

Company Number 05385506
Incorporated in England & Wales



PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020



PANTHEON RESOURCES PLC

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PANTHEON RESOURCES PLC

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)
Company Secretary	Ben Harber
Registered Office	Shakespeare Martineau 6th Floor 60 Gracechurch Street London EC3V 0HR
Company Number	05385506
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Solicitors	Bryan Cave Leighton Paisner LLP Governors House 5 Laurence Pountney Hill London EC4R 3AF
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	Canaccord Genuity Limited 88 Wood Street London, UK EC2V 7QR
Communications & Public Relations	Blytheweigh Communications Ltd 4-5 Castle Court London EC3V 9DL

PANTHEON RESOURCES PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

The global petroleum industry has been heavily impacted by the COVID-19 pandemic over the past 12 months. Reduced demand for oil, coupled with factional disputes within OPEC, resulted in a severe drop in crude oil and distillate prices globally. The entire industry, including explorers, producers and service providers, suffered heavily, with project impairments and reduced appetite for new business resulting in vastly lower profits, significant redundancies, and curtailment of capital expenditures, and suffering material impairments to projects, the likes of which we have not seen for many years. Scores of E&P companies in the US and internationally have filed for bankruptcy protection and there have been a number of recent consolidations; Chevron/Noble, Devon/WPX, Conoco/Concho and Pioneer/Parsley. I'm sure more will come.

COVID-19 and the associated fallout also impacted our farm out process for a number of reasons:

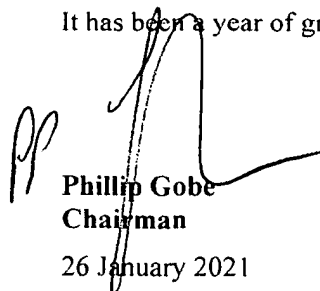
- Given all potential farminees were already exposed to the oil sector, the severe fall in the oil price and global economic uncertainty caused many companies to assess how their own Company was impacted, resulting in many companies deferring capital investment/new project decisions for an indefinite period. Travel bans and enforced quarantine periods meant that our physical data room was no longer a viable option. We worked hard to transform it into a virtual data room but this was not nearly as effective as the one on one interaction achieved when technical teams are together in a physical data room.
- The severity of the oil price falls resulted in catastrophic share price falls for many companies. To ensure survival, many companies were forced to divest of projects as a source of financing, resulting in a dramatic rise in the number of competing projects for sale/farmout.
- Affordability – companies simply didn't have the budget or the ability to raise new finance in order to fund acquisitions/farmins.

Despite these challenges, Pantheon reacted swiftly and decisively to the changed landscape of the industry. We reduced staff and cut salaries from top to bottom. We appointed a larger, resource focused international broker and NOMAD and implemented a number of other initiatives. Notwithstanding these forces, and their very real impact on our company, Pantheon found itself in a situation where its understanding and belief in the prospectivity of our Alaskan projects was growing significantly. At a time when potential farm in companies could afford to pay less, Pantheon's value assessment of our projects was rising. Pantheon was determined to drill the Talitha A well in early 2021, and ultimately decided to equity fund the well itself, raising \$30.2m (before costs) in late November at only 12% equity dilution; a far lower dilution than would have been achieved in a farmout. See note 27 in the Notes to the Financial Statements for more details of the equity fund raising.

In what was an extremely challenging year for the sector, I am proud that Pantheon was one of the best performing oil stocks on AIM in 2020, finishing the calendar year with a share price some 265% higher. And only last week we successfully executed the final step in our leasehold strategy, acquiring 66,000 acres contiguous to our Theta West and Talitha projects. This time last year we had a large lease position with tremendous potential, but with leases that were aging. Today, we have over 160,000 acres of contiguous leases, with even more potential, mostly covered by the recently awarded units at Alkaid and Talitha, or by leases with remaining terms of 9 to 10 years.

With all of our Alaskan leases on State land, I am very pleased to report that Pantheon is unaffected by President Biden's decision, on his first day of presidency, to impose a 60-day moratorium on all oil and gas related leasing and permitting actions on federal land.

It has been a year of great accomplishment for Pantheon.


Phillip Gobe
Chairman
26 January 2021

PANTHEON RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2020

As our Chairman Phillip stated, it has been a year of accomplishment for Pantheon. During the year under review and beyond we have achieved a number of significant milestones as detailed below:

Receipt of Independent Experts Report at the Greater Alkaid Project

In January, 2020, Lee Keeling & Assoc. ("LKA") completed an Independent Expert Report and ascribed a Contingent Resource of 76.5 million barrels of oil ("MMBO") to our project, with a modelled NPV 10 of \$595 million at that time (based upon a realized oil price of \$55/barrel). The modelling estimates that peak production reaches 30,000 BOPD and the average EUR (Economic Ultimate Recovery) per well was estimated to be 2.25 MMBO.

Receipt of Independent Experts Report at the Talitha Project

Subsequent to year end, in September 2020, LKA completed an Independent Experts Report on the Talitha Shelf Margin Deltaic ("SMD"). Importantly, the SMD is only one of four targeted zones the Talitha #A well will penetrate. LKA ascribed a Prospective Resource of 304 MMBO to *the up-dip portion only* of the SMD, estimating an NPV 10 of \$2.7 billion using the oil price curve current at that time. Peak average production was modelled at 85,000 BOPD and the average well EUR was estimated to be 3.32 MMBO.

Awarding of Units at Alkaid and Talitha

After working with the State of Alaska for several months, our unit applications on Alkaid (22,804 acres) and Talitha (44,373 acres) were deemed completed and were subsequently awarded in November 2020. The award of these units is a major milestone for us, providing tenure over the leases (subject to us as adhering to certain commitments as previously outlined in our RNS's at the time). This was a collaborative process with the State Department of Natural Resources who have their own geologists, geophysicists, engineers and evaluators to ensure the unit has the technical and economic merit to reach production, so awarding a unit is affirmation of our own technical and engineering work.

Spudding of the Talitha #A well

The recently spudded Talitha #A well is designed to intersect four targeted horizons; (i) the SMD, which is the primary target, and the three secondary targets: (ii) the Slope Fan System; (iii) the Basin Floor Fan and (iv) Kuparuk formations. All four of these reservoir intervals are independent and each is a huge target which management believe have the potential to contain several hundred million barrels of recoverable oil. Management believe that as a whole, the well is potentially targeting in the region of 1 billion barrels of gross prospective oil resource across those multiple stacked objectives. Whilst a formal third party resource assessment has only been provided on the SMD to date, Pantheon would anticipate updating this and commissioning further formal resource estimates across the other horizons where appropriate after drilling of the well. The stratigraphic trap that contains the SMD and Slope Fan system has a 2,000 foot oil column in the nearby Pipeline State #1 analogue well. Much of our work on Talitha is keyed off that well which was drilled in 1988 when drilling, completion, and imaging technologies were not as advanced as modern day practices.

We prioritized the location of Talitha #A to intersect our the primary SMD objective in the optimum location, structurally higher (updip) from the discovery well at Pipeline State #1. In optimizing the location of the well for the primary target, the corollary is that the well is not optimally positioned for the secondary zones, all of which are independent of one another. Nevertheless, the location should still enable assessment of the 3 secondary zones, if warranted.

Acquisition of 10.8% working interest ("WI") in Talitha, bringing Pantheon's WI to 100%

In January 2021 Pantheon announced that it had reached agreement with Otto Energy Alaska LLC to acquire 100% ownership of Borealis Alaska LLC. Borealis owns a 10.8% working interest ("WI") in all 16 leases in the

PANTHEON RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2020

44,463 acre Talitha Unit. Upon completion of the acquisition Pantheon will increase its WI from 89.2% to 100%, and will have a net revenue interest of 86% in the Talitha unit, for a consideration of 14,272,592 fully paid shares in Pantheon, which will be subject to lock up from sale until 30 June 2021. The transfer of ownership is conditional upon approval by the Alaska Department of Natural Resources.

Successful acquisition of approximately 66,000 acres with a 10-year term

In January 2021 Pantheon was successful in acquiring approximately 66,000 acres adjoining the Talitha and Theta West projects in the State of Alaska's North Slope Area Wide Lease Sale. The new leases are strategically positioned in two areas contiguous to our current acreage. Pantheon's acreage now totals approximately 160,000 contiguous acres. The leases have a 10-year term with royalties ranging from 12.5% to 16.7%. Pantheon has proprietary 3D Seismic over all the acreage acquired and had undertaken detailed analysis of the acreage position. Management believe the acquisition of this acreage adds material value to the Group and expect to provide an estimate of resource potential later in the year.

Successful completion of fundraisings

In July 2019 the Company raised \$10.7m before costs at an issue price of £0.18/share, and subsequent to year end, in November 2020, the Company raised \$30.2m before costs at a price of £0.31/share.

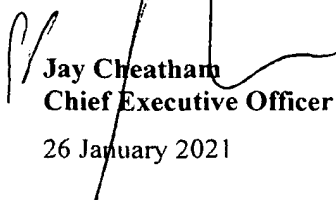
Other

Over the past 2 years East Texas has taken a back seat to Alaska given the materially larger size, scale and potential. We simply don't have the resources to pursue both projects and Alaska is our priority. When natural gas price net backs fell below \$1.50/MMBTU earlier last year, we decided to shut in the East Texas wells and laid off our production foreman and support staff. The severity of the COVID-induced downturn in the oil and gas sector forced Pantheon, like many companies globally, to make some difficult decisions. Subsequent to the year end, in late 2020, Pantheon announced its intention to exit its East Texas portfolio to concentrate solely on Alaska, where the size and quality of the opportunity warrants our undivided attention. Accordingly, we have impaired the remainder of our carrying value for our East Texas properties.

Summary

Even despite the impacts that COVID had on us and on the industry, it has been a great year for Pantheon. Two Independent Expert Reports on the Alkaid and Talitha projects, the award by the State of Alaska of two Units over Alkaid and Talitha, and we raised approximately \$30 million allowing us to contract the Nordic Calista #3 rig to drill Talitha #A which spudded recently, approximately two weeks ahead of schedule, and we successfully increased our working interest ownership of the Talitha Unit to 100%. I am particularly proud of our achievements in land/lease management since the end of last year. We now have 160,000 contiguous acres, offering greater potential than ever before, but crucially all on very young leases, or even better, on units.

I'm confident we have a world class opportunity at our Talitha project. 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 has been as good as anything I have seen. We have built a fantastic team at Pantheon and the size and scale of the opportunity set within our portfolio is truly impressive. The progress we have made since acquiring Great Bear Petroleum two years ago has been beyond what we expected and I am grateful for the incredible work of our small but talented team. Over 10 years and over \$200m has been invested into developing our Alaskan portfolio so it is with great excitement that we observe the Talitha well over the coming months.



Jay Cheatham
Chief Executive Officer
26 January 2021

PANTHEON RESOURCES PLC

SECTION 172 STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

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 Board implemented an in-depth geological review of its Alaska North Slope assets. • The consequences of this decision were to significantly increase the resource potential of the projects. Pantheon received an independent Experts report on its Greater Alkaid asset certifying a Contingent Resource of 76.5 million barrels of oil (recoverable). Subsequent to year end Pantheon received an Independent Experts Report on the Shelf Margin Deltaic horizon of its Talitha project which certified a Prospective Resource of 304 million barrels of oil (recoverable).
High Grading of Alaskan lease acreage	Shareholders, State of Alaska, Business Relationships	• The Group successfully acquired new lease acreages covering the Leonis & Theta West projects, and additionally voluntarily relinquished to the State of Alaska acreages which were considered non-core. • The consequence of this decision was to high grade 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.

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SECTION 172 STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

		Subsequent to year end the Group successfully acquired 66,000 acres contiguous to its Talitha and Theta West projects.
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.
Implementation of 20% salary reductions and other cost cutting initiatives	Shareholders, Employees	- The Board implemented salary reductions for directors and employees for a 7 month period in response to economic uncertainties caused by COVID 19 and the oil price falls. - The consequence of this decision was to preserve capital for the benefit of all stakeholders
Increased interaction with key stakeholders	Shareholders, Employees, State of Alaska, Other Business Relationships	- The Board conducted a number of shareholder presentations outside of the traditional AGM, which all shareholders were invited to attend. More recently the Company has held 2 webinars, which all shareholders, interested parties and other stakeholders 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 26 January 2021 and signed on its behalf.

Jay Cheatham
Chief Executive Officer

PANTHEON RESOURCES PLC

FINANCE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2020

Financial Review

The Group made a total comprehensive loss for the financial year ended 30 June 2020 of \$17.0m (2019: profit \$35.3m). All but \$4.1m of this loss was attributable to the impairment charges and other costs related to the East Texas assets of the Group. Subsequent to year end, in late 2020, the Group made a decision to exit its East Texas portfolio entirely, reflecting the previously announced strategic decision of the Group to prioritise its Alaska North Slope asset portfolio, given 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 June 30, they were not considered enough to justify continued investment into East Texas as it was concluded that capital could be better applied towards Alaska. Accordingly, the Group will not renew key leases in East Texas going forward. With respect to the 2019 comparatives, the accounting standards require that the assets and liabilities acquired in the acquisitions of the Great Bear Companies and of Vision Resources LLC during the prior year be recorded at their fair value at the acquisition date and measured against the consideration paid. To the extent that the fair value of the assets acquired exceeded the purchase consideration paid, a 'bargain purchase' was brought to account, and conversely where the fair value was less than the consideration paid then that amount was accounted for in the prior year as goodwill. The total operating loss for the year, including all impairments, was \$21.8m (2019: Loss \$55.2m including all impairments but excluding the gain on bargain purchase).

Production, Revenue and Cost of Sales

The Group's net total sales production for the financial year ended 30 June 2020 amounted to 57,420 (2019: 191,024) mcf of natural gas and 158 (2019: 2,317) bbl of oil. Average realisations for the year for natural gas and oil were US\$1.81 (2019: \$2.58) per mcf and US\$59.93 (2019: \$62.54) per barrel respectively.

Revenues for the year ended 30 June 2020 were \$85,312 (2019: \$724,589). The year on year decrease reflects the poor operational performance of the East Texas wells and the deterioration in commodity prices which resulted in the wells being shut-in for extended periods.

Cost of sales for the year ended 30 June 2020 were \$6,273 (2019: \$737,208). The year on year decrease in costs reflects the poor operational performance of the East Texas wells. "Production royalties" for the year ended 30 June 2020 was \$24,580 (2019: \$205,458). "Depletion of developed oil & gas assets" for the year ended 30 June 2020 was \$27,800 (2019: \$148,485).

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. Where impairment indications have been found we have performed impairment tests. Impairments losses have been measured, presented and disclosed in accordance with IAS 36.

Reflecting the Group's previously announced strategic decision to exit East Texas to concentrate solely on its Alaska North Slope assets and in light of the material fall in oil and gas prices in 2020, the Company has fully impaired the carrying value of its East Texas oil and gas interests. Accordingly, an impairment charge of \$16.6m (2019: \$48.6m) has been taken against the Company's East Texas assets.

Capital structure

The Company completed a placing during the year and issued 48,228,247 new fully paid ordinary shares during the year with a nominal value of £0.01, raising gross proceeds of c. \$10.7m before expenses at an issue price of 18 pence per share.

As at 30 June 2020 total shares in issue, both ordinary and non-voting, was 605,229,768 (2019: 557,001,521).

As at 30 June 2020 the Company had 9,607,843 warrants outstanding to acquire non-voting convertible shares (2019: 9,607,843). The warrants have an exercise price of £0.30 per share, are convertible on a 1:1 basis into ordinary fully paid shares and expire on 30 September 2024. They are all fully vested.

PANTHEON RESOURCES PLC

FINANCE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2020

As at 30 June 2020 the Company had 10,000,000 options outstanding to acquire ordinary shares (2019: 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.

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 1.4.

Taxation

The Group incurred a loss for the year and has recorded a taxation charge of \$4.7m (2019: \$18.7m). Accordingly, the Directors have adjusted deferred tax liability by the same amount.

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 11.

Liquidity and Interest Rate Risk

Liquidity risk remains elevated for many companies in the natural resources sector for a number of reasons including but not limited to global macro-economic conditions, the volatility in commodity prices, recent political and other influences, which have impacted energy prices and created economic uncertainty.

Oil & Gas Price Risk

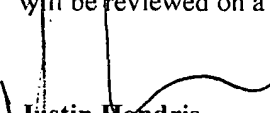
Future oil and gas sales revenues are subject to the volatility of the underlying commodity prices throughout the year. Over the past year the energy sector has been impacted by volatility in commodity prices, which may continue to impact the Group going forward. The Group did not engage in any commodity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

Currency Risk

Almost all capital expenditure and operational revenues for the 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 Hendris
Director

26 January 2021

PANTHEON RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Principal activity

The Company is registered in England and Wales, having been incorporated under the Companies Act with registered number 05385506 as a public company limited by shares. The principal activity of the Group is the investment in oil and gas exploration and development. The Group operates in the U.K. through its parent undertaking and in the U.S.A. through subsidiary companies, details of which are set out in the Note 9 to these accounts.

Review of the Business and Key Performance Indicators

2019/2020 KPI	Measurement	2019/2020 Performance
Pursue farmout opportunities for East Texas assets	Completion of farmout process	The onset of COVID-19 and the dramatic collapse in global oil prices in early 2020 resulted in a materially deteriorated macroeconomic environment for oil and gas companies. Many USA oil companies have filed for bankruptcy and many others have seen severe share price falls, reducing the pool of potential farmin partners who had the capacity to farm into oil and gas projects generally. With the fall in oil and gas prices Pantheon's East Texas assets are not forecast to be profitable and Pantheon sees it as unlikely to attract a farm in partner. Therefore, Pantheon has fully impaired the carrying value of these assets and does not intend to commit further funds to the project following a decision post year end to exit East Texas in due course to focus on the superior opportunity in Alaska.
Ensure business adequately funded	Fund raise where appropriate	Successful fund raisings announced in July 2019 and subsequent to year end in November 2020.
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, an Independent Expert Report was received post year end, covering the Shelf Margin Deltaic horizon of the Talitha project, which estimated a Prospective Resource (recoverable) of 302 million barrels of oil. Pantheon intends to drill the Talitha #A well in Q1 2021.
Pursue farmout of Alaskan assets	Completion and opening of data room. Admission of potentially interested parties into data room	Following the deterioration in the oil price and other difficulties associated with COVID19, farmout discussions became protracted in 2020. At the same time, Pantheon's understanding of the geological potential (and therefore potential value) of the assets increased materially. Post year end, in November 2020 Pantheon raised \$30.2m in equity funding at a dilution of less than 13% to drill Talitha A on its own, on far less dilutive terms than those being mooted by potential farminees.
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.

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,

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STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 to it in order to meet the capital requirements required under 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 discoveries. 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 and allows 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 9 and 10 years 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 on 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 or 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. For instance, in 2015, Repsol only received approval from the North Slope Borough (local government) for a portion of its requested drill sites on the North Slope of Alaska. 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, the State of Texas 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.

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.

PANTHEON RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

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-government 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, 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 foregoing 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.

By order of the board.



Justin Hondris
Director

26 January 2021

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 2020.

Results and dividends

The Group results for the period are set out on page 32. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2020.

Streamlined Energy and Carbon Reporting (SECR)

The Regulation requires large companies that have consumed (in the UK), more than 40,000 kilowatt-hours (kWh) of energy in the reporting period to include energy and carbon information. The Group's energy consumption for the year is considerably less than 40,000 kilowatt-hours (kWh) of energy so is currently exempt from this reporting requirement. The Group's energy consumption during the year was due to two small offices and a data room. No drilling was conducted in the year ended 30 June 2020.

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	Note
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	Appointed 2 October 2019

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 2020
Phillip Gobe	230,881
John Cheatham	2,939,142
Justin Hondris*	1,378,233
Robert Rosenthal	647,622
Jeremy Brest	See note 1 below

*Some of these ordinary shares are beneficially owned by the spouse of J Hondris.

Note 1

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:

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 5.3% interest in Ursa Major Holdings LLC ("UMH"). UMH has an indirect interest in Pantheon through Great Bear Petroleum Operating LLC ("GBPO") as a result of the acquisition of the Great Bear Companies by Pantheon announced on 21 December 2018. UMH holds an approximately 50% interest in GBPO. GBPO has a beneficial interest in approximately 28 million ordinary shares. 26 million of these ordinary shares are held by CHONS LLC on behalf of GBPO. GBPO also owns approximately 88 million non-voting shares convertible into ordinary shares, 4.8 million warrants exercisable into convertible non-voting shares in the Company with strike price of £0.30 per share, and options over approximately 49 million shares in the Company presently owned by CHONS LLC, of which approximately 30.7 million are currently exercisable into ordinary shares and 13.3 million are exercisable into convertible non-voting shares.

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	At 30 June 2019	Granted during the year	At 30 June 2020	Exercise price	Latest date of exercise
John Cheatham	4,385,000	-	4,385,000	£0.30	30 Sept 2024
Justin Hondris	3,865,000	-	3,865,000	£0.30	30 Sept 2024
Total	8,250,000		8,250,000		

These are 100% vested as at 30 June 2020

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 2019	Granted during the year	At 30 June 2020	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 2020

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\$)	Share-based payments (US\$)	Pension Contributions (US\$)	Health Insurance (US\$)	2020 Total (US\$)	2019 Total (US\$)
J Cheatham	432,940	-	-	-	432,940	496,820
J Hondris	338,600	-	16,172	5,135	359,907	387,399
J Brest	29,851	-	-	-	29,851	-
P Gobe	93,646	-	-	-	93,646	62,132
R Rosenthal	149,863	-	-	-	149,863	31,592
Total	1,044,900	-	16,172	5,135	1,066,207	977,943

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

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 Group's executive team has grown and given the Group's strategy has shifted from East Texas to Alaska, the directors view that evaluating the current plan consistent with the new strategy is appropriate and should take into account 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.

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 50% above the most recent fundraising price in July 2019 and (ii) future annual grants of share options to all staff to be issued on or about the time of publication of the Company's Annual Report 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. It is anticipated that this award will occur subsequent to the publication of this Annual Report.

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 21 January 2021:

Shareholder	Ordinary Shares	% of Share Capital
Goldman Sachs Securities (Nominees) Limited	101,007,285	17.52
Vidacos Nominees Limited	66,863,835	11.60
The Bank of New York (Nominees) Limited	49,186,376	8.53
Lynchwood Nominees Limited	33,643,101	5.84

Political and charitable contributions

There were no political or charitable contributions during the year.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 our specialist expertise lies. We run a lean organisation that is focused on maximising the potential returns to shareholders through carefully targeted exploration, appraisal and where relevant, development in established and highly prospective areas underpinned by detailed geological analysis where applicable. 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, so as 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 meet on a regular basis to discuss the strategic direction and operational status of the Group, and any significant deviation or change will be highlighted to the board promptly should this occur.

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 engage with press, investors and 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.

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 a good opportunity to communicate directly with shareholders via detailed presentations and an open question and answer session. 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

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 8.

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, contact our Alaska operating company directly, or can contact the Company's retained corporate communications advisers where required.

EMBEDDING EFFECTIVE RISK MANAGEMENT

The Board has weekly conference calls to discuss operations, identify 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 to identify and discuss key business challenges and risk areas. The Board believes that this regular programme of internal communications provides an effective opportunity for potential or real-time risks to be identified, considered and where necessary addresses in a timely manner. Refer page 8 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 13 of the Company's 2020 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 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.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The Board

The Board currently comprises two non-executive Directors, one of whom is the Chairman, and three executive Directors. 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. 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.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 and open 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 a 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 of 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.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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 newsflow, 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 my Webinar), 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.

In regard to 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 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 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 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.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

Statement of disclosure to the auditors

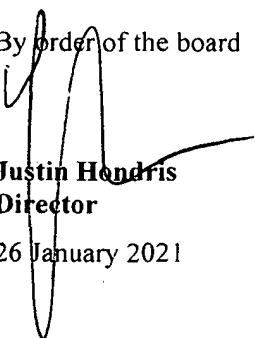
So far as the Directors are aware:

- 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 Hendris
Director

26 January 2021

PANTHEON RESOURCES PLC

DIRECTORS' BIOGRAPHIES FOR THE YEAR ENDED 30 JUNE 2020

Phillip Gobe, Non Executive Chairman

Phillip Gobe has over 40 years' experience in the oil and gas business both in the U.S.A. and internationally. 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 & safety. He is currently a non-executive director of the S&P 500 company, Pioneer Natural Resources and Scientific Drilling International Inc, the fifth largest provider of directional drilling and measurement equipment and operational services. He is also Executive Chairman of ProPetro, a Texas-based oil services group providing hydraulic fracturing and other services. Phillip acts as Chairman of Pantheon's Remuneration and Nominations Committee, Audit Committee, and Conflicts 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 U.S. Jay's most recent appointment was as President and CEO of Rolls-Royce Power Ventures, where he had the key responsibility for restructuring the Company.

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

Justin Hondris, Director, Finance and Corporate Development

Justin Hondris 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.

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 20 years' experience in investment banking and financial advisory. Jeremy is the founder of Framework Capital Solutions, a boutique Singapore-based advisory firm specialized 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.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

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 2020, 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. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards as adopted by the European Union (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 2020 and of the Group's loss for the year then ended;
- financial statements have been properly prepared in accordance with IFRSs, as adopted by the European Union;
- the 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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

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.

Key audit matter	How the matter was addressed during the audit
<i>Valuation and Impairment of exploration and evaluation assets in the Group</i> 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 impairment of exploration and evaluation assets as a key audit matter, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: • Discussing both the East Texas and Alaskan exploration assets with the directors and evaluating their impairment assessment 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. Key observations Indicators of impairment were identified this year. The reduction in commodity prices and subsequent to the year end a change in strategy to focus on the Alaskan assets have lead to impairments of \$7.8m being recognised in the income statement. With respect to the Alaskan exploration assets, no indicators of impairment were identified in respect of the carrying values of exploration and evaluation assets at the year end.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

Key audit matter	How the matter was addressed during the audit
<i>Impairment of developed oil & gas properties in the Group</i> Developed oil & gas assets in East Texas were impaired down to their disposal value in the current year. The timing and value of the impairment requires judgement and the directors are required to consider the oil & gas properties impairment in line with the relative standards of IFRS 6 and IAS 36. We therefore identified the impairment of developed oil & gas properties as a key audit matter, which was one of the most significant assessed risks of material misstatement.	Our audit work included, but was not restricted to: - Assessing whether the leased acreage in East Texas was correctly pooled together in line with IAS 36. - Discussing the East Texas assets with the directors and evaluating their impairment assessment conclusions in conjunction with available information. - Evaluating the value in use of the developed oil & gas properties in line with IAS 36. - Assessing the future plans of the projects to ensure they are consistent with the impairments recognised in the year. Key observations Impairments of \$6.9m in relation to the East Texas developed oil & gas assets and \$1.9m in respect of property plant and equipment assets were processed in the year owing to the reduced commodity prices and subsequently following the group's change of strategy to focus on the Alaskan assets.
<i>Impairment of investments and loans due from subsidiary companies in the Parent Company</i> 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. Management assessment involves significant judgements and assumptions such as the timing and extent and probability of future cash flow. The Parent Company has loans due from subsidiary companies of \$139.7m (2019: \$135m). The investments represent the primary balance on the	Our audit work included, but was not restricted to: - Reviewing the investments balances for indicators of impairment in accordance with IAS 36; - 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 and IAS 36; - 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 The majority of the investment balances correlate with the exploration assets held by that subsidiary and our

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

Key audit matter	How the matter was addressed during the audit
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 impairment of loans due from subsidiary companies as a key audit matter in the Parent Company financial statements, which was one of the most significant assessed risks of material misstatement.	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 therefore no indications of impairment were identified.
Going concern The Group's ability to maintain sufficient working capital in order to continue to meet its liabilities as they fall due remains dependent upon the existing cash reserves and the ability to raise finance either through the issue of debt and/or equity or farming out part of their exploration assets. We therefore identified the going concern as a key audit matter.	Our audit work included, but was not restricted to: - Assessing the transparency, 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 budgets and cash flow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions. - We completed sensitivity analysis on the budgets provided to assess the change in costs that would need to occur to push the Group into a cash negative position. - 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 The Group had cash reserves of \$4.8m at the year-end and has also raised an additional \$30.2m in cash through an equity placing in November 2020. On discussion with management and review of the projections we understand that based purely on committed spend, then the Group will maintain a positive cash balance throughout the next 12 months. An additional \$7.5m has been included for the Talitha Unit well expenditure which is contingent on the Group having

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

Key audit matter	How the matter was addressed during the audit
	sufficient cash or raising additional funds through further equity financing. This additional spend will only be incurred in a success case where the resource estimates are proven. As this cost is not a commitment, this can be delayed or avoided if there are insufficient funds available to continue exploration. The level of exploration is discretionary due to the Pantheon Group having control over the operatorship over its exploration interests in Alaska. We are satisfied that the disclosures provided within the financial statements are sufficient to provide the users with a full understanding of basis of preparation in this regard.

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 reasonably knowledgeable users.

We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality Measure	Group	Parent
Overall materiality	We determined materiality for the financial statements to be:	
	\$1,545,000 (2019: \$1,670,000)	\$1,082,000 (2019: \$1,169,000)
How we determine it	Based on the main key indicator, being 1% of net assets of the Group.	1% of net assets of the Parent Company exceeded the Group materiality amount therefore this was capped at 70% of Group materiality.
Rationale for benchmarks applied	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 material revenue.	
Performance materiality	On the basis of our risk assessment, together with our assessment of the Group and Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality being:	
	\$1,159,000 (2019: \$1,252,500)	\$812,000 (2019: \$877,000)

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

Reporting threshold	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.	
	\$77,000 (2019: \$83,500)	\$54,000 (2019: \$58,500)

An overview of the scope of our 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 and assumptions in respect of the capitalisation or impairment of the costs attributable to the Group's exploration and development oil and gas assets and where there were 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 personnel 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

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:

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

- 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 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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 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.

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.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2020

Use of our report

This report is made solely to the 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 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.



Daniel Hutson (Senior Statutory Auditor)

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

Quadrant House
4 Thomas More Square
London E1W 1YW

26 January 2021

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$	2019 \$
Continuing operations			
Revenue	4	85,312	724,589
Production royalties		(24,580)	(205,458)
Depletion of developed oil & gas assets		(27,800)	(148,485)
Cost of sales		(6,273)	(737,208)
Gross profit/(loss)		26,659	(366,562)
Administration expenses		(4,088,948)	(3,438,239)
General & Administrative expenses – Vision		(814,762)	(1,744,730)
Impairment of exploration & evaluation assets	14.1	(7,808,912)	(34,138,156)
Impairment of developed oil & gas assets	14.2	(6,933,644)	(13,092,684)
Impairment of property plant and equipment	14.3	(1,907,966)	(1,397,950)
Impairment of Goodwill	14.4	-	(796,236)
Bad Debt Expense	3	(318,786)	-
Depreciation of production & pipeline facilities		-	(275,665)
Operating loss	5	(21,846,359)	(55,250,222)
Gain on disposal of subsidiary undertaking	3	109,417	-
Gain on bargain purchase		-	100,757,286
Less: deferred tax thereon		-	(28,783,396)
Interest receivable	7	25,880	25,781
(Loss) / profit before taxation		(21,711,062)	16,749,449
Taxation	8	4,732,467	18,757,633
(Loss) / profit for the year		(16,978,595)	35,507,082
Other comprehensive income for the year			
Exchange differences from translating foreign operations		(47,800)	(179,284)
Total comprehensive (loss) / income for the year		(17,026,395)	35,327,798
(Loss) / profit per share			
(Loss) / profit per ordinary share – basic and diluted from continuing operations	2	(3.39)¢	10.54¢

The loss for the current and profit for the prior year and the total comprehensive loss for the current and profit for the prior year 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 2020

	Share capital	Share premium	Retained losses	Currency reserve	Share based payment	Non controlling Interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
Group							
At 1 July 2019	7,966,075	164,044,720	(12,630,316)	(220,838)	2,163,898	(54,708)	161,268,831
Net (loss) for the year	-	-	(16,978,595)	-	-	-	(16,978,595)
Other comprehensive income: Foreign currency translation	-	-	-	(47,799)	-	-	(47,799)
Total comprehensive income for the year	-	-	(16,978,595)	(47,799)	-	-	(17,026,394)
Capital Raising							
Issue of shares	602,646	10,244,977	-	-	-	-	10,847,623
Issue of shares in lieu of fees	-	(31,239)	-	-	-	-	(31,239)
Issue costs	-	(571,366)	-	-	-	-	(571,366)
Disposals	-	-	-	-	-	54,708	54,708
Balance at 30 June 2020	8,568,721	173,687,092	(29,608,911)	(268,637)	2,163,898	-	154,542,163
	Share capital	Share premium	Retained losses	Currency reserve	Share based payment	Non controlling Interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
Group							
At 1 July 2018	3,852,673	106,678,805	(48,137,398)	(41,554)	902,854	-	63,255,380
Net profit for the year	-	-	35,507,082	-	-	-	35,507,082
Other comprehensive income: Foreign currency translation	-	-	-	(179,284)	-	-	(179,284)
Total comprehensive income for the year	-	-	35,507,082	(179,284)	-	-	35,327,798
Capital Raising							
Issue of shares	1,394,037	19,865,021	-	-	-	-	21,259,058
Issue of shares in lieu of fees	23,753	(23,753)	-	-	-	-	-
Issue costs	-	(890,304)	-	-	-	-	(890,304)
Acquisitions							
Issue of shares	2,693,665	38,384,733	-	-	1,261,044	-	42,339,442
Other							
Shares issued in lieu of fees	1,947	30,218	-	-	-	-	32,165
Business Combination							
Business combination	-	-	-	-	-	(54,708)	(54,708)
Balance at 30 June 2019	7,966,075	164,044,720	(12,630,316)	(220,838)	2,163,898	(54,708)	161,268,831

PANTHEON RESOURCES PLC

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	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
Net (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

PANTHEON RESOURCES PLC

**COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Share capital	Share premium	Retained losses	Currency reserve	Share Based payments	Total equity
	\$	\$	\$	\$	\$	\$
Company						
At 1 July 2018	3,852,673	106,678,805	(19,837,455)	(13,241,579)	902,854	78,355,298
Net loss for the year	-	-	(1,463,533)	-	-	(1,463,533)
Other comprehensive income: Foreign currency translation	-	-	-	(3,625,534)	-	(3,625,534)
Total comprehensive income for the year	-	-	(1,463,533)	(3,625,534)	-	(5,089,067)
Capital Raising						
Issue of shares	1,394,037	19,865,021	-	-	-	21,259,058
Issue of shares in lieu of fees	23,753	(23,753)	-	-	-	-
Issue Costs	-	(890,304)	-	-	-	(890,304)
Acquisitions						
Issue of shares	2,693,665	38,384,733	-	-	1,261,044	42,339,442
Other						
Shares issued in lieu of fees	1,947	30,218	-	-	-	32,165
Balance at 30 June 2019	7,966,075	164,044,720	(21,300,988)	(16,867,113)	2,163,898	136,006,592

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Notes	2020 \$	2019 \$
ASSETS			
Non-current assets			
Exploration and evaluation assets	15	156,097,609	160,887,260
Developed oil & gas assets	17	-	6,961,445
Property, plant and equipment	17	658,898	2,494,464
		<u>156,756,507</u>	<u>170,343,169</u>
Current assets			
Trade and other receivables	10	74,167	1,843,649
Cash and cash equivalents	11	4,802,965	1,853,986
		<u>4,877,132</u>	<u>3,697,635</u>
Total assets		<u>161,633,639</u>	<u>174,040,804</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	388,092	1,410,347
Provisions	13	1,335,863	1,335,863
Lease Liabilities	16	46,311	-
Deferred tax liability	8	5,293,296	10,025,763
		<u>7,063,562</u>	<u>12,771,973</u>
Non-current liabilities			
Lease Liabilities	16	27,914	-
		<u>27,914</u>	<u>-</u>
Total liabilities		<u>7,091,476</u>	<u>12,771,973</u>
Net assets		<u>154,542,163</u>	<u>161,268,831</u>
EQUITY			
Capital and reserves			
Share capital	18	8,568,721	7,966,075
Share premium		173,687,092	164,044,720
Retained losses		(29,608,911)	(12,630,316)
Currency reserve		(268,637)	(220,838)
Share based payment reserve	24	2,163,898	2,163,898
Non controlling interests	3	-	(54,708)
Shareholders' equity		<u>154,542,163</u>	<u>161,268,831</u>

The financial statements were approved by the Board of Directors and authorised for issue on the 26 January 2021 and signed on its behalf by

Justin Hondris
Director
Company Number 05385506

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Notes	2020 \$	2019 \$
ASSETS			
Non-current assets			
Property, plant and equipment	17	73,035	635
Loans to subsidiaries	10	139,661,971	134,985,268
		<u>139,735,006</u>	<u>134,985,903</u>
Current assets			
Trade and other receivables	10	68,807	57,167
Cash and cash equivalents	11	1,745,834	1,312,164
		<u>1,814,641</u>	<u>1,369,331</u>
Total assets		<u>141,549,647</u>	<u>136,355,234</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	302,799	348,642
Lease Liability - Right of use assets	16	46,311	-
		<u>349,110</u>	<u>348,642</u>
Non-current liabilities			
Lease Liabilities	16	27,914	-
		<u>27,914</u>	<u>-</u>
Total liabilities		<u>377,024</u>	<u>348,642</u>
Net assets		<u>141,172,623</u>	<u>136,006,592</u>
EQUITY			
Capital and reserves			
Share capital	18	8,568,721	7,966,075
Share premium		173,687,092	164,044,720
Retained losses		(22,587,498)	(21,300,988)
Currency reserve		(20,659,590)	(16,867,113)
Share based payment reserve	24	2,163,898	2,163,898
Shareholders' equity		<u>141,172,623</u>	<u>136,006,592</u>

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 2020 of \$1,286,510 (2019: loss of \$1,463,533) has been included in the consolidated income statement.

The financial statements were approved by the Board of Directors and authorised for issue on 26 January 2021 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 2020**

	Notes	2020 \$	2019 \$
Net outflow from operating activities	19	<u>(5,707,802)</u>	<u>(5,513,085)</u>
Cash flows from investing activities			
Interest received		25,881	25,781
Funds used for drilling, exploration and leases		(1,591,591)	(10,579,750)
Developed oil & gas assets		-	(523,934)
Decommissioning Provision (Exploration & Evaluation)		-	676,464
Decommissioning Provision (Developed Oil & Gas Assets)		-	409,400
Property, plant & equipment		-	(312,637)
Acquisition of a subsidiary (Great Bear), net of cash acquired	3	-	(6,098,215)
Acquisition of a subsidiary, (Vision Resources LLC) net of cash acquired	3	-	1,920
Disposal	3	(1,134)	-
Net cash outflow from investing activities		<u>(1,566,844)</u>	<u>(16,400,971)</u>
Cash flows from financing activities			
Proceeds from share issues	18	10,816,383	21,259,057
Issue costs paid in cash		(571,364)	(890,304)
Repayment of borrowing and leasing liabilities		(21,394)	-
Net cash inflow from financing activities		<u>10,223,625</u>	<u>20,368,753</u>
Increase / (decrease) in cash & cash equivalents		2,948,979	(1,545,304)
Cash and cash equivalents at the beginning of the year		<u>1,853,986</u>	<u>3,399,290</u>
Cash and cash equivalents at the end of the year	11	<u><u>4,802,965</u></u>	<u><u>1,853,986</u></u>

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2020 \$	2019 \$
Net cash outflow from operating activities	19	<u>(5,137,011)</u>	<u>(4,894,845)</u>
Cash flows from investing activities			
Interest received		23,759	25,674
Loans to subsidiary companies		<u>(4,676,703)</u>	<u>(14,875,186)</u>
Net cash outflow from investing activities		<u>(4,652,944)</u>	<u>(14,849,512)</u>
Cash flows from financing activities			
Proceeds from share issues	18	10,816,383	21,259,057
Issue costs paid in cash		(571,364)	(890,304)
Lease payments – right of use assets		<u>(21,394)</u>	<u>-</u>
Net cash inflow from financing activities		<u>10,223,625</u>	<u>20,368,753</u>
Increase in cash and cash equivalents		433,670	624,396
Cash and cash equivalents at the beginning of the year		<u>1,312,164</u>	<u>687,768</u>
Cash and cash equivalents at the end of the year	11	<u>1,745,834</u>	<u>1,312,164</u>

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 2020 were authorised for issue by the board of Directors on 26 January 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 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

The Directors have reviewed the Group's overall position and outlook and 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.

Subsequent to the year end, in November 2020, the Company raised c. \$30.2m through an equity fundraising at a price of £0.31 per share.

The 16 leases in the Talitha Unit (formally awarded to Pantheon in November, 2020) are subject to a contractual work commitment as follows:

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. posting a performance bond in the amount of \$3.3 million no later than September 15, 2021, and
2. drill either
 - a. one well in the Unit by the second anniversary of the Unit effective date, or
 - b. two wells in the Unit by the fifth anniversary of the effective date.

Upon completion of either well commitment, the performance bond will be returned (if a well is drilled prior to September 15, 2021, the bond will not be required). Failure to meet the first (performance bond) requirement will result in immediate termination of the Unit. Failure to meet the drilling commitment will result in termination of the Unit after the fifth anniversary and forfeiture of any performance bond. If the proposed Talitha #A well is drilled in Q1 2021 as planned, it will satisfy both aspects of the work commitment.

Subsequent to year end, in November 2020, the Company successfully raised \$30.2m before costs through the issuance of ordinary shares to subscribers. The Company estimates a maximum \$24.5m cost to drill the Talitha #A well in a success case, which would involve completing and testing all 4 independent zones. If successful, the well has the potential to generate material value for shareholders and the Company believes that it would be able to raise additional funding in such a situation. Funding options would include farmout (the Company believes proving up the Talitha A well would generate significant interest in the asset and attractive economic terms for Pantheon), equity or debt. Should preliminary well data not warrant completing and testing of any or all of the 4 independent targeted zones, then the well would be expected to cost less than \$24.5m as approximately \$7.5m of the well cost was budgeted for completion and testing of the 4 targeted zones. The Group has no firm obligations to drill any more wells or undertake more testing than it determines necessary; all drilling decisions are at the Group's discretion. Additionally, the Group was successful in acquiring 66,000 leases in January 2021. The Group paid a non-refundable deposit of \$0.65m for the leases with a balance of \$2.6m due upon grant, estimated in Q3 2021. Following the completion of operations at Talitha #A a decision will be made whether to farm out or sell a working interest in the well, or to seek alternate finance such as debt or equity to fund future operations. Given the discretionary nature of some of the commitments, the Directors believe that the Group is 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.

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 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.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 "prospects" or CGU's. When production commences the accumulated costs for the specific CGU is transferred from intangible fixed assets to tangible fixed assets i.e., 'Developed Oil & Gas Properties' or 'Production Facilities and Equipment', as appropriate. Amounts recorded for these assets represent historical costs and are not intended to reflect present or future values.

1.10 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

Consistent with Pantheon's intention to exit its East Texas portfolio to focus solely on its Alaska North Slope assets, the Group has fully impaired the carrying values of its East Texas projects. Given the material fall in oil and gas prices in North America in 2020, the East Texas assets are forecast to be NPV negative. Accordingly, the Directors believe it unlikely that they could be sold for a material sum and have fully impaired the carrying value of the East Texas properties. The Alaskan exploration and evaluation leasehold assets were fair valued as at the date of acquisition of Great Bear. The carrying value at 30 June 2020 represents the cost of acquisition plus the fair value adjustment and subsequent capitalised costs, in accordance with IFRS.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 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" based upon a typeset P50 well estimated at 1.4Mmboe P50 prospective resource (recoverable). The carrying values of Developed Oil and Gas properties are tested for indicators of impairment, and the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. During the year, all historical East Texas wells were impaired to zero, reflecting their poor performance and the decision to exit the East Texas portfolio.

Other property, plant and equipment

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

- Production facilities and equipment are depreciated by equal instalments over their expected useful lives, ranging from 3 to 30 years. Pipeline and associated costs are depreciated over 30 years; tankage, generators and generator systems over 20 years and equipment associated with the Gas Plant over 3 years.
- Office equipment is depreciated by equal annual instalments over their expected useful lives, being three years.

1.11 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.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.12 Leases

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

Policy applicable from 1 July 2019

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

There are three key evaluations in determining a lease contract:

- I. The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group.
- II. The Group has the right to obtain substantially all of the economic benefits from use of the identified assets throughout the period of use, considering rights within the defined scope of the contract.
- III. The Group has the right to direct the use of the identified asset throughout the period of use.

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

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

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

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

- A. There is a change in the lease term. In such cases the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.
- B. Change of lease payments (due to changes in the reference index or rate) or any changes in expected payments under a guaranteed residual value. In such instances the lease liability is remeasured using unchanged discount rates; a revised discount rate is used where the lease payments are changed due to a change in a floating interest rate.
- C. Where a lease modification is not accounted for as a separate lease. In such a case the lease liability is remeasured 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 indicator 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.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Policy applicable prior to 1 July 2019

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

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 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 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.

A gas processing plant from Kinder Morgan was commissioned by Vision. 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 original 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.

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. For more detail on the basis of the fair value calculation of the Great Bear Petroleum exploration assets in January 2019 refer to note 3.

Developed Oil & Gas Properties

Developed Oil & Gas Properties are amortised over the life of the area according to the unit of production method. 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. The group categorises its leases (intangible assets) and its Developed Oil and Gas Properties (tangible assets) into a few discreet geological prospects (“cash generating units” or “CGU’s”).

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

The Group has adopted the following standard, which is effective for the first time this year. The impact is shown below

New/Revised International Financial Reporting Standards	Effective Date: Annual periods beginning on or after:	EU adopted	Impact on the Group
IFRS - Leases	1 January 2019	Yes	See below

The introduction of amendments to IFRS 16 (Leases) significantly change the way to account for leases. The changes effectively remove the distinction between operating leases (where payments are expensed to the statement of comprehensive income) and finance leases; where the lease to be recognised results a right of use asset and lease liability in the balance sheet, with the statement of comprehensive income reflecting depreciation of the right of use asset and the interest charge on the lease liability. All leases (subject to exemptions) are to be accounted for effectively as finance leases.

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with the former operating lease.

The new Standard has been applied using the modified retrospective approach, with right of use asset and corresponding liability recognised as an adjustment in the current period. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition. Prior periods have not been restated.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 July 2019.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

The impact of the implementation of this standard is set out below:

- Recognition of lease liabilities and right of use assets, the initial impact of which is an increase in property, plant and equipment and in total liabilities
- A new finance expense due to the lease finance charge
- Increased annual depreciation of property, plant and equipment for the duration of the leases
- Elimination of the former operating lease rental expense

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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:

<i>Standard</i>	<i>Impact on initial application</i>	<i>Effective date</i>
IFRS 3*	Business Combination	1 January 2020
IAS 1*	Presentation of Financial Statements	1 January 2020
IAS 8*	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
IAS 16*	Property, Plant & Equipment	1 January 2022
IAS 37*	Provisions, Contingent Liabilities and Contingent Assets	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 number of shares that will eventually vest.

During the year, no share-based payments were made.

2. (Loss)/Profit per share

The total loss per ordinary share for the group of 3.4 US cents (2019: 10.54 US cents - Profit) is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 500,386,832 (2019: 336,744,317).

The diluted profit per share has been kept the same as the basic profit per share because the 19,607,843 options in issue were out of the money as at 30 June 2020 and as a result have not been included in the weighted average number of shares number.

The diluted weighted average number of shares in issue is 500,386,832 (2019: 336,744,317).

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

3. Acquisitions and Disposals

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 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.

Vision Resources LLC – Acquisition

- During the previous year ended 2019, the Group acquired a 66.6% interest in Vision Resources LLC (“Vision”). As consideration, Pantheon issued 3.5m (US\$0.7m) new fully paid ordinary shares as full and final payment. The acquisition, which was completed on 14 January 2019, followed the death of the Principal of the Vision companies in 2018.
- The provisional fair values of the total net identifiable assets and liabilities of Vision was (\$164,215). The identifiable net assets at fair value attributable Pantheon Group was (\$109,417) after taking into account the minority interest of \$54,708. The total consideration of \$686,819 resulted in Goodwill arising on acquisition of \$796,236. Net cash acquired with the subsidiary was \$1,920.
- The consideration for Vision in the prior year was 3.5m new fully paid ordinary shares (US\$0.7m).
- From the acquisition date, 14 January 2019, to 30 June 2019, Vision Resources LLC contributed US\$ Nil to the Group loss. This is because Vision Resources LLC acts as a General Partner and does not engage in day to day operations. During the period, Pantheon incurred expenditures of \$1.7m through Vision, relating to the East Texas assets. Following the death of the principal of Vision in 2018, significant uncertainty and disruption occurred, and Vision’s capacity to continue to participate in the project was assessed as being unlikely. It is expected that the costs will drop significantly going forward, now that Pantheon has, post year end, decided to exit its involvement in East Texas.
- One third of Vision Resources LLC (33.3%) is not owned by the Pantheon Group. For accounting purposes, this portion is termed a non-controlling interest (“NCI”). A NCI of (\$54,708) is shown in the consolidated statement of financial position which is made up of a NCI of (\$54,708) on the total fair value of net assets on the acquisition, and a current year NCI of Nil as shown in the consolidated statement of comprehensive income.
- The goodwill on acquisition of US\$796,236 arose principally because Vision Resources LLC had an excess of liabilities over assets of US\$164,125 on 14 January 2019 on a fair value basis. Pantheon paid US\$0.7m in new shares to acquire the 66% interest in Vision Resources LLC. None of the goodwill recognised is expected to be deductible for income tax purposes.

Great Bear Petroleum Ventures I LLC & Great Bear Petroleum Ventures II LLC

In January, 2019, the Group acquired 100% of the share capital of Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC companies (together “Great Bear” or “the Great Bear companies”). The principal assets of Great Bear are leases with the rights to explore for hydrocarbons in the State of Alaska. At the date of acquisition these leases were estimated to offer potential for over 2 billion barrels of oil in place across the existing project inventory plus the additional exploratory potential identified in these leases. Additionally, Great Bear had around 1,000 square miles of proprietary 3D seismic data which was acquired, as well as intellectual property and technical data relating to the properties under lease. Prior to Pantheon’s acquisition, Great Bear and

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

its partners had invested over US\$200m on acquiring and evaluating the hydrocarbon potential of its Alaskan acreage.

In addition to the acquisition of the Great Bear companies and the projects identified in the Alaskan portfolio, Pantheon acquired a highly talented technical and commercial team which the Directors believe were of great value to the Group in both Alaska and Texas.

The provisional fair values of the identifiable assets and liabilities of Great Bear are:

	Provisional fair value US\$ million
Exploration and evaluation assets (Note 15)	148.5
	<u>148.5</u>
Total identifiable net assets at fair value	148.5
Bargain purchase	100.8
Total consideration	<u>47.8</u>
The cash outflow on acquisition is as follows:	
Cash paid	6.1
Net cash acquired with the subsidiary	-
Net consolidated cash outflow	<u>6.1</u>

Total consideration for the Great Bear Companies totalled US\$47.8m as follows: Cash consideration of US\$6.1m, 103.3m new fully paid ordinary shares (US\$20.3m) valued at 15.25 pence per share, 102.5m new fully paid non-voting B-class shares (US\$20.1m) valued at 15.25 pence per share, and 9.6m new warrants (US\$1.3m). The warrants have an exercise price of £0.30 per warrant, expire in September 2024 and mirror the terms of the Company's existing share options except they are only convertible into non-voting convertible shares, convertible on a 1:1 basis into ordinary fully paid shares.

Pursuant to IFRS3, the Directors undertook a fair value assessment of the assets acquired in the Great Bear acquisition. No liabilities were acquired in the acquisition. For accounting purposes, the Directors adopted a conservative methodology in making a fair value assessment of the assets acquired. Whilst this approach is prudent from an accounting perspective, in reality these are accounting judgements and the real commercial value of those assets acquired may differ significantly from these accounting judgements over the fullness of time. In determining the appropriate fair value, consideration was given to a number of risks associated with the various projects, which have then been 'discounted' or 'risked' in three primary categories:

- 1) Geological Risk – the chance of finding oil or successfully appraising the existing discoveries.
- 2) Commercial Risk – involves the risk factors associated with commercialising the discovered oil. Not all oil discoveries are commercially viable. These risk factors relate to the technical factors affecting the extraction of the oil and also the logistical factors relating to the geographical location and fiscal regime of the region.
- 3) Funding Risk – relates to the ability of Pantheon to attract partners and raise sufficient capital to undertake the evaluation and development of the oil. These factors include oil prices and the state of equity and debt markets.

In making a fair value assessment of the various projects in the portfolio, the Directors adopted a rigorous high-grading exercise, only applying a fair value to the projects reasonably expected (at that time) to be funded and drilled within the lease term. This is because at the time of acquisition, certain leases had lease terms remaining of less than 18 months and there was no certainty that the Group will have activity on those leases or renew those leases upon expiry. A key consideration in this process was the fact that the Group was undertaking a farmout to assist funding operations. Given the uncertainty in predicting the financial capacity and likely drilling programme desired by a future farm-in partner, the Directors undertook the fair value assessment on the basis that any funding would be applied to either the Greater Alkaid or Talitha projects only at this early stage and no value applied to the remaining exploration acreage. At the time Pantheon believed it prudent to prioritise Greater

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Alkaid and Talitha, having lower risk potential for earlier cashflows due the close proximity to existing infrastructure. The Group adopted a conservative approach in making these accounting judgements, and at Greater Alkaid applied a 70% Commercial Risk and a further 50% funding risk, reflecting the fact that the farmout process was not at the time completed and that the introduction of a farm-in would involve the Company reducing its working interest. The discovered oil at Greater Alkaid was then evaluated through a conceptual development plan resulting in a Net Present Value (NPV) per barrel of oil of \$8, lower than the \$8.50 per barrel of oil NPV estimated by the independent experts at LKA, reflecting management conservatism in accounting judgements. At Talitha, a 50% Geological Risk was applied reflecting the fact that despite ARCO having encountered oil at this location in 1988, the well was not production tested at the time. This is a conservative, yet prudent approach, given the Pipeline State-1 well was drilled and logged, on our acreage. A 75% Commercial Risk was then applied due the uncertainty of the reservoir parameters and hence production performance of the oilfield, and a further 70% discount applied for Funding risk which incorporates the numerous variables associated with financing this oil accumulation. The modelled Funding Risk was higher than at Alkaid, reflecting the projects' greater level of uncertainty on the technical parameters and geographic location in relation to its distance from the road and pipeline. An NPV per barrel of oil of \$5 - \$6 was applied for the 2 key horizons, reflecting certain geological factors and its location as described above which would result in higher development costs.

After application of the aforementioned assumptions and risk parameters, the fair value assessment of the bargain purchase of Great Bear Petroleum Ventures I, LLC and Great Bear Petroleum Ventures II, LLC (the "Ventures Entities") for US\$100.8m arose principally because of the following factors:

1. Great Bear Petroleum Operating, LLC ("GBPO") was a financially distressed seller of Great Bear Ventures I and II, having borrowed against encashable production tax credits issued by the State of Alaska. The State of Alaska did not appropriate sufficient funds for the encashment of tax credits, resulting in GBPO going into payment default under its borrowings.
2. Key leases of the Ventures Entities in Greater Alkaid were set to expire if testing operations did not occur within the Winter/Spring drilling season of 2018/2019. The time pressure for the Ventures Entities to secure funding for these operations was another factor in Pantheon's bargaining position.
3. Pantheon's existing team had significant Alaskan expertise, and was able to quickly and efficiently evaluate the attractiveness of the prospective investment.
4. The existing owners of GBPO wanted to maintain exposure to the Ventures Entities' assets, hence a primarily equity transaction was undertaken, which resulted in Pantheon completing the transaction, raising funding and preserving the Greater Alkaid leases through the, ultimately successful, 2019 testing campaign. Additionally, all Great Bear shareholders have maintained their exposure to the Alaskan assets through Pantheon.
5. In light of the above, Pantheon was able to negotiate an attractive acquisition price for the Ventures Entities.

4. Segmental information

The Group's activities involve production of and exploration for oil and gas. There are three reportable operating segments: USA (Texas), USA (Alaska) 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 2019.

Oil and Gas production commenced in East Texas in late 2017 and ceased in early 2020 and is unlikely to continue given the Group's decision to exit the East Texas portfolio.

The Group's net total sales production for the financial year ended 30 June 2020 amounted to 57,420 (2019: 191,024) mcf of natural gas and 158 (2019: 2,317) bbl. of oil. Average realisations for the year for natural gas and oil were US\$1.81 (2019: \$2.58) per mcf and US\$59.93 (2019: \$62.54) per barrel of oil respectively.

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Revenues for the year ended 30 June 2020 were \$85,312 (2019: \$724,589).

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

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Year ended 30 June 2019

Geographical segment (Group)	Head Office	Texas	Alaska	Consolidated
	\$	\$	\$	\$
Revenue	-	724,589	-	724,589
Production royalties	-	(205,458)	-	(205,458)
Depletion of developed oil & gas assets	-	(148,485)	-	(148,485)
Cost of sales	-	(737,208)	-	(737,208)
Administration expenses	(1,489,204)	(1,400,323)	(549,092)	(3,438,619)
General & Administrative expenses - Vision	-	(1,744,730)	-	(1,744,730)
Impairment of intangible assets - Goodwill	-	(796,236)	-	(796,236)
Impairment of intangible assets – E&E	-	(34,138,156)	-	(34,138,156)
Impairment developed oil & gas assets	-	(13,092,684)	-	(13,092,684)
Impairment PP&E	-	(1,397,950)	-	(1,397,950)
Plug & abandonment costs	-	380	-	380
Depreciation of production & pipeline facilities	-	(275,665)	-	(275,665)
Interest receivable	25,671	110	-	25,781
Un-realised gains	-	-	100,757,286	100,757,286
Less: deferred tax thereon	-	-	(28,783,396)	(28,783,396)
Taxation	-	-	18,757,633	18,757,633
Loss by reportable segment	(1,463,533)	(53,211,816)	90,182,431	35,507,083
Exploration & evaluation assets	-	7,303,800	153,583,460	160,887,260
Developed oil & gas assets	-	6,961,445	-	6,961,445
Property, plant & equipment	635	2,493,829	-	2,494,464
Trade and other receivables	57,167	358,813	1,427,669	1,843,649
Cash and cash equivalents	1,312,164	541,445	377	1,853,986
Intercompany balances	134,985,268	(128,981,374)	(6,003,894)	-
Total assets by reportable segment	136,355,234	(111,322,042)	149,007,612	174,040,804
Total liabilities by reportable segment	(348,642)	(1,348,989)	(11,074,342)	(12,771,973)
Net assets by reportable segment	136,006,592	(112,671,031)	137,933,270	161,268,831

5. Operating loss

	2020	2019
	\$	\$
Operating loss is stated after charging:		
Depreciation – production facilities & equipment	-	275,665
Depreciation – office equipment	420	431
Depreciation Right of use assets	19,558	-
Auditor's remuneration		
- group and parent company audit services	50,000	85,000
Auditor's remuneration for non-audit services		
- taxation services and compliance services	10,500	12,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

6. Employment costs

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

	2020 \$	2019 \$
Wages and salaries	1,237,242	1,187,223
Social security costs	70,541	68,082
Statutory pension costs	16,172	22,693
	<u>1,323,955</u>	<u>1,277,998</u>

The summary of the directors' remuneration is shown in the directors' report on Page 15.

	2020 number	2019 number
Number of employees (including Executive Directors) at the end of the year		
Management and administration	9	5

7. Interest receivable

	2020 \$	2019 \$
Bank interest received	<u>25,880</u>	<u>25,781</u>

8. Taxation

	2020 \$	2019 \$
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	<u>(21,711,062)</u>	<u>16,749,449</u>
Income (loss) on ordinary activities before taxation multiplied by the standard US corporate tax rate of 21% (2019: US corporate tax rate of 21%)	(4,559,323)	3,517,384
Effects of:		
State of Alaska tax benefits associated with temporary book-to-tax differences	(173,144)	(51,615)
US federal tax benefit associated with temporary book-to-tax differences	-	(14,267,460)
US federal tax benefit associated with reassessed future utilization of loss carryforward	-	(7,955,942)
Total tax charge	<u>(4,732,467)</u>	<u>(18,757,633)</u>

Factors that may affect future tax charges

The Group's deferred tax assets and liabilities as at 30 June 2020 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%.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

At the year-end date, the Group has unused losses carried forward of \$59.8m (2019: \$47.6m) 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.

At June 30, 2020, given the deferred tax liabilities recognized in conjunction with the Great Bear Acquisition, the directors believe it is appropriate to recognize the previously unrecognized deferred tax asset associated with losses carried forward. This recognition resulted in a deferred tax benefit of \$4,732,677 reflected in the results for year ended June 30, 2020

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

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 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
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Amounts falling due within one year:

Prepayments & accrued income	29,906	332,000	27,207	13,214
Other receivables	44,261	1,511,649	41,600	43,953
Total	74,167	1,843,649	68,807	57,167

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
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Amounts falling due after one year:

Loans to subsidiaries	-	-	139,661,971	134,985,268
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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. The adoption of standard has not required any restatement of comparative information. 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

11. Cash and cash equivalents

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
Cash at bank and in hand	4,802,965	1,853,986	1,745,834	1,312,164

12. Trade and other payables

	Group 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
Trade creditors	172,630	398,312	87,451	174,690
Accruals	215,462	1,012,035	215,347	173,952
Total	388,092	1,410,347	302,799	348,642

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 2020 \$	Group 2019 \$	Company 2020 \$	Company 2019 \$
Plug and Abandonment	1,085,863	1,085,863	-	-
Legal costs	250,000	250,000	-	-
Total	1,335,863	1,335,863	-	-

14. Impairments

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

The combined impacts of COVID-19 and the severe falls to oil and gas prices had a destructive impact on the oil and gas industry globally. As a result of this and as a result of the tremendous advancements in the geological understanding and resource potential of Pantheon's Alaskan portfolio since last year, Pantheon announced subsequent to year end, its intention to exit its East Texas assets to concentrate solely on the Alaska North Slope assets. Accordingly, the Group has impaired the total carrying value of the East Texas properties to nil.

During the year ended 30 June 2020 impairment charges of US\$7.8m (2019: \$34.1m) were recognised in respect of exploration and evaluation assets, comprising US\$7.7m (2019: \$34.1m) in East Texas and US\$0.1m (2019: \$Nil) in Alaska, primarily reflecting the impairment of the East Texas leasehold. Where impairment indications were identified, impairment tests were performed. The indicator for impairment was the Group's strategic decision to exit East Texas and to solely focus the Group's efforts on Alaska where the size and scale of the Group's opportunity is an order of magnitude greater. Additionally, the severity of the COVID induced fall in oil and gas prices materially diminished the fair value assessment of the assets when compared to the previous year. Where impairment indications have been found we have performed impairment tests. Impairment losses have been measured, presented and disclosed in accordance with IAS 36. In assessing whether an impairment was

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

required, the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use.

Impairment losses – exploration and evaluation assets	2020	2019
	\$	\$
West AA Prospect – CGU (Texas)		
West AA (prospect A leased acreage) - Polk County	1,870,200	10,312,298
VOBM#5 Well - Polk County	-	3,445,153
Austin Chalk (back costs) - Polk County	-	5,751,637
Kara Farms (previously leased acreage) - Polk County	-	139,757
West West AA Prospect – CGU (Texas)		
West West AA (prospect D leased acreage) - Polk County	908,250	1,980,518
Prospect E – CGU (Texas)		
Prospect E (leased acreage) - Polk County	-	57,204
Core Offset Prospect (aka Prospect B&C) – CGU (Texas)		
Core Offset (prospect B&C leased acreage) - Tyler County	4,845,750	8,343,593
LP2 Offset – CGU (Texas)		
LP2 offset (leased acreage) - Tyler County	54,600	955,517
VOBM#4 Well - Tyler County	-	3,152,480
Alaska		
Acreage	130,112	-
Total	7,808,912	34,138,157

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

Impairment losses of US\$6.9m (2019 \$13.1m) were recognised in respect of the producing oil and gas properties within East Texas. The Group has previously announced a strategic decision to exit East Texas and concentrate solely on its Alaskan Assets. In light of the material fall in oil and gas prices in 2020, the company has fully impaired the carrying value of the Oil and Gas producing properties.

Impairment losses – developed oil and gas assets	2020	2019
	\$	\$
VOS#1 Well	6,933,644	-
VOBM#2H Well	-	7,426,917
VOBM#1 Well	-	2,533,041
VOBM#3 Well	-	3,076,644
Acreage	-	56,082
Total	6,933,644	13,092,684

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

Consistent with the Group's strategic decision to focus solely on the Alaskan North Slope assets, the carrying values of all East Texas property, plant and equipment have now been written down, resulting in impairment charges of US\$1.9m (2019: \$1.4m). This charge relates to the impairment of the capitalised costs relating to Pantheon's share of the gas processing plant and the pipeline associated with the VOS#1 well. These assets have been written down to their current recoverable amount less costs to sell.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Impairment losses – Property Plant & Equipment	2020	2019
	\$	\$
Polk County		
Polk County Gas Plant	22,680	1,397,950
Pipeline	1,885,286	-
Total	1,907,966	1,397,950

14.4 Impairment of non-current assets - Goodwill

There were no impairment losses in respect of goodwill during the year (2019: \$0.8m). For the year ended 30 June 2019 goodwill was recorded as a result of the acquisition of 66% of Vision Resources LLC and was fully impaired in that year.

Impairment of Goodwill	2020	2019
	\$	\$
Impairment goodwill – Vision	-	796,236
	-	796,236

15. Exploration and evaluation assets

Group	2020	2019
	\$	\$
Cost		
At 1 July	201,830,954	50,303,959
Additions	3,019,261	10,579,750
Acquisitions	-	148,508,125
Transfer to developed oil & gas assets	-	(7,560,880)
Transfer to production facilities & equipment	-	-
At 30 June	204,850,215	201,830,954
Impairment		
As at 1 July	40,943,694	6,805,537
Charge for year	7,808,912	34,138,157
At 30 June	48,752,606	40,943,694
Net book value		
At 30 June	156,097,609	160,887,260

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.

Details of the impairments for the year are disclosed in note 14.

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.

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**NOTES TO THE FINANCIAL STATEMENTS
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	Group 2020 \$
Interest expense on lease liabilities	3,260
Total cash outflow for leases	(21,394)
Additions to right-of-use assets	91,995
Depreciation charge - right of use assets	(19,558)
Foreign exchange movement on right of use assets	392
Carrying amount at the end of the year:	
Right of use assets	<u>72,829</u>

Lease liabilities

	Group 2020 \$
Current	46,311
Non-current	<u>27,914</u>
	<u>74,225</u>

Disclosure required by IAS 17

Operating leases

Minimum lease payments under non-cancellable operating leases fall due as follows:

Land and buildings

	Group 2019 \$
Less than one year	26,005
Between on and five years	<u>-</u>
	<u>26,005</u>

During 2019, \$46,670 was recognised as an expense in the income statement in relation to operating leases.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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 2018	13,824,300	2,382,115	16,099	-	16,222,514
Additions	523,934	312,637	-	-	836,571
Transfer from exploration & evaluation assets	7,560,880	-	-	-	7,560,880
Transfer from developed oil & gas assets	(1,618,208)	1,618,208	-	-	-
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
Depreciation					
At 30 June 2018	-	145,516	15,000	-	160,516
Depreciation for the year	-	275,665	431	-	276,096
Exchange difference	-	-	33	-	33
At 30 June 2019	-	421,181	15,464	-	436,645
Depreciation for the year	-	-	420	19,558	19,978
Exchange difference	-	-	9	(392)	(383)
At 30 June 2020	-	421,181	15,893	19,166	456,240
Depletion					
At 30 June 2018	88,293	-	-	-	88,293
Depletion for the year	148,485	-	-	-	148,485
At 30 June 2019	236,778	-	-	-	236,778
Depletion for the year	27,800	-	-	-	27,800
At 30 June 2020	264,578	-	-	-	264,578
Impairments					
At 30 June 2018	-	-	-	-	-
Impairment for the year	13,092,684	1,397,950	-	-	14,490,634
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
Net book value					
As at 30 June 2020	-	585,863	206	72,829	658,898
As at 30 June 2019	6,961,444	2,493,829	635	-	9,455,908

All 'Developed oil & gas properties' relate to East Texas. All prior East Texas wells have now been fully impaired.

Company

The Property, Plant and Equipment for the Company comprises of Office Equipment \$206 and Right of Use assets \$72,829 as shown above, resulting in a total of \$73,035.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

18. Share Capital

	2020 \$	2019 \$
Allotted, issued and fully paid:		
502,758,713 (2019:454,530,466) ordinary shares of £0.01 each	7,250,204	6,647,498
102,471,055 (2019: 102,471,055) non-voting convertible shares of £0.01 each	1,318,517	1,318,517

	Number	Issued and fully paid capital
Issued share capital:		
As at 30 June 2020		
502,758,713 ordinary shares of £0.01 each (2019: 454,530,466)	502,758,713	7,250,144
102,471,055 non-voting convertible shares of £0.01 each (2019: 102,471,055)	102,471,055	1,318,576
Total	605,229,768	8,568,720

The Company issued a total of 48,228,247 new fully paid ordinary shares during the year.

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 2020 there were 502,758,713 ordinary shares (2019: 454,530,466) and 102,471,055 non-voting convertible shares (2019: 102,471,055) in issue.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19. Net cash outflow from operating activities

	Group 2020	Group 2019
	\$	\$
(Loss) / profit for the year	(16,978,595)	35,507,082
Net interest received	(25,881)	(25,781)
Unrealised gains	-	(100,757,286)
Less: deferred tax thereon	-	28,783,396
Gain on disposal of subsidiary undertaking	(109,417)	-
Impairment of intangible assets - Goodwill	-	796,236
Impairment of intangible assets – E&E	7,808,912	34,138,156
Impairment developed oil & gas assets	6,933,644	13,092,684
Impairment of PP&E	1,907,966	1,397,950
Bad debt expense	318,786	-
Plug & abandonment costs	-	(380)
Legal costs provision	-	250,000
Vision General & Administrative costs (non-cash)	-	682,125
Depreciation of office equipment	420	431
Depreciation of right of use assets	19,559	-
Charge on Lease - right of use assets	3,260	-
Depletion of developed oil & gas assets	27,800	148,485
Depreciation of production & pipeline facilities	-	275,665
Decrease/(increase) in trade and other receivables	21,002	(1,823,240)
(Decrease)/increase in trade and other payables	(854,972)	926,109
Shares issued in lieu of fees	-	32,166
Effect of translation differences (fixed assets)	10	34
Effect of translation differences (right of use assets)	(29)	-
Effect of translation differences	(47,800)	(179,284)
Taxation	(4,732,467)	(18,757,633)
Net cash outflow from operating activities	<u>(5,707,802)</u>	<u>(5,513,085)</u>

	Company 2020	Company 2019
	\$	\$
Loss for the year	(1,286,509)	(1,463,533)
Net interest received	(23,759)	(25,671)
Depreciation	420	431
Depreciation of right of use assets	19,559	-
Interest charge on right of use assets	3,260	-
(Increase)/decrease in trade and other receivables	(11,639)	42,942
(Decrease)/increase in trade and other payables	(45,844)	144,321
Shares issued in lieu of fees	-	32,166
Effect of translation differences (fixed assets)	9	33
Effect of translation differences (right of use assets)	(29)	-
Effect of translation differences	(3,792,479)	(3,625,534)
Net cash outflow from operating activities	<u>(5,137,011)</u>	<u>(4,894,845)</u>

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 2020 the Group

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has fully provided for the future plug and abandonment charges in relation to all of its wells in both East Texas and on the Alaskan North Slope.

Alaska

Greater Alkaid #1 test well	500,000
	<u>500,000</u>

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
	<u>482,045</u>

Texas – Tyler County

VOS#1 well	103,438
	<u>103,438</u>
	<u>1,085,483</u>

As at 30 June 2019 and 2020

22. Exploration and evaluation commitments

There were no firm drilling commitments at 30 June, 2020.

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 level of fixed or floating instruments.

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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 2020 %	Fixed interest rate 2020 \$	Non – interest bearing 2020 \$
<i>Financial assets:</i>			
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 debt repayments as they fall due. The Group monitors its liquidity position carefully and would consider equity fundraising, debt or farmouts when capital additional liquidity is required.

The table below shows the undiscounted cash flows on the Groups financial liabilities as at 30 June 2020 and 2019, on the basis of their earliest possible contractual maturity.

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	Total	Payable on demand	Within 1-3 months	Within 3-6 months	Within 6-12 months	Greater than 1 year
	\$	\$	\$	\$	\$	\$
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
	<u>1,553,621</u>	<u>-</u>	<u>400,671</u>	<u>12,579</u>	<u>25,158</u>	<u>1,115,213</u>
As at 30 June 2019						
Trade creditors	398,312	-	398,312	-	-	-
Accruals	1,012,035	-	1,012,035	-	-	-
Provision for plug and abandonment	1,085,863	-	-	-	-	1,085,863
	<u>2,496,210</u>	<u>-</u>	<u>1,410,347</u>	<u>-</u>	<u>-</u>	<u>1,085,863</u>

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 amongst approved counterparties.

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 share if necessary. 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 objectives in managing the capital of the Group.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

24. Share-based payments

Movements in share options and share warrants in issue

Exercise price	Number of options and warrants issued as of 30 June 2019	Issued during year	Expired during year	Number of options and warrants issued as of 30 June 2020
£0.30	10,000,000	-	-	10,000,000
£0.30	9,607,843	-	-	9,607,843
Total	19,607,843	-	-	19,607,843

The Group has previously 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 within operating costs. All share options have been fully expensed as at 30 June 2020. The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.30 (2019: £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 current share options in issue, however if exercised they convert to non-voting shares as opposed to ordinary shares. All 19,607,843 shares options and warrants detailed in the table above are fully vested and expire in September 2024.

The Equity reserve account represents expired share options that were originally expensed through the profit and loss account.

25. Related party transactions

There were no related party transactions during the year other than the payment of remuneration to Directors and key management personnel. Total key management personnel compensation, including directors and staff, was \$1,857,169.

26. Contingent Liabilities

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

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

27. Subsequent events

Capital Raising – November 2020

In November, 2020 Pantheon completed a capital raising of 73,756,314 new Ordinary Shares raising approximately \$30.2 million (before expenses) at an issue price of 31 pence per share.

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The funds raised will allow the Company to drill and, if deemed appropriate, test up to four zones at the Talitha #A well, intended to be spudded in January 2021. The Talitha #A well design includes provision for the drilling of a horizontal section into the primary target, Shelf Margin Deltaic sequence, if deemed appropriate.

Change of Advisor – October 2020

Canaccord Genuity Limited was appointed as its sole broker and Nominated Adviser to the Company.

Receipt of Independent Experts Report and confirmation of Prospective Resource at Talitha

In September 2020 the Group received an Independent Experts Report and Resource Statement from the International Petroleum Consultants Lee Keeling & Associates which confirmed a Prospective Resource of 302 million Barrels of oil for the updip section of the Shelf Margin Deltaic horizon at Talitha.

Issuance of Share Options to Directors and staff – July 2020

In July 2019 the Company announced the intention to issue up to 13.7m share options to Directors and to all staff which were subsequently issued in July 2020. The options have an exercise price of £0.27, which represented a premium of 93% to the closing share price of £0.14 on the day of issue (7th July 2020). 50% of the share options granted vested 90 days from the issue date, and the remaining 50% vested upon the spudding of the Talitha #A on the Company's Alaskan acreage. These were the first share options issued to staff since 2014. In relation to the grant, the Company has implemented a share option grant which is comprised of two components; (i) an up-front issue of out of the money share options (represented by this grant in July 2020), and an annual grant of share options typically issued at or around the time of issuance of the Annual Report, in respect of the year just passed. On 19 November 2020 at the time of the November fundraising, Pantheon announced its intention to issue share options under the annual grant component of the plan representing 2.25% of share capital (voting and nonvoting) at the issue price. It is anticipated that this will occur shortly after publication of the annual report.

Details of the July 2020 share option awards to Directors and PDMRs are presented in the following table:

Director	Number of options granted ²	Exercise Price per Share option	Options as a per cent of issued Share Capital following the Placing ¹
John Cheatham	1,500,000	27 pence	0.25%
Robert Rosenthal	1,500,000	27 pence	0.25%
Justin Hondris	1,500,000	27 pence	0.25%

1. Issued share capital includes all voting shares as at 30 June 2020 and 102.4m non-voting shares.
2. Terms: £0.27 exercise price, 10-year life and vested in 2 equal tranches; 50% subject to a time based condition (90 days from grant) and 50% subject to a performance milestone (spudding of the Talitha #A well, in Alaska).

Formal Approval of the Alkaid Unit

As part of the now granted Alkaid unit application (22,804 acres), Pantheon submitted a First Plan of Exploration ("POE") outlining its proposed activities in relation to the unit. These include a commitment to the reprocessing of approximately 50 Square miles of 3D seismic as well as engagement of 3rd party specialists to produce an engineering study on a conceptual 'hot-tap' into the Trans Alaska Pipeline System ("TAPS"). There are no firm drilling commitments, however the POE proposes the drilling of two wells from gravel pads located adjacent to the Dalton Highway to allow year round activity. Under the POE, drilling and long-term production testing on the first of these wells, the Alkaid #2 well, is targeted for as early as Spring/Summer 2021, subject to funding. Dependent upon the results of Alkaid #2, the POE anticipates the drilling and testing of the Alkaid#3 well to commence in 2022.

Formal Approval of the Talitha Unit

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The Company's application to form the Talitha Area Unit has been formally approved by the State of Alaska, Department of Natural Resources ("DNR"). The Talitha Area Unit encompasses 44,463 acres of State Leases in the central Alaska North Slope area, located adjacent to both the Trans Alaska Pipeline System ("TAPS") and the Dalton Highway. The unit lies directly adjacent to the southern border of the recently-approved Alkaid Unit, 20 miles south of the Prudhoe Bay Unit, and 25 miles southeast of Kuparuk River Unit and has an effective date of November 10th 2020.

Acquisition of New Acreage

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

Dispute Update – East Texas

Kinder Morgan Treating L.P. ("Kinder Morgan") has filed a petition against Pantheon, seeking payment of c.\$3.35m with respect to the early termination of a Gas Treating Agreement entered into between Kinder Morgan and Vision Operating Company LLC ("VOC").

Refer note 26 for more detail.

Spudding of the Talitha #A well, North Slope of Alaska, 100% working interest

The Talitha #A appraisal well spudded ahead of schedule on 13 January, 2021, with drilling planned to a total vertical depth of approximately 10,000 feet. The well will target the shallowest Shelf Margin Deltaic horizon as the primary objective and will also drill through a number of secondary objectives including: (i) the 'Slope Fan System', (ii) the 'Basin Floor Fan', and (iii) the 'Kuparuk' horizons.

Drilling and testing operations at Talitha #A must be completed prior to the onset of Spring when temperatures warm up and the ice road begins to thaw. Historically, the drilling season has ended near the end of March. Given the number of targeted formations, and subject to positive results, Pantheon intends to make full use of the available drilling window, undertaking drilling and testing operations as long as weather permits. As of 1730 Alaskan time on 13 January the well was drilling ahead at a depth of 225 feet.

Following the acquisition in January 2021 of an additional 10.8% working interest discussed below, Pantheon moves from 89.2% to 100% working interest in the Talitha unit.

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

In January 2021, Pantheon acquired 100% of Borealis Alaska LLC. Borealis owned a 10.8% working interest in the Talitha Unit. Upon completion of the transaction, which is subject to approval by the Alaska Department of Natural Resources, Pantheon will own a 100% working interest in the Talitha Unit. Pantheon will issued 14,272,592 ordinary fully paid shares in consideration for the transaction, which are subject to a lock in agreement and are not available for sale until 30 June 2021, in full and final consideration for the 10.8% working interest.

GLOSSARY

bbl	barrel of oil	mcf	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

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