Company Number 05385506

PANTHEON RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2018

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Walmsley (Non-Executive Chairman) John ("Jay") Cheatham (Chief Executive Officer) Justin Hondris (Executive Director, Finance and Corporate Development) Phillip Gobe (Non-Executive Director)
Company Secretary	Ben Harber
Registered Office	Shakespeare Martineau 6th Floor 60 Gracechurch Street London EC3V 0HR
Company Number	05385506
Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Solicitors	Bryan Cave Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Principal Bankers	Barclays Bank plc Level 27, 1 Churchill Place London E14 5HP
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Communications & Public Relations	FTI Consulting 200 Aldersgate Aldersgate Street London EC1A 4HD

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

The year under review has been a mixed one for your company, but one we believe is ending on a higher note. This week's announcement that the company had reached non-binding heads of terms for the acquisition of 2/3rds of the Vision group, leading to both strategic control and operatorship, was very significant.

We started 2018 with anticipation of good results from our drilling programme which we believed was tapping a substantial subsurface resource. Our operational programme turned out to be disappointing due to a series of operational issues.

Our attempts to remedy the position were severely hampered by the passing of Mr Bobby Gray, the Chief Executive and principal of the operating company, Vision in June of this year. Unsurprisingly, his death created great uncertainty over our project and over our Company.

In July 2018, Pantheon announced its intention to acquire the interests of Vision to move to 100% working interest in the project for non-cash consideration (comprising equity in Pantheon and a success-based royalty). A successful completion of this acquisition will benefit Pantheon shareholders as the deal is in terms of adding attributable resource. Importantly, the transaction directly aligns the Vision estates' interest with that of Pantheon.

Despite the operational issues experienced, we have not lost faith in the underlying geological potential of our acreage, which remains undiminished. We have significantly strengthened our technical team, including the appointments of Dr. Eric van Oort, a world-class expert in drilling and production on a consultancy basis, and Sierra Hamilton, one the world's largest, most experienced technical consulting companies.

We completed gas processing and distribution arrangements in Polk County during the year, and in Tyler County since year end, allowing for production and revenues in both counties. Importantly successful future wells can be brought onstream quickly. We began production of the VOS#1 well in Tyler after a prolonged shut in period. The well was brought onstream carefully and slowly to enhance our understanding of the subsurface issues. We are now pleased to announce that well is now producing much needed cash flow and benefiting from the current strong prices for natural gas. We plan to drill a further well, the sidetrack of the VOBM#1 discovery well in Polk County, as soon as is practical, which we believe could be funded by a farm out if required, or another form of funding as required. The VOBM#1 sidetrack well is considered to have a high chance of success given the performance of the original VOBM#1 well which tested at exceptional rates before being seriously compromised by collapsed casing believed to have occurred during the 2 year period it was shut in. A successful sidetrack well could deliver very significant revenues.

A technical review of the 2017/2018 drilling and operational experiences suggested that the problems encountered were not due to a lack of prospective resource, but rather in the well completions; a problem which the new team is addressing. We believe the original resource potential of the acreage remains in place and accordingly, we look forward to a successful New Year in 2019, which will place a great focus on improving execution of all operational activities.

As this is my last report as your Chairman, I know I am handing the helm over to a very capable person in Phillip Gobe. I know your company is in good hands.

John Walmsley
Chairman

20 December 2018

The sudden and untimely death of Bobby Gray, founder and principal of Vision Resources, our working interest partner and operator for our East Texas project, in June 2018, changed the dynamic of our venture and cast a cloud of uncertainty over our Company, the operatorship of our assets, the timing of future operations, funding, and the future structure of the project. I am pleased to report that we have now made great progress towards removing these uncertainties. This week we announced that we had reached non-binding agreement with Kaiser Francis for a non-cash acquisition of their 2/3rds interest in Vision in exchange for Pantheon shares. This transaction is strategically very important, positioning us for both control and operatorship of the Vision group. Pantheon is already in discussions to next acquire the remainder of the working interests in the project from Vision and other minority partners, also on a non cash basis, bringing Pantheon's working interest in the projects to between 95% - 100%. Whilst increasing the working interest in the project brings the obvious benefits of control, operatorship and increased resource base, it also carries the obligation of greater proportionate funding which would require financing through either farmouts (easier to achieve when controlling the project) or fundraising through other sources such as debt or the equity market. The complexity of the organisational structure of Vision made this a complicated and protracted process, but one that was logical, especially given Pantheon and Vision had in fact been in merger discussions prior to Bobby's death. Since this time Pantheon has retained all key staff and has assumed all overhead and capital costs of the Polk and Tyler County projects, ensuring continuity of operations.

Operational Update

2018 was exceptionally challenging operationally. The year has ended better than it began with the successful signing of the Gas Processing, Gas Gathering and Interconnect Agreements and completion of the VOS#1 well connection to the Enterprise pipeline and processing system in Tyler County. The well commenced production on 1 November on a 2/64ths choke and was steadily increased to a 10/64ths choke before reducing to a very narrow current choke size of 7/64ths and it is currently producing at a rate of c1425 mcfpd. This pipeline was a difficult construction project due to the heavy rains in East Texas and localized flooding which was highly disruptive, slowing progress and requiring removal of our crews and equipment over a number of days.

2018 began with the discovery of the casing collapse at our first drilled well VOBM#1 in Polk County. This was the well that had tested over several days at over 1500 boepd and had looked so promising. At those tested rates and at pricing of $55 oil and $4/mcf gas this well is modelled to produce c.$1m free cashflow per month on a 100% basis. We diagnosed the collapsed casing when we performed several diagnostic operations and ultimately attempted to drill out the apparent obstruction only to completely destroy the bit while making zero progress. That and the deteriorating flow rates and pressures led to the conclusion that the casing had collapsed at the top of the perforated interval. This is a mechanical issue which has compromised the well and not one that is believed to be representative of the geological potential, which we firmly believe is outstanding. Our forward programme is to side track this well to further test the reservoir geology in our West Double A area with the aim to generate significant production revenues which could be hooked up to production almost immediately if successful.

The drilling of the VOBM#4 well in Tyler was another challenge. This well flowed significant hydrocarbons from the Wilcox formation starting at 11,700' all the way to 14,500' where drilling was aborted prior to reaching the objective of the Eagle Ford sand at 15,500'. A misplaced liner set by a third-party contractor caused us to lose this as a productive well bore due to massive amounts of cement required to squeeze the liner top. Our attempt to side track this well to test the Wilcox was not successful. In the original wellbore the logs looked extremely promising and the well flowed substantial hydrocarbons during drilling operations, however the test results in the Wilcox sidetrack were poor. More work on this zone is warranted and full potential remains in the Eagle Ford sandstone as well as the Navarro formation which produced potentially significant hydrocarbons during drilling. The Wilcox has been a prolific producer regionally and we believe significant potential remains for this formation when drilled horizontally.

The VOBM#5 well in Polk County was positioned west of the VOBM#1 well and was drilled on time and on budget. Logs were run and a decision was made by the operator to frack the well before testing. The logs were excellent and compared favourably to some of the better wells in the Double A wells field. The intention of the frack was simply to penetrate any skin damage akin to that seen in the VOBM#1 well and to extend the areal reach of the well bore. Test results were disappointing with high water production believed to be as a result of the frack communicating with a deeper water horizon not seen on well logs. The expert technical consultancy (Sierra Hamilton) was contracted to undertake a comprehensive log analysis of our Polk County wells. The study confirmed that: (1) Vision's initial evaluation of all wells was consistent with that of the consultants; (2) all the wells were perforated appropriately; (3) The VOBM#1, 2 & 5 wells should have all performed at commercial rates based on the analysis and logs; (4) Water production in the VOBM#5 well was most likely not from the perforated intervals. The conclusions from the study were that the VOBM#1 well should be side-tracked to target the upper Eagle Ford only, and the VOBM#2 well should be side-tracked to penetrate the Eagle Ford objective vertically, and the VOBM#5 should be cement squeezed and re-perforated in the upper Eagle Ford sand.

Forward Programme

The first order of business is to complete the acquisition of Vision's working interests to deliver Pantheon between 95% -100% working interest in the projects, and both management and operational control. Our intention is to complete these acquisitions on a non-cash basis, comprising shares and a royalty stream which would align the interests with those of Pantheon shareholders. Completion of these transactions will position Pantheon far better for potential farmout deals on its projects.

Subsequent to year end the Company also announced that certain acreage positions were not renewed. The Company also holds an exclusive option over certain leases in East Texas which may or may not be exercised, depending upon our funding position. In view of the Company's stated intention of acquiring the Vision group assets and moving to a 100% working interest position the company will carefully manage its leasing programme to its capital budgets and to continue to "high grade" our portfolio.

The completion of the contracts with Enterprise in Tyler County to purchase, transport and treat the VOS#1 gas production was a major step, avoiding expensive treating equipment at the well head. Construction of the 2 ½ mile tie in was difficult given the rain and localised flooding but was completed within a week of budget. Now complete, the production will provide much needed cash flow to the Company.

I believe the production from VOS#1, despite the well publicised interventions in that well and despite having been shut-in for over 2 years, demonstrates that with proper completion techniques the Eagle Ford sandstone in both Polk and Tyler Counties should produce wells with the economics initially promised.

As I have repeatedly stated, our confidence on the geological potential of our project is undiminished. Our problems have been operational in nature, mainly with respect to completions. Going forward, as operator, we intend to improve upon the operational and completion performance of the past and will use expert third party consultants wherever necessary to ensure optimum performance. I have always stated our belief in the potential of our acreage to host one or more Double A Wells field lookalike fields, and my belief in this concept is unwavered. Finally, the company intends to 'high grade' its acreage position going forward. Moving to a 100% working interest from as little as 50% is a large and accretive step for Pantheon and affords the Company greater opportunity to high grade its acreage or to introduce possible farm in partners.

On a final note I'm very pleased that Phillip Gobe has agreed to become Chairman of Pantheon. Phillip's counsel has always been appreciated and well reasoned. I want to thank John Walmsley for guiding the Company for years and I am glad that his counsel will not be lost in moving to a non-executive Director position.

Jay Cheatham
Chief Executive Officer

20 December 2018

Financial Review

The Group made a total loss from operations for the financial year ended 30 June 2018 of $8,753,604 (2017: $1,740,192). The increase over the prior year was primarily due to an impairment of exploration and evaluation assets of $6,805,537, relating to non-core acreage not renewed, and the cost of the sidetrack of the VOBM#4 well.

Production

The Group's net total sales production for the financial year ended 30 June 2018 amounted to 203,565 (2017: Nil) mcf of natural gas and 7,326 (2017: Nil) bbl of oil. Average realisations for the year for natural gas and oil were US$2.40 (2017: Nil) per mcf and US$61.11 (2017: Nil) per barrel respectively.

Revenue

Revenues for the year ended 30 June 2018 were $1,009,570 (2017: Nil).

Cost of Sales

"Cost of sales" for the year ended 30 June 2018 was $562,986 (2017: $Nil). "Production royalties" for the year ended 30 June 2018 was $244,783 (2017: $Nil). "Depletion of developed oil & gas assets" for the year ended 30 June 2018 was $88,293 (2017: $Nil).

Impairments

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.

The Group has reviewed these assets for indications of impairment. Where impairment indications have been found we have performed impairment tests. Impairments losses have been measured, presented and disclosed in Accordance with IAS 36.

An impairment charge has been determined for the year of $6.8m (2017: $nil). This comprised $1.8m for the VOBM#4 sidetrack (initially disclosed in the interim accounts) and $4.98m for capitalised leases on non-renewed acreage deemed non-core.

Accounting policies

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

Capital structure

The Company issued 22,379,097 new fully paid ordinary shares at an issue price £0.43 per share in August 2017, raising cash proceeds of c.$12.7m before expenses. As at 30 June 2018 there were 237,336,555 shares in issue (2017: 214,957,458). The Company has 10,000,000 options outstanding to acquire ordinary shares (2017: 10,000,000) at an exercise price of £0.30 per share. As at 30 June 2018 all share options were fully vested.

Going concern

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

Post year end, on 1 November 2018, the VOS#1 well (Tyler County) was connected to the Enterprise pipeline system and commenced production sales. As at 17 December 2018, VOS#1 was producing at a rate of 1,425 mcfpd through a 7/64th choke, equating to circa $5,700 per day gross revenues at gas prices current at the time of writing. The Group has no current drilling commitments and anticipates the net revenue generated from VOS#1 would cover the current levels of general and administrative expenses. However, future events such as production volumes, revenues, commodity prices along with other matters inherent in exploration, cannot be estimated with certainty. Further, once the Group has achieved its stated ambition of acquiring the remainder of the working interests in the projects from Vision, additional funding will be required to meet the expanded cost base.

Pantheon's leasehold position includes certain leases in Tyler and Polk Counties which are currently held for renewal under exclusive option and which may be renewed for a 3-year term for a payment of c.$4.3m if the Group elects to renew all of these leases. The Group is under no obligation to renew all leases and can renew a smaller portion at its election. Should the Group decide not re-new some or all of these leases, the directors remain satisfied that the modelled NPV of the Group's exploration and evaluation on its existing leases exceeds their current carrying values and would not require further impairment, however it would result in a reduction in the resource potential of the project to the extent that the acreage would be reduced.

The Directors believe that a farm out of the VOBM#1 sidetrack well is achievable and that it would have the ability to raise additional funds through either equity, debt, or farm-out one or more of the Group's future wells if required. The Board has therefore concluded that they have a reasonable expectation that the Group can continue in operational existence for the next 12 months and has prepared the financial statements on a Going Concern basis.

Taxation

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

Risk assessment

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

Liquidity and Interest Rate Risk

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

Oil & Gas Price Risk

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

Currency Risk

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

Financial Instruments

As 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

20 December 2018

Principal activity

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

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

Review of the Business and Key Performance Indicators

2017 KPI	**Measurement**	**2017/2018 Performance**
Exploration and appraisal	Delivery of the exploration & appraisal program	Appraisal of Polk County well VOBM#5. Appraisal of Tyler County Well VOBM#4
Commission of the Polk County gas plant	Commission of the Polk County gas plant	Commissioned November 2017
Production and development	Establishment of facilities for the processing and distribution of Natural Gas. Commencement of production in Tyler & Polk Counties	Kinder Morgan gas processing facility commissioned and first production in Polk County in November 2017. Connection to Enterprise gathering system & first production in Tyler County in November 2018
Investigating opportunities for potential farm outs and other opportunities	Seek potential farm out and other monetisation opportunities	The company continues to develop these options which should be simpler to achieve should the proposed acquisition of Vision's interests be achieved.
Ensuring continued high-quality technical consultant relationships	Establish and maintain relationships with industry experts, and review performance	Sierra Hamilton relationship leveraged to deliver valuable high quality technical advice. Engagement of Prof Van Oort.

Financial Position and Future Prospects

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

Key operational risks and uncertainties

The Group is in the business of exploration and production of oil and gas. Accordingly, the principal operational risks and uncertainties affecting the Group include, but are not limited to, the time and monetary costs associated with the unsuccessful drilling of prospects; the potential for incorrect geological interpretation or evaluation; mechanical, operational or other technical problems encountered during the drilling of prospects; lease issues; lease costs; environmental or permitting issues; costs and contractual obligations relating to gas processing and distribution; mechanical or other technical problems which may from time to time affect existing production; the potential for increased costs for drilling or operating in a tight rig market; the uncertainty surrounding potential recoverability of reserves; deterioration in commodity prices or unfavourable exchange rate movements, political risk or economic conditions; and the potential for unexpected deterioration or abandonment of existing production. Pursuant to the terms of the respective operational agreements, and typical for the industry, the Group is also potentially exposed to the timing, financial and operational position of counterparties, in particular with respect to the timing, and therefore payment for the proposed drilling of wells.

By order of the board.

Justin Hondris
Director
20 December 2018

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 2018.

Results and dividends

The Group results for the period are set out on page 24. The Directors do not propose to recommend any distribution by way of a dividend for the year ended 30 June 2018.

Information to shareholders – website

The Group maintains its own website (www.pantheonresources.com) to facilitate provision of information to external stakeholders and potential investors and to comply with Rule 26 of the AIM Rules for Companies.

Group structure and changes in share capital

Details of the Group structure and the Company's share capital during the period are set out in Notes 8 and 15 to these accounts.

Directors

The following Directors held office during the year:
John Walmsley (Non-Executive Chairman)
John Cheatham (Chief Executive Officer)
Justin Hondris (Director, Finance & Corporate Development)
Phillip Gobe (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	**30 June 2018 Number of Ordinary shares of £0.01**
J Cheatham	1,983,404
J Hondris*	1,181,511
J Walmsley*	1,859,938
P Gobe	75,000

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

Share options
Share options for Ordinary shares of £0.01, held by Directors on 30 June 2018 were as follows:

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

These are 100% vested as at 30 June 2018.

Report on Directors' remuneration and service contracts

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

Pensions

Following implementation of the mandatory work place pension scheme the company is now fully compliant.

Directors' remuneration

	Fees/basic salary	Share-based payments	Pension Contributions	Health Insurance	2018 Total	2017 Total
	$	$	$	$	$	$
J Cheatham	496,540	-	-	-	496,540	398,270
J Hondris	340,064	-	17,898	4,021	361,983	350,542
J Walmsley	111,399	-	-	-	111,399	92,350
P Gobe	52,460	-	-	-	52,460	30,192
	1,000,463	-	17,898	4,021	1,022,382	871,354

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 recognised in earlier periods for this purpose). For the purposes of the scheme, net-booked reserves will include 100% of proved reserves and 25% of probable reserves booked to the Group, as determined by an independent third party, where relevant, in accordance with the classification definitions as mandated by the Society of Petroleum Engineers.

The remuneration committee will determine the extent to which any annual bonus 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 recognised in earlier periods). The remuneration committee believes 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.

No benefit has been paid from the scheme since inception.

Subsequent events

Details of subsequent events can be found at Note 24.

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 13 December 2018:

	Number of Ordinary Shares	% of Share Capital
Jim Nominees Limited	32,133,297	13.53
Interactive Investor Services Nominees Limited	13,803,467	5.81
Rock (Nominees) Limited	13,724,700	5.78
Vidacos Nominees Limited	11,046,779	4.65
Barclays Direct Investing Nominees Limited	10,227,214	4.31
HSDL Nominees Limited	8,388,622	3.53
Hargreaves Lansdown (Nominees) Limited	7,160,515	3.02

Political and charitable contributions

There were no political or charitable contributions made by the Company during the year ended 30 June 2018 (2017: £Nil).

Remuneration and Nomination Committee

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

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

Audit Committee

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

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

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

Conflicts Committee

A Conflicts Committee of the Board has been established. This Committee consists of John Walmsley as chairman, Justin Hondris, Jay Cheatham and Phillip Gobe.

The role of the Conflicts Committee is to assist the Board in monitoring actual and potential conflicts of interest under the definitions of the Companies Act 2006. Under the Companies Act 2006 Directors are responsible for their individual disclosures of actual or potential conflict. To follow best practice, the Conflicts Committee holds discussions with the Company's UK lawyers.

Anti-Corruption & Bribery Committee

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

Corporate Governance

The Company adopted the Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") on 28 September 2018. The Board takes account of the requirements of the QCA Corporate Governance Code. Corporate Governance adherence will be the responsibility of the Chairman and will take steps to ensure compliance by the Board and applicable employees with the terms of the code. The Company has adopted a share dealing code for the Board and employees of the Company. More information can be found on our website http://www.pantheonresources.com/investors/governance.

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.

Statement of Directors' responsibilities

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

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

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

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

Statement of disclosure to the auditors

So far as the Directors are aware:

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

Auditors

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

By order of the board

Justin Hondris
Director

20 December 2018

John Walmsley, Non Executive Chairman

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

Jay Cheatham, Chief Executive Officer

Jay Cheatham has more than 40 years' experience in all aspects of the petroleum business. He has extensive international experience in both oil and natural gas, primarily for ARCO. At ARCO, Jay held a series of senior appointments. These include Senior Vice President and District Manager (ARCO eastern District) with direct responsibility for Gulf Coast US operations and exploration and President of ARCO International where he had responsibility for all exploration and production outside the U.S. Jay's most recent appointment was as President and CEO of Rolls-Royce Power Ventures, where he had the key responsibility for restructuring the Company.

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

Justin Hondris, Director, Finance and Corporate Development

Justin Hondris has over 11 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.

Phillip Gobe, Non-Executive Director

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PANTHEON RESOURCES PLC
FOR THE YEAR ENDED 30 JUNE 2018

Opinion
We have audited the financial statements of Pantheon Resources Plc for the year ended 30 June 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 30 June 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Emphasis of matter – going concern
We have considered the adequacy of the going concern disclosures made in note 1.4 of the accounting policies to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred a loss for the year ended 30 June 2018 of $8,753,604, which included an impairment of intangible assets of $6,805,537.

Whilst the Group is currently generating production revenues, future production revenues cannot be estimated with certainty and in the absence of a capital raising and/or a farm out of the Groups prospects, the Group would be unable to drill future wells, renew significant leases, or potentially meet their liabilities as they fall due over the next 12 months. These conditions, along with other matters discussed in note 1.4 of the accounting policies indicate the existence of an inherent material uncertainty which may cast significant doubt about the Group's and company's ability to continue as a going concern. The financial statements do not include the adjustments (such as impairment of assets) that would result if the Group and Company were unable to continue as a going concern.

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.

Our assessment of risks of material misstatements

We identified the following risks of material misstatement that we believe had the greatest impact on our overall audit strategy and scope, the allocation of resources in the audit; and directing the efforts of the engagement team. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment exploration and evaluation assets	
The Group has capitalised significant costs in respect of the Tyler and Polk county projects in accordance with International Financial Reporting Standard 6 'Exploration for and Evaluation of Mineral Resources' (IFRS 6), therefore there is a risk of impairment. There are a significant number of leases covering the areas over which the Exploration and Evaluation ("E&E") assets are located, therefore the renewal and good standing of the leases is vital in order to ensure no impairment of the exploration assets is required.	We tested a sample of additions to E&E assets to confirm they meet the criteria for capitalisation in accordance with International Financial Reporting Standards. We reviewed and challenged management's impairment assessment which was carried out in accordance with IFRS 6 in order to determine whether there were any indicators of impairment. We confirmed there is an ongoing plan to develop each prospect. We obtained evidence that a sample of key leases remain valid and are in good standing or are in the process of renewal.
Impairment of developed oil & gas properties	
If production has not met initial estimates this may indicate that the developed oil and gas properties are impaired. In addition if any of the key licenses/leases were to expire or were not renewed this would lead to impairment of these assets. Reviews should be undertaken by the directors to confirm that there are no indications, or requirement for, impairments of their carrying values. The results of these reviews by the directors should be documented formally in the company's board minutes. This is the first year that E&E costs have been transferred to developed oil & gas properties. There is a risk that assets have been reclassified incorrectly.	We assessed the developed oil and gas properties for impairment and considered whether the prospect/lease areas were correctly pooled together in line with International Accounting Standard 36 ("IAS 36") and confirmed the wells were located in proximity to each other and can be reasonably considered to be the same prospect or cash generating unit ("CGU"). A discounted cash flow calculation was reviewed and sensitised to support the carrying value of the developed oil and gas properties. We also reviewed a sample of the key leases to ensure that they are in good standing, have been renewed, or are in the process of renewal. We assessed the reasonableness of transferred development costs and reviewed the appropriateness of the accounting policy relating to capitalisation and depreciation of these assets.

Key audit matter	How our audit addressed the key audit matter
Impairment of loans due from subsidiary companies The Company has a significant loan balance due from its subsidiary Pantheon Oil and Gas LP	We assessed the recoverability of the loans due from subsidiary companies in conjunction with our review of the Group's exploration assets for impairment and the discounted cash flow model prepared to support the carrying value of the developed oil and gas properties. No indications of impairment were identified.
Revenue recognition During the year, Pantheon commenced production in Polk County within the West AA propsect. This is the first year of production therefore there is a risk that revenue may be incorrectly recognised.	We reviewed revenue on a sample basis agreeing income to customer statements to confirm its completeness and that it had been recorded in the correct period in the nominal ledger. Our audit procedures did not identify any material errors in respect of completeness or cut-off.
Going concern The group intends to supplement working capital by successfully taking the Polk County project to the production phase. If the production revenues are delayed or the drilling of other wells are unsuccessful or requires significantly higher levels of funding than budgeted the working capital position would be put under significant pressure.	We have assessed the group's cashflow forecasts for the period to 31 December 2019 along with the current financial position. Whilst the Group is generating production revenues it is likely to require further funding in order to renew key leases and meet their liabilities as they fall due over the next 12 months. An emphasis of matter has therefore been included above in respect of going concern.

Our application of materiality

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

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

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

Overall materiality	We determined materiality for the financial statements as a whole to be \$612,628.
How we determine it	Based on the main key indicator, being 1% of net assets of the Group.
Rationale for benchmarks applied	We believe net asset values is the most appropriate benchmark due to the size and stage of development of the Company and Group.

Our application of materiality (continued)

Performance materiality	On the basis of our risk assessment, together with our assessment of the Company's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and this was rounded to $459,471.

We agreed with the Audit Committee that we would report to them all misstatements over $25,000 identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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

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

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

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

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

Other information

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

Daniel Hutson (Senior Statutory Auditor)
For and on behalf of
UHY Hacker Young
Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

20 December 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Continuing operations			
Revenue	3	1,009,570	-
Production royalties		(244,783)	-
Depletion of developed oil & gas assets		(88,293)	-
Cost of sales		(562,986)	-
Gross profit		113,508	-
Administration expenses		(1,922,917)	(1,754,259)
Impairment of intangible assets	12	(6,805,537)	-
Depreciation of production & pipe line facilities		(145,516)	-
Operating loss	4	(8,760,462)	(1,754,259)
Interest receivable	6	6,858	14,067
Loss before taxation		(8,753,604)	(1,740,192)
Taxation	7	-	-
Loss for the year		(8,753,604)	(1,740,192)
Other comprehensive income / (loss) for the year			
Exchange differences from translating foreign operations		277,183	(239,528)
Total comprehensive loss for the year		(8,476,421)	(1,979,720)
Loss per share			
Loss per ordinary share – basic and diluted from continuing operations	2	(3.72)c	(0.81) c

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

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share reserve $	Total Equity $
Group						
At 1 July 2017	3,557,582	94,914,770	(39,383,794)	(318,737)	902,854	59,672,675
Net loss for the year	-	-	(8,753,604)	-	-	(8,753,604)
Other comprehensive income: Foreign currency translation	-	-	-	277,183	-	277,183
Total comprehensive income for the year	-	-	(8,753,604)	277,183	-	(8,476,421)
Capital Raising						
Issue of shares	292,941	12,303,543	-	-	-	12,596,484
Issue of shares in lieu of fees	2,150	90,271	-	-	-	92,421
Issue costs	-	(629,779)			-	(629,779)
Balance at 30 June 2018	3,852,673	106,678,805	(48,137,398)	(41,554)	902,854	63,255,380

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Equity reserve $	Total Equity $
Company						
At 1 July 2017	3,557,582	94,914,770	(18,700,160)	(14,366,568)	902,854	66,308,478
Net loss for the year	-	-	(1,137,295)	-	-	(1,137,295)
Other comprehensive income: Foreign currency translation	-	-	-	1,124,989	-	1,124,989
Total comprehensive loss for the year	-	-	(1,137,295)	1,124,989	-	(12,306)
Capital Raising						
Issue of shares	292,941	12,303,543	-	-	-	12,596,484
Issue of shares in lieu of fees	2,150	90,271				92,421
Issue costs	-	(629,779)				(629,779)
Balance at 30 June 2018	3,852,673	106,678,805	(19,837,455)	(13,241,579)	902,854	78,355,298

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Equity reserve $	Total Equity $
Group						
At 1 July 2016	3,557,582	94,914,770	(37,643,602)	(79,209)	902,854	61,652,395
Net loss for the year	-	-	(1,740,192)	-	-	(1,740,192)
Other comprehensive income: Foreign currency translation	-	-	-	(239,528)	-	(239,528)
Total comprehensive income for the year	-	-	(1,740,192)	(239,528)	-	(1,979,720)
Balance at 30 June 2017	3,557,582	94,914,770	(39,383,794)	(318,737)	902,854	59,672,675

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Equity reserve $	Total Equity $
Company						
At 1 July 2016	3,557,582	94,914,770	(17,592,913)	(13,003,202)	902,854	68,779,091
Net loss for the year	-	-	(1,107,247)	-	-	(1,107,247)
Other comprehensive income: Foreign currency translation	-	-	-	(1,363,366)	-	(1,363,366)
Total comprehensive income for the year	-	-	(1,107,247)	(1,363,366)	-	(2,470,613)
Balance at 30 June 2017	3,557,582	94,914,770	(18,700,160)	(14,366,568)	902,854	66,308,478

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 $	2017 $
ASSETS			
Non-current assets			
Exploration and evaluation assets	13	43,498,422	55,545,596
Developed oil & gas assets	14	13,736,007	-
Property, plant and equipment	14	2,237,698	1,166
		59,472,127	55,546,762
Current assets			
Trade and other receivables	9	700,939	328,319
Cash and cash equivalents	10	3,399,290	4,382,206
		4,100,229	4,710,525
Total assets		63,572,356	60,257,287
LIABILITIES			
Current liabilities			
Trade and other payables	11	316,976	584,612
Total liabilities		316,976	584,612
Net assets		63,255,380	59,672,675
EQUITY			
Capital and reserves			
Share capital	15	3,852,673	3,557,582
Share premium	15	106,678,805	94,914,770
Retained losses		(48,137,398)	(39,383,794)
Currency reserve		(41,554)	(318,737)
Equity reserve	21	902,854	902,854
Shareholders' equity		63,255,380	59,672,675

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2018 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 $	2017 $
ASSETS			
Property, plant and machinery	14	1,099	1,166
Loans to subsidiaries	9	77,770,641	64,069,579
		77,771,740	64,070,745
Current assets			
Trade and other receivables	9	100,110	123,075
Cash and cash equivalents	10	687,768	2,260,055
		787,878	2,383,130
Total assets		78,559,618	66,453,875
LIABILITIES			
Current liabilities			
Trade and other payables	11	204,320	145,397
Total liabilities		204,320	145,397
Net assets		78,355,298	66,308,478
EQUITY			
Capital and reserves			
Share capital	15	3,852,673	3,557,582
Share premium	15	106,678,805	94,914,770
Retained losses		(19,837,455)	(18,700,160)
Currency reserve		(13,241,579)	(14,366,568)
Equity reserve	21	902,854	902,854
Shareholders' equity		78,355,298	66,308,478

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 2018 of $1,137,295 (2017: loss of $1,107,247) has been included in the consolidated income statement.

The financial statements were approved by the Board of Directors and authorised for issue on 20 December 2018 and signed on its behalf by:

Justin Hondris
Director
Company Number 05385506

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Net outflow from operating activities	16	(2,082,803)	(1,598,530)
Cash flows from investing activities			
Interest received		6,858	14,067
Funds used for drilling, exploration and leases		(10,679,594)	(17,760,518)
Developed oil & gas assets		(495,183)	-
Property, plant & equipment		208,682	-
Net cash outflow from investing activities		(10,959,237)	(17,746,451)
Cash flows from financing activities			
Proceeds from share issues	15	12,596,484	-
Issue costs paid in cash		(537,360)	-
Net cash inflow from financing activities		12,059,124	-
Net decrease in cash & cash equivalents		(982,916)	(19,344,981)
Cash and cash equivalents at the beginning of the year		4,382,206	23,727,187
Cash and cash equivalents at the end of the year	10	3,399,290	4,382,206

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Net cash inflow (outflow) from operating activities	16	65,107	(2,415,692)
Cash flows from investing activities			
Purchase of plant and equipment		(1,318)	-
Interest received		5,861	10,468
Loans to subsidiary companies		(13,701,062)	(1,376,565)
Net cash outflow from investing activities		(13,696,519)	(1,366,097)
Cash flows from financing activities			
Proceeds from share issues	15	12,596,484	-
Issue costs paid in cash		(537,359)	-
Net cash inflow from financing activities		12,059,125	-
Decrease in cash and cash equivalents		(1,572,287)	(3,781,789)
Cash and cash equivalents at the beginning of the year		2,260,055	6,041,844
Cash and cash equivalents at the end of the year	10	687,768	2,260,055

1. Accounting policies

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

1.1. Basis of preparation

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

The Group's financial statements for the year ended 30 June 2018 were authorised for issue by the board of Directors on 20 December 2018 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, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill arising on acquisitions is capitalised and subject to impairment review, both annually and when there are indications that the carrying value may not be recoverable.

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

1.3. Interests in joint arrangements

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

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

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

1.4. Going concern

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

Post year end, on 1 November 2018, the VOS#1 well (Tyler County) was connected to the Enterprise pipeline system and commenced production sales. As at 17 December 2018, VOS#1 was producing at a rate of 1,425 mcfpd through a 7/64th choke, equating to circa $5,700 per day gross revenues at gas prices current at the time of writing. The Group has no current drilling commitments and anticipates the net revenue generated from VOS#1 would cover the current levels of general and administrative expenses. However, future events such as production volumes, revenues, commodity prices along with other matters inherent in exploration, cannot be estimated with certainty. Further, once the Group has achieved its stated ambition of acquiring the remainder of the working interests in the projects from Vision, additional funding will be required to meet the expanded cost base.

Pantheon's leasehold position includes certain leases in Tyler and Polk Counties which are currently held for renewal under exclusive option and which may be renewed for a 3-year term for a payment of c.$4.3m if the Group elects to renew all of these leases. The Group is under no obligation to renew all leases and can renew a smaller portion at its election. Should the Group decide not re-new some or all of these leases, the directors remain satisfied that the modelled NPV of the Group's exploration and evaluation on its existing leases exceeds their current carrying values and would not require further impairment, however it would result in a reduction in the resource potential of the project to the extent that the acreage would be reduced.

The Directors believe that a farm out of the VOBM#1 sidetrack well is achievable and that it would have the ability to raise additional funds through either equity, debt, or farm-out one or more of the Group's future wells if required. The Board has therefore concluded that they have a reasonable expectation that the Group can continue in operational existence for the next 12 months and has prepared the financial statements on a Going Concern basis.

1.5. Revenue

Revenue, excluding production tax and similar taxes, represents net amounts invoiced for the Group's share of oil and gas revenues in the year.

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

1.6. Foreign currency translation

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

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

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

1.7. Cash and cash equivalents

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

1.8. Deferred taxation

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

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

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

The Group follows the 'successful efforts' method of accounting for exploration and evaluation costs. 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. The prospect acreage has been classified into discrete "prospects" or CGU's. When production commences the accumulated costs for the specific CGU is transferred from intangible fixed assets to tangible fixed assets i.e. 'Developed Oil & Gas Properties' or 'Production Facilities and Equipment', as appropriate. Amounts recorded for these assets represent historical costs and are not intended to reflect present or future values.

1.10 Impairment of exploration costs and developed oil and gas properties, and depreciation of assets

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 Company 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 Company has determined an accounting policy for allocating exploration and evaluation assets to specific 'cash-generating units' ("CGU").

Exploration and evaluation costs
In relation to the Tyler and Polk County projects, the carrying value as at 30 June 2018 represents back costs and direct costs paid in relation to the project, seismic, land and drilling costs relating to the prospects as well as prepaid costs towards future drilling.

Developed Oil and Gas Properties
Developed Oil and Gas Properties represent three wells (VOBM#1, VOBM#2H, VOBM#3) located in Polk County. These costs were transferred from "Exploration and Evaluation costs" to "Developed Oil & Gas properties" when the wells were commissioned. The wells are depleted over the estimated life of the commercial reserves based on the "Unit of production basis" based upon a typeset P50 well estimated at 1.4Mmboe P50 prospective resource (recoverable).

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

- Production facilities and equipment are depreciated by equal instalments over their expected useful lives, ranging from 3 to 30 years.

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

1.11. Financial instruments

IFRS 7 requires information to be disclosed about the impact of financial instruments on the Group's risk profile, how the risks arising from financial instruments might affect the entity's performance, and how these risks are being managed.

The Group's policies include that no trading in derivative financial instruments shall be undertaken. These disclosures have been made in Note 20 to the accounts.

1.12. Critical accounting estimates and judgements

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

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

Impairment of tangible and intangible assets
Assessing whether there is an indication of possible impairment of an asset requires an estimation of whether there are any indications that its carrying value is not greater than its recoverable amount (i.e. the higher of fair value less costs of disposal and value in use)

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

Developed Oil & Gas Properties
Developed Oil & Gas Properties are amortised over the life of the area according to the unit of production method. If the amount of economically recoverable reserves varies, this will impact on the amount of the asset which should be carried on the balance sheet. The group categorises its leases (intangible assets) and its Developed Oil and Gas Properties (tangible assets) into a number of discreet geological prospects ("cash generating units" or "CGU's").

Share-based payments
The Group records charges for share-based payments.

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

1.13. New standards and interpretations not applied

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

Standard	*Impact on initial application*	*Effective date*
IFRS 9*	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019

* Amendments

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

1.14 Share based payments

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

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

2. Loss per share

The total loss per share for the group of 3.72 US cents (2017: 0.81 US cents) is calculated by dividing the loss for the year from continuing operations by the weighted average number of ordinary shares in issue of 235,471,630 (2017: 214,957,458).

The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive. The diluted weighted average number of shares in issue is 235,471,630 (2017: 224,957,458). The 10,000,000 options in issue have not been included in the weighted average number of shares number as they were out of the money at 30 June 2018.

3. Segmental information

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

Each reportable segment adopts the same accounting policies.

In compliance with IFRS 8 'Operating Segments', the following tables reconcile the operational loss and the assets and liabilities of each reportable segment with the consolidated figures presented in these Financial Statements, together with comparative figures for the year ended 30 June 2018.

Oil and Gas production commenced from 3 wells during the year; VOBM#1 & VOBM#3 in November 2017 and VOBM#2H in early 2018.

The Group's net total sales production for the financial year ended 30 June 2018 amounted to 203,565 (2017: Nil) mcf of natural gas and 7,326 (2017: Nil) bbl of oil. Average realisations for the year for natural gas and oil were US$2.40 (2017: Nil) per mcf and US$61.11 (2017: Nil) per barrel of oil respectively.

Revenues for the year ended 30 June 2018 were $1,009,570 (2017: Nil).

Year ended 30 June 2018

Geographical segment (Group)	**Head Office**	**USA**	**Consolidated**
	$	**$**	**$**
Revenue	-	1,009,570	1,009,570
Production royalties	-	(244,783)	(244,783)
Depletion of developed oil & gas assets	-	(88,293)	(88,293)
Cost of sales	-	(562,986)	(562,986)
Administration expenses	(1,143,157)	(779,760)	(1,922,917)
Impairment of intangible assets	-	(6,805,537)	(6,805,537)
Depreciation of production & pipeline facilities	-	(145,516)	(145,516)
Interest receivable	5,862	996	6,858
Loss by reportable segment	(1,137,295)	(7,616,309)	(8,753,604)
Exploration & evaluation assets	-	43,498,422	43,498,422
Developed oil & gas assets	-	13,736,007	13,736,007
Property, plant & equipment	1,099	2,236,599	2,237,698
Trade and other receivables	100,110	600,829	700,939
Cash and cash equivalents	687,768	2,711,522	3,399,290
Intercompany balances	77,770,641	(77,770,641)	-
Total assets by reportable segment	78,559,618	(14,987,262)	63,572,356
Total liabilities by reportable segment	(204,320)	(112,656)	(316,976)
Net assets by reportable segment	78,355,298	(15,099,918)	63,255,380

3. Segmental information (continued)

Year ended 30 June 2017

Geographical segment (Group)	**Head Office**	**USA**	**Consolidated**
	$	**$**	**$**
Administrative expenses	(1,117,716)	(636,543)	(1,754,259)
Interest receivable	10,467	3,600	14,067
Loss by reportable segment	(1,107,249)	(632,943)	(1,740,192)
Exploration & evaluation assets	-	55,545,596	55,545,596
Property, plant & equipment	1,166	-	1,166
Trade and other receivables	123,075	205,244	328,319
Cash and cash equivalents	2,260,055	2,122,151	4,382,206
Intercompany balances	64,069,579	(64,069,579)	-
Total assets by reportable segment	66,453,875	(6,196,588)	60,257,287
Total liabilities by reportable segment	(145,397)	(439,215)	(584,612)
Net assets by reportable segment	66,308,478	(6,635,803)	59,672,675

4. Operating loss

	2018	**2017**
	$	**$**
Operating loss is stated after charging:		
Depreciation – production facilities & equipment	145,516	-
Depreciation – office equipment	1,436	1,714
Auditor's remuneration		
- group and parent company audit services	23,250	23,565
Auditor's remuneration for non-audit services		
- taxation services and compliance services	11,725	14,329

5. Employment costs

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

	2018	**2017**
	$	**$**
Wages and salaries	1,071,015	941,952
Social security costs	89,606	85,820
Statutory pension costs	21,611	23,015
	1,182,232	1,050,787

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

	2018	2017
Number of employees (including Executive Directors) at the end of the year	number	number
Management and administration	5	5

6. Interest receivable

	2018 $	2017 $
Bank interest received	6,858	14,067

7. Taxation

	2018 $	2017 $
Current tax		
UK corporation tax	-	-
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	(8,756,152)	(1,740,192)
Loss on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 19% (2017: 20.5%)	(1,663,669)	(343,688)
Effects of:		
Non deductible expenses	1,293,052	958
Capital allowances	-	162
Tax losses carried forward not recognised as deferred tax asset	370,617	342,568
Total tax charge	-	-

Factors that may affect future tax charges

The Finance Bill (2016) has reduced the rate of corporation tax to 17% from 1 April 2020. As a result, this reduction in the rate would be reflected in these financial statements had the company's deferred tax assets and liabilities been provided for.

The Group's deferred tax assets and liabilities as at 30 June 2018 have been measured at 17%, although no deferred tax has been recognised as such in these accounts.

At the year end date, the Group has unused losses carried forward of $34.5M (2017: $32.6M) available for offset against suitable future profits. Of these losses approximately $25M (2017: $24.0M) were sustained in the USA. Unused US tax losses expire in general within 20 years of the year in which they are sustained.

The directors do not consider it appropriate to recognise a deferred tax asset in respect of such losses, due to the uncertain nature of future revenue streams. The contingent deferred tax asset is estimated to be $5.8M (2017: $6.5M).

8. Subsidiary entities

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

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

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

9. Trade and other receivables

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Amounts falling due within one year:				
Prepayment & accrued income	672,468	145,781	74,301	94,997
Other receivables	28,471	182,538	25,809	28,078
	700,939	328,319	100,110	123,075

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Amounts falling due after one year:				
Amount due from Subsidiary undertaking	-	-	77,770,641	64,069,579

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. See note 14 for further detail.

10. Cash and cash equivalents

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Cash at bank and in hand	3,399,290	4,382,206	687,768	2,260,055

11. Trade and other payables

	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Trade creditors	106,619	473,102	106,619	82,246
Accruals	210,357	111,510	97,701	63,151
	316,976	584,612	204,320	145,397

12. Impairment of Intangible Assets

	2018 $	2017 $
Impairment loss – cost of well side track VOBM#4	1,825,051	-
Impairment loss on Prospect E leased acreage not renewed – deemed non core	1,798,993	-
Impairment loss on previously leased West West AA leased acreage not renewed	3,181,493	-
	6,805,537	-

The Group has reviewed these assets for indications of impairment. Where impairment indications have been found we have performed impairment tests. Impairments losses have been measured, presented and disclosed in accordance with IAS 36.

An impairment charge has been determined for the year; $6.8m (2017: $nil). This was comprised of $1.83m of costs associated with the sidetrack component of the VOBM#4 well (initially impaired in the interim accounts for the 6 months ended 31 December 2017) and c.$5m representing capitalised lease costs on non-renewed acreage.

13. Exploration and evaluation assets

Group	2018	2017
	$	$
Cost		
At 1 July	55,545,596	37,785,078
Additions	10,679,595	17,760,518
Transfer to developed oil & gas assets	(13,329,117)	-
Transfer to production facilities & equipment	(2,592,115)	-
At 30 June	50,303,959	55,545,596
Impairment		
As at 1 July	-	-
Impairment	6,805,537	-
At 30 June	6,805,537	-
Net book value		
At 30 June	43,498,422	55,545,596

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

Pantheon's leasehold position includes certain leases in Tyler and Polk Counties which are currently held under exclusive option. These leases may be renewed for a 3-year term for a payment of c.$4.2m on a 100% basis at the Company's election. Should the Company decide to not re-new any of these leases, the directors are still satisfied that the NPV of the Group's remaining exploration and evaluation exceeds their current carrying values.

Details of the impairments for the year are disclosed in note 12.

The Directors are satisfied that the NPV of the Group's exploration and evaluation assets exceeds the carrying values and believe that no additional impairment of these is required at 30 June 2018.

14. Property, plant and equipment

Group & Company	Developed Oil & Gas Properties $	Production Facilities & Equipment $	Office Equipment $	Total $
Cost				
At 1 July 2016	-	-	15,073	15,073
Exchange difference	-	-	(293)	(293)
At 30 June 2017	-	-	14,780	14,780
Additions	495,183	(210,000)	1,319	286,502
Transfer from exploration & evaluation assets	13,329,117	2,592,115	-	15,921,232
At 30 June 2018	13,824,300	2,382,115	16,099	16,222,514
Depreciation				
At 1 July 2016	-	-	12,102	12,102
Depreciation for the year	-	-	1,714	1,714
Exchange difference	-	-	(202)	(202)
At 30 June 2017	-	-	13,614	13,614
Depreciation for the year	-	145,516	1,436	146,952
Exchange difference	-	-	(50)	(50)
At 30 June 2018	-	145,516	15,000	160,516
Depletion				
At 01 July 2016 and at 30 June 2017	-	-	-	-
Depletion for the year	88,293	-	-	88,293
At 30 June 2018	88,293	-	-	88,293
Net book value				
As at 30 June 2018	13,736,007	2,236,599	1,099	15,973,706
As at 30 June 2017	-	-	1,166	1,166

In accordance with IAS 36 'Impairment of Assets' (IAS 36), the prospect acreage has been classified into discrete "prospects" or cash generating units ("CGU's").

The "Developed oil & gas properties" category above represents 3 Polk County wells, within the West AA prospect, namely VOBM#1, VOBM#2H and VOBM#3. The Polk County gas processing plant in the "Production facilities and equipment" category is also located with the West AA prospect. Hence, the 3 wells and gas processing plant are all part of the same individual CGU.

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

Average reserves per well	1.4Mmboe
Oil price ($/bbl)	$50
Natural gas price ($/mcf)	$3.50
Cost of drilling modelled vertical well	$4.50m

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

Management has performed sensitivity analysis on each of the key assumptions including increasing the drilling costs, reducing commodity prices and reducing average reserves per well by a number of scenarios. None of these factors lead to an indication of impairment; hence the Company concluded that no impairment was required as of 30 June 2018.

The Group has performed value in use calculations of its developed oil and gas properties. These involved NPV calculations with a variety of sensitivity assumptions for both commodity prices and well recoverabilities using the geological estimates provided by an independent geological consultant. The Directors are satisfied that the NPV of the Group's developed oil and gas properties exceeds the carrying values and believe no impairment of these is required at 30 June 2018.

15. Share Capital

	2018 $	2017 $
Allotted, issued and fully paid: 237,336,555 ordinary shares of £0.01 each (2017: 214,957,458)	3,852,673	3,557,582

Issued share capital:	**Number**	**Issued and fully paid capital**
As at 30 June 2018	237,336,555	3,852,673

In August 2017 the Company completed a placing of 22,379,097 new fully paid ordinary shares with a nominal value of £0.01, raising gross proceeds of c.$12.7m before expenses of the share issue .The ordinary shares rank pari passu in all respects including the right to receive dividends and other distributions declared, made or paid.

The value of the yearly movement in ordinary shares $295,091 is calculated as; the number of new fully paid ordinary shares issued 22,379,097 multiplied by £0.01 nominal value converted at the USD / GBP exchange rate 1.3186 at the time of the completed placing.

16. Net cash outflow from operating activities

	Group 2018 $	Group 2017 $
Loss for the year	(8,753,604)	(1,740,192)
Net interest received	(6,858)	(14,067)
Unrealised gains on assets held for sale	-	(14,590)
Impairment of intangible assets	6,805,537	-
Depreciation of office equipment	1,436	1,714
Depletion of developed oil & gas assets	88,293	-
Depreciation of production & pipeline facilities	145,516	-
(Increase)/decrease in trade and other receivables	(372,620)	35,823
(Decrease)/increase in trade and other payables	(267,636)	372,216
Effect of translation differences (Fixed Assets)	(50)	93
Effect of translation differences	277,183	(239,527)
Net cash outflow from operating activities	(2,082,803)	(1,598,530)

	Company 2018 $	Company 2017 $
Loss for the year	(1,137,295)	(1,107,249)
Net interest received	(5,862)	(10,467)
Depreciation	1,436	1,714
Decrease in trade and other receivables	22,965	2,795
Increase in trade and other payables	58,923	60,786
Effect of translation differences (Fixed Assets)	(50)	93
Effect of translation differences	1,124,990	(1,363,364)
Net cash inflow (outflow) from operating activities	65,107	(2,415,692)

17. Control

No one party controls the Company.

18. Decommissioning expenditure

The Directors have considered the environmental issues and the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation. The Company believes that the value of reusable pipe that can be retrieved from each of its wells is of greater value than the future cost of any plug and abandonment expenses related to those wells. Therefore, no provision has been made for any future costs of decommissioning or any environmental damage.

19. Exploration and evaluation commitments

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

As at 30 June 2018, the Group has no fixed financial commitments in respect of any other programmes other than maintaining its interest in its existing operations. Before any new wells are commenced in relation to these operations, the Group must first elect to participate in any proposed well thereby allowing the Group to decline participation if it deems appropriate.

20. 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.

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

Cash flow interest rate risk

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

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

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

Financial assets:	**Weighted average interest rate 2018 %**	**Fixed interest rate 2018 $**	**Non – interest bearing 2018 $**
Cash on deposit	0.05	3,399,290	-
Trade and other receivables	-	-	700,939

Net fair value

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

Currency risk
The functional currency for the Group's operating activities and exploration activities is the US dollar. The Group has not hedged against currency depreciation but continues to keep the matter under review.

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

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

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

The entity has established a number of policies and processes for managing liquidity risk. These include:
- Continuously monitoring actual and budgeted cash flows and longer term forecasting cash flows;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows; and
- Monitoring liquidity ratios (working capital).

Given the modest cash balance and the relatively illiquid nature of the Group's non-current assets there is currently an increased liquidity risk. This is partially mitigated by a number of factors including: (1) That the Group does not have any current mandatory drilling commitments, and, (2) that the VOS#1 discovery well has recently commenced production and is currently producing a rate of 1,425 mcfpd, equating to circa $5,700 of gross revenues per day.

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

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

21. Share-based payments

Movements in share options in issue

Exercise price	Number of options issued as of 30 June 2017	Issued during year	Expired during year	Number of options issued as of 30 June 2018
£0.30	10,000,000	-	-	10,000,000
Total	10,000,000	-	-	10,000,000

The Group has previously issued share options to directors and employees. These are equity settled share-based payments as defined in IFRS 2 Share-based payments. A recognised valuation methodology (using the Black & Scholes valuation model) was employed to determine the fair value of options granted as set out in the standard. The charge incurred relating to these options was recognised within operating costs. All share options have been fully expensed as at 30 June 2018. The weighted average exercise price of share options outstanding and exercisable at the end of the period was £0.30 (2017: £0.30).

No share options were issued in the year, (2017: $Nil).

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

22. Related party transactions

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

23. Contingent liability

In September 2017, the lease dispute with certain third parties, as disclosed in Pantheon's announcement of 27 July 2017, was settled. Pantheon's working interest in the units associated with the VOBM#1 and VOBM#2H wells has been reduced from 58% to 55.1% after well payout. No cash or additional consideration was paid in relation to this settlement.

Additionally, subsequent to the year end the Group settled its long running dispute with the independent third party geological consultant who was seeking from Pantheon a payment of $25,000 per successfully completed well together with a 1% overriding royalty interest on future revenues. The dispute has now been settled with both parties agreeing to cease proceedings and to not pursue the other party for any claims.

24. Subsequent events

VOS#1 Well and pipeline – Tyler County

The 2½ mile gathering pipeline in East Texas (Tyler County) was completed at the end of October 2018. The pipeline connected the VOS #1 well to the Enterprise gas gathering and processing system and was hooked up and producing in November 2018. The well was brought onstream in a conservative manner given that the well had been shut in for over 2.5 years and had experienced a number of remediation processes historically. As at the 28th of November 2018, the wells were producing at a rate of 1,425 mcfpd natural gas.

Directorate change

John Walmsley has decided to retire from his role as Chairman of the Company at the Company's forthcoming Annual General Meeting. Mr Walmsley has served on the Board of Pantheon for 11 years and has agreed to continue with the Company in the role of Non-Executive Director. Phillip Gobe, currently Non-Executive Director, has accepted the role of Chairman. Mr Gobe's appointment as Chairman reflects the Board's determination to commercialise the geological potential of the East Texas assets.

Acquisition on Vision's Working Interest in jointly leased Tyler and Polk County acreage

Pantheon announced its intention to purchase the working interest positions held by the Vision group in the jointly leased Tyler and Polk County project (the "Project"), increasing Pantheon's working interests to 100% and assuming operatorship and control of the Project.

On the 17th of December the Group announced that it had agreed non-binding terms with Kaiser Francis and associated limited partners ("KF") to acquire KF's 66.6% ownership of Vision Gas Limited and Vision Resources LLC ("Vision") including its working interest in the VOS#1 well and associated Tyler County acreage. As consideration, Pantheon expects to issue to KF 3.5 million new fully paid ordinary shares in Pantheon in full and final settlement. Should this transaction complete successfully then it is the Group's intention to acquire the remainder of Vision for non-cash consideration of shares and a success based royalty which would bring Pantheon's working interest position to 100% in its prospects.

Reduction in Acreage

In July 2018 the Company announced a reduction in its acreage position to 17,145 net mineral acres, which compared to 20,576 net mineral acres as at October 2014, to which the project's Prospective P50 Resource estimate of 301mmboe related. The Group's current acreage position currently under lease and under exclusive option amounts to 16,251 acres. To the extent that the leased position remains below 20,576 net mineral acres, the Prospective P50 Resource estimate of 301mmboe has reduced and requires revision. To the extent that Pantheon may increase its working interest in the project through the acquisition of Vision's working interests, then a proportionate increase in P50 Prospective Resource attributable to Pantheon shareholders will result. Pantheon will continue to manage and high grade its acreage portfolio in line with its capital budgets.

GLOSSARY

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