Company Number 05385506
Incorporated in England & Wales

PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2021

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	John (Jay) Cheatham (Chief Executive Officer) Justin Hondris (Executive Director, Finance and Corporate Development) Phillip Gobe (Non-Executive Chairman) Robert (Bob) Rosenthal (Technical Director) Jeremy Brest (Non-Executive Director)
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Company Number	05385506
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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

The past year has been a particularly interesting and exciting period for our company after a difficult 2020. Over the past year, the global petroleum industry has recovered as the world is re-opening from the COVID-19 pandemic, with rising global oil demand in an environment of constrained production. Over that period, we managed to drill and confirm a major oil discovery at our Talitha location which has been a transformational event for the Company. These events have led to a material rise in the value of Pantheon and put us in a strong position to pursue a funded appraisal and production testing program over the next 12 months.

The macro environment for the oil industry is very positive and Pantheon is well placed to take advantage of this favourable situation, having discovered major deposits of oil adjacent to underutilised export infrastructure in a major oil province. Non - Organization of the Petroleum Exporting Countries ("OPEC") production is declining whilst demand is anticipated to recover in the near term. The global push for capital to be redirected to primarily renewable energy projects will lead to further declines in non-OPEC oil supply and has some well-regarded industry commentators predicting an oil crisis. OPEC's market share of world production has already increased over the past few years, and this is expected to continue. History has demonstrated that increasing OPEC market share leads to increasing oil prices, hence the near to medium term outlook for oil prices is very positive.

We still have much work to do on our Alaskan projects to confirm the total resource and productive capability of our recent discoveries, which in turn will provide us with a more definitive assessment of the commercial potential. Our ability to do this work has been significantly enhanced by the strong prevailing macro-oil environment. The level of interest in our projects from both prospective financiers and joint venture partners has been strong, allowing us to pursue multiple strategies to secure funding for the 2021/22 drilling season. Whilst there can be no guarantees of success, the Company remains confident that it will be funded to commence operations in January 2022. At a high level, the Company aims to shift possible "resources" to proven "reserves" and even commence pilot production from discoveries such as Alkaid, conveniently located along the Dalton highway almost immediately under the Trans Alaska Pipeline System (TAPS). The geographical location of Pantheon's discoveries provides enormous advantages over other operators on the North Slope, enabling us to expedite development and production.

It is becoming increasingly difficult for the oil industry globally to secure exploration acreage with big resource potential, especially in the developed world. Pantheon's acreage has become increasingly valuable because of its onshore location, in a low sovereign risk jurisdiction, and the globally-significant scale of the discovered resource. Pantheon's Alaskan acreage has received investment of around $300m over more than a decade, delineating its current portfolio containing a host of major discoveries and excellent further exploratory potential. The next 12 months will be an exciting period as we, subject to successfully completing the necessary funding, seek to undertake one or more of the following operations; (i) to test Talitha, (ii) to drill a major appraisal well at Theta West and/or (iii) to drill a production and appraisal well at Alkaid, bringing closer commercial production. Drilling a well on the Alkaid oil accumulation from the Dalton Hwy location, if successful, should result in Pantheon's first Alaskan oil production, and will provide valuable data for future developments on the large accumulation, easily accessible from the Dalton Hwy and with ready evacuation via TAPS.

Our team, despite being small, is extremely high quality and has done a wonderful job concurrently progressing all our projects on both technical and financial levels. Funding oil and gas projects is challenging in this environment and Pantheon has been working hard on these endeavours for many months, running a parallel strategy of farmout discussions as well as considering other financing options. The Company remains confident that it will achieve its funding objectives although, as always we caution that there can be no guarantees. If however we are successful, then we believe that it could be a very exciting winter season for the company.

Phillip Gobe
Chairman

07 December 2021

Over the past year, Pantheon has continued to progress its Alaskan project and is delighted with the results to date. The successful drilling of the giant Talitha structure was clearly the year's highlight and delivered a transformational event for the company. The Talitha discovery, combined with the rise in the oil price has increased the market value of Pantheon to over $600m and has increased Pantheon's global profile as a successful oil company. In recent weeks, Pantheon has entered the MSCI UK Small Cap Index as well as the FTSE AIM 100 index.

Talitha spudded in January 2021 and was suspended in April 2021, having confirmed oil in five zones. It was one of the most impactful onshore wells drilled anywhere in the world and it lived up to and even exceeded, expectations. Talitha was designed to intersect four targeted horizons; (i) the Shelf Margin Deltaic (SMD), the primary target, and the three secondary targets: (ii) the Slope Fan System; (iii) the Basin Floor Fan; and (iv) Kuparuk formations. Management expectations were that the well had the potential to contain in the region of one billion barrels of gross prospective oil resource across those multiple stacked objectives. Talitha was a major success in that it encountered oil in all the predrill targets mentioned above, plus an additional zone in the Basin Floor Fan. We were only able to undertake testing operations within the deepest zone, known as the Kuparuk formation, due to the end of the winter season. The Kuparuk was confirmed as oil bearing—a great result—as this structure is very large. Unfortunately, due to unexpected reservoir characteristics, we were unable to obtain a stabilised oil flow from the Kuparuk. The Kuparuk formation at this location was over pressured, which was both unexpected and unlike any known Kuparuk well regionally, which caused challenges in testing. Unlike the Kuparuk, the four shallower zones are normally pressured with all zones encountering light oil and hence, offer excellent potential based upon analysis to date. These zones are all secured behind pipe which provides a straightforward low risk testing operation. The results of the Talitha well has generated multiple oil development opportunities, including major upgrades for the Theta West fan complex and the Shelf Margin Deltaic, the focus of near-term activity.

Talitha continued to highlight the prospectivity of Pantheon's acreage and confirmed its vast potential. The Talitha well encountered 3,700 feet of live oil through the cuttings which were analysed by industry experts at Baker Hughes and Advanced Hydrocarbon Stratigraphy (AHS) using Volatile Analysis Service. This provided a comprehensive, sophisticated and independent evaluation of hydrocarbon presence in the well bore, using mass spectrometry analysis of well cuttings. This analysis confirmed high quality oil (35-42 deg API) in good reservoir quality rock which has important implications for commercial development. Of particular interest, and an area of great excitement for our technical team, is Talitha's penetration and encountering of oil in the distal limits of a giant basin floor fan complex called Theta West which management now believe could be the largest new geological play on the North Slope. The Theta West fan complex is approximately 460 sq km and we internally estimate it contains 12 billion barrels of oil in place, with around 1.4 billion barrels of recoverable oil. Subject to financing, we plan to drill this giant play this coming winter season in an "updip" location over 10 miles from Talitha, where we expect to encounter a thicker reservoir section located closer to the sediment source. We expect enhanced reservoir quality at this shallower drilling depth. This is effectively an appraisal well and will be the most exciting and impactful well that I have been involved with in my long career.

Talitha also provided valuable data on Pantheon's other big geological play, known as the Shelf Margin Deltaic (SMD), which is also potentially very large. This zone has multiple well penetrations across the Pantheon acreage. Pantheon has mapped a resource of 2.6 billion barrels of oil in place with 404 million barrels being recoverable. A significant portion of the SMD oil resource is located close to the Dalton Highway and Trans Alaska Pipeline and hence, can be easily developed from the highway location providing an enormous commercial advantage. The oil zone discovered in the SMD is stratigraphically shallower than the oil discovered within the deeper Brookian section at Alkaid and hence, both zones may be jointly developed from the highway location. Pantheon has estimated that the combined oil resource within the Brookian section at Alkaid and SMD at Alkaid is 481 million barrels of recoverable oil, of which an estimated 204 million barrels of recoverable oil is believed to be developable from the highway. The favourable geographical location, close proximity to infrastructure and large resource potential offers the opportunity for more rapid development horizons, lower capex and tremendous value creation for Pantheon shareholders in a success case.

The advantageous location of the estimated 204 million barrels of recoverable SMD/Alkaid oil developable from the highway should allow for year-round development and production access from the highway, unique to new projects on the North Slope. Pantheon is well advanced on development planning after formal approval from the Alaskan Department of Natural Resources of two Units at Alkaid and Talitha. The award of these Units is an endorsement by the State of the commercial potential of the discoveries and provide longer tenure over the leases.

As prudent for any oil and gas company with limited capital we have paid great attention to optimising and high-grading our acreage position on the North Slope using our proprietary seismic data and experience in that area. We now own most of the leases that cover the better portion of the current oil discoveries. Part of that strategy included the acquisition of 10.8% working interest (WI) in the Talitha Unit from Otto Energy Alaska LLC for a consideration of 14,272,592 fully paid shares in Pantheon, bringing Pantheon's WI in Talitha to 100%. Having a 100% working interest across all of our major projects gives us sole operational control of our activities and puts us in a stronger position to pursue a farm down (or sell down) a WI in certain projects if desired, thus enabling us to continue funding our operations without necessarily diluting equity at the corporate level. Optimising acreage also meant that we relinquished certain leases such as the Leonis area which is outside the core acreage block where we will focus in the nearer term.

In November 2020 Pantheon completed an oversubscribed fundraising which raised $30.2m before costs at a price of £0.31/share. This funding allowed the Company to drill the successful Talitha #A discovery well and complete its acreage acquisition strategy. At the time of writing the Company is in the process of securing its financing for the 2021/22 drilling programme. Whilst there can be no guarantees, the Company is confident of a successful outcome that should see the Company embark on the most exciting drilling campaign in its history.

Summary

I am very proud of all our achievements as our small team has consistently delivered in all aspects of our operation. Our confidence in the fact that we have a world class opportunity across our portfolio is very high and numerous industry experts have now confirmed this. As I mentioned last year, nothing is certain in oil and gas, but in my 50+ year career in the sector I can assure shareholders that the quality of the work and analysis is as good as anything I have seen. We have the team in place to deliver the next phase over the forthcoming 12 months. The scale of this opportunity is growing, and the risks associated are declining as we continue to drill and test more wells and acquire important data. Our plan over the coming months is threefold; drill the giant basin floor fan complex at Theta West, production test the multiple oil discoveries in the Talitha well bore, and drill a production/long term test well at Alkaid, which will also appraise the SMD in that location. As you have seen from our RNS's the valuation implications of success from these activities are very large i.e., multi billions dollars. Our job now is to secure funding to enable what has the potential to be a very significant drilling campaign in 2021/22.

Jay Cheatham
Chief Executive Officer

07 December 2021

SECTION 172 STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report how the Board engages with stakeholders.

- The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006. Furthermore, the Directors have had refresher training with their NOMAD of Director responsibilities in the application of AIM rules. This process encourages the Board to reflect on how the Company engages with its stakeholders and to identify opportunities for enhancement in the future and was considered at the Company's board meetings. As required, the Company's external lawyers and the Company Secretary can provide support to the Board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1)(a)-(f).
- As part of its ongoing business, the Board regularly considers the Company's principal stakeholders and how it engages with them. This is achieved through information provided by management via Regulatory News Service announcements, Corporate Presentations, and Shareholder Meetings and teleconferences and also by direct engagement with stakeholders themselves.
- The Company aims to work responsibly with key identified stakeholders; shareholders, employees, consultants, suppliers, advisors, government bodies and local communities where exploration and production activities take place.
- Key Board decisions made in the year are set out below:

Significant events/decisions	**Key s172 Stakeholders**	**Actions and Consequences affected**
Advancement of geological understanding of the Alaskan assets	Shareholders, Employees and Business Relationships	• The Group drilled the Talitha #A well successfully during the year and collected a comprehensive data set of geological, geochemical and geophysical information including well logs, sidewall cores and cuttings analysis. The Company also hired third party expert consultants to undertake specialist analysis. In particular, the experts at Advanced Hydrocarbon Stratigraphy undertook detailed 'Volatiles Analysis' on over 400 cuttings taken, which confirmed the presence of continuous stacked oil-bearing reservoir zones over a 3,700-foot column. • The Board continued to refine its in-depth geological review of its Alaska North Slope assets. • The consequences of these actions were to materially increase the resource potential of the projects. The Company subsequently estimated greater than 12 billion barrels of oil in place and 1.41 billion barrels of oil recoverable resource potential at its 100% owned Theta West project. The drilling and analysis of Talitha #A has greatly enhanced the Group's geological understanding of its assets.

High Grading of Alaskan lease acreage	Shareholders, State of Alaska, Business Relationships	• The Group successfully acquired new lease acreages covering the Theta West project, and subsequent to the year end relinquished to the State of Alaska leases covering the Leonis project which were now considered non-core. • The Group successfully acquired the remaining 10.8% of the Talitha project, bringing its working interest in that project - like all its other projects - to 100%. • The consequence of these actions were to further refine the high grading strategy of the Group's portfolio to key areas of focus, while at the same time voluntarily relinquishing non-core acreages to the State to allow them to potentially offer them for lease to the wider public, which would benefit the state.
Disposal of East Texas assets	Shareholders	• In accordance with previous guidance, the Group formally exited its East Texas portfolio during the year to focus on its primary focus, that being the Alaskan assets. • Consequently, the Group was able to fully focus its efforts and capital allocation on the more impactful Alaskan portfolio. The carrying value of the East Texas oil and gas leases had previously been fully impaired.
Implementation of staff share option plan	Employees, long term consultants	• Implementation of staff share option plan • The consequence of this decision was to deliver a share option plan to allow staff to benefit from share price outperformance - aligning staff interests with that of shareholders - and to help management retain and attract the highest quality personnel.
Drilling of the Talitha #A well	Shareholders, Employees, State of Alaska	• The Group successfully drilled the Talitha #A well, gaining valuable data and significantly enhanced the potential for a future commercial development. • The consequence of this decision was to benefit of all stakeholders through a significant advancement in understanding of, potential of, and confidence in a future commercial development of the Group's projects.
Increased interaction with key stakeholders	Shareholders, Employees, State of Alaska, Other Business Relationships	• The Board conducted a number of webinar style shareholder presentations outside of the traditional AGM, which all shareholders and non-shareholders were invited to attend, in addition to a number of video interviews. The Group also held a number of technical presentations with the State of Alaska, working with them to ensure they are fully appraised of the Group's intended plans. • The consequence of these actions was to create a greater level of understanding of the Group's projects and intended activities and to strengthen relationships with stakeholders.

Finally, to you, our shareholders, thank you for your trust, belief and support in what has been a year of great achievement for our Company. Your continued support is appreciated by your Board, our wider internal team and our external advisory group.

This report was approved by the Board on 07 December 2021 and signed on its behalf.

Jay Cheatham
Chief Executive Officer

Financial Review

The Group made a loss for the financial year ended 30 June 2021 of $6.7m (2020: loss $17.0m). Included within the $6.7m loss is a $3.2m non-cash expense for staff share options.

In late 2020, the Group made a decision to formally exit its East Texas portfolio entirely, reflecting the previously announced strategic decision of the Group to prioritise its Alaska North Slope asset portfolio, given its 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 30 June 2020, they were not considered enough to justify continued investment into East Texas as it was concluded that capital could be better applied towards Alaska. 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 UK adopted IFRS (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 whereby the acquirer legally assumed the plug and abandonment liabilities of the East Texas Acreage.

Impairments

In accordance with International Financial Reporting Standard 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.

The Group has reviewed these assets for indications of impairment. The Directors have satisfied themselves that there are no indicators of impairment in the current year. In the prior year, indicators of impairment were identified and impairment reviews led to impairment charges that were measured, presented and disclosed in accordance with International Accounting Standard ("IAS") 36 Impairment of Assets.

Capital structure

The Company completed an equity placing during the year and issued 73,756,314 new fully paid ordinary shares during the year with a nominal value of £0.01, raising approximately $30.2m before expenses at an issue price of 31 pence per share. This represented a 72% premium to the previous fundraising price in 2019.

During the year, 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.

At the beginning of the year there were 102,471,055 non-voting shares in issue. These non-voting shares were convertible into ordinary fully paid shares on a 1:1 basis and were identical to ordinary fully paid shares in all respects, except for the lack of voting rights. During the year 68,580,577 non-voting shares were converted into fully paid shares. The remaining 33,890,478 non-voting shares were converted into ordinary fully paid shares subsequent to year end.

As at 30 June 2021 the total shares in issue—both ordinary and non-voting—was 693,258,674 (2020: 605,229,768). As at 30 June 2021 the Company had 9,607,843 warrants outstanding to acquire non-voting convertible shares (2020: 9,607,843). The warrants have an exercise price of £0.30 per share and expire on 30 September 2024. They are all fully vested. Non-voting shares are convertible into ordinary fully paid shares on a 1:1 basis.

As at 30 June 2021 the Company had 10,000,000 options outstanding to acquire ordinary shares (2020: 10,000,000) at an exercise price of £0.30 per share and expire on 30 September 2024. At year end all share options were fully vested.

During the year the Company made share options grants to staff under the updated Discretionary Share Option Plan (the "Scheme"). The structure of the Scheme comprised two components: (i) an up-front grant for share options with an exercise price 93% above the prevailing share price at the time of issue. The Company approved the grant of up to 13.7m share options with respect to this component (exercise price of 27 pence and 10 year term); and (ii) an annual grant of share options with respect of the past financial year. The Company approved the grant of up to 14.7m share options with respect to this component; these options have an exercise price of 33 pence and expire 10 years after issue. These were the only grants of share options made by the Company since 2014.

Going concern

As previously announced, the Company must complete either a farmout and/or funding in Q4 2021 to have sufficient resources for the anticipated winter 2021/2022 drilling and testing campaign and for ongoing working capital.
The Group is advanced in its efforts to secure a funding solution, however at the time of writing, this remains incomplete and is naturally subject to completion risk. The process is well advanced and the Company is confident of a positive outcome, however, there can be no guarantees of a successful outcome.

The Directors have reviewed the Group's overall position, and given the advanced stage of the fund raising discussions are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Given the Director's confidence in their ability to complete a funding solution in the near term and the discretionary nature of some of the future exploration commitments, the Directors believe that the Group will be sufficiently funded and believe the use of the going concern basis is appropriate. Accordingly, the Directors have prepared the financial statements on a going concern basis. However, it should be noted that completion risk relating to the funding solution causes a material uncertainty that may cause significant doubt about going concern should sufficient fundraising not be obtained.

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 1.4.

Taxation

The Group incurred a loss for the year and has recorded a taxation credit of $1.6m (2020: $4.7m). As the tax charge is all reflected in the movement in deferred tax, the Directors have adjusted deferred tax liability by the same amount as the tax charge.

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. For additional detail see section Key Operational Risks and Uncertainties in the Strategic Report on page 13.

Liquidity Risk

As Company is not currently generating revenue from hydrocarbon production, the primary liquidity risk is the ability to adequately source sufficient funding to meet the Company's working capital requirements. Funding availability, and hence risk, within the capital markets has improved over with recent years as evidenced by the near high global stock market indices.

Oil & Gas Price Risk

Future oil and gas sales revenues are subject to the volatility of the underlying commodity prices throughout the year. Over the past year the energy sector has been impacted by volatility in commodity prices, which may continue to impact the Group going forward. The Group did not engage in any commodity price hedging activity during the year.

Currency Risk

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

Financial Instruments

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

Justin Hondris
Director

07 December 2021

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 Note 9 to these accounts.

Review of the Business and Key Performance Indicators

2019/2020 KPI	Measurement	2020/2021 Performance
Divestiture of East Texas assets to focus on Alaska as the primary asset	Completion of divestiture	Pantheon had previously fully impaired the carrying value of the East Texas oil and gas leases assets and had previously stated its intention to not commit further funds to the East Texas project in order to focus on the superior opportunity in Alaska. During the year the Group formally exited all operations in East Texas.
Ensure business adequately funded	Fund raise where appropriate	The Company is in advanced stages of securing the required funding to ensure the Group is adequately funded for both working capital and operational requirements. At the time of signing the accounts, the Company was in discussions for a potential Farmout of working interests in the Group's assets and was additionally in late stage discussions for alternate methods of financing. Whilst the Company remains confident of a successful outcome to one or more of these endeavours, until contractually signed such discussions remain subject to completion risk.
Operational activity in Alaska	Drilling / testing wells	The Alkaid Well successfully flow tested in 2019, resulting in a Contingent Recoverable Resource of 76.5MMBO by an independent expert. Additionally, Pantheon successfully drilled the Talitha #A well in Q1/Q2 2021 and intends to revisit the well to undertake testing operations on the various prospective zones.
Pursue farmout of Alaskan assets	Resumption of farmout process	Pantheon's understanding of the geological potential (and therefore potential value) of the assets has increased materially, particularly following the drilling and analysis of Talitha #A. The Company continues to be in advanced discussions with a potential farm in partner, where that party would be expected to commit to certain expenditures to earn a working interest in the project. At the time of writing these discussions remain underway. The Company is encouraged by discussions, but cannot offer certainty of completion of a transaction.
Ensuring continued high-quality technical consultant relationships	Establish and maintain relationships with industry experts and review performance	Pantheon's technical team has been further strengthened in the year under review. Experts such as eSeis and others remain contracted. Pantheon also forged a strong relationship with AHS during Talitha #A operations and intends to utilize their services again in the future.

Financial Position and Future Prospects

Please refer to the Director's Report for additional information on strategy and the business model.

Key operational risks and uncertainties

The Group may be unable to meet its lease obligations

In general, the Group's properties are held under oil and gas leases. The terms of the Group's leases often provide for yearly rental payments. Such yearly rentals may vary depending upon the particular lease and whether the Group has commenced activities in the property. If the Group defaults on its lease payments, its leases may be automatically terminated. If the Group is unable to make these payments and its leases are terminated, there could be a material adverse effect on its business, financial condition and results of operations. Managing the lease position is of material importance for the Group, and management devote considerable time to lease management, budgeting and planning, consulting with the State of Alaska where required. In 2020 Pantheon was awarded Units on the Alkaid and Talitha projects and has been an active participant in the annual lease sales over the past 2 years, significantly strengthening Pantheon's lease portfolio. The 66,000 leases acquired in the January 2021 have a 10-year life, $10 per acre rentals and low royalties of between 12.5% – 16.7%.

The Group may be unable to renew and/or extend its leases once they expire

The Group's lease agreements contain terms whereby the lease may be terminated if the Group does not fulfil certain obligations. These obligations include conducting exploration and/or production activities. If the Group is unable to satisfy these conditions on a timely basis, it may lose its rights in these properties. In addition, given that it may not be able to renew certain leases unless it begins exploration or production activities within specific timeframes, the Group may be required to invest significant funds at timetables not optimal in order to meet the capital requirements as per the terms of the leases. If the Group is unable to meet its obligations under the terms of its leases, there could be a material adverse effect on its business, financial condition and results of operations. To mitigate this risk the Group has successfully applied for and been granted unitization for the leases that comprise its Talitha and Alkaid projects. Unitization recognizes that the Group has established—to the State's satisfaction—that all or part of multiple potential hydrocarbon accumulations are included in the unit areas to allow the leases to potentially be held beyond the initial lease term. Most of Pantheon's lease position is now covered by these units or leases of between 8.5 years or more of remaining life. Management has materially reduced the risk of lease expiry.

Our operations require the Group to obtain licensing, planning permissions and other consents

The development of its current and future leases may be dependent upon the receipt of planning permission from the appropriate local authorities, as well as other necessary consents, such as environmental permits and regulatory consents. Obtaining the necessary consents and approvals may be costly, and they may not be granted, may be withdrawn or made subject to limitations and conditions. Certain permits and consents may also become contentious in the future, which may lead to these not being granted or withdrawn. The failure to gain such permissions or gain such permissions on terms or at a cost acceptable to the Group, may limit the Group in its ability to develop and extract value from its leases and could have a material adverse effect on its business, results of operations, financial conditions and prospects. To manage the risk, the Group employs experienced and qualified personnel who have successfully obtained licenses and permits in the past, and who maintain working relationships with regulatory agencies.

Political conditions and government regulations could change and have a material effect on the Group's results of operations

Although political conditions in the Northern Slope Borough, the State of Alaska and the United States federal government are generally stable, changes may occur in their political, fiscal and/or legal systems, which might adversely affect the Group's operations. The Group's strategy has been formulated in the light of the current regulatory environment and probable future changes to the regulatory regime. Over recent times the federal government has adopted a more cautionary position with respect to operations on federal land, notably with respect to ConocoPhillips' Willow project. Pantheon's projects are all located on state, not federal land, and so has not been impacted by such politics.

Although the Group believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules, laws and regulations will not be enacted, or that existing or future rules and regulations will not be applied in a manner which could serve to limit or curtail exploration or development of the Group's business or have an otherwise negative impact on its activities. Amendments to existing rules, laws and regulations governing the Group's operations and activities, or increases in or more stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Group's business, results of operations and financial condition.

Future legal proceedings could adversely affect the Group's business, results of operations or financial condition

The Group may face legal proceedings that may result in the Group having to pay material damages and/or other remedies. While the Group would assess the merits of each legal proceeding and defend the Group accordingly, it may be required to incur significant expenses or devote significant resources to defend against such legal proceedings. In addition, legal proceedings are also difficult to predict, which may force the Group to enter into settlement arrangements even in the absence of any culpability from its part.

Furthermore, the adverse publicity surrounding legal proceedings may negatively affect the Group's relation with local communities, government and non-government organizations, which could also impact the Group's activities. As a result, legal proceedings could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. To manage this risk the Group consults legal counsel when it faces potential legal proceedings. The board and management consult legal counsel when conducting activities or entering into agreements that are viewed to have the potential to give rise to material legal proceedings.

Failure to manage relationships with local communities, environmental groups and non-government organizations could adversely affect the Group's future growth potential

The activities of oil and gas companies often face scrutiny from the public and receive negative publicity. Although the Group's operations are not located in or near large communities, the Group's ability to further expand its operation may be hindered by communities that may regard oil and gas activities as detrimental to their environmental, economic or social circumstances. Furthermore, oil and gas companies are also increasingly facing scrutiny by environmental groups regarding the effect operations may have on the animal life in the region. Negative reaction to its operations could have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation. Such events could give rise to material reputational damage.

These disputes are not always predictable and may cause disruption to projects or operations. Failure to manage relationships with local communities, environmental groups and non-governmental organisations may adversely affect the Group's reputation, as well as its ability to commence production projects in certain locations, which could in turn affect its long-term prospects and the Group's business, financial condition and results of operations. The Group’s current leased acreage is not in the immediate vicinity of any local community. To manage this risk the Group ensures it conducts operations in a legal and responsible manner and complies with rules and regulations.

Any change to government regulation/administrative practices may have a negative impact on the Group's ability to operate and its future profitability

The business of oil and gas exploration and development is subject to substantial regulation under federal, state, local laws relating to the exploration for and the development of upgrading, marketing, pricing, taxation, and transportation of oil and gas and related products and other matters. Amendments to current laws and regulations governing operations and activities of oil and gas exploration and development operations could have a material adverse impact on the Group's business. In addition, there can be no assurance that tax laws, royalty regulations and government incentive programs related to the Group's oil and gas properties and the oil and gas industry generally, will not be changed in a manner which may adversely affect the Group's prospects and cause delays, inability to explore and develop or abandonment of these interests.

Furthermore, permits, leases, licenses and approvals are required from a variety of regulatory authorities at various stages of exploration and development. There can be no assurance that the various government permits, leases, licenses and approvals sought will be granted in respect of the Group's activities or, if granted, will not be cancelled, or will be renewed upon expiry. There is no assurance that such permits, leases, licenses and approvals will not contain terms and provisions which may adversely affect the Group's exploration and development activities. If any of the forgoing were to occur, it could have a material adverse effect on the Group's business, financial condition and results of operations. To manage the risk, the Group employs experienced personnel and contractors who have successfully obtained licenses and permits in the past, and who maintain working relationships with regulatory agencies and monitor changes that could impact the Group.

COVID and Supply chain Risk

The impact of the Covid-19 pandemic on global supply chains is a well-documented phenomenon which has affected many industries globally, including the oil and gas sector. As a result, the lead times for the equipment and consumables required for the winter drilling season in Alaska have lengthened over the last 12 months. To manage this risk it is important that key equipment and materials are ordered on a timely basis so as to minimise the potential for supply chain disruption to drilling operations.

By order of the board.

Justin Hondris
Director

07 December 2021

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 2021.

Results and dividends

The Group results for the period are set out on page 38. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2021.

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 18 to these accounts.

Directors

The Directors who served at any time during the year were:

Name	Role
Phillip Gobe	Non-Executive Chairman
John Cheatham	Chief Executive Officer
Justin Hondris	Director, Finance & Corporate Development
Robert Rosenthal	Technical Director
Jeremy Brest	Non-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	Number of Ordinary shares of £0.01 30 June 2021
Phillip Gobe	323,972
John Cheatham	3,229,464
Justin Hondris(1)	1,453,238
Robert Rosenthal(2)	647,622
Jeremy Brest(3)	See note 3 below

(1) Some of these ordinary shares are beneficially owned by the spouse of J Hondris.

(2) In addition to Mr. Rosenthal's direct holding, he also holds an indirect interest through an approximate 2.8% interest in Ursa Major Holdings LLC ("UMH"). UMH has an indirect interest in Pantheon through Great Bear Petroleum Operating LLC ("GBPO"). UMH holds an approximately 50% interest in GBPO. GBPO has a beneficial interest in approximately 35 million ordinary shares which are currently held by CHONS LLC[2] on behalf of GBPO. GBPO also owns approximately 4.8 million warrants exercisable into convertible non-voting shares in the Company with strike price of £0.30 per share.

Mr Rosenthal's interest in the shares held by GBPO is variable based on the distribution mechanisms established by the limited liability company agreements of UMH and Great Bear Petroleum Holdings LLC ("GBPH", a parent company of GBPO). This interest changes with fluctuations of exchange rates, the Company's share price and other factors.

(3) At the year end, Mr Brest does not have a direct interest in Pantheon and has an indirect interest in the Company as described below:

Mr Brest's interest results from the direct and indirect holding of Pantheon by Westman Management Limited ("Westman"), of which Mr Brest is the sole director. Westman holds 327,869 ordinary shares of Pantheon and holds approximately 5.2% interest in Ursa Major Holdings LLC ("UMH"). UMH has an indirect interest in Pantheon through Great Bear Petroleum Operating LLC ("GBPO"). UMH holds an approximately 50% interest in GBPO. GBPO has a beneficial interest in approximately 35 million ordinary shares which are currently held by CHONS LLC on behalf of GBPO. GBPO also owns approximately 4.8 million warrants exercisable into convertible non-voting shares in the Company with strike price of £0.30 per share.

Mr Brest's interest in the shares held by GBPO is variable based on the distribution mechanisms established by the limited liability company agreements of UMH and Great Bear Petroleum Holdings LLC ("GBPH", a parent company of GBPO). This interest changes with fluctuations of exchange rates, the Company's share price, and other factors.

Share options

The Directors held the following share options for Ordinary shares of £0.01, at the beginning and end of the year:

Director	As at 30 June 2020(1)	Granted during the year(2)	Granted during the year(3)	As at 30 June 2021
Phillip Gobe	-	-	-	-
John Cheatham	4,385,000	1,500,000	2,125,000	8,010,000
Justin Hondris	3,865,000	1,500,000	2,125,000	7,490,000
Robert Rosenthal	-	1,500,000	2,125,000	3,625,000
Jeremy Brest	-	-	750,000	750,000

1. Issued September 2014. Exercise price £0.30, Expire September 2024. Fully vested.
2. Issued July 2020. Exercise price £0.27, Expire July 2030. Fully vested.
3. Issued January 2021. Exercise price £0.33, Expire January 2031. Not yet vested.

Former Directors held the following share options for Ordinary shares of £0.01, at the beginning and end of the year:

Director	At 30 June 2020	Granted during the year	At 30 June 2021	Exercise price	Latest date of exercise
J Walmsley	1,000,000	-	1,000,000	£0.30	30 Sept 2024
Total	1,000,000	-	1,000,000		
These are 100% vested as at 30 June 2021					

Report on Directors' remuneration and service contracts

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

Directors' remuneration

Director	**Fees/basic salary** (US$)	**Gains on Exercised Share-based payments** (US$)	**Pension Contributions** (US$)	**Health Insurance** (US$)	**2021 Total** (US$)	**2020 Total** (US$)
J Cheatham	415,574	-	-	-	415,574	432,940
J Hondris	330,488	-	17,662	5,207	353,358	359,907
J Brest	40,991	-	-	-	40,991	29,851
P Gobe	95,781	-	-	-	95,781	93,646
R Rosenthal	177,791	-	-	-	177,791	149,863
Total	1,060,624	-	17,662	5,207	1,083,493	1,066,207

Director incentive scheme

In 2012 the Company implemented a short-term executive director incentive scheme (the "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 recognized 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, where relevant, 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 resulting from the scheme 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 recognized in earlier periods). The remuneration committee believed that the scheme, together with the granting of share options, provides an appropriate and reasonable structure to reward and motivate the executive Directors for performance that is aligned to the interests of shareholders and provides a balance of long-term and short-term performance measurement. Any potential benefit from the scheme is linked to the booking of net-booked reserves, which is considered to be a key milestone reflecting potential "value add" for the benefit of shareholders. The value of share options is directly linked to the longer-term share price performance and is therefore, also considered to be a suitable metric as a basis for executive remuneration.

Given the fact that the Group's executive team has grown and the Group's strategy has shifted to focus solely upon Alaska, the directors regard that evaluating the current plan consistently with the new strategy is appropriate and should consider other members of management participating, in addition to executive directors. Any review would include consultation with the remuneration experts at Deloitte LLP. No awards have been paid from this scheme since inception in 2012.

Share Option Plan

In July 2019, the Board announced its intention to implement a Share Option Plan (the "Plan") for the benefit of all staff and permanent consultants. The Plan comprised two components: (i) an initial award of up to 13.7m share options to management and all staff at an exercise price of £0.27p, a premium of 93% above the prevailing share price at the time of issue and (ii) annual grants of share options to be issued subsequent to financial year end, at the prevailing share price, in respect of the respective financial year reported upon. In respect of this annual component, on 19 November 2020 Pantheon announced its intention to award share options award representing c.2.25% of its ordinary share capital (voting and non-voting) to directors and all staff under the Company's Share Option Plan at the Fundraising Price of £0.31. These share options were subsequently granted in January 2021 at a higher exercise price of £0.33.

Subsequent events

Details of subsequent events can be found at Note 27

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 06th December 2021:

Shareholder	Ordinary Shares	% of Ordinary Shares
GOLDMAN SACHS SECURITIES (NOMINEES) LIMITED	107,104,410	15.38
VIDACOS NOMINEES LIMITED	79,715,534	11.45
INTERACTIVE BROKERS LLC	60,395,813	8.67
LYNCHWOOD NOMINEES LIMITED	46,689,257	6.71
THE BANK OF NEW YORK (NOMINEES) LIMITED	37,701,609	5.42

Political and charitable contributions

There were no political or charitable contributions during the year.

CORPORATE GOVERNANCE STATEMENT

The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code"). This statement sets out how the Company complies with the 10 principles of the QCA Code.

The Board recognises the principles of the QCA Corporate Governance Code, which focus on the medium to long term value for shareholders, without stifling the entrepreneurial spirit in which small to medium sized Companies such as Pantheon have been created. The Company sets out below its annual update on its compliance with the QCA Code.

The QCA Code outlines 10 core principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles. The Company has adopted a share dealing code for the Board and employees of the Company.

PANTHEON RESOURCES QCA CORPORATE GOVERNANCE COMPLIANCE

STRATEGY & BUSINESS MODEL

Pantheon's strategy is to focus on hydrocarbon exploration and production, onshore USA, in a region of low sovereign risk where its specialist expertise lies. Pantheon has structured a lean organisation that is focused on maximising the potential returns to shareholders through carefully targeted exploration, appraisal and where relevant, development activities in established and highly prospective areas underpinned by detailed geological analysis. Where appropriate the Group will also undertake value accretive acquisitions or divestitures of assets following careful analysis and, as appropriate, shareholder engagement. The Group, as appropriate, uses a combination of in-house expertise and external consultants to manage operations.

Pantheon seeks to keep corporate overhead costs to a minimum, whilst balancing the need to hire and retain the best personnel and advisors, to maximise the potential returns to shareholders in the event of success. Given the current scale of the Group, corporate and operating costs are monitored by management to ensure appropriate levels of spending.

The Board of Directors participate in a weekly conference call, during which they discuss—amongst other items—the strategic direction and operational status of the Group, and as a result any significant deviation or change, should such occur, will be highlighted to the Board promptly.

UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

Group progress on achieving its key targets are regularly communicated to investors through stock exchange announcements which can be found under the 'News and Media' section of the Company website. The Company retains the services of a corporate communications firm who actively engages with the press, investors, analysts, as well as a Corporate Broker, to ensure shareholders understand the Group's operations and activities. The Group will consider the use of commissioned research as a medium for shareholder education.[3]

The Company also utilises professional advisors such as a Broker, NOMAD, Corporate Communications specialists and Company Secretarial services to provide advice and recommendations on various shareholder considerations where relevant. The Company hosts a weekly conference call with all directors, our NOMAD/Broker, and when appropriate our corporate communications advisors. During the call any shareholder considerations identified over the course of the week can be tabled and responded to accordingly.

The Company regards the Annual General Meeting as an important opportunity to communicate directly with shareholders via detailed presentations and an open question and answer session. During COVID times the AGM has been held virtually, with a detailed investor presentation and Q&A session held by a separate webinar. Additionally, the Company has also commenced holding webinars—as and when relevant—open to all shareholders, typically providing an investor presentation and an opportunity for Q&A with management. The Company also undertakes investor roadshows as and when appropriate, arranged through its broker. Over the past year, the Company considers that it has communicated with a significant portion of its shareholder base and has a clear understanding of shareholder expectations. Contact details are provided on the Company's website and within public documents, should shareholders wish to communicate with the Company.

TAKING INTO ACCOUNT WIDER STAKEHOLDER & SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG-TERM SUCCESS

The Directors recognise their responsibilities to stakeholders including the State of Alaska, North Slope Borough, staff, partners, suppliers, vendors and residents within the areas it operates. Given the current size of the Company, stakeholders are easily able to communicate directly with executive management and staff members, allowing the Board to act appropriately on such feedback. A description of how the Group considers key stakeholders in its decision-making is provided on page 7.

The Company is conscious of its impact on the geological, archeological and biological resources in its operating environment, and has implemented measures to ensure that each person working on our projects, including company personnel, contractors and subcontractors - are informed of the environmental, social and cultural concerns that relate to that person's job, so we can minimise any negative impacts.

Stakeholders can contact the Company via the website, its NOMAD, or can contact the Company's retained corporate communications advisers when required.

EMBEDDING EFFECTIVE RISK MANAGEMENT

The Board has weekly conference calls to discuss—amongst other items—operations, key risks, and other relevant matters. The Company's NOMAD and, when relevant, the Company's corporate communications advisers, also attend the weekly conference calls. Additionally, the Group also has a policy of structured weekly or fortnightly operational and management conference calls during periods of operational activity to identify and discuss key business challenges and risk areas. The Board believes that this regular program of internal communications provides an effective opportunity for potential or real-time risks to be identified, considered and—where necessary—addressed in a timely manner. Refer page 7 for additional description of how the Group considers Stakeholder interests in decision making. The Group's oil and gas activities are subject to a variety of risks, both financial and operational, more information on risk can be found on pages 11 to 15 of the Company's 2021 Annual Report.

Given the Company's current size, the Board considers that the Executive Management team—with oversight from the Non-Executive Board of Directors and relevant advisers—are sufficient to identify risks applicable to the Company and its operations and to implement an appropriate system of controls. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the group are appropriate to the size and cost structure of the business. An internal audit function is not considered necessary or practical due to the size of the Company and the close day-to-day control exercised by the executive directors.

The audit committee meets at least twice per year where these internal and financial controls are reviewed as required and assets are also assessed for impairment considerations.

MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD

The Directors acknowledge their responsibility for, and recognise the importance of implementing and maintaining, high standards of corporate governance. The Board is responsible for establishing and maintaining the system of internal controls. The effectiveness of the Group's system of internal control is reviewed annually by the Audit Committee of the Board.

The Board

The Board currently comprises two non-executive Directors, one of whom is the Chairman, and three executive Directors. The independent Company Secretary is a partner in a law firm and who is a specialist in providing company secretarial services to listed companies. This composition is considered to be an appropriate balance given the Group's current size; however, the Board may look to appoint an additional independent director in due course if considered appropriate. The Board is responsible to the shareholders for the proper management of the Group. It meets regularly to set and monitor strategy, examine opportunities, identify and consider key risks, consider (and where appropriate approve) capital expenditure projects and other significant financing matters and report to shareholders. The Board delegates authority to the management for day-to-day business matters including: drilling, geological and operational matters, purchasing procedures, financial authority limits, contract approval procedures and the hiring of full time and temporary staff and consultants. Matters reserved for the Board are communicated in advance of formal meetings. In addition to formal board meetings, the directors hold weekly conference calls, which the Company's NOMAD is invited to attend, in order to keep the board fully informed with operational matters and potential issues. The board also considers this regular interaction with its NOMAD to be a prudent additional layer of corporate governance. Biographical details of the directors can be found on the 'About Pantheon' section of the Company's website.

The QCA Code does not offer a definition of independence with respect to directors, so in forming a view on the independence of directors the Company has sought guidance by reference to the guidelines outlined in the FCA's UK Corporate Governance Code. In any event, the Board exercises discretion in making the determination of director independence which is kept under review on an annual basis. The non-executive Chairman, Phillip Gobe, is currently considered to be independent.

The Board has a number of committees as explained below.

Audit Committee

The Audit Committee consists of Phillip Gobe as Chairman, Jay Cheatham and Jeremy Brest. 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's NOMAD Company Secretary, other directors and the Company's auditors.

The Audit Committee meets at least twice a year. Its terms of reference include the 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 publication of interim and annual financial results and the annual audit. The Audit Committee will also interact with the auditors and review their reports relating to accounts and internal control systems.

Remuneration Committee

The Remuneration and Nomination Committee consist of Phillip Gobe as Chairman, Jeremy Brest, Jay Cheatham and Justin Hondris. The Committee meets as and when required. 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 oversight of the Company's incentive schemes. No Director is involved in deciding their own remuneration.

Conflicts Committee

The Company has established a Conflicts Committee which consists of Phillip Gobe as Chairman, Jeremy Brest, Justin Hondris and Jay Cheatham. The role of the Conflicts Committee is to assist the Board in monitoring actual and potential conflicts of interest 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 where appropriate, with the Company's UK lawyers.

Anti-Corruption & Bribery Committee

The Company has established an Anti-Corruption & Bribery Committee. This committee consists of Justin Hondris as Chairman, Jeremy Brest, Jay Cheatham and Phillip Gobe. The purpose of the Anti-Corruption & Bribery Committee is to ensure the Company's compliance with the Bribery Act 2010.

HAVING APPROPRIATE EXPERIENCE, SKILLS AND CAPABILITIES ON THE BOARD

The Board of directors has a mix of experience, skills—both technical and commercial—and personal qualities that seek to deliver the strategy of the Company. The Company will ensure that the directors have the necessary up-to-date experience, skills and capabilities to deliver the Company strategy and targets. If the Company identifies an area where additional skills are required, the Company will often contract an appropriately qualified third party to advise as required. Each director is listed on the 'About Pantheon' section of the Company's website and in the annual report, along with a clear description of their role and experience. The Company recognises that it currently has a limited diversity, including a lack of gender balance, and this will be considered in future recruitment decisions if the board decides that additional directors are required.

EVALUATING BOARD PERFORMANCE

Given the Company's current size, the Board has not considered it necessary to undertake a formal assessment of the Board performance and effectiveness, however, any deficiencies in Board performance and effectiveness would be identified on an ad hoc basis. The board contracts the executive remuneration specialist at Deloitte for matters concerning management incentive schemes.

ETHICAL VALUES & BEHAVIOURS

The Company operates a corporate culture that is based on ethical values and behaviors and treats operational stakeholders fairly and with respect. It will maintain a quality system appropriate to the standards required for a Company of its size. The board communicates regularly with staff through meetings, team conference calls and presentations, individual telephone calls and messages and advocates respectful, pen dialogue with employees, consultants and other stakeholders.

MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES

Ultimate authority for all aspects of the Company's activities resides with the Board, with the respective responsibilities of the Chairman, the Executive Directors and the various committees arising as a result of delegation by the Board. Given the constraints of balancing a small, cost-conscious Board with a desire to maintain high standards of Corporate Governance, the Board has active, structured and regular internal communication, including a standing weekly conference call between the entire board and its NOMAD where significant matters are tabled and discussed. All the executive directors have designated roles and areas of responsibility and engage with the Company's shareholders and stakeholders in accordance with relevant regulatory guidelines. There are a number of matters reserved for the Board's review and approval including, Group strategy, approval of major capital expenditure projects, approval of the annual and interim results, fundraising, dividend policy and Board structure. It monitors the exposure to key business and operational risks and reviews the strategic direction of the group and its operations. The Board delegates day-to-day responsibility for managing the business to the Executive Directors/senior management team. The Board considers its current governance structures and processes as appropriate in the context of its current size, headcount and complexity. The audit committee meets at least twice per year where internal and financial controls are reviewed as required and assets are also assessed for impairment considerations.

COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Page 7 of this Annual Report provides a section 172 statement which discusses how the Group considers the interests of shareholders and other relevant stakeholders in its decision making.

Additionally, under AIM Rule 26 the Company publishes historical annual reports, notices of meetings and other publications—including regular operational news flow—over a minimum of the five previous years which can be found under the 'Financial Reports' and other sections of the Company website.

The Board is committed to maintaining good communication and having dialogue with private and institutional shareholders, as well as analysts. In addition to the Annual General Meeting, the Company endeavors to arrange shareholder presentations (in person or via Webinar, Zoom or Microsoft Teams), allowing shareholders to discuss issues and provide feedback as appropriate. The Company also retains the services of a specialist corporate communications advisor to assist in promoting awareness of the Company's activities to its shareholders and wider audience.

The Board have not published an audit committee or remuneration committee report, which the Board considers to be appropriate given the size and stage of development of the Company.

Regarding a general meeting of the Company, upon the conclusion of that meeting the results of the meeting are released through a regulatory news service and a copy of the announcement is posted on the Company's website. In a situation such as where there is a significant proportion of votes cast against a resolution, then, where relevant, an explanation would be provided.

EU Market Abuse Regulations

The EU Market Abuse Regulation came into effect in the UK on 3 July 2016 and the Company has implemented relevant policies and procedures to ensure compliance with the requirements of the regime. The Company administers compliance in-house, consulting with NOMAD and legal counsel regularly.

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and UK adopted IFRS ("IFRS"). 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 adequate 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

07 December 2021

Phillip Gobe, Non Executive Chairman

Phillip Gobe has over 40 years' experience in the oil and gas business both in the USA. and internationally. He is also Executive Chairman of ProPetro, a Texas-based oil services group providing hydraulic fracturing and other services. Phillip has held senior positions in Energy Partners Ltd (President & COO), Nuevo Energy Co. (COO), Vastar Resources (COO) and several senior positions with Atlantic Richfield Company, including a role as Operations Manager of Prudhoe Bay in Alaska, the largest oilfield in the USA. Throughout his career Phillip has successfully overseen several corporate exits at substantial premiums to pre-deal valuations. Phillip also has a background in drilling, human resources and health and safety. He is currently a non-executive director of the S&P 500 company, Pioneer Natural Resources and was previously a director of Scientific Drilling International Inc, the USA's fifth largest provider of directional drilling and measurement equipment and operational services. Phillip acts as Chairman of Pantheon's Remuneration and Nominations Committee, Audit Committee and Conflicts Committee. Phillip is also a member of the Companies Anti-Corruption and Bribery Committee.

Jay Cheatham, Chief Executive Officer

Jay Cheatham has more than 50 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 US 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 an understanding of the capital markets through his past position as CEO to the Petrogen Fund, a private equity fund.

Jay is a member of the Company's Remuneration and Nominations Committee, Audit Committee, Conflicts Committee and Anti-Corruption and Bribery Committee.

Justin Hondris, Director, Finance and Corporate Development

Justin Hondris has over 15 years' experience in public company management in the upstream oil and gas sector and has wide ranging experience in corporate finance, private equity and capital markets in the UK and abroad. Prior to Pantheon, Justin was involved in the private equity sector where he gained valuable experience in both investment and exit strategies for growth companies.

He is responsible for the financial, legal, administrative and corporate development functions of the company.

Justin acts as Chairman of Pantheon's Anti-Corruption and Bribery Committee and is a member of the Remuneration and Nominations Committee and the Conflicts Committee.

Robert (Bob) Rosenthal, Technical Director

Bob Rosenthal has over 40 years' experience in the oil and gas industry globally as an Exploration Geologist and Geophysicist. He has held various senior exploration positions and spent a large part of his career at Exxon and at BP, where he gained key relevant regional experience in the geology of North Slope of Alaska and of Texas. Since 1999, Bob has run his own successful consulting business and has led the exportation efforts of a number of private and public companies.

Jeremy Brest, Non-executive Director

Jeremy has more than 25 years' experience in investment banking and financial advisory. Jeremy is the founder of Framework Capital Solutions, a boutique Singapore-based advisory firm specializing in structuring and execution of private transactions. Prior to founding Framework, Jeremy was the head of structuring for Indonesia at Credit Suisse and a derivatives trader at Goldman Sachs.

Jeremy is a member of the Company's Audit Committee, Remuneration and Nominations Committee, Conflicts Committee and Anti-Corruption and Bribery Committee.

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF PANTHEON RESOURCES PLC
FOR THE YEAR ENDED 30 JUNE 2021

Opinion

We have audited the financial statements of Pantheon Resources plc (the ‘Parent Company’) and its subsidiaries (the ‘Group’) for the year ended 30 June 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the related notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is applicable law and UK adopted International Financial Reporting Standards (IFRSs).

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 2021 and of the Group’s loss and cash flows for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with UK adopted IFRSs;
- the Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1.4 in the Group financial statements, which indicates that the Group is reliant on a successful fundraising event (for example an equity fundraising or a farmout) in order to meet its significant forecast expenditures. The Group is actively engaged in discussions with a view to raising sufficient capital to enable operational activities as well as to maintain a cash surplus through 2022.

As stated in note 1.4, these events or conditions, along with the other matters as set forth in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director’s use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director’s assessment of the entity’s ability to continue to adopt the going concern basis of accounting included an assessment of the risk and audit procedures to address this risk:

Capital Fundraising

The Group is reliant on either a farmout or a completed fundraise of appropriate size (the “Financing”), which the Group is seeking to complete in December 2021 in order to have sufficient resources for the anticipated winter 2021/2022 drilling and testing campaign and for ongoing working capital for the remainder of 2022. The Group is

actively engaged in obtaining the necessary funding and is also in negotiations for a potential farmout amongst other options to ensure Pantheon is sufficiently funded. Management are optimistic that the Group will complete its financing objectives.
We are aware that management is in discussions to achieve the Financing, and we note that management are confident of a successful outcome.

This is vital to the Group's success over the following 12 months as the Group will not be able to meet its planned expenditure and exploration activities without it.

The Group recently arranged an additional $1.5m facility to cover any immediate ongoing expenditures (such as the pre-purchase of drilling materials) until the financing is complete.

Given the above factors, we consider going concern to be a significant audit risk area.

The directors' conclusion of the risks and circumstances described in note 1.4 of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

How our audit addressed the risk:
Our audit procedures included:

- Assessing the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cash flow projections for the next 12 months and the underlying assumptions.
- We obtained cash flow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We obtained post year end information on available cash reserves and compared these to the forecast to assess the accuracy of the forecasts.
- We discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the Group.

Key observations:
In addition to the capital fundraising matters addressed above, key observations made related to:

Technical Programme Costs
We understand that the Group has no mandatory drilling commitments on its Alaskan lease units in 2022 and any drilling is at management's discretion. Subject to completion of the Financing, the Group intends to undertake operations on one or more of its Talitha, Alkaid and Theta West projects.
Anticipated costs for such operations can be separated between each project as follows:

- Talitha ($10.7m) – To test the four zones above the Kuparuk.
- Alkaid ($23.2m) – Drill a development well, and if successful, to commence production.
- Theta West ($16.7m) – Drilling, and if appropriate, testing costs for the Theta West well.

The anticipated drilling and exploration costs of the Alaskan wells is discretionary, and the Group have 100% control of their exploration leases. Accordingly they could choose to undertake less exploration work should they have a lack of sufficient funding.

It is important to note that this is contingent on the Group having sufficient cash or raising additional funds through further equity financing.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the Parent Company level, we also tested the consolidation procedures. The audit team communicated regularly throughout the audit with the finance team in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit. Going concern is a significant key audit matter and is described above. In arriving at our audit opinion above, the other key audit matters were as follows:

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matters</th></tr>
<tr><td>Valuation and impairment of exploration and evaluation assets in the Group

The Group has capitalised costs in respect of the Group's exploration interests in accordance with IFRS 6 'Exploration for and Evaluation of Mineral Resources' (IFRS 6). The Directors need to assess the exploration assets for indicators of impairment and where they exist to undertake a full review to assess the need for impairment charges. This involves significant judgements and assumptions such as the timing and extent and probability of future cash flow.

We therefore identified the risk over impairment of exploration and evaluation assets as a significant risk, which was one of the most significant risks of material misstatement.</td><td>Our audit work included, but was not restricted to:

• Discussing the Alaskan exploration assets with management and evaluating their review for indicators of impairment in conjunction with the independent reports available for each exploration project and reviewing available information to assess whether the leases remain in good standing.

• In respect of the Alaskan exploration assets that have not been impaired, we confirmed there is an ongoing plan to develop each prospect and assessed the future plans of the projects in respect of funding, the right to explore and development to assess whether there were any indicators of impairment in line with IFRS 6.

• We discussed the key leases with the directors and considered their assessment in conjunction with the independent reports on the portfolio of leases available and reviewed other available information to assess whether the leases remain in good standing or are in the process of renewal.

• Where certain leases have not been renewed either during the year or in the subsequent period we confirmed with management that these leases were non-core and did not have a material impact on the exploration areas they are targeting.

The Group's accounting policy on the valuation and impairment of exploration and evaluation assets in the Group is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in notes 1.9 and 1.10.</td></tr>
<tr><td></td><td>Key observations
As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we have concluded that no indicators of impairment were identified in respect of the carrying values of exploration and evaluation assets at the year end.</td></tr>
<tr><td>Impairment of investments and loans</td><td>Our audit work included, but was not restricted to:</td></tr>
</table>

due from subsidiary companies in the Parent Company Under International Accounting Standard 36 'Impairment of Assets', companies are required to assess whether there is any indication that an asset may be impaired at each reporting date. Key judgements and assumptions regarding the impairment of investments include the timing, extent and probability of future cash flow from its subsidiary companies. The Parent Company has loans due from subsidiary companies of \$188.3m (2020: \$139.7m). The investments represent the primary balance on the Company balance sheet and there is a risk it could be impaired and that intragroup loans may not be recoverable as a result of the subsidiary companies incurring losses. We therefore identified the risk over the impairment of loans due from subsidiary companies as a significant risk in the Parent Company financial statements, which was one of the most significant risks of material misstatement.	• Reviewing the investments balances for indicators of impairment; • Assessing the appropriateness of the methodology applied by management in their assessment of the recoverable amount of intragroup loans by comparing it to the Group's accounting policy; • Assessing management's evaluation of the recoverable amounts of intragroup loans including review the impairment provisions and net asset values of components that have intercompany debt; • Checking that intragroup loans have been reconciled and confirming that there are no material differences. **Key observations** As a result of the audit procedures we performed and, after considering management's disclosures of the judgements applied by them, we have concluded that the majority of the investment balances correlate with the exploration assets held by that subsidiary and our impairment review was therefore linked to our assessment of indicators of impairment on the corresponding exploration licences. As at the year end the carrying value of the Alaskan assets held by the subsidiaries to which the funds had been lent were in excess of the intercompany loans so no indications of impairment were identified.
Fair value of the assets and liabilities on acquisition of Borealis Alaska LLC During the current year the Group acquired Borealis Alaska LLC – an entity which held the remaining 10.8% working interest in the Alaskan Talitha unit. This is a one-off material transaction which raises the risk in	Our audit work included, but was not restricted to: • Review of the signed Members Interest Purchase agreement to assess management's identification of the assets and liabilities acquired as well as to corroborate their fair value at the date of acquisition and to agree shares issued and to be issued as part of the purchased consideration; • Assessing the appropriateness of the recognition policies applied by management in their assessment

itself that the accounting and valuation of the acquisition has not been treated correctly. The consideration paid for the acquisition was represented by 14,272,592 ordinary shares at a price of 37.5p per share, which when translated, equated to total consideration of $7,383,711. IFRS 3 Business Combinations (IFRS 3) iterates the requirement that acquisitions must be accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. The determination of the value of acquired intangible assets of $7,383,711 involve significant judgements and could, if performed inaccurately, lead to a material misstatement. We therefore identified accounting and valuation of the acquisition of Borealis Alaska LLC as a key audit matter in the Group financial statements, which was one of the most significant assessed risks of material misstatement.	of the fair value of Borealis Alaska LLC against the requirements of IFRS 3; • Evaluating management's methodology including key assumptions used against the requirements of IFRS 3; • Consideration of whether any additional intangible assets should be recognised on the acquisition; • Performing a review of the consolidation entries, adjustments and accounting estimates to ensure the entity had been recognised and consolidated within the group appropriately. • Evaluate the related disclosures included in the financial statements for compliance with IFRS 3. **Key observations** As a result of the audit procedures we performed and, after considering management's assessments, we have concluded that the acquisition of Borealis Alaska LLC is materially accurate and has been accounted for in line with the recognition criteria of IFRS 3.

Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

<table>
<tr><th>Materiality Measure</th><th>Group</th><th>Parent</th></tr>
<tr><td rowspan="2">Overall materiality</td><td colspan="2">We determined materiality for the financial statements as a whole to be:</td></tr>
<tr><td>$1,887,000 (2020: $1,545,000)</td><td>$1,321,000 (2020: $1,169,000)</td></tr>
<tr><td rowspan="2">How we determine it</td><td colspan="2">Based on a benchmark of:</td></tr>
<tr><td>1% of net assets (the key indicator) of the group.</td><td>1% of net assets (the key indicator) of the Parent Company exceeded the Group materiality amount therefore this was capped at 70% of Group materiality.</td></tr>
<tr><td>Rationale for benchmarks applied</td><td colspan="2">We believe the net assets are the most appropriate benchmark due to the size and stage of development of the Company and Group and due to the Group not yet generating any revenue.</td></tr>
<tr><td rowspan="2">Performance materiality</td><td colspan="2">On the basis of our risk assessment, together with our assessment of the Group’s control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and was set at:</td></tr>
<tr><td>$1,415,250 (2020: $1,159,000)</td><td>$991,000 (2020: $812,000)</td></tr>
<tr><td>Specific materiality</td><td colspan="2">Area materiality for the disclosure of the cash element of directors’ remuneration has been set at £2,000 and performance materiality of £1,000.</td></tr>
<tr><td rowspan="2">Reporting threshold</td><td colspan="2">We agreed with the Audit Committee that we would report to them all misstatements over 5% of Group and company materiality identified during the audit as set out below, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.</td></tr>
<tr><td>$95,000 (2020: $77,000)</td><td>$66,000 (2020: $54,000)</td></tr>
</table>

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Group which were contrary to applicable laws and regulations including fraud and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to potential impairment of exploration and other assets.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with legal advisors, enquiries of management, testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Daniel Hutson
(Senior Statutory Auditor)

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

UHY Hacker Young
4 Thomas More Square
London E1W 1YW

07 December 2021

PANTHEON RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 (restated) $
Continuing operations			
Administration expenses		(5,034,361)	(3,667,635)
Impairment of exploration & evaluation assets	14.1	-	(130,112)
Share option expense	24	(3,211,038)	-
Operating loss	5	(8,245,400)	(3,797,747)
Interest receivable	7	4,234	23,759
Loss before taxation		(8,241,165)	(3,773,988)
Taxation	8	1,573,094	965,681
Loss for the year from Continuing Operations after Taxation		(6,668,071)	(2,808,307)
Loss for the year from discontinued operations	3	(54,415)	(14,170,288)
Loss for the year		(6,722,487)	(16,978,595)
Other comprehensive income for the year			
Exchange differences from translating foreign operations		1,503,199	(47,800)
Total comprehensive loss for the year		(5,219,288)	(17,026,395)
Loss per share from continuing operations:			
Basic and diluted loss per share	2	(1.17)¢	(0.56)¢
Loss per share from discontinued operations:			
Basic and diluted loss per share	2	(0.01)¢	(2.83)¢

The loss for the current and prior year and the total comprehensive loss for the current and prior year are wholly attributable to the equity holders of the parent company, Pantheon Resources Plc.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	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
Loss for the year	-	-	(6,722,487)		-	-	(6,722,487)
Other comprehensive income: Foreign currency translation	-	-	-	1,503,199	-	-	1,503,199
Total comprehensive income for the year	-	-	(6,722,487)	1,503,199	-	-	(5,219,288)
Capital Raising							
Issue of shares	1,170,482	36,394,313	-	-	-	-	37,564,795
Issue costs	-	(1,397,469)	-	-	-	-	(1,397,469)
Share option expense	-	-	-	-	3,172,564	-	3,172,564
Balance at 30 June 2021	9,39,203	208,683,936	(36,331,398)	1,234,562	5,336,462	-	188,662,765

	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
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

PANTHEON RESOURCES PLC

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share based payment $	Total equity $
Company						
At 1 July 2020	8,568,721	173,687,092	(22,587,498)	(20,659,590)	2,163,898	141,172,623
Loss for the year	-	-	(5,503,380)	-	-	(5,503,380)
Other comprehensive income: Foreign currency translation	-	-	-	17,736,830	-	17,736,830
Total comprehensive income for the year	-	-	(5,503,380)	17,736,830	-	12,233,450
Capital Raising						
Issue of shares	1,170,482	36,394,313	-	-	-	37,564,795
Issue costs	-	(1,397,469)	-	-	-	(1,397,469)
Share option expense	-	-	-	-	3,172,564	3,172,564
Balance at 30 June 2021	9,739,203	208,683,936	(28,090,878)	(2,922,760)	5,336,462	192,745,963

COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Share premium	Retained losses	Currency reserve	Share based payment	Total equity
	$	$	$	$	$	$
Company						
At 1 July 2019	7,966,075	164,044,720	(21,300,988)	(16,867,113)	2,163,898	136,006,592
Loss for the year	-	-	(1,286,510)	-	-	(1,286,510)
Other comprehensive income: Foreign currency translation	-	-	-	(3,792,477)	-	(3,792,477)
Total comprehensive income for the year	-	-	(1,286,510)	(3,792,477)	-	(5,078,987)
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 30 June 2020	8,568,721	173,687,092	(22,587,498)	(20,659,590)	2,163,898	141,172,623

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	2021 $	2020 $
ASSETS			
Non-current assets			
Exploration and evaluation assets	15	188,954,719	156,097,609
Property, plant and equipment	17	30,308	658,898
		188,985,027	156,756,507
Current assets			
Trade and other receivables	10	109,876	74,167
Cash and cash equivalents	11	5,663,477	4,802,965
		5,773,353	4,877,132
Total assets		194,758,380	161,633,639
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,107,090	388,092
Provisions	13	1,250,000	1,335,863
Lease Liabilities	16	32,788	46,311
Deferred tax liability	8	3,705,737	5,293,296
		6,095,615	7,063,562
Non-current liabilities			
Lease Liabilities	16	-	27,914
		-	27,914
Total liabilities		6,095,615	7,091,476
Net assets		188,662,765	154,542,163
EQUITY			
Capital and reserves			
Share capital	18	9,739,203	8,568,721
Share premium		208,683,936	173,687,092
Retained losses		(36,331,398)	(29,608,911)
Currency reserve		1,234,562	(268,637)
Share based payment reserve	24	5,336,462	2,163,898
Shareholders' equity		188,662,765	154,542,163

The financial statements were approved by the Board of Directors and authorised for issue on the 07 December 2021 and signed on its behalf by

Justin Hondris
Director
Company Number 05385506

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	2021 $	2020 $
ASSETS			
Non-current assets			
Property, plant and equipment	17	30,308	73,035
Loans to subsidiaries	10	188,286,555	139,661,971
		188,316,863	139,735,006
Current assets			
Trade and other receivables	10	104,515	68,807
Cash and cash equivalents	11	4,962,573	1,745,834
		5,067,088	1,814,641
Total assets		193,383,951	141,549,647
LIABILITIES			
Current liabilities			
Trade and other payables	12	605,201	302,799
Lease Liability	16	32,788	46,311
		637,988	349,110
Non-current liabilities			
Lease Liabilities	16	-	27,914
			27,914
Total liabilities		637,988	377,024
Net assets		192,745,963	141,172,623
EQUITY			
Capital and reserves			
Share capital	18	9,739,203	8,568,721
Share premium		208,683,936	173,687,092
Retained losses		(28,090,878)	(22,587,498)
Currency reserve		(2,922,760)	(20,659,590)
Share based payment reserve	24	5,336,462	2,163,898
Shareholders' equity		192,745,963	141,172,623

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 2021 of $5,503,380 (2020: loss of $1,286,510) has been included in the consolidated income statement.

The financial statements were approved by the Board of Directors and authorised for issue on 07 December 2021 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 $
Net outflow from operating activities	19	(3,098,495)	(5,707,802)
Cash flows from investing activities			
Interest received		4,295	25,881
Funds used for drilling, exploration and leases		(24,973,399)	(1,591,591)
Disposal	3	-	(1,134)
Net cash outflow from investing activities		(24,969,105)	(1,566,844)
Cash flows from financing activities			
Proceeds from share issues	18	30,181,084	10,816,383
Issue costs paid in cash		(1,197,275)	(571,364)
Repayment of borrowing and leasing liabilities		(55,698)	(21,394)
Net cash inflow from financing activities		28,928,111	10,223,625
Increase in cash & cash equivalents		860,511	2,948,979
Cash and cash equivalents at the beginning of the year		4,802,965	1,853,986
Cash and cash equivalents at the end of the year	11	5,663,476	4,802,965

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 $	2020 $
Net cash inflow / (outflow) from operating activities	19	15,525,277	(5,137,011)
Cash flows from investing activities			
Interest received		4,224	23,759
Loans to subsidiary companies		(41,240,873)	(4,676,703)
Net cash outflow from investing activities		(41,236,649)	(4,652,944)
Cash flows from financing activities			
Proceeds from share issues	18	30,181,084	10,816,383
Issue costs paid in cash		(1,197,275)	(571,364)
Lease payments		(55,698)	(21,394)
Net cash inflow from financing activities		28,928,111	10,223,625
Increase in cash and cash equivalents		3,216,739	433,670
Cash and cash equivalents at the beginning of the year		1,745,834	1,312,164
Cash and cash equivalents at the end of the year	11	4,962,573	1,745,834

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, 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 UK Adopted International Financial Reporting Standards ("IFRSs"), including IFRS 6, 'Exploration for and Evaluation of Mineral Resources', in accordance with the provisions of the Companies Act 2006.

The Group's financial statements for the year ended 30 June 2021 were authorised for issue by the Board of Directors on 07 December 2021 and were signed on the Board's behalf by Mr J Hondris.

The Group and Company financial statements are presented in US dollars.

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 Interests in joint arrangements

IFRS 11 Joint Operations defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

1.4 Going concern

As previously announced, the Company must complete either a farmout and/or funding in Q4 2021 to have sufficient resources for the anticipated winter 2021/2022 drilling and testing campaign and for ongoing working capital.
The Group is in advanced efforts to secure a funding solution, however at the time of writing, this remains incomplete and is naturally subject to completion risk. The process is well advanced and the Company is confident of a positive outcome, however, there can be no guarantees of a successful outcome.

The Directors have reviewed the Group's overall position and given the advanced stage of the fund-raising discussions are of the opinion that the Group is able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements.

Given the Directors' confidence in their ability to complete a funding solution in the near term and the discretionary nature of some of the future exploration commitments, the Directors believe that the Group will be sufficiently funded and believe the use of the going concern basis is appropriate. Accordingly, the Directors have prepared the accounts on a going concern basis. However, it should be noted that completion risk relating to the funding solution causes a material uncertainty that may cause significant doubt about going concern should sufficient fundraising not be obtained.

1.5 Revenue

The Group is engaged in the business of extracting oil and gas. Revenue from contracts with customers is recognised in accordance with IFRS15 Revenue from Contacts with Customers, 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.

1.6 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.

1.7 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.

1.8 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.

1.9 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 has been classified into discrete "projects" or, upon production, 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.

1.10 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.

In accordance with IAS 36 the Group has determined an accounting policy for allocating exploration and evaluation assets to specific 'cash-generating units' ("CGU") where applicable.

Exploration and evaluation costs

The Alaskan exploration and evaluation leasehold assets were subject to a fair value assessment as at the date of acquisition. The carrying value at 30 June 2021 represents the cost of acquisition plus any fair value adjustment, where appropriate, and subsequent capitalised costs, in accordance with IFRS.

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 recognised 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 provided for and subsequently depleted over the useful life of well using unit of production method.

Goodwill

Goodwill, when carried, is tested for impairment annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the asset or group of assets 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 unit) 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 ‘recoverable amount’, being 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.

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.
- Office equipment is depreciated by equal annual instalments over their expected useful lives, being 3 years.

1.11 Financial instruments

IFRS 7 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 23 to the accounts.

1.12 Leases

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 based 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.

1.13 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

The first stage of the impairment process is the identification of an indication of impairment. Such indications can include production difficulties, significant geological or geophysical information which may negatively impact the existing assessment of a project's potential for recoverability, significant reductions in estimates of resources, significant falls in commodity prices, a significant revision of Group Strategy or of the plan for the development of a field, operational issues which may require significant capital expenditure to remediate, political or regulatory impacts and others. This list is not exhaustive and management judgement is required to decide if an indicator of impairment exists. The Group regularly assesses the tangible and non-tangible assets for indicators of impairment. When an impairment indicator exists an impairment test is performed; 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.

Contingent liabilities

Pursuant to IAS37, a contingent liability is either: (1) a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of some uncertain future event not wholly within the entity's control, or (2) a present obligation that arises from a past event but is not recognized because either: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability.

Kinder Morgan Treating L.P. ("Kinder Morgan") initiated a dispute over an East Texas gas treating agreement between Kinder Morgan and Vision Operating Company, LLC ("VOC"). VOC ceased making payments to the service provider in July 2019. The service provider subsequently issued a demand to VOC and, in February 2021, served Pantheon Resources plc with a petition, seeking to recover 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 on 28 April 2020

No Pantheon entity is a signatory to the gas treating agreement and none are named in the agreement. Pantheon has taken legal advice on the matter and believes it has no liability to the service provider. Accordingly, Pantheon does not consider a provision should be included with the final statements and will contest any claim made.

In, July 2021, the court dismissed Kinder Morgan's claims against Pantheon Resources plc. Kinder Morgan has also asserted the same claims against two subsidiaries, Pantheon Oil & Gas, LP and Pantheon East Texas, LLC. Pantheon Oil & Gas, LP and Pantheon East Texas, LLC are contesting these claims.

Value of exploration assets on acquisition

In accordance with IFRS 3 Business Combinations, exploration assets acquired as part of a business acquisition, and hence combination, are recorded at their fair value as opposed to the fair value of the consideration paid.

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.

1.14 New and amended International Financial Reporting Standards adopted by the Group

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	*Impact on initial application*	*Effective date*
IAS 16*	Property, Plant & Equipment	1 January 2022
IAS 37*	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
IAS 1*	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2022
* Amendments		

The Group does not anticipate that the adoption of these standards will have a material effect on its financial statements in the period of initial adoption.

1.15 Share based payments

On occasion, the Company has made share-based payments to certain Directors and advisers by way of issue of ordinary shares and share options. In the case 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 expected number of shares that will eventually vest.

During the year the Company implemented its updated share option plan ("scheme") which comprised a one off, up-front issue of 13.7 million share options at a 93% premium to the prevailing share price, all of which have now vested, as well as an annual grant of 14.655 million share options, none of which have vested, with respect to the previous financial year. To the extent that share options have vested or are expected to vest, the calculated expense has been amortised on a straight-line basis over the vesting period. These were the only share options issued by the Company since 2014.

1.16 Discontinued operation

A discontinued operation is a component of the company's business (i.e., the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the company). It also represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

2. Loss per share

The total loss per ordinary share from continuing operations for the group is 1.17 US cents (2020: 0.56 US cents - loss). The loss is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 568,432,240 (2020: 500,386,832).

The total loss per ordinary share for the group from discontinued operations is 0.01 US cents (2020: 2.83). This is calculated by dividing the loss for the year from discontinued operations by the weighted average number of ordinary shares in issue of 568,432,240 (2020: 500,386,832).

The diluted profit per share has been kept the same as the basic profit per share because, although the 33,307,843 vested options and warrants in issue were in the money as at 30 June 2021, the Company reported a loss, hence including the additional dilution would have resulted in a reduction of the loss per share.

The diluted weighted average number of shares in issue is 616,395,083 (2020: 500,386,832).

3. Discontinued Operations, Acquisitions and Disposals

Acquisition of Borealis Alaska LLC (10.8% interest in Talitha Unit)

In March 2021, Pantheon formally acquired 100% ownership of Borealis Alaska LLC. Borealis Alaska LLC's sole asset was a 10.8% working interest in each of the 16 leases comprising the 44,463 acre Talitha Unit. Pantheon paid a consideration of 14,272,592 ordinary shares for the 10.8% working interest. Upon completion of the acquisition, Pantheon owned a 100% working interest and an 86.0% net revenue interest in the Talitha Unit.

Discontinued Operations & Disposal of interest in East Texas

During the year the Group exited 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. Accordingly, the Group took the decision to fully impair the carrying value of the East Texas properties in the previous financial year's accounts, to 30 June 2020. Weak oil prices, an aging lease position and a general lack of investment by oil and gas companies into new projects supported this decision. In February 2021, Pantheon formally exited East Texas with the transfer of 100% of the Group's interests in both Polk and Tyler Counties to Neches Transport, a local operator. 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.

As a result of exiting East Texas, and in accordance with UK adopted IFRS, the expenses for the East Texas Operation have been reclassified to "Discontinued Operations". The Consolidated Statement of Comprehensive Income, including the comparatives, has been restated to show the discontinued operation separately from continuing operations.

Results of Discontinued Operations	Year ended 30 June 2021 $	Year ended 30 June 2020 $
Revenue	-	85,312
Production royalties	-	(24,580)
Depletion of developed oil and gas assets	-	(27,800)
Cost of sales	-	(6,273)
Gross (loss) / profit	-	26,659
Administrative expenses	(68,941)	(421,313)
General & Administrative expenses - Vision	-	(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)	(17,965,854)
Interest receivable	61	2,121
Income tax	14,465	3,766,786
Loss from discontinued operations, net of tax	(54,415)	(14,170,288)

Discontinued Operations statement of cashflows	Year ended 30 June 2021 **$**	Year ended 30 June 2020 **$**
Net outflow from operating activities	(263,274)	(2,049,767)
Cash flows from investing activities		
Funds used for drilling, exploration & leases	-	(375,000)
Interest received	61	2,121
Disposal	-	(1,134)
Net cash inflow/(outflow) from investing activities	61	(374,013)
Cash flows from financing activities		
Inter-company loans	(1,635,323)	4,908,826
Net cash (outflow)/inflow from financing activities	(1,635,323)	4,908,826
(Decrease) / increase in cash & cash equivalents	(1,898,536)	2,485,046
Cash and cash equivalents at the beginning of the period	3,026,491	541,445
Cash and cash equivalents at the date of discontinuation	1,127,955	3,026,491

Vision Resources

A controlling (66.6%) interest in Vision Resources LLC was acquired by the Group, and consolidated as part of the Group accounts, during the financial year ending 30 June 2019. The acquisition was to allow Pantheon to assume control of Vision Resources LLC, the General Partner of the Vision Group of Companies, and to preserve the value of the East Texas assets following the death of the Principal of the Vision Companies in 2018.

On 28 April 2020 Vision Resources LLC filed Chapter 7 Bankruptcy in the United States Bankruptcy Court for the Southern District of Texas Houston Division. At this time control of the company was transferred to a court appointed bankruptcy trustee. At 30 June 2019 the group recognized an impairment of its $0.7 million investment in Vision Resources LLC and a $0.3m bad debt relating to Oil & Gas receipts not received. For the years ended 30 June 2020 and 2019 Vision Resources LLC contributed $Nil to the group income/loss. The de-consolidation of Vision Resources LLC has resulted in:

- $0.1m gain on the disposal of a subsidiary undertaking, which has been recognised in the Consolidated Statement of Comprehensive Income for the year ending 30 June 2020.
- The elimination of a non-controlling interest in the Consolidated Statement of Financial Position for the year ending 30 June 2020.

4. Segmental information

The Group’s activities involve the exploration for oil and gas. There are three reportable operating segments: USA (Alaska) and Head Office and USA (Texas) which was discontinued in December 2020. Non-current assets, 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 2020.

Oil and Gas production in East Texas commenced in late 2017 and ceased in early 2020. Pantheon formally divested its East Texas (segment) operations in December 2020. The Intercompany balance reflected in the Texas segment represents the loan payable to Pantheon PLC. The top-level Texas legal entity, Pantheon Oil and Gas LP, remains as the holding company for the Alaskan group of companies.

The Group’s net total sales production for the financial year ended 30 June 2021 amounted to Nil (2020: 57,420) mcf of natural gas and Nil (2020: 158) bbl. of oil. Average realisations for the year for natural gas and oil were US $Nil (2020: $1.81) per mcf and US $Nil (2020: $59.93) per barrel of oil respectively.

Revenues for the year ended 30 June 2021 were US $Nil (2020: $85,312).

Year ended 30 June 2021

Geographical segment (Group)	**Head Office**	**Texas**	**Alaska**	**Consolidated**
	$	**$**	**$**	**$**
Administration expenses	(2,296,566)	(263,274)	(2,543,463)	(5,103,303)
Share option expense	(3,211,038)	-	-	(3,211,038)
Interest receivable	4,224	61	10	4,295
Taxation	-	-	-	-
Loss by reportable segment	(5,503,380)	(263,213)	(955,894)	(6,722,487)
Exploration & evaluation assets	-	-	188,954,719	188,954,719
Property, plant & equipment	30,308	-	-	30,308
Trade and other receivables	104,515	5,361	-	109,876
Cash and cash equivalents	4,962,573	665,620	35,285	5,663,477
Intercompany balances	188,286,555	(152,048,912)	(36,237,643)	-
Total assets by reportable segment	193,383,951	(151,377,931)	152,752,360	194,758,380
Total liabilities by reportable segment	(637,988)	(255,619)	(5,202,009)	(6,095,615)
Net assets by reportable segment	192,745,963	(151,633,550)	147,550,352	188,662,765

Year ended 30 June 2020

Geographical segment (Group)	**Head Office**	**Texas**	**Alaska**	**Consolidated**
	$	**$**	**$**	**$**
Revenue	-	85,312	-	85,312
Production royalties	-	(24,580)	-	(24,580)
Depletion of developed oil & gas assets	-	(27,800)	-	(27,800)
Cost of sales	-	(6,273)	-	(6,273)
Administration expenses	(1,310,268)	(976,970)	(1,801,710)	(4,088,948)
General & Administrative expenses – Vision	-	(814,762)	-	(814,762)
Impairment of intangible assets – E&E		(7,678,800)	(130,112)	(7,808,912)
Impairment developed oil & gas assets	-	(6,933,644)	-	(6,933,644)
Impairment PP&E	-	(1,907,966)	-	(1,907,966)
Bad debt expense	-	(318,786)	-	(318,786)
Interest receivable	23,759	2,121	-	25,880
Gain on disposal of subsidiary undertaking	-	109,417	-	109,417
Taxation	-	-	4,732,467	4,732,467
Loss by reportable segment	(1,286,509)	(18,492,731)	2,800,645	(16,978,595)
Exploration & evaluation assets	-	-	156,097,608	156,097,608
Property, plant & equipment	73,035	585,863	-	658,898
Trade and other receivables	68,807	5,360	-	74,167
Cash and cash equivalents	1,745,834	3,026,492	30,639	4,802,965
Intercompany balances	139,661,971	(130,145,522)	(9,516,449)	-
Total assets by reportable segment	141,549,647	(126,527,805)	146,611,798	161,633,639
Total liabilities by reportable segment	(377,024)	(836,570)	(5,877,883)	(7,091,476)
Net assets by reportable segment	141,172,623	(127,364,375)	140,733,915	154,542,163

5. Operating loss

	2021 $	2020 $
Operating loss is stated after charging:		
Depreciation – production facilities & equipment	-	-
Depreciation – office equipment	225	420
Depreciation Right of use assets	50,395	19,558
Auditor's remuneration		
- group and parent company audit services	65,500	74,000
Auditor's remuneration for non-audit services		
- taxation services and compliance services	-	10,500

6. Employment costs

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

	2021 $	2020 $
Wages and salaries	1,133,661	1,237,242
Social security costs	68,365	70,541
Statutory pension costs	17,662	16,172
	1,219,688	1,323,955

The summary of the directors' remuneration is shown in the directors' report on Page 19.

	2021	2020
Number of employees (including Executive Directors) at the end of the year	number	number
Management and administration	8	9

7. Interest receivable

	2021 $	2020 (restated) $
Bank interest received	4,234	23,759

8. Taxation

	2021 $	2020 $
Current tax		
US federal corporate tax	-	-
US state and local tax	-	-
UK corporate tax	-	-
Factors affecting the tax charge for the period	-	-
Income (loss) on ordinary activities before taxation	(8,241,741)	(21,711,062)
Income (loss) on ordinary activities before taxation multiplied by the standard US corporate tax rate of 21% (2019: US corporate tax rate of 21%)	(1,730,644)	(4,559,323)
Effects of:		
State of Alaska tax benefits associated with temporary book-to-tax differences	(96,856)	(173,144)
US federal tax benefit associated with temporary book-to-tax differences	254,406	-
US federal tax benefit associated with reassessed future utilization of loss carryforward	-	-
Total tax charge	(1,573,094)	(4,732,467)

Factors that may affect future tax charges

The Group's deferred tax assets and liabilities as at 30 June 2021 have been measured at 21% for items subject to US federal income tax only, items subject to state of Alaska and US federal income tax are reflected at an Alaska rate of 9.4% and a US federal rate, net of state of Alaska tax deduction, of 28.426%.

At the year-end date, the Group has unused losses carried forward of $114.8m (2020: $59.8m) available for offset against suitable future profits. Unused US tax losses incurred prior to January 1, 2018 expire in general within 20 years of the year in which they are sustained. Losses sustained after December 31, 2017 do not expire.

The deferred tax liability at 30 June 2021 is 3,705,737 (2020: 5,293,296).

The income tax credit for the year for the discontinued operations in East Texas is $14,465, as disclosed in note 3 to the accounts.

9. Subsidiary entities

The Company currently has the following wholly owned subsidiaries:

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
Great Bear Petroleum Ventures I, LLC	United States	100%	Lease Holding Company
Great Bear Petroleum Ventures II, LLC	United States	100%	Lease Holding Company
Great Bear Pantheon, LLC	United States	100%	Holding Company
Pantheon East Texas, LLC	United States	100%	Holding Company
Pantheon Operating Company, LLC	United States	100%	Operating Company
Borealis Petroleum LLC	United States	100%	Holding Company

Pantheon Oil & Gas LP is 99% owned by Agrippa LLC as its limited partner and 1% by Hadrian Oil & Gas LLC as its general partner.

10. Trade and other receivables

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Amounts falling due within one year:				
Prepayments & accrued income	66,388	29,906	63,688	27,207
Other receivables	43,488	44,261	40,827	41,600
Total	109,876	74,167	104,515	68,807

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Amounts falling due after one year:				
Loans to subsidiaries	-	-	188,286,555	139,661,971

An annual impairment review of the amount due from subsidiary undertakings (loans to subsidiaries) 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 statement of financial position. This has been assessed in line with IFRS 9 for credit losses however recoverability is supported by the underlying assets.

The Company fully transitioned from IAS 39 and adopted IFRS 9 from 1 July 2018 onwards. On the basis of ongoing annual assessments, the lifetime expected credit losses are recognised against loans and receivables when they are identified and are recorded in the statement of comprehensive income.

11. Cash and cash equivalents

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Cash at bank and in hand	5,663,477	4,802,965	4,962,573	1,745,834

12. Trade and other payables

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Trade creditors	90,942	172,630	89,865	87,452
Accruals	1,016,148	215,462	515,336	215,347
Total	1,107,090	388,092	605,201	302,799

13. Provisions

Plug and Abandonment Provision

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made. The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the field location. A breakdown of these costs is detailed at Note 21.

Legal Costs

Legal costs have been provided for due to an ongoing dispute with a third-party vendor.

	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Plug and Abandonment	1,000,000	1,085,863	-	-
Legal costs	250,000	250,000		
Total	1,250,000	1,335,863	-	-

14. Impairments

14.1 Impairment of non-current assets - exploration and evaluation assets

In accordance with International Financial Reporting Standard 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.

The Group has reviewed these assets for indications of impairment. The Directors have satisfied themselves that there are no indicators of impairment in the current year. In the prior year, indicators of impairment were identified and impairment reviews led to impairment charges that were measured, presented and disclosed in accordance with International Accounting Standard (“IAS”) 36 Impairment of Assets.

During the year ended 30 June 2021 there were no impairment charges (2020: $7.8m) in respect of exploration and evaluation assets.

In 2020 Pantheon announced its intention to exit its East Texas assets to concentrate solely on the Alaska North Slope assets and impaired the total carrying value of the East Texas properties to nil. The impairment charges for 2020 comprised of $7.7m in East Texas and $0.1m in Alaska.

Where impairment indications are found the Company performs impairment tests. Any resulting impairment losses must be measured, presented and disclosed in accordance with IAS 36. In assessing whether an impairment is required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is defined to be the higher of the asset’s fair value less costs to sell, and value in use.

Impairment losses – exploration and evaluation assets	**2021 $**	**2020 $**
West AA Prospect – CGU (Texas)		
West AA (prospect A leased acreage) - Polk County	-	1,870,200
West West AA Prospect – CGU (Texas)		
West West AA (prospect D leased acreage) - Polk County	-	908,250
Core Offset Prospect (aka Prospect B&C) – CGU (Texas)		
Core Offset (prospect B&C leased acreage) - Tyler County	-	4,845,750
LP2 Offset – CGU (Texas)		
LP2 offset (leased acreage) - Tyler County	-	54,600
Alaska		
Acreage	-	130,112
Total	-	7,808,912

14.2 Impairment of non-current assets – developed oil and gas assets

Impairment losses of US$ Nil (2020 $6.9m) were recognised in respect of the producing oil and gas properties within East Texas. The Group made a strategic decision to exit East Texas and concentrate solely on its Alaskan Assets. In 2020, the company has fully impaired the carrying value of the Oil and Gas producing properties in East Texas.

Impairment losses – developed oil and gas assets	2021 $	2020 $
VOS#1 Well (East Texas)	-	6,933,644
Total	-	6,933,644

14.3 Impairment of non-current assets – Property Plant & Equipment

Impairment losses of US$ Nil (2020: $1.9m) were recognised in respect of Property Plant and Equipment. The impairment losses in 2020 were due to the strategic decision to exit East Texas. The impairments related mainly to Pantheon's share of the gas processing plant and the pipeline associated with the VOS#1 well.

Impairment losses – Property Plant & Equipment	2021 $	2020 $
Polk County (East Texas)		
Polk County Gas Plant	-	22,680
Pipeline	-	1,885,286
Total	-	1,907,966

15. Exploration and evaluation assets

Group	2021 $	2020 $
Cost		
At 1 July	204,850,215	201,830,954
Additions	24,973,399	3,019,261
Acquisitions	7,383,711	-
Asset Retirement Obligations	500,000	-
At 30 June	237,707,325	204,850,215
Impairment		
As at 1 July	48,752,606	40,943,694
Charge for year	-	7,808,912
At 30 June	48,752,606	48,752,606
Net book value		
At 30 June	188,954,719	156,097,609

The Group additions for the year comprise the direct costs associated with the preparation of drilling of oil and gas wells, together with costs associated with leases and seismic acquisition and processing.

16. Disclosure required by IRFS 16 - Leases

Right of use assets

The Group used leasing arrangements relating to property, plant and equipment. As the Group has the right of use of the asset for the duration of the lease arrangement, a "right of use" asset is recognised within property, plant and equipment.

When a lease begins, a liability and right of use asset are recognised based on the present value of the lease payments.

	Group 2021 $	**Group 2020 $**
Interest expense on lease liabilities	6,207	3,260
Total cash outflow for leases	(55,698)	(21,394)
As at 1 July	72,829	-
Additions to right-of-use assets	1,222	91,995
Depreciation charge - right of use assets	(50,395)	(19,558)
Foreign exchange movement on right of use assets	6,652	392
Carrying amount at the end of the year:		
Right of use assets	30,308	72,829

Lease liabilities

	Group 2021 $	**Group 2020 $**
Current	32,788	46,311
Non-current	-	27,914
	32,788	74,225

17. Property, plant and equipment and Developed Oil & Gas Properties

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
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
Additions	-	-	-	1,222	1,222
Exchange Difference	-	-	-	10,696	10,696
At 30 June 2021	20,290,906	4,312,960	16,099	103,913	24,723,878
Depreciation					
At 30 June 2019	-	421,181	15,464	-	436,645
Depreciation for the year	-	-	420	19,558	19,978
Exchange difference	-	-	9	(392)	(383)
As at 30 June 2020	-	421,181	15,893	19,166	456,240
Depreciation for the year	-	-	225	50,395	50,620
Exchange difference	-	-	(20)	4,044	4,024
At 30 June 2021	-	421,181	16,098	73,605	510,884
Depletion					
At 30 June 2019	236,778	-	-	-	236,778
Depletion for the year	27,800	-	-	-	27,800
At 30 June 2020	264,578	-	-	-	264,578
Depletion for the year	-	-	-	-	-
At 30 June 2021	264,578	-	-	-	264,578
Disposals					
At 30 June 2019	-	-	-	-	-
Disposals for the year	-	-	-	-	-
At 30 June 2020	-	-	-	-	-
Disposals for the year	-	585,863	-	-	585,863
At 30 June 2021	-	585,863	-	-	585,863
Impairments					
At 30 June 2019	13,092,684	1,397,950	-	-	14,490,634
Impairment for the year	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 year	-	-	-	-	-
At 30 June 2021	20,026,328	3,305,916	-	-	23,332,244
Net book value					
As at 30 June 2021	-	-	-	30,308	30,308
As at 30 June 2020	-	585,863	206	72,829	658,898

Company

The Property, Plant and Equipment for the Company comprises of Right-of-Use assets $30,308 (2020: $73,035) as shown above.

18. Share Capital

	2021 $	2020 $
Allotted, issued and fully paid:		
659,368,196 (2020:502,758,713) ordinary shares of £0.01 each	9,263,095	7,250,204
33,890,478 (2020: 102,471,055) non-voting convertible shares of £0.01 each	476,108	1,318,517

Issued share capital:	**Number**	**Issued and fully paid capital**
As at 30 June 2021		
659,368,196 ordinary shares of £0.01 each (2020: 502,758,713)	659,368,196	9,263,095
33,890,478 non-voting convertible shares of £0.01 each (2020: 102,471,055)	33,890,478	476,108
Total	693,258,674	9,739,203

The Company issued a total of 156,609,483 new fully paid ordinary shares during the year. These were issued for three separate events:

1. An equity fund raise in November 2020. 73,756,314 ordinary shares were issued at a £0.30 per share premium. The issue costs were $1,397,469.

2. The company acquired Borealis Alaska LLC for the consideration of 14,272,592 ordinary shares.

3. During the year 68,580,577 non-voting shares were converted into ordinary shares on a 1:1 basis.

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

As at 30 June 2021 there were 659,368,196 ordinary shares (2020: 502,758,713) and 33,890,478 non-voting convertible shares (2020: 102,471,055) in issue.

19. Net cash outflow from operating activities

	Group 2021 $	Group 2020 $
Loss for the year	(6,722,487)	(16,978,595)
Net interest received	(4,295)	(25,881)
Share option expense	3,211,038	-
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
Bad debt expense	-	318,786
Depreciation of office equipment	225	420
Depreciation of right of use assets	50,395	19,559
Charge on Lease - right of use assets	6,207	3,260
Depletion of developed oil & gas assets	-	27,800
(Increase)/decrease in trade and other receivables	(35,709)	21,002
Increase/ (Decrease) in trade and other payables	518,805	(854,972)
Effect of translation differences (fixed assets)	(21)	10
Effect of translation differences (right of use assets)	179	(29)
Effect of translation differences (Share option expense)	(38,474)	-
Effect of translation differences	1,503,199	(47,800)
Taxation	(1,587,559)	(4,732,467)
Net cash outflow from operating activities	(3,098,495)	(5,707,802)

	Company 2021 $	Company 2020 $
Loss for the year	(5,503,380)	(1,286,509)
Net interest received	(4,224)	(23,759)
Share option expense	3,211,038	-
Depreciation	225	420
Depreciation of right of use assets	50,395	19,559
Charge on Lease - right of use assets	6,207	3,260
Increase in trade and other receivables	(3,570)	(11,639)
Increase/ (decrease) in trade and other payables	102,211	(45,844)
Shares issued in lieu of fees	-	-
Effect of translation differences (fixed assets)	(20)	9
Effect of translation differences (right of use assets)	179	(29)
Effect of translation differences (Share option expense)	(38,474)	-
Effect of translation differences	17,736,830	(3,792,479)
Net cash inflow / (outflow) from operating activities	15,525,277	(5,137,011)

20. Control

No one party controls the Company.

21. Decommissioning expenditure

Plug & Abandonment

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. As at 30 June 2021 the Group has fully provided for the future plug and abandonment charges in relation to its wells on the Alaskan North Slope.

	Group 2021 $	Group 2020 $
Alaska		
Greater Alkaid #1 test well	500,000	500,000
Talitha #A well	500,000	-
	1,000,000	1,000,000
Texas - Polk County		
VOBM#1 well	-	95,579
VOBM#2H well	-	111,861
VOBM#3 well	-	98,141
VOBM#4 well	-	81,162
VOBM#5 well	-	95,302
	-	482,045
Texas – Tyler County		
VOS#1 well	-	103,438
	-	103,438
As at 30 June	1,000,000	1,085,483

22. Exploration and evaluation commitments

There were no firm drilling commitments at 30 June 2021.

23. Financial instruments

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. Financial assets and liabilities are initially measured at fair value plus transaction costs.

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.

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 levels 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 2021	Fixed interest rate 2021	Non-interest bearing 2021
Financial assets:	**%**	**$**	**$**
Cash on deposit	0.05	-	-
Trade and other receivables	-	-	-

Net fair value

The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the statement of financial position and in the related notes.

Currency risk

The functional currency for the Group's operating activities and exploration activities is the US dollar. The Group incurs modest headquarters and advisory expenses in Pounds Sterling. The Group does not use derivative products to hedge foreign exchange risk and has exposure to foreign exchange rates prevailing up to the dates when funds are transferred into different currencies. The Group raises equity capital in Pounds Sterling and converts the majority of this to US dollars shortly after receipt of funds to minimise currency risk. The Group 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

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its liabilities as they fall due. The Group monitors its liquidity position carefully and considers equity fundraising, debt or farmouts when additional liquidity is required.

The table below shows the undiscounted cash flows on the Groups financial liabilities as at 30 June 2021 and 2020, on the basis of their earliest possible contractual maturity.

	Total $	Payable on demand $	Within 1-3 months $	Within 3-6 months $	Within 6-12 months $	Greater than 1 year $
As at 30 June 2021						
Trade creditors	90,942	-	90,942	-	-	-
Accruals	1,016,148	-	1,016,148	-	-	-
Lease liabilities	32,788	-	14,052	14,052	4,684	-
Provisions	1,250,000	-	-	-	-	1,250,000
	2,389,878		1,121,142	14,052	4,684	1,250,000
As at 30 June 2020						
Trade creditors	172,630	-	172,630	-	-	-
Accruals	215,462	-	215,462	-	-	-
Lease liabilities	79,666	-	12,579	12,579	25,158	29,350
Provision for plug and abandonment	1,085,863	-	-	-	-	1,085,863
	1,553,621	-	400,671	12,579	25,158	1,115,213

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 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 across approved counterparties.

The maximum exposure to credit risk is $5,773,353 (2020: $4,877,132).

Capital management

The Group's capital management objectives are:

- To provide long-term returns to shareholders
- To ensure the Group's ability to continue as a going concern

The Group defines and monitors capital to ensure that the Company meets its objectives above, focussing on long-term share price growth and a short-term requirement to ensure a going concern.

The Board of Directors monitors the available capital as well as the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares. The Group is not subject to any externally imposed capital requirements.

These policies have not changed in the year. The Directors believe that they have been able to meet their 0bjectives in managing the capital of the Group.

24. Share-based payments

Movements in share options and share warrants(1) in issue

Exercise price	Number of options and warrants issued as of 30 June 2020	Issued during year	Expired/Exercised during year	Number of options and warrants issued as of 30 June 2021
£0.30	10,000,000(1)	-	-	10,000,000
£0.30	9,607,843(2)	-	-	9,607,843
£0.27	-	13,700,000(3)	-	13,700,000
£0.33	-	14,655,000(4)	-	14,655,000
Total	19,607,843	28,355,000	-	47,962,843

(1) Fully vested. Expire September 2024.

(2) Fully vested. The 9,607,843 warrants are exercisable into non-voting shares, which are convertible into ordinary fully paid shares on a 1:1 basis.

(3) Fully vested and expire on the 6th July 2030. The Share Option expense charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2021 is $1,624,378; this was calculated using Black Shoals model utilising the inputs listed below:

(i) Number of options issued 13.7m

(ii) Exercise price 27 pence

(iii) Expiry – 10 years after issue

(iv) Vesting Terms - 50% vest 90 days from grant date; 50% vest upon the next well spudded in Alaska (from date of issue)

(v) Risk free rate 10%

(vi) 60 day volatility 102

(vii) Liquidity discount 30%

(4) Unvested. 50% to vest 28 January 2022 and 50% to vest upon Pantheon's spudding of the next well in Alaska. Expire 27 January 2031. The Share Option expense charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2021 is $1,586,660; this was calculated using Black Shoals model utilising the inputs listed below:

(i) Number of options issued 14.6m

(ii) Exercise price 33 pence

(iii) Expiry – 10 years after issue

(iv) Vesting Terms - 50% to vest 28 January 2022 and 50% to vest upon Pantheon's spudding of the next well in Alaska. Expire 27 January 2031 (from date of issue)

(v) Risk free rate 10%

(vi) 60 day volatility 77.2

(vii) Liquidity discount 30%

The Group has issued share options to directors and employees. These are equity settled share-based payments as defined in IFRS 2 Share-based payments. A recognised valuation methodology (using the Black & Scholes valuation model) was employed to determine the fair value of options granted as set out in the standard. The charge incurred relating to these options was recognised as an expense. The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.30 (2020: £0.30).

In January 2019, the Group previously issued 9,607,843 warrants as part of the consideration for the acquisition of Great Bear Petroleum. The terms of these warrants mirror the terms of the share options in issue (1); however, if exercised they convert to non-voting shares as opposed to ordinary shares.

The Share Option expense charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2021 is $3,211,038 (2020: Nil).

The equity reserve account represents current year expenses for unexpired options and warrants and the historical balance on vested option and warrants.

25. Related party transactions

There were no related party transactions during the year other than the payment of remuneration and the granting of share options to Directors and key management personnel.

26. Contingent Liabilities

Vision Operating Company LLC (“VOC”) has previously been in dispute with a third-party service provider, Kinder Morgan Treating L.P. (“Kinder Morgan”) over the early termination of a gas processing agreement in East Texas. On 28 April 2020 Vision Resources LLC and VOC filed Chapter 7 Bankruptcy in the United States Bankruptcy Court for the Southern District of Texas Houston Division and control of the company was transferred to a court appointed bankruptcy trustee.

Kinder Morgan issued a demand to VOC and in January 2021 served Pantheon Resources plc with a petition, seeking a payment of no less than $3.35m in respect of the early termination of a Gas Treating Agreement entered into between Kinder Morgan and Vision Operating Company LLC ("VOC"). Pantheon held ownership of less than 0.1% of VOC via a 66.6% interest in Vision Resources LLC.

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.

27. Subsequent events

Short Term Financing Facility – November 2021

As announced previously, the Company must complete either a farmout or funding in Q4 2021 to have sufficient resources for the anticipated winter 2021/2022 drilling and testing campaign and for ongoing working capital. The Company is actively engaged in negotiations for a potential farmout, as well as other options to ensure Pantheon is funded for these operations. The Company is optimistic about completing its financing objectives this quarter, in line with previous guidance. Naturally, there can be no guarantees of a successful outcome.

In order to minimise the potential for disruption or delay to the anticipated operations, the Company entered into a short-term financial facility on the 17^{th} of November, for up to a maximum of US$1.5 million. The facility will enable the Company to make certain prepayments to suppliers and contractors for future equipment, goods and services relating to the intended winter programme on its Alaska North Slope project(s) early enough to minimise the risk of supply chain disruption. The Facility is unsecured, carries an interest rate of 10% per annum on amounts drawn down, and can be repaid in full at any time at the Company's election.

Exercise of share options

In September and October 2021, 2,950,000 share options were exercised and the Company issued and allotted 2,950,000 new ordinary shares of £0.01 each. As of 7 December 2021, total ordinary fully paid shares in issue totalled 696,208,674. The new ordinary shares rank pari passu with the existing ordinary shares in the company.

Conversion of shares

In July 2021, Pantheon announced that it has received a notice of conversion, on a one-for-one basis, for all 33,890,478 of the 33,890,478 ordinary shares not carrying voting rights ("Non-Voting Shares") into ordinary fully paid shares carrying voting rights in the Company.

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 were convertible into ordinary fully paid shares, on a one-for-one basis.

Resource Upgrade - Shelf Margin Deltaic

In July 2021, Pantheon reported that it had completed its internal analysis of the SMD-B sequence encountered in the Talitha #A well. The SMD is the shallowest of five discrete oil-bearing intervals encountered in that well. The SMD interval itself is comprised of three individual components: the SMD-A, the SMD-B and the SMD-C.

Pantheon completed its analysis of the SMD-B zone and estimated that this zone has the potential to contain 2.6 billion barrels oil in place ("OIP") and a P50 Resource (recoverable) of 404 million barrels oil ("mmbo"). The Company believes this resource meets the classification of Contingent Resource.

Farmout Discussions

In July 2021, Pantheon announced that discussions had commenced with a number of groups for the purpose of seeking the farmout of a working interest percentage in one or more of the Company's Alaskan projects. Pantheon's objective is to complete a farmout or funding in Q4 2021, prior to the onset of the drilling season. The Company's objective for winter 2021 and spring/summer 2022 is for an active work program to test all zones above the Kuparuk in the Talitha #A well, and to drill at least one other well at either Alkaid or Theta West. An Alkaid development well has the benefit of being able to be hooked up to production to generate revenues shortly after completion, and a Theta West well has the attraction of testing a globally significant play which offers tremendous potential for value creation. Pantheon confirms that farmout discussions remain underway and are at an advanced stage with one potential partner. Whilst it is possible that a farmout may be consummated, there can be no guarantee.

GLOSSARY

bbl	barrel of oil	mcfd	thousand cubic feet per day
bopd	barrels of oil per day	Mmboe	million barrels of oil equivalent
mmbo	million barrels of oil	NPV	net present value
boepd	barrels of oil equivalent per day	NPV10	net present value at 10%pa discount rate
mcf	thousand cubic feet	$	United States dollar
NCI	non-controlling interest	OIP	Oil in place