grant of Share Options to directors and staff under the Pantheon Resources plc discretionary share option plan. The share options have an exercise price of £0.33, representing the prevailing price at the time of the remuneration committee meeting the day after the closing of the Fundraising. The first half of the share options granted will vest 12 months from the date of grant, and the remaining 50 per cent will vest upon the spudding of the next well on the Company's Alaskan acreage after the Talitha #A well.

Acquisition of 100% of Borealis Alaska LLC and its 10.8% working interest in the Talitha Unit

On 23 March 2021, Pantheon acquired 100% of Borealis Alaska LLC. Borealis owned a 10.8% working interest in the Talitha Unit. Upon completion of the transaction. Pantheon now owns a 100% working interest in the Talitha Unit. Pantheon issued 14,272,592 ordinary fully paid shares in consideration for the transaction, which are subject to a lock in agreement and are not available for sale until 30 June 2021, in full and final consideration for the 10.8% working interest.

Conversion of shares

On 3 February, 2021 a shareholder requested the conversion, on a one to one basis, of 14,261,949 of the 102,471,055 ordinary shares not carrying voting rights ("Non-Voting Shares") into ordinary shares carrying voting rights ("Voting Ordinary Shares") in the Company. On 10 March 2021 a request was received for the conversion of a further 24,318,628 Non-Voting Shares, on a one to one basis, into Voting Ordinary Shares. The Non-Voting Shares were originally issued as part of the purchase consideration for the Great Bear Companies in January 2019 as previously announced. The Non-Voting Shares are convertible into Voting Ordinary Shares, on a one-for-one basis.

GLOSSARY

bbl	barrel of oil	mcfd	thousand cubic feet per day
bopd	barrels of oil per day	Mmboe	million barrels of oil equivalent
boepd	barrels of oil equivalent per day	NPV	net present value
mcf	thousand cubic feet	$	United States dollar

bwpd	barrels water per day