



PANTHEON RESOURCES PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2015

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PANTHEON RESOURCES PLC

▼ CONTENTS

	Page
Directors, secretary and advisers	3
Chairman's statement	4
Chief Executive Officer's statement and operational review	6
Finance Director's report	8
Strategic report	10
Directors' report	11
Directors' biographies	16
Independent auditors' report	17
Consolidated Statement of Comprehensive Income	19
Consolidated and Company Statements of Changes in Equity	20
Consolidated Statement of Financial Position	22
Company Statement of Financial Position	23
Consolidated Statement of Cash Flows	24
Company Statement of Cash Flows	25
Notes to the financial statements	26
Glossary	44

PANTHEON RESOURCES PLC

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Walmsley (Non-Executive Chairman) John ("Jay") Cheatham (Chief Executive Officer) Justin Hondus (Executive Director Finance and Corporate Development)
Company Secretary	Ben Harber
Registered Office	Shakespeare Martineau One America Square Crosswall London EC3N 2SG
Company Number	05385506
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Solicitors	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Principal Bankers	Barclays Bank plc Level 27, 1 Churchill Place London E14 5HP
Nominated Adviser & Broker	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
Communications & Public Relations	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD

PANTHEON RESOURCES PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

Years of frontline oilfield experience have taught the management of Pantheon the need for caution in a business of uncertain prices and often deceptive geological data. It would be foolish for us to drop our guard on these matters in the first flush of our recent success with the drilling bit.

However, it would be remiss at this stage of operations not to recognise the huge strides that Jay Cheatham and his team have taken in the last twelve months towards transforming an ambitious but unproven exploration venture into a resilient low cost oil and gas production company capable of generating cash flow and capital growth for some years to come.

A year ago I noted that the acquisition of additional interests in our joint venture with Vision Resources was potentially transformative for Pantheon and it is a pleasure to be able to report that this has indeed proved to be the case. The flow rates achieved during testing of our first well in Polk County have confirmed the presence of commercial quantities of oil and gas in the Eagle Ford sandstone, our primary target on our acreage. More details of this well are given in the Chief Executive's Report.

At the time of writing we are close to reaching the target depth in our second well in neighbouring Tyler County, having already encountered hydrocarbons from a different formation while drilling down towards target depth. The most encouraging feature of the first well is not simply that it is a commercial discovery, but that the reservoir we have found appears, as we anticipated, to display closely analogous characteristics to the prolific Double A Wells field nearby.

To that extent we feel justified in saying that we have taken an important first step towards "cracking the code" of the complex geology which has for many years prevented widespread development of other Eagle Ford sandstone reservoirs in East Texas. Our second well will provide us with further evidence and an indication whether or not the same characteristics are also present in the second location we identified as one of up to 167 Eagle Ford Sandstone prospects following an intensive three-year study with the expert assistance of the Bureau of Economic Geology at the University of Texas, Austin.

We are fortunate that even a failure in the Eagle Ford sandstone on the second well will not exhaust the possibilities for commercial development from either the Austin Chalk or the third formation that we have already encountered while drilling the second well. Planning is well underway with Vision Resources, the operator of the joint venture, about the next steps we need to take in order to follow up the initial drilling success and maximise the value of the economic potential of our acreage position.

Truly, therefore, these are exciting and positive times for the Company, and ones that bear out the optimism of a year ago. It is important, as I said at the outset, not to get too far ahead of ourselves. There can be no guarantee that every future well result will be as positive as the first one. Only further drilling can confirm the validity of our thesis across the whole of our acreage position.

As we learnt to our cost earlier this year when extreme weather delayed the start of our drilling programme by several months, Mother Nature does not always march to man-made orders. Shareholders may have seen the photograph of our drilling location back in the early summer, after several weeks of torrential rain, looking more like an inland sea than typical Texas woodland. It was those highly unusual adverse climatic conditions which forced us to switch the location of our first well from Tyler to Polk County.

The outlook for oil prices also remains distinctly uncertain. We are fortunate that, with very low operating costs and ready access to nearby pipelines, gas processing plants and other infrastructure, discoveries in the East Texas Eagle Ford are expected to be profitable at prices below \$30 per barrel, which is a comforting outlook. We must not lose sight of the fact, however, that the oil market remains out of balance and is marked by continued excess supply. Natural gas prices are also at or close to historical lows, in North America.

What we do know is that Pantheon should retain a strong competitive advantage compared to most other E&P companies, thanks to our historically tight control of costs and the attractive low cost profile of our prospects. Not all aspects of the falling oil price have been negative. We have benefited significantly from the knock on effects

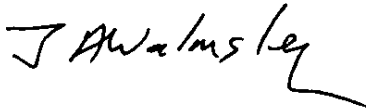
PANTHEON RESOURCES PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

of lower oil prices on drilling costs, such that the final cost of our first well came in substantially below the estimate that we made at the time of the share placing a little over a year ago, and we expect drilling costs to remain lower so long as energy prices remain depressed

In summary, the news from our first well in Polk County is excellent and the outlook promising, even for those who share our naturally cautious temperament. We move forward with increased confidence that our tightly focused strategy can deliver much greater returns as the geological and operational risks progressively diminish with each new piece of information gained from the drilling programme.



John Walmsley

19 November 2015

PANTHEON RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2015

I am pleased to report that, since our interim report in March 2015, Pantheon has continued to make excellent progress, drilling two wells on our 50% owned acreage in Tyler and Polk Counties, onshore East Texas, the first of which is a commercial discovery and the second is still to complete, but has already encountered a hydrocarbon bearing zone with significant potential. The results have happily vindicated our decision to raise c \$30 million of funding from investors in October 2014 to extend our acreage position and fund the two-well drilling programme. This in turn, despite the sharp decline in oil prices over the past 12 months, has resulted in a step change in the market valuation of your company.

The year under review began with the fundraising, fortuitously completed despite a falling oil price. I am particularly proud that we were able to complete this significant fundraising underlining our belief in the quality of this project and in the transaction. Building on the three year regional geological study the joint venture ("JV") carried out with the independent Bureau of Economic Geology at the University of Texas, Austin, it enabled us to make a significant investment in extending our lease acreage position and increasing our exposure to a number of new prospect areas we had identified as being prospective for the high quality reservoir sands in the Eagle Ford sandstone, our primary target.

Our current land position covers five project areas in Tyler and Polk Counties, East Texas, with an estimated Prospective P50 Resource (Recoverable) net to Pantheon's 50% working interest of 150.5 Mmboe. The enlarged acreage position gives us the opportunity, in partnership with Vision Resources, the operator of our JV, to identify and potentially drill a large number of similar high quality targets possessing the Eagle Ford reservoir sands within the acreage. The extent of any future drilling programme will of course depend on the outcome of each well we complete. While the geological study has identified up to 167 world class Eagle Ford sandstone prospects in an area of abundant infrastructure, low operating cost and low sovereign risk, only drilling can ultimately confirm whether or not the reserves we hope to find are in place.

The results of the first well were extremely positive and have increased our confidence in the potential of our acreage position. Our first well was drilled in Polk County in our West Double A prospect, post the period end. The Vision Blackstone Minerals #1 ("VOBM#1") well was a discovery in the Eagle Ford sandstone formation and reached a target depth of c 14,200 feet. The well encountered 62 feet of net pay and testing confirmed it as a commercial discovery. The VOBM#1 flowed at a stabilised flow rate of 6,145 mcfpd natural gas and 504 bblpd oil on a 12/64ths choke at a flowing tubing pressure of 7,350 psi. Gross production at these rates equates to more than 1,500 boepd.

Diagnostics on the VOBM#1 well and comparisons with wells in the Double A Wells field indicate that it has the potential to exceed the pre-drill P50 estimate of 1.4 Mmboe of recoverable reserves. It will however, take a period of sustained production data before a final, definitive assessment can be made. Preparations are underway to lay a pipeline to a nearby gas processing plant and oil will be collected on site and trucked to nearby refineries. It is expected that first production will occur in or after Q1 2016, once the necessary permits have been obtained.

On the commencement of production the well will be choked back and brought online slowly and carefully in order to preserve reservoir integrity, minimise possible damage and manage the well economics. Optimising the value of production from a complex, high pressure reservoir requires a high degree of technical skill, something that is often overlooked. We are fortunate that our joint venture is able to draw on many years of relevant experience and expertise.

At the time of writing, our second well in the 2015 drilling programme, the Vision Operating Smith #1 well ("VOS#1"), which was spudded in September 2015, is approaching its primary (Eagle Ford) and secondary (Austin Chalk) targets. It has however already encountered an unexpected but potentially significant hydrocarbon bearing zone at around 12,600 feet. This formation has now been side-tracked and put behind pipe to allow the well to proceed toward its primary and secondary targets. Final results for this well will be announced when drilling and, if appropriate, testing operations are complete.

Making a commercial discovery with the first well in our programme is clearly an excellent outcome for shareholders. The second well, has two separate targets (the Eagle Ford and the Austin Chalk), and will add

PANTHEON RESOURCES PLC

**CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW
FOR THE YEAR ENDED 30 JUNE 2015**

further to our knowledge base. Whatever the outcome, we have learnt enough already to have the confidence to proceed to further drilling. The extent and timing of that programme are presently under discussion with the operator of the joint venture, and once the results of the VOS#1 well are known an appropriate development plan can be established.

Establishing the optimum plan will require substantial planning and effort from the JV, however these are challenges that come from exploration success and as such are to be welcomed. We have a lot of hard work ahead as we look to build on our initial success. The good news is that in the course of the year under review we have finally transformed your company from one of promise to one of value, and I remain optimistic that there is much to look forward to in the months and years ahead.


Jay Cheatham

19 November 2015

PANTHEON RESOURCES PLC

FINANCE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2015

Financial Review

The Group made a total loss from operations for the financial year ended 30 June 2015 of £1,148,900 (2014 £738,471). The increase over the prior year is primarily due to the non cash accounting charges made in relation to the granting of share options as well as the costs associated with the restructuring of the joint venture and recapitalization of the Group.

Production

The Group's net total sales production for the financial year ended 30 June 2015 amounted to 3.99 mcf/d (2014 6.4 mcf/d) natural gas and nil bopd (2014 nil bopd) oil. Average realisations for the year for natural gas and oil were \$3.30 (2014 \$3.76) per mcf of natural gas and nil (2014 \$nil) per barrel of oil respectively.

Revenue

Revenues for the year ended 30 June 2015 were marginally lower than the previous year at £3,389 (2014 £5,381).

Cost of sales

Cost of sales for the year ended 30 June 2015 were £230 (2014 £26,372). These costs primarily relate to workover costs associated with a depleted well.

Impairments

The total impairment charge for the year was £nil (2014 £nil).

Accounting policies

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

Capital structure

The Company issued 94,256,626 new fully paid ordinary shares at an issue price £0.20 per share during the year, raising cash proceeds of c £18.5m before expenses.

As at 30 June 2015 there were 196,356,396 shares in issue (2014 102,099,770).

The Company also issued options to acquire 10,000,000 ordinary shares during the year to employees and Directors. These options had an exercise price of £0.30 per share and vested 50% on issue and 50% upon the later of the first anniversary of issue or the spudding of the second well. These are the only share options in issue in the Company.

Going concern

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

Taxation

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

PANTHEON RESOURCES PLC

FINANCE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2015

Risk assessment

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

Liquidity and Interest Rate Risk

Liquidity risk has increased for many companies in the natural resources sector for a number of reasons including but not limited to the slowdown in the Chinese economy, the downturn in commodity prices and the recent political and other influences, which have negatively impacted energy prices.

Oil & Gas Price Risk

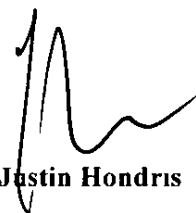
Oil and Gas sales revenues were subject to the volatility of the underlying commodity prices throughout the year. Over the past year the energy sector has been impacted by a dramatic reduction in both oil and gas prices which has resulted in very difficult market conditions for the sector. The Group did not engage in any commodity price hedging activity during the year.

Currency Risk

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

Financial Instruments

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



Justin Hondris

19 November 2015

PANTHEON RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2015

Principal activity

The Company is registered in England and Wales, having been incorporated under the Companies Act with registered number 05385506 as a public company limited by shares

The principal activity of the Group is the investment in oil and gas exploration and development. The Group operates in the U K through its parent undertaking and in the U S A through subsidiary companies, details of which are set out in the Note 8 to these accounts

Review of the Business and Key Performance Indicators

Please refer to the Finance Director's Report on page 8 for the review of the business and analysis of the Key Performance Indicators of the business

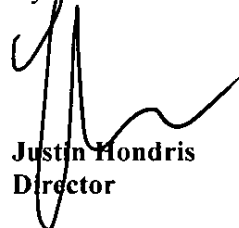
Financial Position and Future Prospects

Please refer to the Chief Executive Officer's statement and operation review on page 6 for an overview of the Company position and prospects

Key operational risks and uncertainties

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

By order of the board



Justin Hondris
Director

19 November 2015

Company Number 05385506

PANTHEON RESOURCES PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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 2015

Results and dividends

The Group results for the period are set out on page 19. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2015.

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 8 and 14 to these accounts.

Directors

The following Directors held office during the year:
John Walmsley (Non-Executive Chairman)
John Cheatham (Chief Executive Officer)
Justin Hondris (Director Finance & Corporate Development)

Directors' interests

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

	30 June 2015
	Number of
Name	Ordinary shares of £0.01
J Cheatham	3,554,249
J Hondris*	1,135,000
J Walmsley*	1,859,938

*Some of these ordinary shares are beneficially owned by the respective spouses of Messrs J Walmsley and J Hondris.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

Share options

Share options for Ordinary shares of £0.01 held by Directors on 30 June 2015 were as follows

Exercise price	Number of options £0.30
J Walmsley	1 000,000
J Cheatham	4,385 000
J Hondris	3,865 000
Total	<u>9,250,000</u>

Only 50% of these share options had vested as at 30 June 2015. The remaining 50% vested subsequent to the year end on 30 September 2015.

Report on Directors' remuneration and service contracts

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

Pensions

The Group does not operate a pension scheme for Directors or employees.

Directors' remuneration

	Fees/basic salary £	Share-based payments £	Benefits in kind £	2015 Total £	2014 Total £
J Cheatham	189,797	164,986	-	354,783	184,378
J Hondris	138,575	145,421	-	283,996	126,458
J Walmsley	62,500	37,625	-	100,125	52,083
S Graham	-	-	-	-	47,917
	<u>390,872</u>	<u>348,032</u>	<u>-</u>	<u>738,904</u>	<u>410,836</u>

Director incentive scheme

In 2012 the Company implemented a short term executive director incentive scheme developed in conjunction with executive remuneration specialists at Deloitte LLP. Any incentive bonus resulting from the scheme will be shared by executive Directors and will be calculated as 2.25% of the value of "net-booked reserves" for a period (deducting any net-booked reserves recognised in earlier periods for this purpose). For the purposes of the scheme, net-booked reserves will include 100% of proved reserves and 25% of probable reserves booked to the Group, as determined by an independent third party, 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 will be settled in cash or share options with a discounted exercise price. The cash component will be at least one third of the total and there is no obligation to pay any of the annual bonus by way of share options. In the event of a sale of the Company or other change of control, the calculation will be undertaken by reference to the equity value of the Company (less the value of net booked reserves recognised in earlier periods). The Remuneration Committee believes that this annual incentive, together with the granting of out of the money share options provide an appropriate and reasonable structure to reward the executive Directors for performance that is aligned to the interests of shareholders as any potential benefit from this scheme is linked to the booking of net-booked reserves and share price appreciation. No benefit has been paid from this incentive scheme since inception.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

Subsequent events

On 28 October 2015 the Company announced the successful completion of testing operations of the VOBM#1 well located onshore Polk County, East Texas where Pantheon has a 50% working interest. The well encountered 62 feet of net pay in the Eagle Ford sandstone formation and flow tested natural gas and oil at a rate exceeding 1 500 boepd. The operator believes that the well has the potential to exceed the pre-drill P50 Prospective Resource (Recoverable) estimate of 1 4Mmboe, however it will take a period of sustained production data before a more definitive assessment can be made. The board is of the opinion that this discovery has been transformational for the Company and has the potential to add significant NPV for all shareholders. Importantly it appears to have validated the understanding of the geological model constructed following the completion of the extensive regional geological study.

On 6 November 2015 the Company announced that an oil and gas bearing zone had been encountered during drilling operations on the JV's second well in its drilling programme, the VOS#1 well, located onshore Tyler County, East Texas, where Pantheon has a 50% working interest. The zone, which is known to be present in a well to the South where it has been a substantial producer, is independent from both the primary and secondary objectives, and flowed both oil and gas. The well has since been successfully side-tracked and is presently drilling towards the primary and secondary formations.

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 17 November 2015.

	Number of Ordinary Shares	% of Share Capital
Ferlim Nominees Limited	36,282,300	18.48
Roy Nominees Limited	10,176,652	5.18
Lynchwood Nominees Limited	7,486,000	3.81
N Y Nominees Limited	7,217,837	3.68
Barclayshare Nominees Limited	6,955,993	3.54
Rock (Nominees) Limited	6,400,000	3.26

Political and charitable contributions

There were no political or charitable contributions made by the Company during the year ended 30 June 2015 (2014: £Nil).

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2015

Remuneration and Nomination Committee

The Board of Directors has established the Remuneration and Nomination Committee of the Board. John Walmsley is the chairman of the committee and Justin Hondris is the other member. Other Directors may attend meetings by invitation.

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

Audit Committee

An Audit Committee of the Board has been established. During the year, the Audit Committee consisted of John Walmsley as chairman and Jay Cheatham as the other member. This Committee provides a forum through which the Group's finance functions and auditors report to the non-executive Directors. Meetings may be attended, by invitation, by the Company Secretary, other Directors and the Company's auditors.

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

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

Conflicts Committee

A Conflicts Committee of the Board has been established. This Committee consists of John Walmsley as chairman, 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 with the Company's UK lawyers.

Anti-Corruption & Bribery Committee

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

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

Corporate Governance

The Directors acknowledge their responsibility for, and recognise the importance of implementing and maintaining, high standards of corporate governance. Given its current size and operational status the Company has not adopted a formal corporate governance code. However the Company does, where practical, comply with relevant aspects from the UK Corporate Governance Code as appropriate for a company of its size, nature and stage of development. Further information on Corporate Governance can be found at the company's website www.pantheonresources.com.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015**

Statement of Directors' responsibilities

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

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

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of disclosure to the auditors

So far as the Directors are aware

- a) there is no relevant audit information of which the Company's auditors are unaware, and
- b) all the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young be reappointed as auditors of the Company and that the Directors be authorised to determine their remuneration will be put to the next Annual General Meeting.

By order of the board



**Justin Hondris
Director**

19 November 2015

Company Number 05385506

PANTHEON RESOURCES PLC

DIRECTORS' BIOGRAPHIES FOR THE YEAR ENDED 30 JUNE 2015

John Walmsley, Non Executive Chairman

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

Jay Cheatham, Chief Executive Officer

Jay Cheatham has more than 40 years' experience in all aspects of the petroleum business. He has extensive international experience in both oil and natural gas, primarily for ARCO. At ARCO, Jay held a series of senior appointments. These include Senior Vice President and District Manager (ARCO eastern District) with direct responsibility for Gulf Coast US operations and exploration and President of ARCO International where he had responsibility for all exploration and production outside the 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 understanding of the capital markets through his past position as CEO to the Petrogen Fund, a private equity fund.

Justin Hondris, Director, Finance and Corporate Development

Justin Hondris brings international experience in Private Equity investment management, corporate finance and investment banking and has over nine years of experience in the oil and gas sector. He previously qualified as a Chartered Accountant (although is no longer an active member), and as an Associate of the Securities Institute of Australia. He moved to London in 1997 to join Cazenove & Co in its investment banking (Institutional Equities) division. Prior to that he was an equity advisor at Hartley Poynton, an Australian based investment bank with a strong presence in the junior resources sector. Most recently Justin was a London based partner of an Australian private equity fund manager.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2015

We have audited the financial statements of Pantheon Resources plc for the year ended 30 June 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, set out in page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 June 2015 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

PANTHEON RESOURCES PLC

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PANTHEON RESOURCES PLC (continued)
FOR THE YEAR ENDED 30 JUNE 2015**

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Colin Wright (Senior Statutory Auditor)

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

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

19 November 2015

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 £	2014 £
Continuing operations			
Revenue	3	3,389	5,381
Cost of sales		(230)	(26,372)
Gross profit/(loss)		<u>3,159</u>	<u>(20,991)</u>
Administration expenses		(778,779)	(717,874)
Share-based payments	20	(376,688)	-
Operating loss	4	<u>(1,152,308)</u>	<u>(738,865)</u>
Interest receivable	6	<u>3,408</u>	<u>394</u>
Loss before taxation		<u>(1,148,900)</u>	<u>(738,471)</u>
Taxation	7	<u>-</u>	<u>-</u>
Loss for the year		<u>(1,148,900)</u>	<u>(738,471)</u>
Other comprehensive income for the year			
Exchange differences from translating foreign operations		645,921	(544,530)
Total comprehensive income for the year		<u>(502,979)</u>	<u>(1,283,001)</u>
Loss per share	2		
Loss per ordinary share – basic and diluted from continuing operations		<u>(0.67)p</u>	<u>(0.72)p</u>

The results above reflect above related accounting activities

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

PANTHEON RESOURCES PLC

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Group						
At 1 July 2014	1,020,998	21,915,804	(19,219,576)	274,548	55,335	4,047,109
Net loss for the year	-	-	(1,148,900)	-	-	(1,148,900)
Other comprehensive income						
Foreign currency translation	-	-	-	645,921	-	645,921
Total comprehensive income for the year	-	-	(1,148,900)	645,921	-	(502,979)
Capital Raising						
Issue of shares	926,097	17,595,875	-	-	-	18,521,972
Issue of shares in lieu of fees	16,469	312,882	-	-	-	329,351
Issue costs	-	(1,002,502)	-	-	-	(1,002,502)
Share-based payments						
Issue of share options	-	-	-	-	376,688	376,688
Transfer of previously expensed share-based payment on cancellation of options	-	-	55,335	-	(55,335)	-
Balance at 30 June 2015	1,963,564	38,822,059	(20,313,141)	920,469	376,688	21,769,639
	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Company						
At 1 July 2014	1,020,998	21,915,804	(8,332,984)		55,335	14,659,153
Net loss for the year	-	-	(896,804)	-	-	(896,804)
Total comprehensive income for the year	-	-	(896,804)	-	-	(896,804)
Capital Raising						
Issue of shares	926,097	17,595,875	-	-	-	18,521,972
Issue of shares in lieu of fees	16,469	312,882	-	-	-	329,351
Issue costs		(1,002,502)	-	-	-	(1,002,502)
Share-based Payments						
Issue of share options	-	-	-	-	376,688	376,688
Transfer of previously expensed share-based payment on cancellation of options	-	-	55,335	-	(55,335)	-
Balance at 30 June 2015	1,963,564	38,822,059	(9,174,453)	-	376,688	31,987,858

PANTHEON RESOURCES PLC

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total equity £
Group						
At 1 July 2013	1 020,998	21 915 804	(18,481 105)	819,078	55,335	5,330 110
Net loss for the year	-	-	(738 471)	-	-	(738,471)
Other comprehensive income						
Foreign currency translation	-	-	-	(544 530)	-	(544,530)
Total comprehensive income for the year	-	-	(738 471)	(544,530)	-	(1,283,001)
Balance at 30 June 2014	1,020,998	21,915,804	(19,219,576)	274,548	55,335	4,047,109
	Share capital £	Share premium £	Retained losses £	Currency reserve £	Equity reserve £	Total Equity £
Company						
At 1 July 2013	1,020 998	21,915,804	(7,840,955)	-	55,335	15,151,182
Net loss for the year	-	-	(492,029)	-	-	(492,029)
Total comprehensive income for the year	-	-	(492,029)	-	-	(492,029)
Balance at 30 June 2014	1,020,998	21,915,804	(8,332,984)	-	55,335	14,659,153

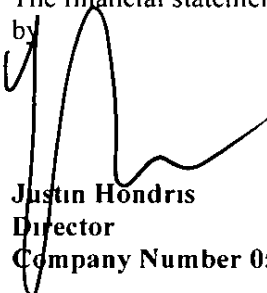
PANTHEON RESOURCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Notes	2015 £	2014 £
ASSETS			
Non-current assets			
Exploration and evaluation assets	12	16,406,313	3,389,552
Property, plant and equipment	13	3,589	-
		<u>16,409,902</u>	<u>3,389,552</u>
Current assets			
Trade and other receivables	9	182,263	192,087
Cash and cash equivalents	10	5,265,985	635,261
		<u>5,448,248</u>	<u>827,348</u>
Total assets		<u>21,858,150</u>	<u>4,216,900</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	88,511	169,791
Total liabilities		<u>88,511</u>	<u>169,791</u>
Net assets		<u>21,769,639</u>	<u>4,047,109</u>
EQUITY			
Capital and reserves			
Share capital	14	1,963,564	1,020,998
Share premium	14	38,822,059	21,915,804
Retained losses		(20,313,141)	(19,219,576)
Currency reserve		920,469	274,548
Equity reserve	20	376,688	55,335
Shareholders' equity		<u>21,769,639</u>	<u>4,047,109</u>

The financial statements were approved by the Board of Directors on 19 November 2015 and signed on its behalf by


Justin Hondris
Director
Company Number 05385506

PANTHEON RESOURCES PLC**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Notes	2015 £	2014 £
ASSETS			
Non-current assets			
Property, plant and machinery	13	3,589	-
Loans to subsidiaries	9	29,341,087	14,573,576
		<u>29,344,676</u>	<u>14,573,576</u>
Current assets			
Trade and other receivables	9	53,459	49,115
Cash and cash equivalents	10	2,647,807	138,232
		<u>2,701,266</u>	<u>187,347</u>
Total assets		<u>32,045,942</u>	<u>14,760,923</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	58,084	101,770
Total liabilities		<u>58,084</u>	<u>101,770</u>
Net assets		<u>31,987,858</u>	<u>14,659,153</u>
EQUITY			
Capital and reserves			
Share capital	14	1,963,564	1,020,998
Share premium	14	38,822,059	21,915,804
Retained losses		(9,174,453)	(8,332,984)
Equity reserve	20	376,688	55,335
Shareholders' equity		<u>31,987,858</u>	<u>14,659,153</u>

The financial statements were approved by the Board of Directors on 19 November 2015 and signed on its behalf by



Justin Hondris
Director
Company Number 05385506

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 £	2014 £
Net cash outflow from operating activities	15	<u>(497,522)</u>	<u>(765,835)</u>
Cash flows from investing activities			
Interest received		3,408	394
Purchase of plant and equipment		(4,037)	-
Funds used for drilling and exploration	12	<u>(12,719,946)</u>	<u>(5,774)</u>
Net cash outflow from investing activities		<u>(12,720,575)</u>	<u>(5,380)</u>
Cash flows from financing activities			
Proceeds from share issues	14	18,521,972	-
Issue costs paid in cash		<u>(673,151)</u>	<u>-</u>
Net cash inflow from financing activities		17,848,821	-
Increase/(decrease) in cash and cash equivalents		<u>4,630,724</u>	<u>(771,215)</u>
Cash and cash equivalents at the beginning of the year		635,261	1,406,476
Cash and cash equivalents at the end of the year	10	<u>5,265,985</u>	<u>635,261</u>

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

	Notes	2015 £	2014 £
Net cash outflow from operating activities	15	<u>(570,237)</u>	<u>(443,410)</u>
Purchase of plant and equipment		(4 037)	-
Interest received		2,539	46
Loans to subsidiary companies		<u>(14 767,511)</u>	<u>500,000</u>
Net cash outflow from investing activities		<u>(14,769,019)</u>	<u>500,046</u>
Cash flows from financing activities			
Proceeds from share issues	14	18,521 972	-
Issue costs paid in cash		(673,151)	-
Receipts from group companies		<u>-</u>	<u>-</u>
Net cash inflow from financing activities		<u>17,848 821</u>	<u>-</u>
Increase in cash and cash equivalents		2,509,575	56,636
Cash and cash equivalents at the beginning of the year		138,232	81 596
Cash and cash equivalents at the end of the year	10	<u>2,647 807</u>	<u>138,232</u>

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 International Financial Reporting Standards ("IFRSs"), including IFRS 6 'Exploration for and Evaluation of Mineral Resources' as adopted by the European Union ("EU") and in accordance with the provisions of the Companies Act 2006

The Group's financial statements for the year ended 30 June 2015 were authorised for issue by the board of Directors on 19 November 2015 and were signed on the Board's behalf by Mr J Hondris

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

In accordance with the provisions of Section 408 of the Companies Act 2006, the Company has not presented an income statement. A loss for the year ended 30 June 2015 of £896,804 (2014: loss of £492,029) has been included in the consolidated income statement

1.2. Basis of consolidation

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

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

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.3. Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors believe the Tyler & Polk County Joint Venture to be of material potential value to the Group based upon a number of factors. Over recent years the JV conducted an extensive three year study of the Woodbine/Eagle Ford sandstone potential for the JV acreage. This study concluded that parts of the original acreage footprint appeared analogous to the nearby and prolific "Double A Wells" field, and moreover enabled the JV to identify what it believed to be the key ingredients for successful identification and exploitation of this sandstone formation. The successful capital raising by the company during the year allowed the company to increase its working interest in the original joint venture from 25% to 50% and to acquire a 50% interest in four other prospects in the area which were also believed to possess excellent potential for this play. The study has materially upgraded the JV's understanding of, and confidence in, the potential for Woodbine/Eagle Ford sandstone. The successful drilling of the VOBM#1 well on the JV's Polk County acreage announced in October 2015 has reinforced this view.

As part of the Company's fundraising process during the year, an independent geological consultant was contracted to assess the potential prospectivity of the acreage and estimated Gross Prospective Resources (Recoverable) of 301 Million Barrels of Oil Equivalent ("Mmboe") on the acreage position. This equates to 150.5 Mmboe attributable to Pantheon's 50% working interest.

The Directors have reviewed the Group's overall position and outlook and are of the opinion that the Group will be able to operate as a going concern for at least the next twelve months from the date of approval of these financial statements. Following the recent drilling success, the Directors believe the Company has a number of options to obtain additional development funding if required, which could involve debt, equity or forward selling production. Additionally, given the VOBM#1 well has been completed as a producer, once necessary permitting is in place the Group would expect it to generate material free cashflow potentially as early as Q1 2016. The Directors therefore believe that the use of the going concern basis is appropriate. Accordingly, the Directors have prepared the financial statements on a going concern basis.

1.4. Revenue

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

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.5. Foreign currency translation

(i) Functional and presentational currency

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

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

(ii) Transactions and balances

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

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

1.6. Cash and cash equivalents

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

1.7. Deferred taxation

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

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

1.8. Exploration and evaluation costs

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

The recoverability of all exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition thereof. When production commences the accumulated costs for the relevant area are transferred from intangible fixed assets to property, plant and equipment as 'Developed Oil & Gas Assets' or 'Production Facilities and Equipment', as appropriate. Amounts recorded for these assets represent historical costs and are not intended to reflect present or future values.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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

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

Exploration and evaluation costs

In relation to the Tyler and Polk County project, the carrying value as at 30 June 2015 solely represents back costs paid in relation to the project and prepaid costs towards future drilling.

Based on estimates by a third party technical consultant, the Group estimates potential for up to 167 wells at an average P50 gross recoverable prospective resource of 1.4 Mmboe per well from the Eagle Ford sandstone zone alone. Additionally, great potential lies in the separate and independent Austin Chalk structure which is known to exist on the JV's Tyler Country acreage. Based upon those estimates the Directors believe the carrying values at 30 June 2015 are supported.

Developed Oil and Gas Properties

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

Other property, plant and equipment

Other property, plant and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the costs less estimated residual value of each asset over its estimated useful life as follows:

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

1.10. Financial instruments

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

The Group's policies include that no trading in derivative financial instruments shall be undertaken. These disclosures have been made in Note 19 to the accounts.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.11. Share based payments

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

During the year £376,688 was charged to share based payments in relation to share options granted to Directors and employees.

1.12. Critical accounting estimates and judgements

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

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

Impairment of tangible and intangible assets

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

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

Developed Oil & Gas Properties

Developed Oil & Gas Properties are amortised over the life of the area according to the estimated rate of depletion of the economically recoverable reserves. If the amount of economically recoverable reserves varies, this will impact on the amount of the asset which should be carried on the balance sheet.

Share-based payments

The Group records charges for share-based payments.

For option based share-based payments, to determine the value of the options management estimate certain factors used in the option pricing model, including volatility, vesting date, exercise date of options and the number of options likely to vest. At each reporting date during the vesting period management estimate the number of shares that will vest after considering the vesting criteria. If these estimates vary from actual occurrence, this will impact on the value of the equity carried in the reserves.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.13. New standards and interpretations not applied

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

Standard	Impact on initial application	Effective date
IAS 1	Presentation of Financial Statements Disclosure Initiative	1 January 2016
IAS 16	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 16	Property, plant and equipment Bearer Plants	1 January 2016
IAS 27	Separate Financial Statements	1 January 2016
IAS 28	Investments in Associates and Joint Ventures	1 January 2016
IAS 28	Investment Entities Applying the Consolidation Exception	1 January 2016
IAS 38	Clarification of Acceptable Methods of Amortisation	1 January 2016
IAS 41	Agriculture Bearer Plants	1 January 2016
IFRS 9	Financial Instruments	1 January 2018
IFRS 10	Consolidated Financial Statements	1 January 2016
IFRS 10	Investment Entities Applying the Consolidation Exception	1 January 2016
IFRS 11	Joint Arrangements Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
IFRS 12	Investment Entities Applying the Consolidation Exception	1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual improvements	2012 – 2014 Cycle	1 July 2016

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.

2. Loss per share

The total loss per share for the group of 0.67p (2014: 0.72p) is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 171,311,303 (2014: 102,099,770).

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

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Segmental information

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

Each reportable segment adopts the same accounting policies.

In compliance with IFRS 8 'Operating Segments', the following tables reconcile the operational loss and the assets and liabilities of each reportable segment with the consolidated figures presented in these Financial Statements, together with comparative figures for the year ended 30 June 2015.

Year ended 30 June 2015

Geographical segment (Group)	Head Office £	USA £	Consolidated £
Revenue	-	3,389	3,389
Cost of sales	-	(230)	(230)
Interest receivable	2,539	869	3,408
Administration expenses	(522,655)	(256,124)	(778,779)
Share-based payments	(376,688)	-	(376,688)
Loss by reportable segment	(896,804)	(252,096)	(1,148,900)
Plant and equipment	3,589	-	3,589
Exploration and evaluation assets	-	16,406,313	16,406,313
Trade and other receivables	53,459	128,804	182,263
Cash and cash equivalents	2,647,807	2,618,178	5,265,985
Intercompany balances	29,341,087	(29,341,087)	-
Total assets by reportable segment	32,045,941	(10,187,791)	(21,858,150)
Total liabilities by reportable segment	(58,084)	(30,427)	(88,511)
Net assets by reportable segment	31,987,857	(10,218,218)	21,769,639

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Segmental information (continued)

Year ended 30 June 2014

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

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Operating loss

	2015	2014
	£	£
Operating loss is stated after charging		
Depreciation	448	-
Auditor's remuneration		
- group and parent company audit services	14,000	13,500
Auditor's remuneration for non-audit services		
- taxation services and compliance services	4,495	6,542

5. Employment costs

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

	2015	2014
	£	£
Wages and salaries	440,976	454,836
Social security costs	38,809	39,095
	<u>479,785</u>	<u>493,931</u>

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

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

6. Interest receivable

	2015	2014
	£	£
Bank interest received	3 408	394

7. Taxation

	2015	2014
	£	£
Current tax		
UK corporation tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(1 148,900)	(738,471)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20.5% (2014 22.5%)	(238,398)	(166,162)
<i>Effects of</i>		
Non deductible expenses	78 917	6,783
Capital allowances	(198)	(152)
Tax losses carried forward not recognised as deferred tax asset	159,679	159,531
Total tax charge	-	-

Factors that may affect future tax charges

The rate of corporation tax from 1 April 2014 to 31 March 2015 was 21%, and 20% from 1 April 2015 onwards

At year end the Group had unused losses carried forward of approximately £22.2m (2014 £20.2m) which are available for set off against future suitable profits. Of these losses, approximately £17.7m (2014 £16.2m) were sustained in the USA. Unused US tax losses expire within 20 years of the year in which they are sustained.

The directors do not consider it appropriate to recognise a deferred tax asset in respect of such losses, due to the uncertainty of future profit streams. The contingent deferred tax asset (re-measured at 20% for 2014 and 2015) is estimated to be £4.44m (2014 £4.03m) in respect of losses carried forward.

PANTHEON RESOURCES PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015****8. Subsidiary entities**

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

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

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

9. Trade and other receivables

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due within one year:				
Trade receivables	52,460	54,212	-	-
Prepayments and accrued income	30,578	32,172	34,378	32,172
Other receivables	1,692	16,942	19,081	16,943
Receivable from Padre Island Authority	97,533	88,761	-	-
	182,263	192,087	53,459	49,115

The receivable from Padre Island Authority comprises a security deposit provided to the Padre Island Environmental Authority. The Directors expect this balance to be received before 30 June 2016.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9. Trade and other receivables (continued)

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Amounts falling due after more than one year:				
Amount due from subsidiary undertakings	-	-	29,341,087	14,573,576

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

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

Potential Number of vertical wells drilled	<160
Average reserves per well	1.4 Mmboe
Oil price (\$/bbl)	\$50
Natural gas price (\$/mcf)	\$2.60
Cost of drilling typical Tyler County well	\$5.0m

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

Management has performed sensitivity analysis on each of the key assumptions including increasing the drilling cost to as high as \$10mm, reducing commodity prices by 20% and reducing average reserves per well by a number of scenarios. None of these factors lead to an indication of impairment, hence the Company concluded that no impairment was required as of 30 June 2015.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

10. Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	5,265,985	635,261	2,647,807	138,232

11. Trade and other payables

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade creditors	30,801	54,681	30,801	54,681
Accruals	57,710	115,110	27,283	47,089
	<u>88,511</u>	<u>169,791</u>	<u>58,084</u>	<u>101,770</u>

12. Exploration and evaluation assets

Group	2015 £	2014 £
Cost		
At 1 July	3,389,552	3,804,692
Additions	12,719,946	5,774
Effects of foreign exchange	296,815	(420,914)
At 30 June	<u>16,406,313</u>	<u>3,389,552</u>
Amortisation and impairment		
As at 1 July	-	-
Charge for period	-	-
As at 30 June	<u>-</u>	<u>-</u>
Net book value		
At 30 June 2015 and 30 June 2014	<u>16,406,313</u>	<u>3,389,552</u>

The Company had no intangible assets at either 30 June 2015 or 30 June 2014

The Group additions for the year comprise the costs associated with the acquisition of a working interest in leases and seismic data over the new project areas, together with the costs associated with increasing the Group's working interest in the existing Tyler County JV project from 25% to 50%

The Group has performed value in use calculations on its exploration and evaluation assets. These involved NPV calculations with a variety of sensitivity assumptions for both commodity prices and well recoverabilities using the geological estimates provided by an independent geological consultant.

The Directors are satisfied that the NPV of the Group's exploration and evaluation assets exceeds the carrying values and believes that no impairment is required at 30 June 2015.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

13. Property, plant and equipment

Group & Company	Developed Oil & Gas Properties £	Production Facilities and Equipment £	Office Equipment £	Total £
Cost				
At 1 July 2014	-	-	7,337	7,337
Additions	-	-	4,037	4 037
At 30 June 2015	-	-	11,374	11,374
Depreciation				
At 1 July 2014	-	-	7,337	7,337
Depreciation for the year	-	-	448	448
At 30 June 2015	-	-	7,785	7,785
Net book value				
At 30 June 2015	-	-	3,589	3 589
At 30 June 2014	-	-	-	-

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

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

14. Share capital

	2015	2014
	£	£
Allotted, issued and fully paid		
196,356 396 ordinary shares of £0.01 each	1,963,564	1,020,998

	Number	Issued and fully paid capital	Share premium
		£	£
Issued share capital:			
As at 30 June 2015	196,356 396	1,963,564	38,822,059

In October 2014 the company completed a placing of 94,256,626 shares with a nominal value of £0.01, raising cash proceeds of c. £18.5m before expenses.

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

15. Net cash outflow from operating activities

	Group 2015	Group 2014
	£	£
Operating loss from continuing operations	(1,152,308)	(738,865)
Depreciation	448	-
Decrease in trade and other receivables	9,824	18,335
(Decrease)/increase in trade and other payables	(81,280)	78,311
Share-based payments	376,688	-
Effect of translation differences	349,106	(123,616)
Net cash outflow from operating activities	(497,522)	(765,835)

	Company 2015	Company 2014
	£	
Operating loss	(899,342)	(492,075)
Depreciation	448	-
Increase/decrease in trade and other receivables	(4,344)	358
Increase in trade and other payables	(43,687)	48,307
Share-based payments	376,688	-
Net cash outflow from operating activities	(570,237)	(443,410)

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

16. Control

No one party is identified as controlling the Company

17. Decommissioning expenditure

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

18. Exploration and evaluation commitments

The Group has no obligation to drill any further wells or make any further payments in respect of any new wells in any of its joint ventures. Should the Group elect to not participate in any wells beyond the first well in the Polk and Tyler County joint venture then it would forfeit an area of acreage surrounding the particular well that the Group had elected not to participate in.

As at 30 June 2015, the Group has no fixed financial commitments in respect of any other programmes other than maintaining its interest in its existing joint ventures. Before any new wells are commenced in relation to these joint ventures, the Group must first elect to participate in any proposed well thereby allowing the Group to decline participation if it deems appropriate.

19. Financial instruments

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

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

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

Market risk

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

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

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. Financial instruments (continued)

Cash flow interest rate risk

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

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

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

	Weighted average interest rate 2015 %	Fixed interest rate 2015 £	Non - interest bearing 2015 £
<i>Financial assets</i>			
Cash on Deposit	0.15%	5,265,985	-
Trade and other receivables	-	-	182,263

Net fair value

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

Currency risk

The functional currency for the Group's operating activities is the Pound Sterling and for exploration activities the United States of America dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

Financial risk management

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

Liquidity risk

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

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

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

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. Financial instruments (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's main counterparties are the operators of the respective projects. Funds are normally only remitted on a prepayment basis a short period before the expected commencement of drilling. The Group has adopted a policy of only dealing with what it believes to be creditworthy counterparties and would consider obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Trade receivables at 30 June 2015 consist primarily of deposits and bonds relating to the Company's previous Padre Island Joint Venture. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Capital management

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

20. Share-based payments

10 000,000 share options were issued in the year for a total charge of £376,688 (2014 nil)

Movements in share options in issue

Exercise price	Number of options issued as of 30 June 2014	Issued during year	Expired during year	Number of options issued as of 30 June 2015
£0.30	750,000	10,000,000	(750,000)	10,000,000
£0.40	550,000	-	(550,000)	-
£0.50	500,000	-	(500,000)	-
£0.60	300,000	-	(300,000)	-
Total	2,100,000	10,000,000	(2,100,000)	10,000,000

The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.30 (2014 £0.42). The weighted average remaining contractual life for the share options outstanding as at 30 June 2015 was 0.25 years (2014 0.2 years). The cost of the share options issued were calculated using the Black & Scholes valuation model using the following assumptions: Risk free rate 0.5%, Volatility (source Bloomberg) 0.3404, prevailing share price £0.20, Exercise price £0.30, Time to maturity 10 years. A 30% discount was then applied to reflect the lack of marketability of unlisted share options. Only 50% of the share options in existence at the year end had vested and are thus exercisable. Vested share options were amortised in full and unvested share options were amortised on a straight-line basis.

21. Related party transactions

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

22. Subsequent events

On 28 October, 2015 the Company announced the successful completion of testing operations of the VOBM#1 well located onshore Polk County, East Texas where Pantheon has a 50% working interest. The well encountered 62 feet of net pay in the Eagle Ford sandstone formation and flow tested natural gas and oil at a rate exceeding 1 500 boepd. The operator believes that the well has the potential to exceed the pre-drill P50 Prospective Resource (Recoverable) estimate of 1.4Mmboe; however it will take a period of sustained production data before a more definitive assessment can be made. The board is of the opinion that this discovery has been transformational for the Company and has the potential to add significant NPV for all shareholders. Importantly, it appears to have validated the understanding of the geological model constructed following the completion of the extensive regional geological study.

On 6 November, 2015 the Company announced that an oil and gas bearing zone had been encountered during drilling operations on the JV's second well in its drilling programme, the VOS#1 well, located onshore Tyler County, East Texas, where Pantheon has a 50% working interest. The zone, which is known to be present in a well to the South where it has been a substantial producer, is independent from both the primary and secondary objectives, and flowed both oil and gas. The well has since been successfully side-tracked and is presently drilling towards the primary and secondary formations.

GLOSSARY

bbl	barrel of oil
bopd	barrels of oil per day
boepd	barrels of oil equivalent per day
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
Mmboe	million barrels of oil equivalent
NPV	net present value