# PANTHEON RESOURCES PLC

## INTERIM REPORT (UNAUDITED)

## FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

# Pantheon Resources plc

## Chairman's statement for the six months ending 31 December 2009

The last six months of 2009 were significant for both Pantheon's operations and finances. Central to both was the Tyler County, East Texas acreage, which remains the main focal point of Pantheon's corporate strategy.

### Operational Review

Operationally the drilling of the first well, Vision Rice University #1 ("VRU#1"), on Pantheon's Tyler County acreage dominated. This well confirmed the existence of the main Austin Chalk target and also the petroleum system. The operator, Vision Resources LLC ("Vision"), was sufficiently encouraged by the results of VRU#1 to judge the Tyler County Austin Chalk proven as a development play validating a southern extension of the Brookeland field. The main objective for the second well on Tyler County, Vision William Baggett #1 ("VWB#1"), will be the Austin Chalk. The chosen location will test a high potential target.

Pantheon has shared Vision's objective and concern to drill the VWB#1 well without a recurrence of the mechanical difficulties encountered during the drilling and attempted testing of VRU#1. Part of the process was thus to undertake an extensive review of the experiences gleaned from VRU#1. The analysis undertaken led to a revision of the well management programme. The VWB#1 well will be drilled using a larger rig and casing programme.

Central to the process has been, however, the selection of an appropriate rig for VMB#1. It was agreed that the selected rig must be capable of handling a demanding environment of a 14,500 feet ("ft") vertical well, a possible 6000 ft horizontal section, a rubble zone in the upper chalk and 14,000 psi reservoir pressure occurring in multiple fractures. The Joint Venture embarked on an extensive search and found a suitable rig at the end of 2009. This led to initial hopes of an early 2010 spud date for VWB#1.

An extremely tight market exists for deep rigs within East Texas and West Louisiana as a result of the extensive drilling in the Haynesville Shale. As a result the Joint Venture has been in competition with operators drilling this and other deep shale plays in East Texas and Western Louisiana. This had an impact on the Joint Venture as the existing lessee of the preferred rig decided to exercise its option to drill a further and final well. This led to a deferral to the Joint Venture's original schedule.

In order to limit the potential for further delays, immediate action was taken to secure the services of a second rig. This has been achieved and the Joint Venture now holds "first refusal" rights over two rigs. Due to both rigs' current commitments, the operator has informed Pantheon that the VWB#1 well is now expected to spud in May 2010. While disappointing, the delay reflects the Joint Venture's fundamental requirement to have the correct facilities in place. Both rigs possess the required horse power pumping/pulling capacity and crew required to drill the next well effectively and efficiently.

At the Bullseye venture, Production at Jumonville #2 began in June 2009 after being completed in the Miogyp interval. Jumonville #2 has produced at a similar rate and with comparable pressures to Jumonville #1.

The Jumonville #1 well was shut-in in October 2009 due to a rising water-cut. It awaits recompletion in the Camerina formation which is located some 200ft above the Miogyp. The Camerina was a secondary target to the main Miogyp formation in Jumonville #1. The Camerina had good shows during drilling of Jumonville #1 and sidewall cores and logs confirmed the presence of hydrocarbons. Additional diagnostic work is being carried out on the sidewall cores to determine the best stimulation procedure to be undertaken in the Camerina. This work is estimated to be completed in early April 2010 according to the operator, Golden Gate Petroleum Ltd.

Natural gas output at the Zebu well ceased in late September 2009. This leaves just one producing well, Baptist, on the Wharton Joint Venture.

Despite the loss of both Jumonville #1 and Zebu, the Company's average production for the first half of the 2010 financial year was 61 barrels of oil equivalent per day ("boepd"). This compares with 50 boepd for the equivalent period of the 2009 financial year, an increase of 20%.

## Financial Review

The key event for Pantheon's financial activities occurred in mid-December 2009 with the placing of 57.7 million shares which raised £7.3 million after expenses. Specifically the monies raised are committed principally to pay Pantheon's share of the budgeted costs of the next two wells on Tyler County plus the balance of back costs of US$4.5 million. Through this capital raising Pantheon should thus secure its full 25% working interest in this crucial venture.

Prior to this equity issue, in August 2009 Pantheon had completed a small placing of 4.5 million shares, which raised £0.5m after expenses. The proceeds of this funding were used principally to meet Pantheon's share of costs for remedial operations on the Tyler County project. At 31 December 2009, cash on hand was £6.7 million and net cash was £5.7 million. During the period under review some £214,000 of the Group's outstanding short term debt was repaid.

The Group made a loss for the period ending 31 December 2009 of £702,550 (unaudited) compared with a loss of £235,420 for the equivalent period of the financial year 2009. This loss was primarily due to the final costs incurred in the drilling of the VRU#1 well.

## Outlook

Pantheon is poised on the brink of a potential corporate transformation. The capital raising has secured the financial base and the focus has now turned to the drilling of the second well on the Tyler County Venture. Obviously the Company is disappointed by the delay to the drilling but the Board believes that obtaining the correct rig is critical to the potential success of the next well. Tyler County offers, in the Company's view, the potential for material value to shareholders, one that remains insufficiently understood. As the drilling of VWB#1 gets underway, the major value already created should become apparent. I share the Chief Executive Officer's excitement for Pantheon's future, as do the other members of the Board.

In accordance with the AIM Rules, the information in this announcement has been reviewed and signed off by Jay Cheatham, who has over 30 years' relevant experience within the sector.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2009

| | | 6 months ended 31 December 2009 (unaudited) | 6 months ended 31 December 2008 (unaudited) | Year ended 30 June 2009 (audited) |
|---|---|---|---|---|
| | | £ | £ | £ |
| Turnover | | 419,841 | 297,141 | 515,639 |
| Cost of sales | | (313,899) | (202,893) | (459,771) |
| **Gross (loss)/profit** | | 105,942 | 94,248 | 55,868 |
| Administrative expenses before share based payments and impairment losses | | (517,441) | (363,227) | (801,892) |
| Share based payments | | (19,213) | (72,517) | (102,506) |
| Impairment of intangible assets | | (272,028) | (10,984) | (2,317,579) |
| Total administrative expenses | | (808,682) | (446,728) | (3,221,977) |
| **Operating loss** | | (702,740) | (352,480) | (3,166,109) |
| Finance revenue | | 181 | 117,060 | 117,749 |
| **Loss before taxation** | | (702,559) | (235,420) | (3,048,360 |
| Taxation | | - | - | - |
| **Loss for the period** | | (702,559) | (235,420) | (3,048,360) |
| **Other comprehensive income (loss) for the period:** | | | | |
| Foreign currency movement. | | 4,311 | 1,479,217 | 673,314 |
| **Total comprehensive income (loss) for period** | | (698,248) | 1,243,797 | (2,375,046) |
| Loss per ordinary share (basic) | (note 2) | (1.5)p | (0.6)p | (7.07)p |
| Loss per ordinary share (diluted) | (note 2) | (1.5)p | (0.6)p | (7.07)p |

All of the above amounts are in respect of continuing operations.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2009

| | Share capital £ | Share premium £ | Retained earnings £ | Currency reserve £ | Equity reserve £ | Total £ |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| At 30 June 2009 | 398,372 | 14,723,365 | (13,280,569) | 431,664 | 758,412 | 3,031,244 |
| Net loss for the period | - | - | (702,559) | - | - | (702,559) |
| *Other comprehensive Income:* | | | | | | |
| Foreign currency translation | - | - | | 4,311 | - | 4,311 |
| **Total Comprehensive Income for the period** | | | **(702,559)** | **4,311** | | **(698,248)** |
| Share based payment | - | - | | - | 19,213 | 19,213 |
| Transfer of previously expensed share based payment on cancellation of options | | | 126,153 | - | (126,153) | - |
| Issue of Shares | 622,626 | 7,189,628 | | - | - | 7,812,254 |
| **At 31 December 2009** | 1,020,998 | 21,912,993 | (13,856,975) | 435,975 | 651,472 | 10,164,463 |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2008

| | Share capital £ | Share premium £ | Retained earnings £ | Currency reserve £ | Equity reserve £ | Total £ |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| At 30 June 2008 | 397,339 | 14,723,365 | (10,281,176) | (241,650) | 704,873 | 5,302,751 |
| Net loss for the period | - | - | (235,420) | - | - | (235,420) |
| *Other comprehensive Income:* | | | | | | |
| Foreign currency Translation | - | - | - | 1,479,217 | - | 1,479,217 |
| **Total Comprehensive Income for the period** | | | **(235,420)** | **1,479,217** | | **1,243,787** |
| Share based payment | - | - | - | - | 23,550 | 23,550 |
| Issue of Shares | 1,033 | 48,967 | - | - | - | 50,000 |
| **At 31 December 2008** | 398,372 | 14,772,332 | (10,516,596) | 1,237,567 | 728,423 | 6,620,098 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2009**

| | Share capital £ | Share premium £ | Retained earnings £ | Currency reserve £ | Equity reserve £ | Total £ |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| At 1 July 2008 | 397,339 | 14,723,365 | (10,281,176) | (241,650) | 704,873 | 5,302,751 |
| Net loss for the year | - | - | (3,048,360) | - | - | (3,048,360) |
| *Other comprehensive Income:* | | | | | | |
| Foreign currency translation | - | - | (3,048,360) | 673,314 | - | 673,314 |
| **Total Comprehensive Income for the period** | | | **(3,048,360)** | **673,314** | | **2,375,046** |
| Share based payment – issue of shares | 1,033 | - | - | - | 48,967 | 50,000 |
| Share based payment – issue of options | - | - | - | - | 53,539 | 53,539 |
| Excess of share base payment over par value of issued shares | - | - | 48,967 | - | (48,967) | - |
| **Balance at 30 June 2009** | 398,372 | 14,723,365 | (13,280,569) | 431,664 | 758,412 | 3,031,244 |

PANTHEON RESOURCES PLC

## CONDENSED CONSOLIDATED BALANCE SHEET
## AS AT 31 DECEMBER 2009

| | 31 December 2009 (unaudited) | 31 December 2008 (unaudited) | 30 June 2009 (audited) |
|---|---|---|---|
| **ASSETS** | £ | £ | £ |
| **Fixed assets** | | | |
| Intangible fixed assets (note 3) | 2,262,064 | 4,561,252 | 2,202,814 |
| Tangible fixed assets (note 4) | 2,149,822 | 1,452,217 | 2,238,513 |
| | 4,411,886 | 6,013,469 | 4,441,327 |
| **Current assets** | | | |
| Trade and other receivables | 282,179 | 620,422 | 78,761 |
| Cash and cash equivalents | 6,699,339 | 168,987 | 52,682 |
| | 6,981,518 | 789,409 | 131,443 |
| **Total Assets** | 11,393,404 | 6,802,878 | 4,572,770 |
| **LIABILITIES** | | | |
| **Creditors**: amounts falling due within one year | 257,843 | 182,780 | 468,710 |
| Short term borrowings | 971,098 | - | 1,072,816 |
| **Total liabilities** | 1,228,941 | 182,780 | 1,541,526 |
| **Net Assets** | 10,164,463 | 6,620,098 | 3,031,244 |
| **EQUITY** | | | |
| **Capital and reserves** | | | |
| Called up share capital | 1,020,998 | 398,372 | 398,372 |
| Share premium account | 21,912,993 | 14,772,332 | 14,723,365 |
| Retained losses | (13,856,975) | (10,516,596) | (13,280,569) |
| Currency reserve | 435,975 | 1,237,567 | 431,664 |
| Equity reserve | 651,472 | 728,423 | 758,412 |
| **Shareholders' funds** | 10,164,463 | 6,620,098 | 3,031,244 |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2009

| | 6 months ended 31December 2009 (unaudited) | 6 months ended 31 December 2008 (unaudited) | Year ended 30 June 2009 (audited) |
|---|---|---|---|
| | £ | £ | £ |
| **Net cash (outflow)/ inflow from operating activities** | (637,855) | (212,560) | (294,693) |
| **Cash flows from investing activities** | | | |
| Interest received | 181 | 117,060 | 117,749 |
| Expenditure on tangible fixed assets | (99,240) | (1,418,563) | (2,223,420) |
| Funds used for capital expenditure | (331,278) | (3,648,225) | (2,385,842) |
| **Net cash inflow from investing activities** | (430,337) | (4,949,728) | (4,491,513) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 8,192,867 | 1,033 | 1,033 |
| Proceeds from shares issued in prior year | - | 759,300 | - |
| Issue costs | (380,613) | - | - |
| Short term loans received | 61,000 | - | 1,072,816 |
| Repayment of loans | (162,717) | - | - |
| **Net cash inflow from financing activities** | 7,710,537 | 760,333 | 1,073,849 |
| **Net Increase/(decrease) in cash and cash equivalents** | 6,642,345 | (4,401,955) | (3,712,357) |
| Effect of foreign currency translation reserve | 4,312 | 1,479,217 | 673,314 |
| Cash and cash equivalents at the beginning of the period | 52,682 | 3,091,725 | 3,091,725 |
| **Cash and cash equivalents at the end of the period** | 6,699,339 | 168,987 | 52,682 |

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

| | 6 months ended 31 December 2009 (unaudited) | 6 months ended 31 December 2008 (unaudited) | Year ended 30 June 2009 (audited) |
|---|---|---|---|
| | £ | £ | £ |
| Operating loss | (702,740) | (352,480) | (3,166,109) |
| Impairment | 272,028 | 10,983 | 2,317,579 |
| Depreciation | 187,929 | 134,101 | 152,662 |
| Cost of issuing shares and options | 19,213 | 72,517 | 102,506 |
| Decrease/(increase) in trade and other receivables | (203,418) | - | 1,300,961 |
| Increase/(decrease) in creditors | (210,867) | (77,681) | (1,002,292) |
| Net cash (outflow)/inflow from operating activities | (637,855) | (212,560) | (294,693) |

## 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 using the historical cost convention. In addition, the financial information has been prepared in accordance with the International Financial Reporting Standards ("IFRS") 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 2010. 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 2009, which are available from the registered office or the website (www.pantheonresources.com).

The group financial information and statements are presented in UK pounds sterling and are unaudited.

The financial information contained in this report is unaudited. This 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 2009 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. The auditors' report on those accounts was unqualified, did not contain references to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 (2) or 498 (3) of the Companies Act 2006.

### 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. Foreign currency translation

*(i) Functional and presentational currency*

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

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

*(ii) Transactions and balances*

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

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

### 1.4. 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. 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.

### 1.6. Exploration and development costs

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

The recoverability of all exploration and development 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.

Amounts recorded for these assets represent costs and are not intended to reflect present or future values.

## 1.7. Impairment of exploration and development costs and depreciation of fixed assets

The carrying value of unevaluated areas is assessed on at least an annual basis or when there has been an indication that impairment in value may have occurred. The impairment of unevaluated prospects is assessed based on the Directors' intention with regard to future exploration and development of individual significant areas and the ability to obtain funds to finance such exploration and development.

The cost of other fixed assets is written off by equal annual instalments over their expected useful lives, as follows:
Office equipment – two years.

## 1.8. Share based payments

On occasion the Company made share-based payments to certain employees (including directors) by way of issues of share options. The fair value of these payments is calculated by the Group 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 Group's best estimate of shares that will eventually vest.

## 1.9. Financial instruments

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

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

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which 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. This and 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.

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

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

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

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

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

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

**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 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.

## 2. Loss per share

| | 6 months ended 31 December 2009 Diluted (unaudited) | 6 months ended 31 December 2009 basic (unaudited) | 6 months ended 31 December 2008 (unaudited) | Year ended 30 June 2009 (audited) |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Loss attributable to equity shareholders | (702,599) | (702,599) | (235,419) | (3,048,360) |
| Weighted average of ordinary shares at period end | 48,438,042 | 48,097,898 | 39,816,234 | 39,826,654 |
| Loss per share | (0.015) | (0.015) | (0.6)p | (7.07)p |

## 3. Intangible fixed assets

| | Exploration & development costs £ |
|---|---|
| **Group** | |
| *Cost:* | |
| At 30 June 2009 | 13,672,059 |
| Additions | 331,278 |
| At 31 December 2009 | 14,003,337 |
| *Impairment:* | |
| At 30 June 2009 | 11,469,245 |
| Impairment during the period | 272,028 |
| At 31 December 2009 | 11,741,273 |
| *Net book value:* | |
| At 31 December 2009 | 2,262,064 |
| At 30 June 2009 | 2,202,814 |

## 4. Tangible fixed assets

| | Developed Oil and gas Properties £ | Office equipment £ | Total £ |
|---|---|---|---|
| **Group** | | | |
| *Cost:* | | | |
| At 30 June 2009 | 2,492,243 | 5,424 | 2,497,667 |
| Additions | 11,346 | - | 11,346 |
| At 31 December 2009 | 2,503,589 | 5,424 | 2,509,013 |
| *Depreciation:* | | | |
| At 30 June 2009 | 256,093 | 3,061 | 259,154 |
| Charge for period | 99,352 | 685 | 100,037 |
| At 31 December 2009 | 355,445 | 3,746 | 359,191 |
| *Net book value:* | | | |
| At 31 December 2009 | 2,148,143 | 1,678 | 2,149,821 |
| At 30 June 2009 | 2,236,150 | 2,363 | 2,238,513 |

**NOTES TO THE FINANCIAL INFORMATION**
**FOR THE PERIOD ENDED 31 DECEMBER 2009**

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## 5. Issue of Share Capital

On 21 August 2009 the Company placed with investors a total of 4,554,600 new ordinary shares of 1 pence each in the Company at an issue price of 12 pence per share to raise £0.50m after expenses.

On 15 December 2009 the Company placed with investors a total of 57,708,040 new ordinary shares of 1 pence each in the Company at an issue price of 13.25 pence per share to raise £7.3m after expenses.

## 6. Issue of Options

During the period 18,300 options to acquire ordinary fully paid shares in the company were issued as part of the Loan Facility. These options have an exercise price of 20 pence per share and expire in December 2011.

On 11 September 2009 the Company implemented a long term executive incentive scheme which was developed in conjunction with external executive compensation consultants, Deloitte LLP. As part of this scheme, Jay Cheatham and Justin Hondris have been granted nil cost options to acquire fully paid shares in the company as outlined in Table 1. These options will expire five years from the date of grant and will vest in three equal tranches, with the first tranche vesting immediately, the second tranche vesting on 30 June 2010 and the third tranche 30 June 2011. Each tranche will comprise one third of the number of options at each exercise price.

Table 1

| Exercise price per Share | 30p | 40p | 50p | 60p | Total Options Quantity |
|---|---|---|---|---|---|
| Jay Cheatham | 400,000 | 300,000 | 300,000 | 200,000 | 1,200,000 |
| Justin Hondris | 350,000 | 250,000 | 200,000 | 100,000 | 900,000 |

Upon vesting of the first tranche of these options, Mr Cheatham’s existing options (one million in total with exercise prices ranging from £1.00 to £2.00) and Mr Hondris’s existing options (300,000 in total with exercise prices ranging between £1.50 and £2.00) were cancelled.

## 7. Approval by Directors

The interim report for the six months ended 31 December 2009 was approved by the Directors on 30 March 2009.

## 8. Availability of Interim Report

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

## 9. Events after the Reporting Period

There were no events of any materiality which occurred after 31 December 2009.