# PANTHEON RESOURCES PLC

## INTERIM REPORT (UNAUDITED)

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

The half year ended 31 December 2019 and the period beyond has been one of immense progress for our Company. Following on from the acquisition of the Alaskan focused Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC (together, "Great Bear") companies in January 2019, the Company made substantial advancements during the period from 1 July 2019, as outlined below:

**Operational**

- Increased ownership interest in the Greater Alkaid oil discovery from 75% to 100%.
- Engaged Lee Keeling and Associates to prepare an Independent Expert Report on the Greater Alkaid project. The report confirmed:
  - Contingent Resource of 76.5 million barrels of oil (“MMBO”).
  - management’s estimate of oil in place (“OIP”); and
  - modelled a ‘phase 1’ development plan with a $595 million NPV10 using a realized oil price of $55 per barrel.
- Completed an oversubscribed fundraise of approximately US$10.7m (before expenses) at 18 pence per share, a discount of only 2.1% to the previous day’s closing price.
- Reached an agreement with eSeis (experts in seismic geophysics), granting them a 1% overriding royalty interest (ORRI) on all of Pantheon’s Alaskan acreage (excluding Greater Alkaid) in return for forgoing consulting fees of c.$2.7m. The Directors see this act as a great endorsement of the potential of the project given eSeis’ expertise in geophysics and in Alaska.
- Acquired c.28,000 acres of important new leases adjoining our existing acreage on the North Slope of Alaska. Initial analysis undertaken with the experts at eSeis using our proprietary 3D seismic indicates that the newly acquired acreage has the potential to contain more than 1 billion barrels of oil in place (“OIP”). The acreage comprises 2 major project areas named ‘Theta West’ and ‘Leonis’, both of which offer potential for further increases to our initial estimates of OIP as our team continues its work to assess these projects.
- Beginning late summer 2019, previously unmerged 3D seismic was reprocessed and analysed in conjunction with our technical team including eSeis. This extremely time consuming and detailed work is still underway, however it has been at the core of our increased understanding of the complex trap geometry in the Talitha and Theta West reservoir systems and is highly encouraging.
- We will continue to update shareholders on the progress of our analysis over the Brookian and Kuparuk formations at Talitha over the coming months, and as we finalise development economics of the other reservoir systems. It is now clear that both Talitha and Theta West appear substantially larger than originally estimated, however we caution that at this stage the analysis is not yet complete.
- Company focus is now Alaska as the primary asset, with East Texas as the secondary asset. In the current oil and gas price environment East Texas is not nearly as attractive as Alaska, and future activities and expenditures in East Texas will be materially reduced.

**Farm Out Process**

During the period the Company commenced the process of seeking a farm in partner to fund and participate alongside Pantheon in the exploitation and appraisal of our Alaskan portfolio, taking an interest in either the entire portfolio or a discreet project, such as Greater Alkaid. With over $200m invested in the Company’s Alaskan assets to date, the Company is seeking potential farm in partners to contribute an up-front cash component as well as funding Pantheon’s drilling costs. The assets have attracted interest from a wide range of participants in the sector, including National Oil Companies, major oil companies, mid and small sized O&G corporates, family-owned firms, commodity houses and specialist O&G investment funds, who have either been undertaking their review of the data room or are scheduled to do so.

Since the beginning of the year only one company has formally withdrawn from the farm out process, and this was explained by their decision to reduce their exposure to North American fossil fuels. Given the recent severe oil price decline many companies are cutting capital budgets and it would be naive to believe that this would have no impact on Pantheon's current farm out process. However, the size and scale of our projects, which the Directors believe have the potential to be material for almost any oil company, their location and other investment factors (onshore, near infrastructure, low royalty regime, stable government, and conventional reservoirs) with near term production potential gives management confidence in the farm out process.

The Company has also engaged Energy Advisors Group, to assist us in the farmout process. Their team has decades of experience arranging negotiated sales and sealed bid auctions of oil and gas projects and are considered leaders in their field. They have a comprehensive database of potential buyers / farminees, and are skilled in the execution of farmout transactions.

The coronavirus outbreak and recent oil price declines have greatly impacted the global energy market. Such a severe oil price decline has already seen drastic consequences for the E&P sector globally, especially for the high cost producers along with companies burdened with debt. The Board believe that the Company's unlevered balance sheet coupled with our large inventory of conventional projects remains attractive to potential investors and/or farm-in partners.

**Financial & Corporate**

The interim results show a loss for the period of $2.2m (2018: $1.3m) which was higher than the previous year reflecting that this year's result included the costs of the enlarged Group following the acquisition of the Alaskan assets of Great Bear Petroleum.

Revenues for the half year were $78,000 (2018: $356,000) and Costs of Sales were $387,000 (2018: $398,000). These results reflected the deteriorated condition of the compromised East Texas wells, all of which have since been shut in and were written off (with the exception of VOS#1 in Tyler County) in the Company's full year financial statements. Accordingly, the costs associated with maintaining the East Texas operations is expected to reduce significantly going forward, also reflecting the Group's focus on Alaska as the primary asset.

At 31 December 2019, cash and cash equivalents amounted to $7.4m (2018: $4.0m). Cash and cash equivalents as at 18 March 2020 was $6.1m.

In July 2019 the Company completed a capital raising issuing 47,788,563 new Ordinary Shares at 18 pence per share, raising approximately US$10.7 million (before expenses)

**Other**

During the period the Company announced the appointment of Mr Jeremy Brest as Non-Executive Director of Pantheon. Jeremy has more than 20 years' experience in investment banking and financial advisory and is the founder of Framework Capital Solutions, a boutique Singapore-based advisory firm specializing in structuring and execution of private transactions. Prior to founding Framework, Jeremy was the head of structuring for Indonesia at Credit Suisse, and a derivatives trader at Goldman Sachs.

**PANTHEON RESOURCES PLC**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

| | Notes | 6 months ended 31 December 2019 (unaudited) $ | 6 months ended 31 December 2018 (unaudited) $ | Year ended 30 June 2019 (audited) $ |
|---|---|---|---|---|
| **Continuing operations** | | | | |
| Revenue | | 78,003 | 356,598 | 724,589 |
| Production royalties | | (22,385) | (93,130) | (205,458) |
| Depletion of developed oil & gas assets | | (27,800) | (39,980) | (148,485) |
| Cost of sales | | (387,571) | (397,744) | (737,208) |
| **Gross (loss) / profit** | | (359,753) | (174,256) | (366,562) |
| Administration expenses | | (2,165,654) | (985,487) | (3,438,239) |
| General & Administrative expenses – Vision | | (279,562) | - | (1,744,730) |
| Impairment of exploration & evaluation assets | | - | - | (34,138,156) |
| Impairment of developed oil & gas assets | | - | - | (13,092,684) |
| Impairment of property plant and equipment | | - | - | (1,397,950) |
| Impairment of Goodwill | | - | - | (796,236) |
| Depreciation of production & pipeline facilities | | - | (116,053) | (275,665) |
| **Operating loss** | | (2,804,969) | (1,275,796) | (55,250,222) |
| Gain on bargain purchase | | - | - | 100,757,286 |
| Less: deferred tax thereon | | - | - | (28,783,396) |
| Interest receivable | | 14,330 | 1,140 | 25,781 |
| **(Loss)/profit before taxation** | | (2,790,639) | (1,274,656) | 16,749,449 |
| Taxation | | 583,769 | - | 18,757,633 |
| **(Loss)/profit for the period** | | (2,206,870) | (1,274,656) | 35,507,082 |
| **Other comprehensive income for the year** | | | | |
| Exchange differences from translating foreign operations | | 151,610 | (10,234) | (179,284) |
| **Total comprehensive (loss)/income for the period** | | (2,055,260) | (1,284,890) | 35,327,798 |
| Less: Net income / (loss) attributable to noncontrolling interests | | - | - | - |
| **Net (loss) / income attributable to Pantheon Company** | | (2,055,260) | (1,284,890) | 35,327,798 |
| **(Loss) / profit per share** | | | | |
| (Loss) / profit per ordinary share – basic and diluted from continuing operations | 2 | (0.44)¢ | (0.54)¢ | 10.54¢ |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

| | Share capital | Share premium | Retained losses | Currency reserve | Share based payment | Non controlling Interests | Total equity |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Group** | | | | | | | |
| At 1 July 2019 | 7,966,075 | 164,044,718 | (12,630,316) | (220,838) | 2,163,898 | (54,708) | 161,268,831 |
| Net loss for the period | - | - | (2,206,870) | - | - | - | (2,206,870) |
| Other comprehensive income: Foreign currency translation | - | - | - | 151,610 | - | - | 151,610 |
| **Total comprehensive income for the period** | - | - | (2,206,870) | 151,610 | - | - | (2,055,260) |
| **Capital Raising** | | | | | | | |
| Issue of shares | 602,646 | 10,244,977 | - | - | - | - | 10,847,623 |
| Issue of shares in lieu of fees | | (31,239) | - | - | - | - | (31,239) |
| Issue costs | - | (571,364) | - | - | - | - | (571,364) |
| **Balance at 31 December 2019** | 8,568,721 | 173,687,092 | (14,837,186) | (69,228) | 2,163,898 | (54,708) | 169,458,589 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2018

| | Share capital | Share premium | Retained losses | Currency reserve | Share based payment | Non controlling Interests | Total equity |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Group** | | | | | | | |
| At 1 July 2018 | 3,852,673 | 106,678,805 | (48,137,398) | (41,554) | 902,854 | - | 63,255,380 |
| Net loss for the period | - | - | (1,274,656) | - | - | - | (1,274,656) |
| Other comprehensive income: Foreign currency translation | - | - | - | (10,234) | - | - | (10,234) |
| **Total comprehensive income for the period** | - | - | (1,274,656) | (10,234) | - | - | (1,284,890) |
| **Balance at 31 December 2018** | 3,852,673 | 106,678,805 | (49,412,054) | (51,788) | 902,854 | - | 61,970,490 |

## PANTHEON RESOURCES PLC

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2019

| | Share capital $ | Share premium $ | Retained losses $ | Currency reserve $ | Share based payment $ | Non controlling Interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| At 1 July 2018 | 3,852,673 | 106,678,805 | (48,137,398) | (41,554) | 902,854 | - | 63,255,380 |
| Net profit for the year | - | - | 35,507,082 | - | - | - | 35,507,082 |
| Other comprehensive income: Foreign currency translation | - | - | - | (179,284) | - | - | (179,284) |
| **Total comprehensive income for the year** | - | - | 35,507,082 | (179,284) | - | - | 35,327,798 |
| **Capital Raising** | | | | | | | |
| Issue of shares | 1,394,037 | 19,865,021 | - | - | - | - | 21,259,058 |
| Issue of shares in lieu of fees | 23,753 | (23,753) | - | - | - | - | - |
| Issue costs | - | (890,304) | - | - | - | - | (890,304) |
| **Acquisitions** | | | | | | | |
| Issue of shares | 2,693,665 | 38,384,733 | - | - | 1,261,044 | - | 42,339,442 |
| **Other** | | | | | | | |
| Shares issued in lieu of fees | 1,947 | 30,218 | - | - | - | - | 32,165 |
| **Business Combination** | | | | | | | |
| Business combination | - | - | - | - | - | (54,708) | (54,708) |
| **Balance at 30 June 2019** | 7,966,075 | 164,044,718 | (12,630,316) | (220,838) | 2,163,898 | (54,708) | 161,268,831 |

**PANTHEON RESOURCES PLC**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2019**

| | Notes | 6 months ended 31 December 2019 (unaudited) $ | 6 months ended 31 December 2018 (unaudited) $ | Year ended 30 June 2019 (audited) $ |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Exploration and evaluation assets | 3 | 163,434,537 | 37,306,625 | 160,887,260 |
| Developed oil and gas assets | 3 | 6,933,644 | 21,256,907 | 6,961,445 |
| Property, plant & equipment | 3 | 2,494,271 | 2,121,396 | 2,494,464 |
| | | 172,862,452 | 60,684,928 | 170,343,169 |
| **Current Assets** | | | | |
| Trade and other receivables | | 667,034 | 1,920,505 | 1,843,649 |
| Cash and cash equivalents | | 7,371,384 | 3,980,942 | 1,853,986 |
| | | 8,038,418 | 5,901,447 | 3,697,635 |
| **Total assets** | | 180,900,870 | 66,586,375 | 174,040,804 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | 664,424 | 4,615,885 | 1,410,347 |
| Provisions | | 1,335,863 | - | 1,335,863 |
| Deferred tax liability | | 9,441,994 | - | 10,025,763 |
| **Total liabilities** | | 11,442,281 | 4,615,885 | 12,771,973 |
| **Net assets** | | 169,458,589 | 61,970,490 | 161,268,831 |
| **EQUITY** | | | | |
| **Capital and reserves** | | | | |
| Share capital | | 8,568,721 | 3,852,673 | 7,966,075 |
| Share premium | | 173,687,092 | 106,678,805 | 164,044,718 |
| Retained losses | | (14,837,186) | (49,412,054) | (12,630,316) |
| Currency reserve | | (69,228) | (51,788) | (220,838) |
| Share based payment reserve | | 2,163,898 | 902,854 | 2,163,898 |
| Non controlling interests | | (54,708) | - | (54,708) |
| **Shareholders' equity** | | 169,458,589 | 61,970,490 | 161,268,831 |

**PANTHEON RESOURCES PLC**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

| | 6 months ended 31 December 2019 (unaudited) $ | 6 months ended 31 December 2018 (unaudited) $ | Year ended 30 June 2019 (audited) $ |
|---|---|---|---|
| **Net outflow from operating activities** | (3,622,342) | (1,853,093) | (5,513,085) |
| **Cash flows from investing activities** | | | |
| Interest received | 14,330 | 1,140 | 25,781 |
| Funds used for drilling, exploration and leases | (1,119,609) | (1,369,083) | (10,579,750) |
| Developed oil & gas assets | - | - | (523,934) |
| Decommissioning Provision (Exploration & Evaluation) | - | - | 676,464 |
| Decommissioning Provision (Developed Oil & Gas Assets) | - | - | 409,400 |
| Property, plant & equipment | - | - | (312,637) |
| Acquisition of a subsidiary (Great Bear), net of cash acquired | - | - | (6,098,215) |
| Acquisition of a subsidiary, (Vision Resources LLC) net of cash acquired | - | - | 1,920 |
| **Net cash outflow from investing activities** | (1,105,279) | (1,367,943) | (16,400,971) |
| **Cash flows from financing activities** | | | |
| Proceeds from share issues | 10,816,383 | 3,802,688 | 21,259,057 |
| Issue costs paid in cash | (571,364) | - | (890,304) |
| **Net cash inflow from financing activities** | 10,245,019 | 3,802,688 | 20,368,753 |
| **Increase / (decrease) in cash & cash equivalents** | 5,517,398 | 581,652 | (1,545,304) |
| Cash and cash equivalents at the beginning of the period | 1,853,986 | 3,399,290 | 3,399,290 |
| **Cash and cash equivalents at the end of the period** | 7,371,384 | 3,980,942 | 1,853,986 |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

**RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

| | 6 months ended 31 December 2019 (unaudited) | 6 months ended 31 December 2018 (unaudited) $ | Year ended 30 June 2019 (audited) $ |
|---|---|---|---|
| (Loss)/profit for the period | (2,206,870) | (1,274,656) | 35,507,082 |
| Net interest received | (14,330) | (1,140) | (25,781) |
| Unrealised gains | - | - | (100,757,286) |
| Less: deferred tax thereon | - | - | 28,783,396 |
| Impairment of intangible assets - Goodwill | - | - | 796,236 |
| Impairment of intangible assets – E&E | - | - | 34,138,156 |
| Impairment developed oil & gas assets | - | - | 13,092,684 |
| Impairment of PP&E | - | - | 1,397,950 |
| Plug & abandonment costs | - | - | (380) |
| Legal costs provision | - | - | 250,000 |
| Vision General & Administrative costs (non-cash) | - | - | 682,125 |
| Depreciation of office equipment | 210 | 215 | 431 |
| Depletion of developed oil & gas assets | 27,800 | 39,390 | 148,485 |
| Depreciation of production & pipeline facilities | - | 116,053 | 275,665 |
| Decrease in trade and other receivables | (251,053) | (1,219,566) | (1,823,240) |
| (Decrease)/increase in trade and other payables | (745,923) | 496,223 | 926,109 |
| Shares issued in lieu of fees | - | - | 32,166 |
| Effect of translation differences (fixed assets) | (17) | 34 | 33 |
| Effect of translation differences | 151,610 | (10,235) | (179,284) |
| Taxation | (583,769) | - | (18,757,633) |
| Net cash outflow from operating activities | (3,622,342) | (1,853,093) | (5,513,085) |

## 1. Accounting policies

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

### 1.1. Basis of preparation

This financial information has 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.

This interim report has been prepared on a basis consistent with the Group's expected accounting policies for the year ending 30 June 2020. These accounting policies are the same as those set out in the Group's Annual Report and Financial Statements for the year ended 30 June 2019, which are available from the registered office or the company's website (www.pantheonresources.com).

The Group financial information is presented in US Dollars and is unaudited. The interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparative figures for the year ended 30 June 2019 have been taken from the Group's statutory accounts for that financial year, which have been reported on by the Group's auditors and delivered to the Registrar of Companies.

### 1.2. Basis of consolidation

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

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

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

### 1.3. Foreign currency translation

*(i) Functional and presentational currency*
The financial statements are prepared 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 period. 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. All the companies over which the Company has control apply, where appropriate, the same accounting policies as the Company.

### 1.3 Foreign currency translation continued

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.

### 1.4. 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.

### 1.5. Going concern

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

The Group is under no contractual obligation requiring it to drill any wells or renew any specific leases. The Group does however have an obligation to drill a delineation well at Alkaid prior to May 2021; whilst this is not compulsory, failure to do so would likely result in the Group forfeiting those particular leases. The Group is presently in discussions with a number of interested parties to potentially farm out a working interest in some or all of the Alaskan projects is confident of meeting its drilling obligation. Pantheon is seeking potential farminee(s) to fund the cost of drilling one or more future wells as well as make a material up-front payment as reimbursement for back costs incurred to date. As a result, the Directors believe that the Group is sufficiently funded and believe the use of the going concern basis is appropriate. Accordingly, the Directors have prepared the financial statements on a going concern basis.

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

### 1.6. 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.

### 1.7. 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.

### 1.7 Exploration and evaluation costs and developed oil and gas properties continued

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

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

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

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

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

*Exploration and evaluation costs*

In relation to the East Texas projects, the carrying value as at 31 December 2019 represents back costs and direct costs paid in relation to the project, seismic, land and drilling costs relating to the prospects. At 30 June 2019 the Group valued its acreage footprint in Tyler and Polk Counties, East Texas at the most relevant recent sale prices per acre in those Counties, being $650 per acre and $350 per acre respectively. To the extent that carrying values exceeded these amounts, an impairment was taken.

The Alaskan exploration and evaluation leasehold assets have been fair valued as at the date of acquisition of Great Bear. The carrying value at 31 December 2019 represents the cost of acquisition plus the fair value adjustment, in accordance with IFRS.

*Decommissioning Charges*

Decommissioning costs will be incurred by the Group at the end of the operating life of some of the Group's facilities and properties. The Group assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change — for example, in response to changes in reserves or changes in laws and regulations or their interpretation. Therefore, significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

For all wells the Group has adopted a Decommissioning Policy in which all decommissioning costs are recognise immediately when a well is either completed, abandoned, suspended or a decision taken that the well will likely be plugged and abandoned in due course. For completed or suspended wells, the decommissioning charge is recorded against the capitalised amount and subsequently depleted over the useful life of well using unit of production method.

*Goodwill*

Goodwill is tested annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the asset to which the goodwill relates. Where the recoverable amount is less than its carrying amount, an impairment loss is recognised. If an impairment is recognised it is reflected in the statement of profit or loss and other comprehensive income as part of other operating expenses.

*Developed Oil and Gas Properties*

Developed Oil and Gas Properties only represent the capitalised costs associated with oil and gas properties, assessed on a CGU (cash generating basis) which have been transferred from "Exploration and Evaluation costs" to "Developed Oil & Gas properties" when the well was commissioned. Wells are depleted over the estimated life of the commercial reserves based on the "Unit of production basis" based upon a typeset P50 well estimated at 1.4 Mmboe P50 prospective resource (recoverable). The carrying values of Developed Oil and Gas properties are tested for indicators of impairment, and the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Developed Oil and Gas Properties represent one well in Tyler County, namely VOS#1.

*Other property, plant and equipment*

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

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

### 1.9. Revenue

The Group is engaged in the business of extracting oil and gas. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

*Contract balances*

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

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

## 2. Loss per share

| | 6 months ended 31 December 2019 (unaudited) | 6 months ended 31 December 2018 (unaudited) | Year ended 30 June 2019 (audited) |
|---|---|---|---|
| (Loss) / profit per ordinary share from continuing operations: | | | |
| Basic | (0.44)c | (0.54)c | 10.54c |

The calculation above for the basis loss per share has been calculated by dividing the relevant loss for the period by the weighted average number of ordinary shares in issue of 497,618,515 (December 2018: 237,336,555; June 2019: 336,744,317).

## 3. Non-current assets

| **Exploration and evaluation assets**<br>**Group** | Exploration & evaluation assets<br>$ |
|---|---|
| *Cost:* | |
| At 30 June 2019 | 201,830,954 |
| Additions | 2,547,277 |
| At 31 December 2019 | 204,378,231 |
| | |
| *Impairment:* | |
| At 30 June 2019 | 40,943,693 |
| At 31 December 2019 | 40,943,693 |
| | |
| *Net book value:* | |
| At 31 December 2019 | 163,434,537 |
| At 30 June 2018 | 160,887,260 |

In January 2019, the Group acquired 100% of the share capital of Great Bear Petroleum Ventures I LLC and Great Bear Petroleum Ventures II LLC companies (collectively, "Great Bear"). The principal assets of Great Bear are leases with the rights to explore for hydrocarbons in the State of Alaska. At the period end the exploration and evaluation split of assets are; Alaskan assets $155.7m (December 2018: Nil), East Texas Assets $7.7m (December 2018: $37.3m).

The additions during the period primarily relate to the 25% increase in the Group's ownership interest in the Greater Alkaid oil discovery, from 75% to 100%, following the acquisition of Halliburton's 25% working interest. Additions also reflect a deposit towards the acquisition of approximately 27,840 acres acquired in the State of Alaska's North Slope Areawide Lease sale.

Exploration and evaluation assets are constantly reviewed for indicators of impairment. If an indicator of impairment is found an impairment test is required, where the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. The directors are satisfied that no impairments are required for the current period end.

## 3. Non-current assets continued

### Property, plant and equipment

| Group | Developed Oil & Gas Properties $ | Production Facilities & Equipment $ | Office Equipment $ | Total $ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 30 June 2019 | 20,290,906 | 4,312,960 | 16,099 | 24,619,965 |
| At 31 December 2019 | 20,290,906 | 4,312,960 | 16,099 | 24,619,965 |
| **Depreciation** | | | | |
| At 30 June 2019 | - | 421,181 | 15,464 | 436,645 |
| Depreciation for the period | - | - | 210 | 210 |
| Exchange difference | - | - | (17) | (17) |
| At 31 December 2019 | - | 421,181 | 15,657 | 436,838 |
| **Depletion** | | | | |
| At 30 June 2019 | 236,778 | - | - | 236,778 |
| Depletion for the period | 27,800 | - | - | 27,800 |
| At 31 December 2019 | 264,578 | - | - | 264,578 |
| **Impairments** | | | | |
| At 30 June 2019 | 13,092,684 | 1,397,950 | - | 14,490,634 |
| Impairment for the period | - | - | - | - |
| At 31 December 2019 | 13,092,684 | 1,397,950 | - | 14,490,634 |
| **Net book value** | | | | |
| At 31 December 2019 | 6,933,644 | 2,493,829 | 442 | 9,427,915 |
| As at 30 June 2019 | 6,961,444 | 2,493,829 | 635 | 9,455,908 |

Exploration and Evaluation assets comprise direct drilling, technical and accumulated leasehold costs in relation to the prospects/projects. Once a well commences production, costs are reclassified to “Developed Oil & Gas properties” and subject to relevant depletion and amortisation charges as appropriate.

In accordance with IAS 36 ‘Impairment of Assets’ (IAS 36), the prospect acreage in East Texas has been classified into discrete ‘prospects’ or cash generating units (“CGU’s”).

All ‘Developed oil & gas properties’ relate to East Texas. This category represents one well in Tyler County, namely the VOS#1 well, which is in the LP2 offset CGU and which whilst presently shut in, is believed to offer great potential to be re-drilled in the future.

Property, plant and equipment are regularly reviewed for indicators of impairment. If an indicator of impairment is found an impairment test is required, where the carrying value of the asset is compared with its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. The directors are satisfied that no impairments are required for the current period end.

## 4. Share Capital

In July 2019 the Company completed a placing of 48,228,247 new fully paid ordinary shares with a nominal value of £0.01, raising gross proceeds of c.$10.7m before expenses at an issue price of 18 pence per share.

As at 31 December, 2019 the company had on issue 605,229,768 shares (which includes 102,471,055 non-voting shares which are convertible into ordinary shares on a 1 for 1 basis, subject to certain conditions). The Company also has 10,000,000 share options and 9,607,843 warrants. all with a £0.30 exercise price. The warrants are identical to the share options except are convertible into non-voting shares).

## 5. Approval by Directors

The interim report for the six months ended 31 December 2019 was approved by the Directors on the 19th of March 2020.

## 6. Availability of Interim Report

The interim report will be made available shortly on the Company's website (www.pantheonresources.com), with further copies available on request from the Company's registered office.

## 7. Contingent liability

Vision Operating Company LLC ("VOC") is in dispute with a third-party service provider over the intended early termination of a gas processing agreement in East Texas. VOC ceased making payments to the service provider in July 2019. The service provider has subsequently issued a demand to VOC and more recently to Pantheon seeking payment of $4.2m, which represents an acceleration of all future monthly payments that would have been owed from that date up until the end date of the contract. It is unknown what action the service provider may take.

Pantheon has ownership of less than 0.1% of VOC via a 66.6% interest in Vision Resources LLC. Pantheon was not a signatory to the gas processing agreement, is not named in the agreement, and explicitly declined to provide any financial support in relation to the agreement. Pantheon has taken legal advice on the matter and believes it has no liability to the service provider. Accordingly, Pantheon do not consider a provision should be included with the final statements and will contest any claim made.

## 8. Subsequent events

### Estimated Oil in Place: Leonis & Theta West - January 2020

Management has completed an initial management estimate of the newly acquired 'Theta West' and 'Leonis' projects acquired in December 2019 and estimates that they have the potential to contain in excess of 1 billion barrels of oil in place ("OIP").

### Official Contingent Recoverable Resource Confirmation: Greater Alkaid - January 2020

The Group received an Independent Expert Report and Resource Statement from the International Petroleum Consultants Lee Keeling & Associates, Inc. ("LKA"), on its 100% owned 'Greater Alkaid' Project (formerly referred to as 'Alkaid/Phecda').

**8. Subsequent events (cont)**

**Official Contingent Recoverable Resource Confirmation: Greater Alkaid - January 2020 (cont)**

The report confirmed a Contingent Resource of 76.5 Million Barrels of Recoverable Oil. Other highlights of the report include:

- $595 million NPV10 based on modelled 44 wells, and c.70 MMBO (1) Phase 1 field development over a 20 year term at a realized oil price of $55 held flat
- NPV10 per barrel of oil estimated at $8.50
- Field peak flow rate 30,000 Barrels of oil per day ("BOPD")
- Individual well EUR (estimated ultimate recovery) of 2.25 MMBO per well for 24 wells
- The LKA report supports the Company view that Alkaid and Phecda is one continuous accumulation. Now called "Greater Alkaid"
- Located underneath and adjacent to the Dalton Highway & Trans-Alaska Pipeline (TAPS)
- This estimate comprises Contingent Resource only – does not include Prospective Resource

**Impact of Covid-19 and the collapse in oil price**The escalating impact of the Covid-19 coronavirus pandemic has triggered a material downward correction to global equity markets. The negative impacts on global economic growth are to date unquantifiable. Such concerns have triggered drastic fiscal and monetary policy stimulus from governments around the world. A corollary of this has been oil prices which have suffered spectacular falls, triggered by Russia not agreeing to proposed OPEC+ production cuts and a subsequent reaction by Saudi Arabia and others to materially increase oil supply to the market in an attempt to ultimately rationalize the sector globally, by driving the high cost producers in the US unconventional shale plays (and in other high cost field around the world) out of business. The rationale for this move appears to be an attempt to reduce future oil production (supply) from these high cost producers, to ultimately rationalize the market with the objective of driving oil prices higher longer term. Such a sudden and volatile oil price fall impacts every oil company in the world. Like all other oil companies, the value of Pantheon's future production revenues would be expected be lower in a lower oil price environment, along with the calculated NPV's of its projects. Pantheon is also presently engaged in a process to farm out a working interest in its Alaskan assets, and whilst it has not received any negative feedback from any Groups who are considering a possible farm in since the oil price fall, Pantheon recognises that the oil price fall and economic impacts of coronavirus may have the potential to impact Pantheon's ability to conclude a farmout on its desired terms and/or also may impact the timing or even possibility of concluding a farmout transaction. One of the positive impacts of the fall in oil price is that drilling activity in North America is forecast to drop significantly, which is expected to result in significant reductions in future drilling costs which will benefit Pantheon. Pantheon believes its Alaskan assets, being conventional, onshore, in close proximity to transport infrastructure and offering enormous scale and development opportunity, are forecast to be profitable even at current oil prices, which is not the case for much of the industry today. Given the enormous scale of the Alaskan projects, Pantheon notes that it is exposed mainly to longer term oil process over shorter term oil prices.

## 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 |
| bwpd | barrels water per day | | |