

Company Number 05385506
Incorporated in England & Wales



PANTHEON
RESOURCES PLC

PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2022

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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	PKF Littlejohn LLP 15 Westferry Circus London E14 4HD
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 EC2V 7QR
Communications & Public Relations	BlytheRay Communications Ltd 4-5 Castle Court, London EC3V 9D

PANTHEON RESOURCES PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

The past year has seen the critical role of hydrocarbons magnified in a number of ways. In the United States, the price of oil and natural gas increased rapidly, however, Europe has seen a more dramatic increase in natural gas prices following the Russian invasion of Ukraine and subsequent decrease of exports to Europe. Energy security has now become a dominant theme in Europe and the rest of the developing world at a time when inflationary pressures are having profound economic impacts. These events have again highlighted the importance of oil and gas in our societies which will exist for many decades as we transition in a more measured way to renewable energy. Against this backdrop, Pantheon has achieved several milestones on its path from an explorer to producer on the North Slope of Alaska.

Prior to the winter 2021/2022 drilling and testing programme, Pantheon raised \$96 million, split \$41 million in equity at 65 pence per share and \$55 million via a convertible bond. At the time of writing, the balance owing on this convertible bond is \$39.2 million. The fundraising enabled Pantheon to execute on its extensive winter and summer drilling programmes and highlighted the confidence in Pantheon's projects from both existing and new shareholders.

During the winter programme, we successfully drilled the Theta West #1 well, a 10.5 mile step out from the Talitha #A discovery well and tested the Lower Basin Floor Fan ("LBFF") complex. The results from Theta West #1 came in on prognosis at approximately 1500 feet ("ft") up dip and with a thickness in the oil column of 960 ft in the LBFF, leading to a significant resource upgrade for the Company. This was an extremely important result for our Company. Theta West could be the largest oil discovery made on the North Slope of Alaska for many decades. At Talitha #A we tested four zones; the LBFF, Slope Fan System ("SFS") Shelf Margin Deltaic ("SMD") and Kuparuk which were all oil bearing. The discovery of moveable, high quality light oil across multiple zones in these wells confirmed the large potential that exists within our acreage position.

Post year-end, we drilled the Alkaid #2 well from a gravel pad we built along the Dalton Highway which had three objectives. The primary objective was kick off our first horizontal well and production test the oil zone discovered previously at Alkaid #1; the second objective was to drill deeper and confirm that the deeper Alkaid anomaly was oil bearing; and the final objective was to appraise the extension of the SMD. We achieved all three of our objectives which is an outstanding result for our Company. Despite Alkaid being the smallest of Pantheon's various projects, it has now grown in importance in both size and commerciality given it is immediately adjacent to the highway and pipeline and ideally located for near term, commercial production. One of the major advantages of Pantheon's projects compared to other projects on the North Slope is its immediate proximity to the TAPS pipeline and Dalton Highway, allowing the possibility for far more rapid commercialisation and development, and massive cost savings.

For Alkaid #2, the State of Alaska granted Pantheon an initial three month test flaring permit with the ability to apply for two additional three month extensions. This allows the Company to gather the data necessary to understand the characteristics of production from that reservoir. Additionally, we will truck and sell the oil produced, generating Pantheon's first Alaskan revenues and supplementing further exploration costs.

Other post period achievements include Pantheon's admission to trade on the top tier of the OTC market in the US, the OTCQX, helping to further increase both accessibility and visibility for the Company to US investors at this key stage in our Company's journey. Additionally, in November 2022 we successfully picked up key strategic leases covering 40,000 acres in the State of Alaska's North Slope Areawide Lease Sale. We anticipate these leases will result in an upgrade to our oil in place and resource estimates in due course.

Overall, it has been an extremely positive year for Pantheon, having delivered a number of key objectives and having benefited from the endorsement from leading industry names, with one referring to Theta West as a *"Word Class Petroleum System"*. The global focus on energy independence has strengthened our position as we enter the next financial year with Alkaid #2 currently in long term production testing and the commencement of oil sales.

The size and scale of Pantheon's oil in place and potential resource are substantial, and we believe significant in scale for any oil company. We are extremely fortunate to still have a 100% working interest in all of our projects, allowing us plenty of flexibility to, on the right terms, consider farming out an interest in one or more of our

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CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

projects to fund future drilling. Our objective is to continue to prove these projects out to demonstrate to industry that we have the data to support our assessments. If we achieve this in the recent years' context of industry global underinvestment in finding new significant oil resources, then we believe an industry hungry for new supply will have great interest in Pantheon.

Phillip Gobe
Chairman

29 December 2022

PANTHEON RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2022

This year to 30 June 2022 and the period beyond has been one of great progress for Pantheon. Drilling on the North Slope of Alaska presents challenges not faced in most parts of the Lower 48, such as fewer readily available service providers, limited transportation routes, fewer available spare parts and equipment. On top of this, the booming oil market saw very high demand for services and equipment, causing material price inflation across the industry, impacting time schedules. Our team has done a tremendous job overcoming operational hurdles and illustrating how we can move our assets from exploration towards production.

Our operations achieved great success this year. We have a small, but exceptional team of highly talented professionals and I am also proud to report that we achieved a 100% staff retention rate during the year, despite heavy competition for high quality industry professionals in this strong oil market. I am equally proud to report that in the male dominated oil industry, approximately 15% of our headcount are women.

Financing

In December 2021, Pantheon successfully completed a \$96 million fundraise comprised of an equity raise of \$41 million, priced at 65 pence per share, and a \$55 million Convertible Bond, over 28% of which has already been repaid at the time of this report through the issuance of shares. This fundraise allowed Pantheon to complete its winter and spring/summer drilling and testing programmes and materially advance the projects both in terms of increasing resource potential, reducing project risk and moving us closer to becoming a production company.

Upgrade of Shelf Margin Deltaic

During the period we were pleased to complete our internal analysis and resource upgrade of the SMD-B sequence after drilling the Talitha #A well in the winter of 2021 and testing in winter 2022. Using data obtained from well logs, cores, and the Advanced Hydrocarbon System, Baker Hughes ("AHS Baker Hughes") Volatiles Analysis Service ("VAS"), Pantheon significantly upgraded its resource assessments, estimating that this zone has the potential to contain 2.6 billion barrels of Oil in Place ("OIP") and a P50 Contingent Resource (recoverable) of 404 million barrels oil ("mmbo"). The SMD-B is one of numerous oil bearing zones across our acreage position that we will continue to appraise and test.

Winter 2022 programme

With our funding secure, Pantheon was in a strong position entering the winter 2021/2022 programme, which consisted of drilling and testing the very large Basin Floor Fan complex at Theta West #1 and re-entering and testing the Talitha #A discovery well. Both of these vertical test wells were designed to collect data prior to being plugged and abandoned as is standard practice for test wells. Both wells were very successful, delivering material increases in the company's resource base.

In January 2022, operations commenced at Talitha #A to prepare for testing, where the well had drilled to its prognosed Total Depth discovering oil in its four target horizons, LBFF, SFS, SMD and Kuparuk. The rig was then moved circa 10 miles to drill the Theta West #1 well. The two primary horizons, LBFF and UBFF (Upper Basin Floor Fan), at Theta West #1 exceeded our predrill estimates. The target horizons encountered 1,160 ft of oil bearing reservoir in a large fan complex in a vast oil resource and, we believe, confirmed Pantheon's geologic model. All zones tested during the winter 2022 programme produced high quality oil of 34-38.5 API with few impurities.

We must remember, these are vertical test wells designed with the primary to gather data and determine the potential of the reservoir and the horizon, before being plugged and abandoned. They are not designed to maximise production – this occurs in future production wells designed as long horizontals with 8,000 feet or more of the wellbore exposed to the reservoir and thus designed to achieve much higher flow rates.

Following the winter programme, Pantheon upgraded its Company estimates of oil in place across its portfolio (in which Pantheon has a 100% working interest) to 23 billion barrels of oil and 2.3 billion barrels of recoverable resource based on a modelled 10% recovery factor.

PANTHEON RESOURCES PLC

CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2022

Summer/Fall 2022 Programme

The summer programme began with the construction of a gravel pad and two access roads about 20 miles south of Prudhoe Bay, along and immediately adjacent to the Dalton Highway and the Trans Alaska Pipeline System (TAPS). In July 2022, subsequent to our financial year end, after building the pad and access roads, the Nabors 105AC rig spudded the Alkaid #2 well to drill a pilot hole to (i) confirm the SMD, (ii) confirm the Alkaid anomaly ("Alkaid Anomaly") at this location and (iii) to probe the deeper Alkaid anomaly ("Alkaid Deep") previously undrilled at Alkaid #1 and drill a circa 5,000ft horizontal through the Alkaid Anomaly. The pilot hole was successful in achieving these goals, encountering over 1400 ft of oil bearing strata through these three zones. This extended our interpretation of the SMD from Talitha #A, northeast to Alkaid #2 and across the Dalton Highway. The SMD has 272 ft of oil bearing reservoir at the Alkaid #2 location. We also confirmed the Alkaid Anomaly extends over 300 ft deeper than the maximum depth drilled at Alkaid #1 circa four miles away. This lower zone has 155 ft of oil bearing reservoir. These results provided the Company with increased confidence in its subsurface modelling efficacy. These results are expected to have a significant impact on the resource potential in and around the Alkaid location where we expect an upgrade to our previous resources completed by an Independent Expert.

The Alkaid #2 well was put-on long-term production testing, initially using skid-mounted rental separation and flow back equipment and is now producing into our permanent production facility. Flow testing commenced in late November and, as of today's date, the clean-up phase of the well is ongoing. As previously announced, the flow rate is restricted by the accumulation of sand in the horizontal portion of the well bore which is not uncommon, but a nuisance, in long horizontal wells treated with multistage fracture stimulations. The remaining sand blockage which we estimate is affecting +/- 1,000 ft of the 5,300 ft horizontal section of the wellbore, has had two main impacts: (i) it reduces the flow into the production tubing limiting the contributions from the blocked areas; and (ii) the clean up phase takes longer because we must be very careful to not exacerbate the blockage by drawing in more sand. Despite this, even with the remaining partial blockage, the well is flowing without lift. Oil production began quickly in the flowback at low concentrations. At the time of writing, and despite being in the early stages of flowback, and despite the estimated 1,000 ft of sand blockage, the well is producing over 500 barrels per day of liquid hydrocarbons, comprising c.200 barrels of oil per day along with 300-350 BPD of Natural Gas Liquids ("NGL's") and condensate and over 2.5 mmcfpd gas.

Alkaid #2 is showing encouraging signs, clearly evidencing that we have encountered a very significant hydrocarbon system. However, a definitive assessment (of this or any well) cannot be made until flow testing is completed. We believe we need to observe the flow rates when the well clean-up phase is +/- 60% completed in order to make an accurate determination of this well, yet we estimate the well is less than c.40% cleaned up. When the sand blockage occurred, the lack of availability of a winterised workover rig to perform the relatively straightforward procedure to remove the production tubing meant that we used a less effective and more time consuming procedure using a Coiled Tubing Unit ("CTU") to try to clear the blockage. Whilst the CTU cleared much of the blockage, as explained above, the remaining blockage has limited how we test the well and thus slowed the clean-up process. With the correct equipment, removing the sand and cleaning the well is a simple operation, and I am pleased to advise that we have finally located a rig and intend to remove the tubing to fully clear the blockage in January. This is an excellent outcome as it will allow us to assess the full well potential and the clean-up phase should occur much faster, unhindered by the limitations of the blockage.

A more detailed discussion on Alkaid #2 can be found in a separate, Alkaid #2 specific RNS announced on 30 December, 2022.

Schlumberger Report

In a project spanning over 6 months, Schlumberger has completed a comprehensive reservoir model of Pantheon's 100% owned projects, estimating the reservoirs contain 17.8bn bbls net oil in place. Schlumberger's oil in place estimates for Theta West were constrained to the projects 3D footprint with more conservative reservoir parameters than Pantheon's at the lease boundaries. In the next project phase, Schlumberger will work on recovery factors, and reservoir performance. Pantheon has estimated a 10% recovery factor in its own

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CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2022

modelling. The Schlumberger Report outlined conclusions from a detailed reservoir modelling analysis commissioned by Pantheon and does not constitute a formal Independent Expert Report. We expect to commission a separate Independent Expert Report in due course which will use the Schlumberger work. The primary objective of the Schlumberger analysis is to provide a static and dynamic models for analysis and form a key component of the Company's data room, allowing potential farm-in partners to manipulate the modelled data to their needs.

2023 programme

The Company will await results from Alkaid #2 before making decisions on a 2023 program. Pantheon is constantly evaluating a host of exciting opportunities as we generate more information from several areas including our own operations at Alkaid, technical information from the recent and ongoing Schlumberger analysis across our total acreage, and assessing the results and impact, if any, of other operators drilling in the immediate area. It is prudent that we await the outcome of the Alkaid #2 production test before making final decisions on our next wells given the information gained will be of great importance to our planning, to minimise risk and to maximise chance of success. The confirmation of oil in the SMD (and its extension eastwards) and the deeper oil discovered at Alkaid #2, in addition to the great success at Theta West #1 and Talitha B, have added a new dimension of upside potential to our portfolio. The location of this new upside is of particular importance given we have the advantage of being able to undertake some of these activities outside of the normal winter drilling season, hence we have time to make more informed decisions on future operations and have the opportunity to be active at any time of the year.

Our current goals, subject to funding, are to drill another well addressing the substantial upside of the new oil formations in the Alkaid anomaly and the SMD, with the potential of completing a successful well as an additional producer, and to drill a high impact Theta West target, updip from our 2022 discovery. Recently we have formulated plans to target the SMD through directional drilling from the existing Alkaid pad. This offers several significant advantages over the proposed Talitha #B location to assess the same target, including (i) the ability to drill year round, eliminating the requirement to complete works by close of the winter season, (ii) drilling from the Alkaid #2 pad allows the possibility to undertake long term production testing on the SMD which would not be possible from a location drilled from an ice pad where testing is limited by the length of the winter season, and (iii) rather than plugging and abandoning the well as is typical after a winter test well, we can complete it for production in a success case or, subject to relevant approvals, possibly convert it to a gas and water disposal well. This offers tremendous advantages, allowing wells on the pad, such as Alkaid #2 (and future wells), to produce year round without the constraints of gas flaring as well reducing disposal costs. The ability to leverage our recently commissioned production facility to produce and sell oil while testing the significant upside that exists within the immediate Alkaid area presents a compelling opportunity.

The SMD formation can be tested in a superior location to Talitha #A, Alkaid #1 and #2, most likely south of the Pipeline State #1 well drilled by ARCO in the late 1980's. In recent weeks, a subsidiary of 88 Energy has confirmed plans to drill their Hickory well, targeting a southern extension of the SMD, south of our southern most lease line, in a downdip location, which will provide valuable information in appraising the southern extent of the SMD. Like Alkaid, the SMD is advantageously located near to road and pipeline infrastructure. We estimate the combination of Alkaid deep, Phecda and the extension of the SMD offers potential for 500 MMBO recoverable resource Pantheon can access virtually under the highway and TAPS pipeline. In a success case, this is of major commercial value with phased near term production opportunities.

We have also identified an excellent drilling location to appraise the enormous Theta West accumulation which is our large basin floor fan oil discovery and the largest project in our portfolio. The location is significantly updip from the two wells that have penetrated this fan complex and hence we expect further reservoir improvements. Pantheon recently secured additional acreage incorporating the discovery area and hopes to make an impactful Theta West updip appraisal well a key feature in any farmout discussions.

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CHIEF EXECUTIVE OFFICER'S STATEMENT AND OPERATIONAL REVIEW FOR THE YEAR ENDED 30 JUNE 2022

Opening of data room

At the same time Pantheon intends to reopen our data room to pursue potential farm out opportunities to fund, and hopefully, accelerate appraisal and development of our projects. Following the comprehensive reservoir modelling project completed by Schlumberger, together with the enormous volume of data gained from the Talitha #A, Theta West #1 and Alkaid #2 wells, our data room has never been as comprehensive. We are extremely fortunate to have maintained a 100% working interest in all of our projects, allowing us great flexibility, at the right terms, to structure a deal on one or more of our projects by having a third party fund drilling in exchange for a working interest. Despite not being formally open, interest has already been expressed in the project(s), although there can be no guarantee that a transaction will be completed on terms acceptable to Pantheon.

Summary

I am extremely happy with the significant progress that Pantheon made since the commencement of the financial year as we transition from exploration to production. The drilling success confirmed our belief that we have an enormous petroleum system on our 100% 153,000 leasehold acres. Drilling data and analysis led management to estimate 23 billion barrels of oil in place and 2.3 billion barrels of recoverable oil on Pantheon acreage. I am also very proud to have endorsements from recognised third party experts with AHS Baker Hughes labelling our largest project, Theta West, as a *'World Class Petroleum System'* and in recent weeks Schlumberger, the world's largest oil services provider, estimated our projects contain 17.8 billion barrels of oil in place. We are confident in the commercial potential of our world class portfolio and will engage in further testing to demonstrate this. With the unique location of the assets in terms of accessibility to the Dalton Highway and Trans Alaska Pipeline, the management team are excited as we move into 2023. As ever, we are grateful to our shareholders for their ongoing support and look forward to updating the market as we enter the next phase in our journey.

Jay Cheatham
Chief Executive Officer

29 December 2022

PANTHEON RESOURCES PLC

SECTION 172 STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

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

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

Significant events/decisions	Key s172 Stakeholders	Actions and Consequences affected
Advancement of geological understanding of the Alaskan assets	Shareholders, Employees and Business Relationships	• The Group successfully drilled the Theta West #1 well during the year and collected a comprehensive data set of geological, geochemical and geophysical information including well logs, sidewall cores and cuttings analysis. The Company also hired third party expert consultants to undertake specialist analysis. In particular, the experts at Baker Hughes, Advanced Hydrocarbon Stratigraphy undertook detailed 'Volatiles Analysis', which confirmed the presence of continuous stacked oil-bearing reservoir zones over a 1,360-foot column and referred to Theta West in their September 2022 report as a "World Class Petroleum System". • The Group successfully re-entered and tested the Talitha #A well during the year and collected a comprehensive data set of geological, geochemical and geophysical information including well logs, sidewall cores and cuttings analysis. • The Board continued to refine its in-depth geological review of its Alaska North Slope assets. • In December 2022, Schlumberger Limited completed phase 1 of an extremely comprehensive project to model Pantheon's various reservoirs. They estimated that these had combined Net Oil in Place of 17.8 billion barrels of oil. • The consequences of these actions were to materially increase the resource potential of the projects, for the potential benefit of all stakeholders through an advancement of the project, potential for value and revenue creation to shareholders, employees and the State of Alaska.

PANTHEON RESOURCES PLC

**SECTION 172 STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

Continued operation of staff share option plan	Employees, long term consultants	- Annual grant of share options to every staff member and permanent consultant pursuant to the staff share option scheme. - The consequence of this decision was to provide a suitable scheme to motivate staff to achieve successful outcomes and to provide a mechanism for staff to benefit from share price outperformance, aligning staff interests with that of shareholders - and to help management retain and attract the highest quality personnel.
Drilling of the Alkaid #2H well	Shareholders, Employees, State of Alaska	- During the year, the Group successfully drilled and commenced testing (which remains underway at the date of this report) of the Alkaid #2H well, gaining valuable data and significantly enhanced the potential for a future commercial development. The well was drilled laterally and stimulated, applying modern techniques typically employed in unconventional reservoirs which the Company believes is the optimum method for developing the project. A gravel pad was built and testing and production facilities designed, acquired installed. - The consequence of this decision benefited of all stakeholders through a significant advancement in the understanding of the Alkaid horizon and also confidence in a future commercial development of the Group's various projects.
Increased interaction with key stakeholders	Shareholders, Employees, State of Alaska, Other Business Relationships	- The Board conducted a number of webinar style shareholder presentations outside of the traditional AGM, which all shareholders and non-shareholders were invited to attend, in addition to a number of video interviews. The Group also held a number of technical presentations with the State of Alaska, working with them to ensure they are fully appraised of the Group's intended plans. - The consequence of these actions was to create a greater level of understanding of the Group's projects and intended activities and to strengthen relationships with stakeholders. - The Group interacted with departments of the State of Alaska, presenting its geological findings from drilling activities, as well as working on planning, permitting and other necessary actions considered necessary for the advancement of the project. - The Group utilized the services of many local service providers for services such as rig hire, road construction etc, providing material service income for those companies.

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 29 December 2022 and signed on its behalf.

Jay Cheatham
Chief Executive Officer

29 December 2022

PANTHEON RESOURCES PLC

FINANCE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

Financial Review

The Group made a loss from Continuing Operations after Taxation for the financial year ended 30 June 2022 of \$13.95m (2021: loss \$6.7m). The major component of this loss was an \$8.3m non-cash expense relating to the theoretical Black & Scholes calculated cost of share based payments.

During the year the Company completed a refinancing through the issuance of a \$55m convertible bond and a \$41m equity fundraising which was completed at a price £0.65 per share. The convertible bond is for a 5 year term, repayable in quarterly instalments in cash or shares and carries an interest coupon of 4% per annum. A summary of the key bond terms is provided at note 17.

Impairments

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

The Group has reviewed these assets for indications of impairment. The Directors have satisfied themselves that there are no indicators of impairment in the current year.

Capital structure

The Company completed an equity placing in December 2021 and issued 47,637,583 new fully paid ordinary shares with a nominal value of £0.01, raising approximately \$41m before expenses at an issue price of 65 pence per share. An addition amount of 580,946 new ordinary shares were issued in settlement of placing fees.

A summary of movements in Capital Structure is provided at Note 19.

As at 30 June 2022 the total shares in issue was 767,705,537 (2021: 659,368,196).

During the year the Company made share options grants to staff under the Discretionary Share Option Plan (the "Scheme"). The Company approved an annual grant of share options with respect of the past financial year of up to 21.7m share options; these options have an exercise price of 67.1 pence and expire 10 years after issue.

As at 30 June 2022 the Company had 4,803,921 warrants outstanding to acquire non-voting convertible shares (2021: 9,607,843). The warrants have an exercise price of £0.30 per share and expire on 30 September 2024. They are all fully vested. Non-voting shares are convertible into ordinary fully paid shares on a 1:1 basis.

As at 30 June 2022 the Company had 50,160,000 options outstanding to acquire ordinary shares (2021: 38,355,000) at an average exercise price of 46.3 pence per share. At year end 28,455,000 share options were fully vested and 21,705,000 were un-vested.

Going concern

The Directors have reviewed the Group's overall position 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. The Directors have prepared 12 month cash flow forecasts which take account of the current cost and operational structure of the Group, as well as the current commitments and budgeted capital expenditure commitments.

The Group has no contractual obligation to drill any future wells and has sufficient cash on hand to operate as a going concern for at least the next twelve months from the date of approval of these financial statements. Pantheon's only obligation is the future plug and abandonment (P&A) of the Talitha #A test well, the cost of which has already been provided for in the financial accounts. The Company has however applied to the regulator for a 12 month extension and awaits a response. Ideally the Company will P&A the well when it drills another well in the area to benefit from using the ice or snow road for that new well and thus minimising additional cost. Additionally, the Company can, at its election, make convertible loan repayments in shares rather than cash.

As previously announced, the Company had a successful operational campaign since 1 July 2021, encountering oil in all three wells drilled and/or tested/testing by the Group including Theta West #1, Talitha #A and Alkaid #2. The data and analysis from drilling and testing activities resulted in material increases to Company estimates for both Oil in Place and recoverable resource. The Company intends to complete either a farmout and/or other funding arrangement in the first half of 2023 to have sufficient resources for the anticipated 2023 drilling and testing campaign and for ongoing working capital.

PANTHEON RESOURCES PLC

FINANCE DIRECTOR'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

The Directors have assessed in the cash flow forecasts the impacts of increased overhead and operating costs, differing oil and gas prices and increased capital expenditure costs. These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis as documented further in Note 1.4.

Taxation

The Group incurred a loss for the year and has recorded a taxation credit of \$2.0m (2021: \$1.6m). As the tax credit is all reflected in the movement in deferred tax, the Directors have adjusted deferred tax liability by the same amount as the tax charge.

Risk assessment

The Group's oil and gas activities are subject to a variety of risks - both financial and operational - including, but not limited, to those outlined below. These and other risks have the potential to materially affect the financial performance of the Group. For additional detail see section Key Operational Risks and Uncertainties in the Strategic Report on page 14.

Liquidity Risk

As the Company did not generate material revenue from hydrocarbon production during the year, the primary liquidity risk is the ability to adequately source sufficient funding to meet the Company's working capital requirements. Funding availability, and hence risk, within the capital markets remains volatile as a result of continued global 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

Most capital expenditures for the year (and future years), as well as possible future operational revenues from oil sales were or will be 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.

Credit Risk

The Group's credit risk is primarily attributable to its cash balances. The credit risk on liquid funds is limited because the third parties are large banks with a minimum investment grade credit rating. The Group's total credit risk amounts to the total of other receivables and cash and cash equivalents. Credit assessments are routinely reviewed on all of the Group's joint venture partners and other counterparties.

Financial Instruments

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

Justin Hondris

Director

29 December 2022

PANTHEON RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Principal activity

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

Review of the Business and Key Performance Indicators

2021/2022 KPI	Measurement	2021/2022 Performance
Ensure business adequately funded	Fund raise where appropriate	The Company completed a \$96m fundraising through a combination of convertible debt (\$55m) and equity (\$41m).
Operational activity in Alaska	Drilling / testing wells	The Company undertook 3 successful operations during the year under review and beyond: Successfully drilled and tested the Theta West #1 well, encountering significant oil and resulting in a resource upgrade. Successfully re-entered the Talitha #A well, encountering significant oil and resulting in a resource upgrade. Successfully drilled the Alkaid #2 horizontal well, encountering significant oil. The Alkaid #2 well is presently being flow tested at the time of this report.
Pursue farmout of Alaskan assets	Resumption of farmout process	Pantheon's understanding of the geological potential (and therefore potential value) of the assets has increased materially. The Company entered into farmout discussions and was near to completing a transaction in December 2021, however did not proceed with the contemplated farmout and ultimately elected to maintain its 100% working interest and fund the drilling activities for the season on its own. Following completion of Alkaid #2 testing the Company intends to reopen the data room to consider potential farm in partners for a working interest in one or more of its projects, individually or collectively. The completion of Schlumberger's reservoir modelling project is considered to materially improve the data room and ability for potential farm-in partners to assess the projects.
Ensuring continued high-quality technical consultant relationships	Establish and maintain relationships with industry experts and review performance	Pantheon's technical team has been further strengthened in the year under review. Experts such as eSeis and others remain contracted. Pantheon also forged a strong relationship with AHS during Talitha #A operations utilized their services through Theta West and Alkaid drilling. Additionally, Pantheon contracted Schlumberger for an extremely comprehensive dynamic and static reservoir modelling project.
Ensure close working relationship with the State of Alaska and regulators	Monitor interaction with regulators paying interest to approvals processes, timelines, and other procedural issues	The Group worked closely with the regulator, including detailed technical briefings discussing the analysis of well performance and interpretation of data sets, communication of future plans, concepts for long term production testing, flaring of gas, environmental matters, and future development aspirations.

Financial Position and Future Prospects

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

PANTHEON RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

Key operational risks and uncertainties

The Group may be unable to meet its lease obligations

In general, the Group's properties are held under oil and gas leases. The terms of the Group's leases often provide for yearly rental payments. Such yearly rentals may vary depending upon the particular lease and whether the Group has commenced activities in the property. If the Group defaults on its lease payments, its leases may be automatically terminated. If the Group is unable to make these payments and its leases are terminated, there could be a material adverse effect on its business, financial condition and results of operations. Managing the lease position is of material importance for the Group, and management devote considerable time to lease management, budgeting and planning, consulting with the State of Alaska where required. In 2020 Pantheon was awarded Units on the Alkaid and Talitha projects and has been an active participant in the annual lease sales over recent years, significantly strengthening Pantheon's lease portfolio. The 40,000 leases successfully bid for in the November 2022 have a 10-year life, \$10 per acre rentals and low royalties of between 12.5% – 16.7% to the State of Alaska.

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

The Group's lease agreements contain terms whereby the lease may be terminated if the Group does not fulfil certain obligations. These obligations include conducting exploration and/or production activities. If the Group is unable to satisfy these conditions on a timely basis, it may lose its rights in these properties. In addition, given that it may not be able to renew certain leases unless it begins exploration or production activities within specific timeframes, the Group may be required to invest significant funds at timetables not optimal in order to meet the capital requirements as per the terms of the leases. If the Group is unable to meet its obligations under the terms of its leases, there could be a material adverse effect on its business, financial condition and results of operations. To mitigate this risk the Group has successfully applied for and been granted unitization for the leases that comprise its Talitha and Alkaid projects. Unitization recognizes that the Group has established, to the State's satisfaction, that all or part of multiple potential hydrocarbon accumulations are included in the unit areas to allow the leases to potentially be held beyond the initial lease term. Most of Pantheon's lease position is now covered by these units or leases of between c.7 years or more of remaining life. Management has materially reduced the risk of lease expiry.

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

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

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

Although political conditions in the Northern Slope Borough, the State of Alaska and the United States federal government are generally stable, changes may occur in their political, fiscal and/or legal systems, which might adversely affect the Group's operations. The Group's strategy has been formulated in the light of the current regulatory environment and probable future changes to the regulatory regime. In 2021 the federal government has adopted a more cautionary position with respect to operations on federal land, notably with respect to ConocoPhillips' Willow project. Pantheon's projects are all located on state, not federal land, and so has not been impacted by such politics.

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

PANTHEON RESOURCES PLC

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2022

stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Group's business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

PANTHEON RESOURCES PLC

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

COVID, Supply chain and inflationary risk

The impact of the Covid-19 pandemic on global supply chains is a well-documented phenomenon which has affected many industries globally, including the oil and gas sector. This has been exacerbated by the Russia/Ukraine conflict and the high oil and gas prices which resulted in high demand for equipment, service providers and materials. Additionally, services and materials costs have experienced very high inflation. As a result, the lead times, availability and costs for the equipment and consumables required for drilling in Alaska have increased over the last 12 months. To manage this risk it is important that key equipment and materials are ordered on a timely basis so as to minimise the potential for supply chain disruption to drilling operations, and that well operations are carefully planned, to try to minimise cost inflation where possible.

By order of the board.

Justin Hondris
Director

29 December 2022

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

Results

The Group results for the period are set out on page 34. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2022.

Future Developments

As explained in the CEO and Chairman's reports, the Group is, subsequent to year end, undertaking long term production testing at the Alkaid #2 well as the first step towards fulfilling its objective of becoming a producer. Oil produced from long term production testing will be sold.

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 19 to these accounts.

Directors

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

Name	Role
Phillip Gobe	Non-Executive Chairman
John Cheatham	Chief Executive Officer
Justin Hondris	Director, Finance & Corporate Development
Robert Rosenthal	Technical Director
Jeremy Brest	Non-Executive Director

Directors' interests

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

Name	Number of Ordinary shares of £0.01 30 June 2022
Phillip Gobe	323,972
John Cheatham	3,529,464
Justin Hondris ⁽¹⁾	1,491,812
Robert Rosenthal ⁽²⁾	647,622
Jeremy Brest ⁽³⁾	673,821

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

(2) In addition to Mr. Rosenthal's direct holding, he also holds an indirect interest through an approximate 2.8% interest in Ursa Major Holdings LLC ("UMH"). UMH holds approximately 17.5 million ordinary shares and approximately 4.8 million warrants exercisable into non-voting shares (convertible into ordinary shares on a 1:1 basis) in the Company with an exercise price of £0.30 per share.

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

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

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 673,821 ordinary shares of Pantheon and holds approximately 5.2% interest in Ursa Major Holdings LLC ("UMH"). UMH holds approximately 17.5 million ordinary shares and approximately 4.8 million warrants exercisable into non-voting shares (convertible into ordinary shares on a 1:1 basis) in the Company with an exercise price of £0.30 per share.

Share options and restricted stock units

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

Director	As at 30 June 2021 ⁽¹⁾	Granted during the year ⁽²⁾	Exercised during the year	As at 30 June 2022
Phillip Gobe ⁽³⁾	-	-	-	-
John Cheatham	8,010,000	3,350,000	-	11,360,000
Justin Hondris	7,490,000	3,350,000	(500,000)	10,340,000
Robert Rosenthal	3,625,000	3,350,000	-	6,975,000
Jeremy Brest	750,000	750,000	-	1,500,000

1. Comprising a combination of previously vested share options granted in 2014, 2020 and 2021.
2. Granted 2022. Exercise price £0.671, Expire January 2027. 50% vested at 30 June 2022. 50% to vest in January 2023.
3. Phillip Gobe has been granted 290,000 Restricted Stock Units ("RSU's"). The RSU's vest in January 2023 and will convert on a 1 for 1 basis into ordinary shares. Phillip Gobe has zero share options.

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\$)	Pension Contributions (US\$)	Health Insurance (US\$)	2022 Total (US\$)	2021 Total (US\$)
J Cheatham	527,703	-	-	527,703	415,574
J Hondris ⁽¹⁾	639,346	31,967	4,557	675,871	353,358
J Brest	43,703	-	-	43,703	40,991
P Gobe	123,703	-	-	123,703	95,781
R Rosenthal	255,707	-	-	255,707	177,791
Total	1,590,161	31,967	4,557	1,626,687	1,083,493

- (1) J Hondris realised a gain of \$265,770 on the exercise and sale of share options, which was fully taxable as income and not Capital Gains Tax.

Director incentive scheme

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

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

The remuneration committee will determine the extent to which any annual bonus resulting from the scheme will be settled in cash or share options with a discounted exercise price. The cash component will be at least one third of the total and there is no obligation to pay any of the annual bonus by way of share options. In the event of a sale of the Company or other change of control, the calculation will be undertaken by reference to the equity value of the Company (less the value of net booked reserves recognized in earlier periods). The remuneration committee believed that the scheme, together with the granting of share options, provides an appropriate and reasonable structure to reward and motivate the executive Directors for performance that is aligned to the interests of shareholders and provides a balance of long-term and short-term performance measurement. Any potential benefit from the scheme is linked to the booking of net-booked reserves, which is considered to be a key milestone reflecting potential "value add" for the benefit of shareholders. The value of share options is directly linked to the longer-term share price performance and is therefore, also considered to be a suitable metric as a basis for executive remuneration.

Given the fact that the Group's executive team has grown and asset base has grown, the directors regard that evaluating the current plan consistently with the new circumstances is appropriate, and should consider other members of management participating, in addition to executive directors. The scheme is currently under review and is anticipated to be updated. Any review/restructuring would include consultation with the remuneration experts at Deloitte LLP and/or USA based independent remuneration consultants. No awards have been paid from this scheme since inception in 2012.

Share Option Plan

The Company has in place a Share Option Plan (the "Plan") for the long term benefit of all staff and permanent consultants, designed to incentivise staff for outperformance, and as a tool to attract and retain best quality personnel. The Plan comprises two components: (i) a previously granted initial award of up to 13.7m share options which were granted at a premium of 93% above the prevailing share price at the time of grant and (ii) annual grants of share options to be issued subsequent to financial year end, at the prevailing share price, in respect of the respective financial year reported upon.

In respect of this annual component, on 14 January 2022 Pantheon announced its intention to award 21.7m share options representing c.2.8% of its ordinary share capital to directors and all staff under the Company's Share Option Plan at an exercise price of 67.1 pence. 50% of these options have vested with the remaining 50% due to vest on the 24 January 2023.

Any profits from the ultimate exercise and profitable sale of share options is subject to full income tax (not capital gains tax) for the beneficiary.

Subsequent events

Details of subsequent events can be found at Note 28

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 20 December 2022:

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

Shareholder	Ordinary Shares	% of Ordinary Shares
INTERACTIVE BROKERS LLC	95,381,084	12.25
VIDACOS NOMINEES LIMITED	91,371,858	11.74
LYNCHWOOD NOMINEES LIMITED	61,546,128	7.91
VIDACOS NOMINEES LIMITED	40,515,670	5.21
BARNARD NOMINEES LTD	25,090,851	3.22
VIDACOS NOMINEES LIMITED	24,865,273	3.19
VIDACOS NOMINEES LIMITED	23,503,210	3.02

Political and charitable contributions

There were no political or charitable contributions during the year.

CORPORATE GOVERNANCE STATEMENT

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

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

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

PANTHEON RESOURCES QCA CORPORATE GOVERNANCE COMPLIANCE

STRATEGY & BUSINESS MODEL

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

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

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

UNDERSTANDING AND MEETING SHAREHOLDER NEEDS AND EXPECTATIONS

Group progress on achieving its key targets are regularly communicated to investors through stock exchange announcements which can be found under the 'News and Media' section of the Company website. The Company retains the services of a corporate communications firm who actively engages with the press, investors, analysts,

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

and to a limited extent, with social media. The Group also retains a Corporate Broker and NOMAD, to ensure compliance with stock exchange regulations as well as to ensure communications to shareholders are suitable for them to understand the Group's operations and activities. The Group will consider the use of commissioned research as a medium for shareholder education.

The Company 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 and its NOMAD/Broker. During these conference call any shareholder considerations identified over the course of the week can be addressed and responded to accordingly, as well as other operational, financial, strategic of other relevant matters. The Company regards the Annual General Meeting as an important opportunity to communicate directly with shareholders via detailed presentations and an open question and answer session. Since the onset of COVID, the AGM has been held virtually, with a detailed investor presentation and Q&A session held by a separate webinar. Additionally, the Company has also commenced holding webinars, as and when relevant, open to all shareholders, typically providing an investor presentation and an opportunity for Q&A with management. The Company also undertakes investor roadshows as and when appropriate, arranged through its broker. Over the past year, the Company considers that it has communicated with a significant portion of its shareholder base and has a clear understanding of shareholder expectations. Contact details are provided on the Company's website and within public documents, should shareholders wish to communicate with the Company.

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

The Directors recognise their responsibilities to stakeholders including the State of Alaska, North Slope Borough, staff, partners, suppliers, vendors and residents within the areas it operates. Given the current size of the Company, stakeholders are 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 10.

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

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

EMBEDDING EFFECTIVE RISK MANAGEMENT

The Board has weekly conference calls to discuss, amongst other items, operations, key risks, and other relevant matters. The Company's NOMAD also attend the weekly conference calls. Additionally, the Group also has a policy of structured daily, weekly or fortnightly operational and management conference calls during periods of operational activity to identify and discuss key business challenges and risk areas. The Board believes that this regular program of internal communications provides an effective opportunity for potential or real-time risks to be identified, considered and, where necessary, addressed in a timely manner. Refer page 10 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 in the Finance Director's report and Strategic Report.

Given the Company's current size, the Board considers that the Executive Management team, with oversight from the Non-Executive Board of Directors and relevant advisers, are sufficient to identify risks applicable to the Company and its operations and to implement an appropriate system of controls. Accepting that no systems of control can provide absolute assurance against material misstatement or loss, the directors believe that the established systems for internal control within the group are appropriate to the size and cost structure of the

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

business. An internal audit function is not considered necessary or practical due to the size of the Company and the close day-to-day control exercised by the executive directors.

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

MAINTAINING A BALANCED AND WELL-FUNCTIONING BOARD

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

The Board

The Board currently comprises two non-executive Directors, one of whom is the independent Chairman, and three executive Directors. The independent Company Secretary is a partner in a law firm who is a specialist in providing company secretarial services to listed companies. Although this composition is considered by the Board to be an appropriate balance given the Group's current size to date, the Board is considering the appointment of an additional independent non-executive director. The Board is responsible to the shareholders for the proper management of the Group. It meets regularly to discuss operations, consider 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, attended by the Company's NOMAD, in order to keep the board fully informed with operational matters and potential issues as well as regulatory obligations. The board also considers this regular interaction with its NOMAD to be a prudent additional layer of corporate governance. Biographical details of the directors can be found on the 'About Pantheon' section of the Company's website.

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

The Board has a number of committees as explained below.

Audit Committee

The Audit Committee consists of Phillip Gobe as Chairman, Jay Cheatham and Jeremy Brest. This Committee provides a forum through which the Group's finance functions and auditors, report to the non-executive Directors. Meetings may be attended, by invitation, by the Company's NOMAD Company Secretary, other directors and the Company's auditors.

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

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

Remuneration & Nominations 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. 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.

Conflicts Committee

The Company has established a Conflicts Committee which consists of Phillip Gobe as Chairman, Jeremy Brest, Justin Hondris and Jay Cheatham. The role of the Conflicts Committee is to assist the Board in monitoring actual and potential conflicts of interest under the definitions of the Companies Act 2006. Under the Companies Act 2006 Directors are responsible for their individual disclosures of actual or potential conflict. To follow best practice, the Conflicts Committee holds discussions where appropriate, with the Company's UK lawyers.

Anti-Corruption & Bribery Committee

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

HAVING APPROPRIATE EXPERIENCE, SKILLS AND CAPABILITIES ON THE BOARD

The Board of directors has a mix of experience, skills, both technical and commercial, and personal qualities that seek to deliver the strategy of the Company. The Company will ensure that the directors have the necessary up-to-date experience, skills and capabilities to deliver the Company strategy and targets. If the Company identifies an area where additional skills are required, the Company will 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, particularly at board level, and this will be considered in future recruitment decisions if the board decides that additional directors are required. The board is currently considering the appointment of an additional independent non executive director.

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, open dialogue with employees, consultants and other stakeholders.

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES

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

COMMUNICATING WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

Page 10 of this Annual Report provides a section 172 statement which discusses how the Group considers the interests of shareholders and other relevant stakeholders in its decision making.

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

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

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

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

EU Market Abuse Regulations

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and regulations. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with UK-adopted international accounting standards which 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:

PANTHEON RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2022

- 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 UK adopted 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. The Company is compliant with AIM Rule 26 regarding the Company's website.

Statement of disclosure to the auditors

So far as the Directors are aware:

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

Auditors

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

By order of the board

Justin Hondris

Director

29 December 2022

PANTHEON RESOURCES PLC

DIRECTORS' BIOGRAPHIES FOR THE YEAR ENDED 30 JUNE 2022

Phillip Gobe, Non Executive Chairman

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

Jay Cheatham, Chief Executive Officer

Jay Cheatham has more than 50 years' experience in all aspects of the petroleum business. He has extensive international experience in both oil and natural gas, primarily for ARCO. At ARCO, Jay held a series of senior appointments. These include Senior Vice President and District Manager (ARCO eastern District) with direct responsibility for Gulf Coast US operations and exploration and President of ARCO International where he had responsibility for all exploration and production outside the US. Jay's most recent appointment was as President and CEO of Rolls-Royce Power Ventures, where he had the key responsibility for restructuring the Company.

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

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

Justin Hondris, Director, Finance and Corporate Development

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

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

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

Robert (Bob) Rosenthal, Technical Director

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

Jeremy Brest, Non-executive Director

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

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

PANTHEON RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2022

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 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included reviewing the group's budgets and cash flow forecasts for the period ending 31 December 2023 and challenging the assumptions used in their preparation. Our work included comparing these forecasts to actual results, carrying out a sensitivity analysis on the key inputs to the forecast and considering whether any significant events have taken place since the year end that have an impact upon going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

PANTHEON RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2022

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we consider net assets to be the most significant determinant of the group's and parent company's financial performance used by shareholders as the group continues to bring its exploration assets through to development and the parent company continues to support the groups exploration activities. We applied a threshold of 2% of the net assets to both the Group and company.

Whilst materiality applied to the group financial statements was \$4,790,000, each significant component of the group was audited to a lower level of materiality. The parent company materiality was \$4,395,000 with the other significant components being audited to a materiality of \$2,194,000. These materiality levels were used to determine the financial statement areas that are included within the scope of our audit work and the extent of sample sizes during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds headline materiality. Performance materiality was set at 75% of the above materiality levels for both group and parent company, equating to \$3,592,500 and \$3,396,800 respectively, based upon our assessment of the risk of misstatement.

We agreed with management that we would report to the Audit Committee all individual audit differences identified during the course of our audit in excess of \$239,500 for the financial statements as a whole and \$219,700 for the parent company. We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. The recoverability of intangible assets and investments in subsidiary undertakings were assessed as areas which involved significant judgements by management. We also addressed the risk of the valuation of the convertible bond, going concern and management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Other assessed risks included the accounting and disclosure of decommissioning provision, accounting for share based payments, contingent liabilities, related parties and opening balances.

The accounting records of the parent company and all subsidiary undertakings are centrally located and audited by us based upon group, parent and component materiality or risk to the group. The key audit matters and how these were addressed are outlined below.

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.

PANTHEON RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2022

Key Audit Matter	How our scope addressed this matter
Valuation and impairment of exploration and evaluation assets in the group As disclosed in note 14 to the group financial statements, the group's intangible asset represents capitalised exploration expenditure on projects. The balance as at 30 June 2022 was \$237.7m (2021: \$189m). The group has capitalised costs in respect of the group's exploration interests in accordance with IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>. 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 may involve significant judgements and assumptions such as the timing and extent and probability of future cash flow. We therefore identified the risk over impairment of exploration and evaluation assets as a significant risk.	Our work included but was not limited to: • Discussing the Alaskan exploration assets with management and evaluating their review for indicators of impairment in conjunction with the independent reports available for each exploration project and reviewed available information and assessed whether the leases remain in good standing. • Confirming whether there is an ongoing plan to develop each project during the year and subsequent to the year-end and assessing the future plans of the projects in respect of funding and the right to explore. • Challenging management assessment of impairment indicators in relation to exploration and evaluation assets, taking into consideration those outlined in IFRS 6. • Reviewing the minutes of meetings of Pantheon's board and RNS announcements for indicators of potential trigger for impairment. • Testing the exploration and evaluation expenditure and assessed their eligibility for capitalisation. • Evaluating the presentation and disclosures given in the financial statements including whether they are in accordance with requirements of IFRS 6.
Carrying value of investments and loans due from subsidiary companies in the parent company In accordance with IAS 36 <i>Impairment of Assets</i>, companies are required to assess whether there is any indication that an asset may be impaired at each reporting date. Key judgements and assumptions regarding the impairment of investments include the timing, extent	Our work included but was not limited to: • Reviewing the investments and loan balances for indicators of impairment. • Assessing the appropriateness of the

PANTHEON RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2022

and probability of future cash flow from the subsidiary companies.

The parent company has loans due from subsidiary companies of \$211m (2021: \$188.3). The investments represent the primary balance on the Parent Company Statement of Financial Position and there is a risk it could be impaired and that intragroup loans may not be recoverable as a result of the subsidiary companies incurring losses.

We therefore identified the risk over the impairment of loans due from subsidiary companies as a significant risk in the parent company financial statements, which was one of the most significant risks of material misstatement.

methodology applied by management in their assessment of the recoverable amount of intragroup loans by comparing it to the group's accounting policy.

- Assessing management's evaluation of the recoverable amounts of intragroup loans and net asset values of components that have intercompany debt;
- Evaluating the presentation and disclosures included in the financial statements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

PANTHEON RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2022

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, our expertise in the sector and through the application of cumulative audit knowledge.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
 - Companies Act 2006,
 - IFRS accounting standards;
 - AIM listing rules;
 - Quoted Companies Alliance Code; and
 - Local laws and regulations in Alaska where the group operates
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - Enquiries of management
 - Review of Legal expenses
 - Review of minutes and legal correspondence
 - Review of RNS announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud at both the group and parent company level. We considered, in addition to the non-rebuttable presumption of a risk

PANTHEON RESOURCES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PANTHEON RESOURCES PLC FOR THE YEAR ENDED 30 JUNE 2022

of fraud arising from management override of controls, the potential for management bias was identified in relation to the carrying value of exploration assets and we addressed this as outlined in the Key audit matters section.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management and review of ledgers and correspondence for any instances of non-compliance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



Daniel Hutson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 December 2022

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022	2021
		\$	\$
Continuing operations			
Administration expenses		(7,430,653)	(5,034,361)
Share Based payments expense	25	(8,256,575)	(3,211,038)
Operating loss	5	(15,687,228)	(8,245,400)
Convertible Bond - Interest Expense	17	(4,640,537)	-
Convertible Bond - Revaluation of Derivative Liability	17	4,310,773	-
Interest receivable	7	42,674	4,234
Loss before taxation		(15,974,318)	(8,241,165)
Taxation	8	2,022,334	1,573,094
Loss for the year from Continuing Operations after Taxation		(13,951,984)	(6,668,071)
Loss for the year from discontinued operations		-	(54,415)
Loss for the year		(13,951,984)	(6,722,487)
Other comprehensive income for the year			
Exchange differences from translating foreign operations		(741,484)	1,503,199
Total comprehensive loss for the year		(14,693,468)	(5,219,288)
Loss per share from continuing operations:			
Basic and diluted loss per share	2	(1.93)¢	(1.17)¢

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

PANTHEON RESOURCES PLC

**CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital	Share premium	Retained losses	Currency reserve	Share based payment	Total equity
	\$	\$	\$	\$	\$	\$
Group						
At 1 July 2021	9,739,203	208,683,936	(36,331,398)	1,234,562	5,336,462	188,662,765
Loss for the year	-	-	(13,951,984)	-	-	(13,951,984)
Other comprehensive income: Foreign currency translation	-	-	-	(741,484)	-	(741,484)
Total comprehensive income for the year	-	-	(13,951,984)	(741,484)	-	(14,693,468)
Capital Raising						
Issue of shares	630,769	40,369,230	-	-	-	40,999,999
Issue of shares in settlement of fees	7,692	492,308	-	-	-	500,000
Issue costs	-	(1,494,693)	-	-	-	(1,494,693)
Exercise of Share Options						
Issue of shares	196,238	5,543,559	-	-	-	5,739,796
Transfer of previously expensed share based payment on exercise of options	-	-	1,816,791	-	(1,816,791)	-
Convertible Bond – Amortisation and Redemption						
Issue of shares	146,557	11,284,856	-	-	-	11,431,413
Share based payments expense	-	-	-	-	8,256,575	8,256,575
Balance at 30 June 2022	10,720,459	264,879,196	(48,466,591)	493,078	11,776,246	239,402,388
	Share capital	Share premium	Retained Losses	Currency reserve	Share based payment	Total equity
	\$	\$	\$	\$	\$	\$
Group						
At 1 July 2020	8,568,721	173,687,092	(29,608,911)	(268,637)	2,163,898	154,542,163
Loss for the year	-	-	(6,722,487)	-	-	(6,722,487)
Other comprehensive income: Foreign currency translation	-	-	-	1,503,199	-	1,503,199
Total comprehensive income for the year	-	-	(6,722,487)	1,503,199	-	(5,219,288)
Capital Raising						
Issue of shares	1,170,482	36,394,313	-	-	-	37,564,795
Issue costs	-	(1,397,469)	-	-	-	(1,397,469)
Share based payments expense	-	-	-	-	3,172,564	3,172,564
Balance at 30 June 2021	9,739,203	208,683,936	(36,331,398)	1,234,562	5,336,462	188,662,765

PANTHEON RESOURCES PLC

**COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Share capital	Share premium	Retained losses	Currency reserve	Share based payment	Total equity
	\$	\$	\$	\$	\$	\$
Company						
At 1 July 2021	9,739,203	208,683,936	(28,090,878)	(2,922,760)	5,336,462	192,745,963
Loss for the year	-	-	(11,963,260)	-	-	(11,963,260)
Other comprehensive income: Foreign currency translation	-	-	-	(26,959,740)	-	(26,959,740)
Total comprehensive income for the year	-	-	(11,963,260)	(26,959,740)	-	(38,923,000)
Capital Raising						
Issue of shares	630,769	40,369,230	-	-	-	40,999,999
Issue of shares in settlement of fees	7,692	492,308	-	-	-	500,000
Issue costs	-	(1,494,693)	-	-	-	(1,494,693)
Exercise of Share Options						
Issue of shares	196,238	5,543,559	-	-	-	5,739,797
Transfer of previously expensed share based payment on exercise of options	-	-	1,816,791	-	(1,816,791)	-
Convertible Bond – Amortisation and Redemption						
Issue of shares	146,557	11,284,856	-	-	-	11,431,413
Share based payments expense	-	-	-	-	8,256,575	8,256,575
Balance at 30 June 2022	10,720,459	264,879,196	(38,237,347)	(29,882,500)	11,776,246	219,256,054

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

PANTHEON RESOURCES PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Notes	2022 \$	2021 \$
ASSETS			
Non-current assets			
Exploration & evaluation assets	14	237,722,294	188,954,719
Property, plant and equipment	18	91,691	30,308
		<u>237,813,985</u>	<u>188,985,027</u>
Current assets			
Trade and other receivables	10	2,498,447	109,876
Cash and cash equivalents	11	57,784,121	5,663,477
		<u>60,282,568</u>	<u>5,773,353</u>
Total assets		<u>298,096,553</u>	<u>194,758,380</u>
LIABILITIES			
Current liabilities			
Convertible Bond – Debt	17	10,001,704	-
Trade and other payables	12	6,377,986	1,107,090
Provisions	13	5,285,440	1,250,000
Lease Liabilities	15	60,297	32,788
Other Liabilities	16	1,964,441	-
Deferred tax liability	8	1,683,403	3,705,737
		<u>25,373,271</u>	<u>6,095,615</u>
Non-current liabilities			
Lease Liabilities	15	30,004	-
Convertible Bond – Debt	17	20,474,664	-
Convertible Bond – Derivative	17	12,816,226	-
		<u>33,320,894</u>	<u>-</u>
Total liabilities		<u>58,694,166</u>	<u>6,095,615</u>
Net assets		<u>239,402,388</u>	<u>188,662,765</u>
EQUITY			
Capital and reserves			
Share capital	19	10,720,459	9,739,203
Share premium		264,879,196	208,683,936
Retained losses		(48,466,591)	(36,331,398)
Currency reserve		493,078	1,234,562
Share based payment reserve	25	11,776,246	5,336,462
Shareholders' equity		<u>239,402,388</u>	<u>188,662,765</u>

The financial statements were approved by the Board of Directors and authorised for issue on the 29 December 2022 and signed on its behalf by

Justin Hondris
Director
Company Number 05385506

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Notes	2022 \$	2021 \$
ASSETS			
Non-current assets			
Property, plant and equipment	18	91,691	30,308
Loans to subsidiaries	10	211,053,821	188,286,555
		<u>211,145,512</u>	<u>188,316,863</u>
Current assets			
Trade and other receivables	10	93,086	104,515
Cash and cash equivalents	11	54,610,306	4,962,573
		<u>54,703,392</u>	<u>5,067,088</u>
Total assets		<u>265,848,904</u>	<u>193,383,951</u>
LIABILITIES			
Current liabilities			
Convertible Bond – Debt	17	10,001,704	-
Trade and other payables	12	710,474	605,201
Provisions	13	535,040	-
Lease Liability	15	60,297	32,788
Other Liabilities	16	1,964,441	-
		<u>13,271,956</u>	<u>637,988</u>
Non-current liabilities			
Lease Liabilities	15	30,004	-
Convertible Bond – Debt	17	20,474,664	-
Convertible Bond – Derivative	17	12,816,226	-
		<u>33,320,894</u>	<u>-</u>
Total liabilities		<u>46,592,850</u>	<u>637,988</u>
Net assets		<u>219,256,054</u>	<u>192,745,963</u>
EQUITY			
Capital and reserves			
Share capital	19	10,720,459	9,739,203
Share premium		264,879,196	208,683,936
Retained losses		(38,237,347)	(28,090,878)
Currency reserve		(29,882,500)	(2,922,760)
Share based payment reserve	25	11,776,246	5,336,462
Shareholders' equity		<u>219,256,054</u>	<u>192,745,963</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 2022 of \$11,963,260 (2021: loss of \$5,503,380) has been included in the consolidated income statement.

The financial statements were approved by the Board of Directors and authorised for issue on 29 December 2022 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 2022**

	Notes	2022 \$	2021 \$
Net outflow from operating activities	20	<u>(941,506)</u>	<u>(3,098,495)</u>
Cash flows from investing activities			
Interest received		42,674	4,295
Funds used for drilling, exploration and leases		(45,267,175)	(24,973,399)
Advance for Performance Bond		(2,400,000)	-
Property, plant and equipment		<u>(3,368)</u>	<u>-</u>
Net cash outflow from investing activities		<u>(47,627,869)</u>	<u>(24,969,105)</u>
Cash flows from financing activities			
Proceeds from share issues	19	46,739,796	30,181,084
Issue costs paid in cash		(994,694)	(1,197,275)
Proceeds from Convertible Bond		55,000,000	-
Repayment of borrowing and leasing liabilities		<u>(55,083)</u>	<u>(55,698)</u>
Net cash inflow from financing activities		<u>100,690,020</u>	<u>28,928,111</u>
Increase in cash & cash equivalents		52,120,645	860,511
Cash and cash equivalents at the beginning of the year		<u>5,663,476</u>	<u>4,802,965</u>
Cash and cash equivalents at the end of the year	11	<u>57,784,121</u>	<u>5,663,476</u>

PANTHEON RESOURCES PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Notes	2022 \$	2021 \$
Net cash (outflow) / inflow from operating activities	20	<u>(1,831,791)</u>	<u>15,525,277</u>
Cash flows from investing activities			
Interest received		42,674	4,224
Loans to subsidiary companies		(49,249,801)	(41,240,873)
Property, plant and equipment		<u>(3,368)</u>	<u>-</u>
Net cash outflow from investing activities		<u>(49,210,495)</u>	<u>(41,236,649)</u>
Cash flows from financing activities			
Proceeds from share issues	19	46,739,796	30,181,084
Issue costs paid in cash		(994,694)	(1,197,275)
Proceeds Convertible Bond		55,000,000	-
Lease payments		<u>(55,083)</u>	<u>(55,698)</u>
Net cash inflow from financing activities		<u>100,690,019</u>	<u>28,928,111</u>
Increase in cash and cash equivalents		49,647,733	3,216,739
Cash and cash equivalents at the beginning of the year		<u>4,962,573</u>	<u>1,745,834</u>
Cash and cash equivalents at the end of the year	11	<u>54,610,306</u>	<u>4,962,573</u>

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. Accounting policies & General Information

Pantheon Resources Plc was listed on the London Stock Exchange's AIM in 2006. Pantheon, through its subsidiaries, has a 100% working interest in oil projects located onshore Alaska, USA. The Company is domiciled in the United Kingdom and incorporated and registered in England and Wales, with registration number 05385506.

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis using the historical cost convention and in accordance with the UK Adopted International Accounting Standards ("IAS's") and in accordance with the provisions of the Companies Act 2006.

The Group's financial statements for the year ended 30 June 2022 were authorised for issue by the Board of Directors on 29 December 2022 and were signed on the Board's behalf by Mr J Hondris.

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

1.2 Basis of consolidation

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. All the companies over which the Company has control apply, where appropriate, the same accounting policies as the Company.

1.3 Interests in joint arrangements

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

Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. The Group has a 100% working interest in all of its projects and accordingly does not have interests in joint operations at balance date. The Company intends to open its data room to consider a farm out of an interest in its project(s) and this occurs then joint interest accounting will be applicable in future periods.

1.4 Going concern

The Directors have reviewed the Group's overall position 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. The Directors have prepared 12 month cash flow forecasts which take account of the current cost and operational structure of the Group, as well as the current commitments and budgeted capital expenditure commitments.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Group has no contractual obligation to drill any future wells and has sufficient cash on hand to operate as a going concern for at least the next twelve months from the date of approval of these financial statements. Pantheon's only committed obligation is the future plug and abandonment of the Talitha #A test well, the cost of which has already been provided for in the financial accounts. The Company has applied to the regulator for a 12 month extension to allow it sufficient time to analyse the data from the Alkaid #2 well and awaits a response. Ideally the Company will plug and abandon Talitha #A when it drills another well in the area, such as Talitha #B, to benefit from using the ice or snow road for that new well and not incurring additional cost. Additionally, it is prudent to analyse the data from Alkaid #2 before making final drilling decisions on Talitha #B.

As previously announced, the Company had a successful operational campaign since the beginning of the financial year, encountering oil in all three wells drilled and/or tested by the Group including Theta West #1, Talitha #A and Alkaid #2. The data and analysis from drilling and testing activities resulted in material increases to Company estimates for Oil and Place and recoverable resource. Additionally, in December 2022, Schlumberger estimated 17.8 billion barrels of oil in place in Pantheon's projects. The Company intends to complete either a farmout and/or funding in the first half of 2023 in order to fund an active 2023 drilling and testing campaign and for ongoing working capital. The Company has sufficient cash on hand to fund certain operations in the forthcoming 12 months, but would likely require additional capital through a farmout or other funding, in order to drill new wells requiring ice roads on a 100% basis. The data room, including the Schlumberger dynamic model, is currently being finalised to be open in the new year for potential farminees.

The Directors have assessed in the cash flow forecasts the impacts of increased overhead and operating costs, differing oil and gas prices and increased capital expenditure costs. These forecasts demonstrate that the Group has sufficient cash funds available to allow it to continue in business for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1.5 Revenue

The Group is engaged in the business of extracting oil and gas but was pre revenue at year end, however post year end has commenced oil sales during testing at Alkaid #2. Once in production, revenue from contracts with customers will be recognised in accordance with IFRS15 Revenue from Contracts with Customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Contract balances

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

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

1.6 Foreign currency translation

(i) Functional and presentational currency

The financial statements are presented in US Dollars ("\$\$"), which is the functional currency of the Company and is the Group's presentation currency.

(ii) Transactions and balances

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

1.7 Cash and cash equivalents

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

1.8 Deferred taxation

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

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

1.9 Exploration and evaluation costs and developed oil and gas properties

The Group follows the 'successful efforts' method of accounting for exploration and evaluation costs. At the point of production, all costs associated with oil, gas and mineral exploration and investments are classified into and capitalised on a 'cash generating unit' ("CGU") basis, in accordance with IAS 36. Costs incurred include appropriate technical and administrative expenses but not general corporate overheads. If an exploration project is successful, the related expenditures will be transferred to Developed Oil and Gas Properties and amortised over the estimated life of the commercial reserves on a 'unit of production' basis.

The recoverability of all exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition thereof. All balance sheet carrying values are reviewed for indicators of impairment at least twice yearly. The prospect acreage has been classified into discrete "projects" or, upon production, CGU's. When production commences the accumulated costs for the specific CGU is transferred from intangible fixed assets to tangible fixed assets i.e., 'Developed Oil & Gas Properties' or 'Production Facilities and Equipment', as appropriate. Amounts recorded for these assets represent historical costs and are not intended to reflect present or future values.

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

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

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

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

Exploration and evaluation costs

The Alaskan exploration and evaluation leasehold assets were subject to a fair value assessment as at the date of acquisition. The carrying value at 30 June 2022 represents the cost of acquisition plus any fair value adjustment, where appropriate, and subsequent capitalised costs, in accordance with UK adopted IAS.

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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, if applicable, by assessing the recoverable amount of the asset or group of assets to which the goodwill relates. Where the recoverable amount is less than its carrying amount, an impairment loss is recognised. If an impairment is recognised it is reflected in the statement of profit or loss and other comprehensive income as part of other operating expenses.

Developed Oil and Gas Properties

Developed Oil and Gas Properties only represent the capitalised costs associated with oil and gas properties, assessed on a CGU (cash generating unit) basis which have been transferred from "Exploration and Evaluation costs" to "Developed Oil & Gas properties" when the well was commissioned. Wells are depleted over the estimated life of the commercial reserves based on the "unit of production basis". The carrying values of Developed Oil and Gas properties are tested for indicators of impairment, and the 'recoverable amount', being the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Other property, plant and equipment

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

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

1.11 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets, if/where applicable, are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings (convertible bond debt), trade and other payables and embedded derivative financial instruments.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or fair value gains/(losses) on derivative financial instruments.

Embedded derivative financial instruments

A borrowing arrangement structured as a convertible bond repayable in stock over 20 quarterly instalments, in addition to the right of the lender to voluntarily convert part or all of the outstanding principal prior to the maturity date of the bond, has embedded in it a derivative. This is considered to be a separable embedded derivative of a loan instrument.

At the date of issue, the fair value of the embedded derivative is estimated using Monte Carlo analysis, by considering the derivative as a series of individual components with modelling of the fixed and floating legs to determine a repayment schedule and derive a net present value.

This amount is recognised separately as a financial liability or financial asset and measured at fair value through the income statement. The residual amount of the loan is then recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

1.12 Leases

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

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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.

1.13 Critical accounting estimates and judgements

The preparation of financial statements in conformity with UK adopted International Accounting 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 significant geological or geophysical information which may negatively impact the existing assessment of a project's potential for recoverability, significant reductions in estimates of resources, significant falls in commodity prices, a significant revision of Group Strategy or of the plan for the development of a field, operational issues which may require significant capital expenditure to remediate, political or regulatory impacts and others. This list is not exhaustive and management judgement is required to decide if an indicator of impairment exists. The Group regularly assesses the tangible and non-tangible assets for indicators of impairment. When an impairment indicator exists an impairment test is performed; the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Contingent liabilities

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

Kinder Morgan Treating L.P. ("Kinder Morgan") initiated a dispute over an East Texas gas treating agreement between Kinder Morgan and Vision Operating Company, LLC ("VOC"). VOC ceased making payments to the service provider in July 2019. The service provider subsequently issued a demand to VOC and, in February 2021,

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

served Pantheon Resources plc with a petition, seeking to recover not less than \$3.35m in respect of this VOC contract. Pantheon held ownership of less than 0.1% of VOC via a 66.6% interest in Vision Resources LLC. Both Vision Resources LLC and VOC filed for Chapter 7 Bankruptcy in the United States Bankruptcy Court for the Southern District of Texas Houston Division in April 2020

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

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

Value of exploration assets on acquisition

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

Share-based payments

The Group records charges for share-based payments.

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

Calculation of fair value of the derivative and debt components of the Unsecured Convertible Bond

Implicit within the convertible bond is an element of debt and a derivative element, reflecting the optionality of receiving stock, potentially at a profit, instead of cash in the case of quarterly repayments (amortisations) or partial voluntary conversions of the bond at the bondholders election. Pantheon contracted a third party expert valuation group in order to calculate these amounts, using Monte Carlo analysis.

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

New standards and interpretations not applied

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, were in issue but were not yet effective.

Standard	Impact on initial application	Effective date
IAS 1	Amendments – presentation and classification of liabilities as current or non current	TBC
IFRS 3 (amendments)	Business combinations	01 January 2022
IAS 37 (amendments)	Onerous contracts	01 January 2022
IAS 16 (amendments)	Proceeds before intended use	01 January 2022
IAS 8	Amendments – Definition e of accounting policies	01 January 2023
IAS 1	Amendments – Disclosure of accounting policies	01 January 2023

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

IFRS 17	Insurance Contracts	01 January 2023
IFRS 17 (amendments)	Insurance contracts	01 January 2023

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, staff and consultants by way of issue of ordinary shares and share options. In the case of share options, the fair value of these payments is calculated by the Company using the Black-Scholes option pricing model. The expense is recognised on a straight-line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of the expected number of shares that will eventually vest.

During the year the Company made share options grants to staff under the Discretionary Share Option Plan (the "Scheme"). The Company approved an annual grant of share options with respect of the past financial year of up to 21.7m share options; these options have an exercise price of 67.1 pence and expire 5 years after issue.

1.16 Discontinued operation

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

2. Loss per share

The total loss per ordinary share from continuing operations for the group is 1.93 US cents (2021: 1.17 US cents - loss). The loss is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 724,563,153 (2021: 568,432,240).

The diluted profit per share has been kept the same as the basic profit per share because, although the 54,963,921 options and warrants in issue were in the money as at 30 June 2022, the Company reported a loss, hence including the additional dilution would have resulted in a reduction of the loss per share.

The diluted weighted average number of shares in issue is 779,527,074 (2021: 616,395,083).

3. Discontinued Operations & Disposal of interest in East Texas

During a previous year the Group exited its East Texas portfolio entirely, reflecting the previously announced strategic decision of the Group to prioritise its Alaska North Slope asset portfolio, given the significantly larger size, scale and resource potential. Accordingly, the Group had previously fully impaired the carrying value of the East Texas properties. In February 2021, Pantheon formally exited East Texas with the transfer of 100% of the Group's interests in both Polk and Tyler Counties to Neches Transport, a local operator. The consideration for the sale was in the form of an agreement where the acquirer legally assumed the plug and abandonment liabilities of the East Texas Acreage.

As a result of exiting East Texas, and in accordance with UK adopted IAS, the expenses for the East Texas Operation were reclassified to "Discontinued Operations" during the prior year.

4. Segmental information

The Group's activities involve the exploration for oil and gas. There are two reportable operating segments: USA (Alaska) and Head Office. The previous year included a segment for USA (Texas); this was discontinued in December 2020. Non-current assets, and operating liabilities are attributable to the USA, whilst much of the corporate administration is conducted through Head Office.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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 2022.

Year ended 30 June 2022

Geographical segment (Group)	Head Office	Alaska	Consolidated
	\$	\$	\$
Administration expenses	(3,419,596)	(4,011,058)	(7,430,654)
Share option expense	(8,256,575)	-	(8,256,575)
Convertible Bond - Interest Expense	(4,640,537)	-	(4,640,537)
Convertible Bond - Revaluation of			
Derivative Liability	4,310,773	-	4,310,773
Interest receivable	42,674	-	42,674
Taxation	-	2,022,334	2,022,334
Loss by reportable segment	(11,963,260)	(1,988,724)	(13,951,984)

Exploration & evaluation assets	-	237,722,294	237,722,294
Property, plant & equipment	91,691	-	91,691
Trade and other receivables	93,086	2,405,361	2,498,447
Cash and cash equivalents	54,610,306	3,173,815	57,784,121
Intercompany balances	(211,053,821)	211,053,821	-
Total assets by reportable segment	265,848,904	32,247,650	298,096,553
Total liabilities by reportable segment	(46,592,850)	(12,101,315)	(58,694,166)
Net assets by reportable segment	219,256,054	20,146,334	239,402,388

Year ended 30 June 2021

Geographical segment (Group)	Head Office	Texas	Alaska	Consolidated
	\$	\$	\$	\$
Administration expenses	(2,296,566)	(263,274)	(2,543,463)	(5,103,303)
Share option expense	(3,211,038)	-	-	(3,211,038)
Interest receivable	4,224	61	10	4,295
Taxation	-	-	-	-
Loss by reportable segment	(5,503,380)	(263,213)	(955,894)	(6,722,487)

Exploration & evaluation assets	-	-	188,954,719	188,954,719
Property, plant & equipment	30,308	-	-	30,308
Trade and other receivables	104,515	5,361	-	109,876
Cash and cash equivalents	4,962,573	665,620	35,285	5,663,477
Intercompany balances	188,286,555	(152,048,912)	(36,237,643)	-
Total assets by reportable segment	193,383,951	(151,377,931)	152,752,360	194,758,380
Total liabilities by reportable segment	(637,988)	(255,619)	(5,202,009)	(6,095,615)
Net assets by reportable segment	192,745,963	(151,633,550)	147,550,352	188,662,765

PANTHEON RESOURCES PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022****5. Operating loss**

	2022	2021
	\$	\$
Operating loss is stated after charging:		
Depreciation – office equipment	303	225
Depreciation Right of use assets	54,472	50,395
Auditor's remuneration		
- group and parent company audit services	112,500	85,500
Auditor's remuneration for non-audit services		
- taxation services and compliance services	-	-

6. Employment costs

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

	2022	2021
	\$	\$
Wages and salaries	2,739,035	1,133,661
Social security costs	255,446	68,365
Statutory pension costs	33,430	17,662
	<u>3,027,911</u>	<u>1,219,688</u>

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

	2022	2021
	number	number
Number of employees (including Executive Directors) at the end of the year		
Management and administration	<u>14</u>	<u>8</u>

7. Interest receivable

	2022	2021
	\$	\$
Bank interest received	<u>42,674</u>	<u>4,234</u>

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

8. Taxation

	2022 \$	2021 \$
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	(15,974,318)	(8,241,741)
Income (loss) on ordinary activities before taxation multiplied by the standard US corporate tax rate of 21% (2022: US corporate tax rate of 21%)	(3,354,607)	(1,730,644)
Effects of:		
State of Alaska tax benefits associated with temporary book-to-tax differences	(267,455)	(96,856)
US federal tax benefit associated with temporary book-to-tax differences	1,599,728	254,406
US federal tax benefit associated with reassessed future utilization of loss carry forward	-	-
Total tax charge	(2,022,334)	(1,573,094)

Factors that may affect future tax charges

The Group's deferred tax assets and liabilities as at 30 June 2022 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%. No deferred tax has been provided for the UK tax losses as there is no expectation of the utilisation in the near future

At the year-end date, the Group has unused losses carried forward of \$125.5m (2021: \$114.8m) available for offset against suitable future profits. Unused US tax losses incurred prior to January 1, 2018 expire in general within 20 years of the year in which they are sustained. Losses sustained after December 31, 2017 do not expire. The UK tax losses carried forward are approximately \$16m (2021: \$13m). A deferred tax asset in respect of the unutilised carried forward losses has not been recognised due to the uncertainty of the timing of any future profits.

The deferred tax liability at 30 June 2022 is 1,683,403 (2021: 3,705,737).

9. Subsidiary entities

The Company currently has the following wholly owned subsidiaries:

Name	Country of Incorporation	Percentage ownership	Activity
Hadrian Oil & Gas LLC	United States	100%	Holding Company
Agrippa LLC	United States	100%	Holding Company
Pantheon Oil & Gas LP	United States	100%	Oil & Gas exploration
Great Bear Petroleum Ventures I, LLC	United States	100%	Lease Holding Company
Great Bear Petroleum Ventures II, LLC	United States	100%	Lease Holding Company
Great Bear Pantheon, LLC	United States	100%	Holding Company
Pantheon East Texas, LLC	United States	100%	Holding Company
Pantheon Operating Company, LLC	United States	100%	Operating Company
Borealis Petroleum LLC	United States	100%	Holding Company

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Amounts falling due within one year:				
Prepayments & accrued income	46,000	66,388	43,301	63,688
Other receivables	2,452,447	43,488	49,785	40,827
Total	2,498,447	109,876	93,086	104,515

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
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Amounts falling due after one year:

Loans to subsidiaries	-	-	211,053,821	188,286,555
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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.

On the basis of ongoing annual assessments, the lifetime expected credit losses are recognised against loans and receivables when they are identified and are recorded in the statement of comprehensive income.

11. Cash and cash equivalents

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Cash at bank and in hand	57,784,121	5,663,477	54,610,306	4,962,573

12. Trade and other payables

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Trade creditors	79,417	90,942	78,339	89,865
Accruals	6,298,569	1,016,148	632,134	515,336
Total	6,377,986	1,107,090	710,474	605,201

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 22.

Legal Costs

Legal costs have been provided for due to an ongoing dispute with a third-party vendor as detailed in Note 27.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

	Group 2022 \$	Group 2021 \$	Company 2022 \$	Company 2021 \$
Plug and Abandonment	4,500,400	1,000,000	-	-
Legal costs	250,000	250,000	-	-
Other provisions	535,040	-	535,040	-
Total	5,285,440	1,250,000	535,040	-

14. Exploration and evaluation assets

Group	2022 \$	2021 \$
Cost		
At 1 July	237,707,325	204,850,215
Additions	45,267,175	24,973,399
Acquisitions	-	7,383,711
Asset Retirement Obligations	3,500,400	500,000
At 30 June	286,474,900	237,707,325
Impairment		
As at 1 July	48,752,606	48,752,606
Charge for year	-	-
At 30 June	48,752,606	48,752,606
Net book value		
At 30 June	237,722,294	188,954,719

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.

An assessment for indicators for impairment was conducted on all of the Group's exploration and evaluation assets. Indicators of impairment included asset specific criteria such as, but not limited to, the emergence of negative geological/geophysical analysis, unsuccessful drilling results, a deterioration in the Group's lease position, and the presence of relevant regional drilling data. The successful drilling campaign throughout the year, reinforced by the external validation from third party experts on the Group's geological data caused the Group to conclude that no impairment was required. In making assessments for indicators of impairment other criteria were considered such as, but not limited to, changes to commodity prices, a worsening of regulatory or environmental factors and macroeconomic conditions. The Group considered such indicators for impairment and concluded that no impairment was required.

15. 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.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Company & Group 2022 \$	Company & Group 2021 \$
Interest expense on lease liabilities	4,964	6,207
Total cash outflow for leases	(55,083)	(55,698)
As at 1 July	30,308	72,829
Additions to right-of-use assets	111,949	1,222
Depreciation charge - right of use assets	(54,472)	(50,395)
Foreign exchange movement on right of use assets	842	6,652
Carrying amount at the end of the year:		
Right of use assets	88,627	30,308
Lease liabilities		
	Company & Group 2022 \$	Company & Group 2021 \$
Current	60,297	32,788
Non-current	30,004	-
	90,301	32,788

16. Other Liabilities

The Company assists in the mechanics of the exercise of shares options, sale of resultant shares externally through a facility operated through the Company's broker, remittances of relevant income tax and other obligations. Employees are subject to full income tax on any profits, which are processed through the Company's payroll facility. The amount of \$1,964,441 (2021: Nil) represents the net amount payable to staff for the exercise of staff options that was being processed at the year end and payable.

17. Unsecured Convertible Bond

In December 2021, the Company issued \$55 million worth of senior unsecured convertible bonds to a fund advised by Heights Capital Ireland LLC, a global equity and equity-linked focused investor. At the date of publication of this report the remaining principal outstanding was \$39.2 million.

The Convertible Bonds have a maturity of 5 years, a coupon of 4.0% per annum and are repayable in 20 quarterly repayments ("amortisations") of principal and interest over the 5 year term of the convertible bond. Such quarterly amortisations are repayable at the Company's option, in either cash at face value, or in ordinary shares ("stock") at the lower of the conversion price (presently USD\$1.032 per share) or a 10% discount to volume weighted average price ("VWAP") in the 10 or 3 day trading period prior to election date. Additionally, the bondholder has the option to partially convert the convertible bond at their discretion and did this twice during the year. A full summary of the terms of Convertible Bonds is detailed in the Company's RNS dated 7 December, 2021.

The bond agreement contains embedded derivatives in conjunction with an ordinary bond. As a result, and in accordance with the accounting standards, the convertible bonds are shown in the Consolidated Statement of Financial Position, in two separate components, namely Convertible Bond – Debt and Convertible Bond – Derivative. At the time of recognition (Dec 2021) the \$55m bonds were split, \$39,175,363 for the Debt Component and \$15,824,637 for the Derivative Component.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

In order to value the derivative component, Pantheon engaged a third party expert valuation specialist group to perform the valuations, who determined that the valuation of the instrument required a Monte-Carlo simulation of share price outcomes over the 5 year life to determine the ultimate value of the conversion option. This produced a calculated Effective Interest Rate ("EIR") of 22.15%. For the year end date of 30 June 2022, the third party expert valuation group performed their Monte-Carlo simulation and valuation calculations to determine the new value for the equity component to be \$12,816,226. The resulting movement was posted to the consolidated statement of comprehensive income to the account "Revaluation of derivative liability". These amounts will be revalued every balance date with the differences being accounted for.

As at 30 June 2022 two quarterly repayments (amortisations) were made, and in both cases ordinary shares were issued in full settlement. Subsequent to year end, two additional quarterly repayments (amortisations) were made, and in both cases ordinary shares were again issued in full settlement.

At 30 June 2022 the Unsecured Convertible Bond is shown in the Consolidated Statement of Financial Position in the following categories;

Convertible Bond – Debt Component (Current Liability)	\$10,001,704
Convertible Bond – Debt Component (Non-current Liability)	\$20,474,664
Convertible Bond – Derivative Component (Non-current Liability)	<u>\$12,816,226</u>
Total	\$43,292,594

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

Group	Office Equipment \$	Right of Use Assets \$	Total \$
Cost			
At 30 June 2020	16,099	91,995	108,094
Additions	-	1,222	1,222
Exchange Difference	-	10,696	10,696
At 30 June 2021	16,099	103,913	120,012
Additions	3,368	111,949	115,317
At 30 June 2022	19,467	215,862	235,329
Depreciation			
As at 30 June 2020	15,893	19,166	35,059
Depreciation for the year	225	50,395	50,620
Exchange difference	(20)	4,044	4,024
At 30 June 2021	16,098	73,605	89,703
Depreciation for the year	303	54,472	54,775
Exchange difference	2	(840)	(840)
At 30 June 2022	16,403	127,235	143,638
Net book value			
As at 30 June 2022	3,064	88,627	91,691
As at 30 June 2021	-	30,308	30,308

Company

The Property, Plant and Equipment for the Company comprises of Right-of-Use assets \$88,627 (2021: \$30,308) and Office Equipment \$3,064 (2021: Nil) as shown above.

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

19. Share Capital

	2022 \$	2021 \$
Allotted, issued and fully paid:		
767,705,537 (2021: 659,368,196) ordinary shares of £0.01 each	10,720,459	9,263,095
Nil (2021: 33,890,478) non-voting convertible shares of £0.01 each	-	476,108
	<u>-</u>	<u>476,108</u>
Issued share capital:	Number	Issued and fully paid capital
As at 30 June 2022		
767,705,537 ordinary shares of £0.01 each (2021: 659,368,196)	767,705,537	10,720,459
Nil non-voting convertible shares of £0.01 each (2021: 33,890,478)	-	-
Total	<u>767,705,537</u>	<u>10,720,459</u>

A summary of movements in share capital is summarised in the table below.

	Ordinary Fully Paid Shares	Non-voting shares	Total
As at 1 July 2021	659,368,196	33,890,478	693,258,674
August 21 - Conversion of 33,890,478 non-voting shares to voting shares	33,890,478	(33,890,478)	-
September 21 - Exercise of share options	1,950,000	-	1,950,000
October 21 - Exercise of share options	1,000,000	-	1,000,000
December 21 - Equity fundraising - issue of new shares	48,218,529	-	48,218,529
January 22 - Exercise of share options	2,575,000	-	2,575,000
February 22 - Partial Conversion of Unsecured Convertible Bonds	1,937,608	-	1,937,608
March 22 - Exercise of Warrants	-	4,803,922	4,803,922
March 22 - Conversion of non-voting shares to voting shares	4,803,922	(4,803,922)	-
March 22 - Partial Conversion of Unsecured Convertible Bonds	3,681,457	-	3,681,457
March 22 - Settlement of 1st quarterly principal & interest repayment of Convertible Bond	3,080,798	-	3,080,798
May 22 - Exercise of share options	4,375,000	-	4,375,000
June 22 - Settlement of 2nd quarterly principal & interest repayment of Convertible Bond	2,824,549	-	2,824,549
	<u>767,705,537</u>	<u>-</u>	<u>767,705,537</u>
As at 30 June 2022	767,705,537	-	767,705,537

PANTHEON RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

20. Net cash outflow from operating activities

	Group 2022	Group 2021
	\$	\$
Loss for the year	(13,951,984)	(6,722,487)
Net interest received	(42,674)	(4,295)
Share Based Payments non-cash expense	8,256,575	3,211,038
Depreciation of office equipment	303	225
Depreciation of right of use assets	54,472	50,395
Interest Expense	4,640,537	6,207
Convertible Bond – Revaluation of derivative liability	(4,310,773)	-
Other provisions	535,040	-
Decrease/ (increase) in trade and other receivables	11,430	(35,709)
Increase in trade and other payables	7,235,337	518,805
Effect of translation differences	(1,347,435)	1,464,883
Taxation	(2,022,334)	(1,587,559)
Net cash outflow from operating activities	<u>(941,506)</u>	<u>(3,098,495)</u>

	Company 2022	Company 2021
	\$	\$
Loss for the year	(11,963,260)	(5,503,380)
Net interest received	(42,674)	(4,224)
Share Based Payments non-cash expense	8,256,575	3,211,038
Depreciation	303	225
Depreciation of right of use assets	54,472	50,395
Interest Expense	4,640,537	6,207
Convertible Bond – Revaluation of derivative liability	(4,310,773)	-
Other provisions	535,040	-
Decrease/ (increase) in trade and other receivables	(1,034)	(3,570)
Increase/ (decrease) in trade and other payables	2,141,889	102,211
Effect of translation differences	(1,142,868)	17,698,515
Net cash inflow / (outflow) from operating activities	<u>(1,831,793)</u>	<u>15,525,277</u>

21. Control

No one party controls the Company.

22. 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 2022 the Group has fully provided for the future plug and abandonment charges in relation to its wells on the Alaskan North Slope.

The Group provides for the estimated costs of future plug/abandonment and environmental remediation and rehabilitation for all wells drilled if not abandoned at that time, and for the estimated costs of future decommissioning, remediation and rehabilitation costs for the gravel pad at Alkaid #2 at such time as those wells/pad(s) come to the end of their respective useful life. By way of example, in a case where a successful well produces hydrocarbons for a period of 15 years then the abandonment/rehabilitation provision would be made at the time the well is completed and comes on stream, however, the actual expenditure would occur when the works are performed in 15 years time, ie the provision is made today for work expected in 15 years time. Similarly, the end of the life of the gravel pad supporting Alkaid#2 and future wells drilled from that location, would occur at such time as all producing wells have depleted and the pad would serve no further purpose.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	Group 2022	Group 2021
Alaska	\$	\$
Alkaid #1 well	666,000	500,000
Alkaid #2 well and gravel pad	2,970,400	-
Talitha #A well	864,000	500,000
As at 30 June	4,500,400	1,000,000

23. Exploration and evaluation commitments

There were no firm drilling commitments at 30 June 2022. The Group does have an obligation to plug and abandon the Talitha #A well, however a request had been made for a 12 month extension which is currently being considered.

24. Financial instruments

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

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

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

Market risk

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

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

Interest rate risk

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

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

The Convertible Bond has a fixed interest coupon rate payable of 4% per annum. This rate is fixed throughout the life of the bond. However, due to the presence of a derivative component within the convertible bond as described in Note 17, from an accounting perspective an Effective Interest Rate of 22.15% has been calculated to apply to the debt component of the convertible bond and has been charged to the Income Statement.

PANTHEON RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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 2022 %	Fixed interest rate 2022 \$	Non-interest bearing 2022 \$
<i>Financial assets:</i>			
Cash on deposit	0.05	-	-
<i>Financial liabilities:</i>			
Unsecured Convertible bond	22.1 ⁽¹⁾	-	-

(1) The calculated effective interest rate is 22.1%. The convertible carried a fixed coupon of 4% per annum.

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, with the exception of the amortised cost element of the convertible loan note that due to the derivative element has an effective interest rate of 22.1%.

Currency risk

The functional currency for the Group's operating activities and exploration activities is the US dollar. The Group incurs general administration 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 to minimise currency risk. The Group continues to keep the matter under review.

The convertible bond is denominated in US dollars with all repayments paid in US dollars. Quarterly repayments are made, at the Company's election, either in cash or shares. When paid in shares the Relevant Share Settlement Price of shares for the purpose of the calculation is the lower of a 10% discount to the volume weighted average share price (VWAP) or a predetermined reference price, currently US\$1.032. For the purpose of calculating VWAP, the daily USD/GBP exchange rate is applied, introducing a currency risk which may or may not result in a differing number of shares being used to settle a repayment, dependent upon the exchange rate.

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 Unsecured Convertible Bond liabilities can, at the Company's election, be met through the issuance of ordinary shares rather than cash. The Group monitors its levels of working capital to ensure that it can meet its liabilities as they fall due. The Group monitors its liquidity position carefully and considers equity fundraising, debt or farmouts when additional liquidity is required.

The table below shows the undiscounted cash flows on the Groups financial liabilities as at 30 June 2022 and 2021, 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 2022						
Trade creditors	79,417	-	79,417	-	-	-
Accruals	6,298,569	-	6,298,569	-	-	-
Lease liabilities	90,301	-	13,354	13,680	28,405	34,862
Other liabilities	1,964,441	-	1,964,441	-	-	-
Unsecured Convertible Bond	48,289,500	-	2,891,000	2,866,500	5,659,500	36,872,500
Provisions	5,285,440	535,040	-	-	1,780,000	2,970,400
	<u>62,007,668</u>	<u>535,040</u>	<u>11,246,781</u>	<u>2,880,180</u>	<u>7,467,905</u>	<u>39,877,762</u>
As at 30 June 2021						
Trade creditors	90,942	-	90,942	-	-	-
Accruals	1,016,148	-	1,016,148	-	-	-
Lease liabilities	32,788	-	14,052	14,052	4,684	-
Provisions	1,250,000	-	-	-	-	1,250,000
	<u>2,389,878</u>	<u>-</u>	<u>1,121,142</u>	<u>14,052</u>	<u>4,684</u>	<u>1,250,000</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 across approved counterparties.

The maximum exposure to credit risk is \$60,282,568 (2021: \$5,773,353).

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, long term growth in production and resources, and a short-term requirement to ensure a going concern.

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

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

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25. Share-based payments

Movements in share options and share warrants⁽²⁾ in issue

Exercise price	Number of options and warrants issued as of 30 June 2021	Issued during year	Expired / Exercised during year	Number of options and warrants issued as of 30 June 2022
£0.30	10,000,000 ⁽¹⁾	-	1,875,000	8,125,000
£0.30	9,607,843 ⁽²⁾	-	4,803,922	4,803,921
£0.27	13,700,000 ⁽³⁾	-	5,800,000	7,900,000
£0.33	14,655,000 ⁽⁴⁾	-	2,225,000	12,430,000
£0.67		21,705,000 ⁽⁵⁾	-	21,705,000
Total	47,962,843	21,705,000	14,703,922	54,963,921

Movements in restricted stock units

	Number of units issued as of 30 June 2021	Issued during year	Expired / Exercised during year	Number of options and warrants issued as of 30 June 2022
£0.675	-	290,000 ⁽⁶⁾	-	290,000 ⁽⁶⁾
Total	-	290,000	-	290,000

(1) Fully vested. Issued 2014. Expire September 2024. Exercise price £0.30/share. Previously fully expensed.

(2) Fully vested. Issued 2019. Exercisable into non-voting shares, which are convertible into ordinary fully paid shares on a 1:1 basis. Expire September 2024. Exercise price £0.30/share. Previously fully expensed.

(3) Fully vested and expire on the 6 July 2030. Issued 2020. Exercise price £0.27/share. Previously fully expensed.

(4) Fully vested. Issued 2021. The Share Option expense charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2022 is \$2,076,672; this was calculated using Black Scholes model utilising the inputs listed below:

(i) Number of options issued 14.6m

(ii) Exercise price 33 pence

(iii) Expiry – 10 years after issue

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

(v) Risk free rate 0.10%

(vi) 60 day volatility 77.2

(vii) Liquidity discount 30%

(5) 50% Vested. 50% to vest 14 January 2023. Issued 2022. Expire 14 January 2027. The Share Option expense charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2022 is \$6,060,705; this was calculated using Black Scholes model utilising the inputs listed below:

(i) Number of options issued 21.705m

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- (ii) Exercise price 67.1 pence
- (iii) Expiry – 5 years after issue
- (iv) Vesting Terms - 50% to vest 18 January 2023 and 50% to vest upon Pantheon successfully encountering the primary target of the well – this was achieved in late July 2022.
- (v) Risk free rate 0.25%
- (vi) 60 day volatility 85.5
- (vii) Liquidity discount 30%

(6) 100% to vest 18 January 2023. Expire 14 January 2032. The charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2022 is \$119,198; this was calculated by multiplying the share price at the date of issue (69.5 pence) by the number of units issued 290,000 and then apportioned over the vesting period:

- (i) Number of units issued 290,000
- (ii) Issue price per RSU 69.5 pence
- (iii) Vesting Terms - 100% to vest 18 January 2023. These RSU's will convert on a 1:1 basis into new ordinary shares on the vesting date

The Group has issued share options to directors, employees and consultants under the Staff share option plan. 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 with the associated charge being expensed to the Income Statement on a pro rate basis based on vesting. The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.463 (2021: £0.30).

In 2019 the Group issued 9,607,843 warrants as part of the consideration for the acquisition of Great Bear Petroleum. The terms of these warrants mirror the terms of the share options in issue (1); however, if exercised they convert to non-voting shares as opposed to ordinary shares. 4,803,921 of these remain unexercised at period end.

The Share Option and Restricted Stock Units expense charge to the Consolidated Statement of Comprehensive Income for the year ending 30 June 2022 is \$8,256,575 (2021: \$3,211,038).

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

26. Related party transactions

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

27. Contingent Liabilities

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

Kinder Morgan Treating L.P. ("Kinder Morgan") initiated a dispute over an East Texas gas treating agreement between Kinder Morgan and Vision Operating Company, LLC ("VOC"). VOC ceased making payments to the service provider in July 2019. The service provider subsequently issued a demand to VOC and, in February 2021,

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served Pantheon Resources plc with a petition, seeking to recover not less than \$3.35m in respect of this VOC contract. Pantheon held ownership of less than 0.1% of VOC via a 66.6% interest in Vision Resources LLC. Both Vision Resources LLC and VOC filed for Chapter 7 Bankruptcy in the United States Bankruptcy Court for the Southern District of Texas Houston Division in April 2020

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

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

28. Subsequent events

Alkaid #2 Well

On the 7 July 2022 the Company commenced operations on the Alkaid oil accumulation with the spudding of Alkaid #2, the Company's first horizontal well on the Alaska North Slope.

The well successfully reached a total measured depth of 14,300 feet ('ft') including a lateral length of 5,300 ft.(having encountered multiple oil bearing reservoirs in all three targeted formations in the well: (i) the Shelf Margin Deltaic, (ii) the Alkaid Anomaly, and (iii) the deeper, untested extension of the Alkaid Anomaly ("Alkaid Deep").

During the clean-up phase of production testing, the strong flow back yielded frac sand production higher than expected, causing a sand blockage. Whilst this is not uncommon in similar completion procedures, the well was subsequently shut-in, in an attempt to clean out the wellbore. The lack of availability of a 'winterized' workover rig (after 1st November, rigs on the ANS must be winterized as a health and safety precaution) to pull the production tubing from the wellbore to clear it out above ground (the preferred approach to clearing the blockage), caused the Group to utilize a coiled tubing unit (CTU) to clean out the blockage in situ, below ground. This process was more delicate and time consuming but was successful in clearing out much (but not all) of the wellbore. Notwithstanding, flow testing operations have since recommenced with the well still in the early clean-up phase and flowing hydrocarbons.

Successful Acquisition of Key Leases in State of Alaska's North Slope Areawide Lease Sale

In November 2022 the Company announced the successful it was successful in bidding for approximately 40,000 acres in the State of Alaska's North Slope Areawide Lease sale. The new leases are strategically positioned in two areas contiguous or adjacent to the Company's current acreage on its north western boundary, covering the extension of the Theta West project, and east, capturing the area adjacent to the junction of the Alkaid Unit and the Talitha Unit. The leases are expected to be formally awarded to Pantheon in Q3 2023 subject to payment of approximately \$1.3 million.

Receipt of AHS Baker Hughes VAS (Volatiles Analysis Service) Report on Theta West

In August 2022 the Company announced the receipt of a report by the expert consultants at AHS Baker Hughes ('Advanced Hydrocarbon Stratigraphy') titled "*Pantheon Great Bear Theta West 1 well: Characterization of a World Class Petroleum System Using AHS's Cuttings' Volatiles Stratigraphy*".

Key Conclusions of the Baker Hughes AHS Report

The key conclusions according to Baker Hughes AHS have been copied below and a full copy of the report is available to view on the Company's website at: <https://www.pantheonresources.com/investors/shareholder-documents>

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The key conclusions were summarised as follows:

Great Bear Pantheon's Theta West #1 drilled a world-class petroleum system comprised of:

1. *A 1,360 feet ("ft") thick continuous column of oil-bearing cuttings. The actual length of the oil column is unquestionably greater than 1,360 ft, as the base of the analyzed cuttings' oil column is the total depth ("TD") of the well, and the oil in the cuttings shows no sign of tapering off.*
2. *High quality oil of 37-39 degrees API gravity.*
3. *Abundant good quality reservoirs.*
4. *An ultimate non-permeable oil seal that occurs at 7,070 ft. Oil bearing cuttings are not observed above 7,070 ft, and oil is analyzed in every cuttings sample, both Sealed-at-Well and Lab-Loaded, below 7,070 ft to TD.*
5. *A seal within the oil-rich zone occurs at 7,480 ft separating a shallower from a deeper compartment based of different oil compositions above and below 7,480 ft*
6. *Elevated Helium is observed, in part confirming Theta West's excellent seals.*
7. *These results are in complete accord and supportive of AHS's previous analyses of cuttings from Great Bear Pantheon Talitha A well, as well as AHS's study of Shelf Margin Deltaic cuttings' samples from the Talitha A, Pipeline, Alkaid, Merak, and Alcor wells.*

Commencement of trading on OTCQX Best Market

On the 7 September 2022 the Company qualified to trade on the OTCQX Best Market under the ticker symbol of PTHRF. The OTCQX is the highest market tier of OTC Markets and trading will enhance the visibility and accessibility of the Company to U.S. investors. Pantheon's ordinary shares will continue to trade on AIM under the symbol PANR.

Issuances of ordinary shares post 30 June 2022

Exercise of Share Options

Subsequent to 30 June, a total of 4,525,000 share options were exercised and converted into ordinary fully paid shares.

Convertible Bond

The Company settled quarterly repayments of the Unsecured Convertible Bonds for the quarters ended September 2022 and December 22, totalling US\$4.9m, principal and US\$0.857, interest, through the issuance of a combined total of 6,077,187 ordinary shares. Following the settlement of the December Convertible Bond repayment, the total Convertible Bond principal outstanding was US\$39.2 million and total shares in issue totalled 778,307,724 which remains the current shares in issue at the time of this report.

Completion of Phase 1 of Schlumberger reservoir modelling project

A static and dynamic reservoir model of Pantheon's subsurface geological projects was completed by the world's largest oil service company, Schlumberger, over Pantheon's three project areas which encompass the four distinct oil reservoirs within the current Pantheon acreage footprint; (i) Alkaid, (ii) the Slope Fan System, (iii) the Shelf Margin Deltaic (SMD) and (iv) the Basin Floor Fan system. Pantheon engaged Schlumberger to undertake this project over more than six months in order to develop a highly detailed body of work to assist in reservoir modelling, development modelling and as an important tool in Pantheon's data room to allow potential future farm in partners to gain a greater understanding of the potential, characteristics and scale of Pantheon's projects. This reservoir model represents completion of the first phase of the project. Schlumberger's report represents the most comprehensive model completed on evaluating the discovered oil resource and the productive potential.

The Schlumberger model is extremely detailed, comprising c. 13 million individual three dimensional cells within the c. 153,000 acres of Pantheon's current leasehold. The Schlumberger Report was a detailed reservoir modelling analysis and does not constitute an Independent Expert Report. This model is extremely comprehensive, having been developed over the past six months and involved in excess of 1,000 man-hours with a team of reservoir,

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geological and geophysical specialists at Schlumberger and is an important step toward modelling reservoir development scenarios and attracting future project partners and supporting project financing, which is part of Pantheon's corporate development strategy. That next phase of the project will similarly require significant man hours over a number of months.

Schlumberger 's modelling estimated a total of 17.8 Billion barrels of oil in place over Pantheon's total project areas, excluding the new acreage which was successfully bid for in November 2022. The next phase of the project will involve Schlumberger estimating recovery factors, amongst other. Full details of Schlumberger's findings can be found in the RNS and on the Company website.

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