PANTHEON RESOURCES PLC

INTERIM REPORT (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Pantheon has made significant advancement across its entire petroleum portfolio for the half year ended 31 December 2021 and into 2022. The improved macro environment for energy in 2021/2022 and the more recent geopolitical events in Russia/Ukraine have again reminded the world of the importance of securing reliable energy sources, such as oil, in safe, stable jurisdictions.

Pantheon entered 2022 in a strong technical and financial position, enabling the continuation of its projects in Alaska, where it is currently involved in the largest operating campaign in its corporate history. Through its high-impact projects on the North Slope, Pantheon seeks to transition from a pure exploration company to an oil development and production company.

There have been several significant achievements since 1 July 2021, as outlined below:

Completion of $96 million fundraising

In December 2021, Pantheon completed its largest ever capital raise, securing $96 million through a combination of US$41 million equity and US$55 million convertible debt which allowed the Company to move forward and execute its proposed 2022 work programme.

The programme include:

- (i) the drilling of a vertical test well on the Theta West project;
- (ii) testing of a well on the Talitha project; and
- (iii) the drilling of a well on the Alkaid project, planned for mid-2022.

Collectively, the Company estimates these three 100% owned projects have the potential to contain 17 billion barrels of oil in place ("OIP") and over 2.2 billion barrels of recoverable resource. The Directors believe this to be one of the most impactful oil operations in the world this year.

As stated above, Pantheon intends to drill the Alkaid #2H horizontal development well adjacent to the Dalton Highway and Trans Alaska Pipeline System in mid-2022. With success, the Alkaid #2H well will become the first oil producer for Pantheon on the Alaska North Slope, representing a significant milestone for the Company, generating valuable production cashflows.

Spudding of Theta West #A well Post Period End

The Theta West #1 well was spudded in January 2022 and drilled through both the Upper Basin Floor Fan ("UBFF") and Lower Basin Floor Fan ("LBFF") target horizons, encountering approximately 1,160 gross feet of hydrocarbon bearing reservoir across both horizons. Theta West #1 is some 1,500 feet structurally higher (updip) from the Talitha #A well, 10.5 miles to the southeast.

Shortly into testing and before the well had 'cleaned up', Theta West #1 was suspended due to the arrival of a major storm, as is standard practise in the Arctic during severe weather conditions, halting operations, transportation and resupply to the camp. Prior to the well being shut-in, it well flowed high quality 35.5 to 38.5 API gravity light oil at rates that averaged 57 barrels of oil per day ("BOPD") with peak rates exceeding 100 BOPD over the test period. On the final day prior to shut-in, flow rates averaged 59 BOPD. At that time only circa 40% of the stimulation fluid was recovered, significantly less than usually needed to assess the ultimate flow rate potential. Notwithstanding, the Company was greatly encouraged by the results, achieving the well's primary objectives of (i) confirming the presence of high quality, light oil and (ii) confirming the movability of that oil.

Importantly, the samples analysed to date by AHS/Baker Hughes, contracted to undertake Volatiles Analysis Service ("VAS") work, confirmed the presence of light oil within the UBFF and the LBFF, consistent with the Logging While Drilling and flow test data.

Theta West is a giant basin floor fan (BFF) system and is now confirmed to span more than the 10.5 miles from Talitha #A to Theta West #1. The Company estimated a pre-drill resource of 12.1 billion barrels of OIP and a P50 Contingent Resource (Recoverable) of 1.41 billion barrels of oil at Theta West. This estimate will be reviewed and updated in due course after a more detailed evaluation.

At the time of writing the well remains shut-in, with 31 people on location awaiting a sufficient weather break with the objective of resuming operations in order to maximise data gathering prior to plugging and abandoning the well at the end of the season. However, given the length of time to reposition additional personnel for testing, resupply the camp, dig out and re-certify all the equipment buried by the storm, the Company is not confident weather conditions will allow sufficient time to allow for a thorough testing operation and to allow for plugging and abandonment the well and packing up the camp prior to the onset of Spring weather. Accordingly, the Company believes it prudent to commence demobilizing the equipment and camp and to plug and abandon the well. The Company estimates it would require up to three weeks of good weather to undertake satisfactory testing in accordance with best practise engineering, environmental, health and safety guidelines and is not confident this is possible prior to the onset of Spring.

Notwithstanding, the Company has collected sufficient data during the programme to confirm its pre-drill estimates of reservoir quality and the presence of light, moveable oil in the Basin Floor Fan.

Theta West represents a major success for Pantheon and a major opportunity for Pantheon to pursue the appraisal and potential development of what the Company considers a truly world class project in an excellent location.

Pantheon plans to re-enter Talitha #A next season to test the Shelf Margin Deltaic zone and to drill another appraisal well at its Theta West BFF discovery.

Testing of Talitha oil zones Post Period End

The Talitha #A vertical test well was drilled in 2021 penetrating several oil zones which included the Shelf Margin Deltaic sequence, the Slope Fan System, the Basin Floor Fan, as well as the deeper and independent Kuparuk formation.

Due to weather related time constraints, the Kuparuk formation was the only zone tested in 2021. Therefore, testing of all other zones at Talitha #A became a subject of the 2022 season. The primary objective of testing of the shallower zones was to determine (i) the quality of oil; and (ii) the moveability of this oil through the formation. In contrast to vertical test wells, future development wells will be drilled horizontally and stimulated with multiple stage fracs, meaning that flow rates are expected to be many times higher than the flow rates in vertical test wells.

Lower Basin Floor Fan

The first test was conducted on the Lower Basin Floor Fan ("LBFF"). Three intervals were individually stimulated and flow tested, producing high quality c. 35 to 39 degree API oil and averaging BOPD over a three day test period. On the final day of testing the well was flowing at a sustained rate of approximately 40 BOPD. Encouragingly, the bottom hole pressure is near to the reservoir pressure, thus providing an indication of the production potential of this portion of the oil accumulation, which is at the distal limits of the field. Management considers this to be a great result for Pantheon, confirming (i) the presence of oil, (ii) that the oil was high quality light oil, and (iii) that the oil is movable.

Slope Fan System

Testing operations on the Slope Fan System (“SFS”), which is immediately above the BFF, involved perforating two intervals within two distinct c. 50 foot (“ft”) sand bodies or 'lobes'. The two intervals were stimulated and flow tested together, producing high quality c. 35 to 38 degree API oil and averaged 45 BOPD over a three day test period.

On the final day of testing, the well was flowing at a sustained rate of approximately 32 BOPD from the combined perforations. This is the first indication of producible oil in the Slope Fan System on Pantheon's acreage and has significant implications for future resource and recoverable oil estimates. The two SFS lobes are in two distinct trapping systems with very good reservoir properties. The Company will provide more information on the SFS to shareholders in due course, once additional analysis has been undertaken.

Shelf Margin Deltaic

The final test of the shallowest zone, the Shelf Margin Deltaic (“SMD”) horizon, was suspended due to blockages in the well bore. The well was perforated in the SMD and was successfully fracture stimulated. Immediately after the fracture stimulation, the test was suspended due to a blizzard on the North Slope which shut down all operations for health and safety reasons. Once flow testing recommenced, the well stopped flowing after a short period of time. At that time, only 45% of the fracture fluid was recovered with no formation water and small amounts of light high quality 34 degree API oil. Other than the small amounts of oil, no reservoir fluids were produced.

The consensus among the Company and external consultants is that there is a blockage preventing any additional reservoir fluid from entering the well bore. Based on all the data, which includes a full suite of logs, sidewall cores, extensive VAS work undertaken by AHS/Baker Hughes over the past 12 months, and the testing of the lower zones this year, the Company’s expectation for the SMD is that it should yield better results than the two lower zones already tested; the Basin Floor Fan and Slope Fan System horizons, where the Company has achieved excellent results.

Regardless of the operational challenges, the Company believes the potential of the SMD is undiminished and it plans further operations on the SMD at Talitha next season. Additionally, the SMD will be encountered during drilling of Alkaid #2 mid-2022, where additional information will be gathered. Pantheon interprets that the SMD extends across the Alkaid project as it extends southeast across the Dalton Highway. This significantly increases the resource potential near export infrastructure.

Despite the blockage encountered in the SMD, the Talitha well has been a great success for the Company, confirming the presence of movable, high quality light oil in both the Slope Fan System and the Basin Floor Fan, which has very significant implications for Pantheon’s acreage.

The discovery of oil in these formations enhances the prospectivity of other adjoining potential oil-bearing structures that will form part of a future drilling programme.

Financial & Corporate

The interim results show a loss for the period of $4.4m (2020: $3.0m) which was higher than the previous year largely as a result of a $2.0m one-off non-cash accounting charge relating to the issuance of share options and non-cash (interest and ‘mark to market’) charges of $0.8m relating to the issuance of the $55 million Convertible Bonds in December 2021.

At 31 December 2021, cash and cash equivalents amounted to $92.7m (2020: $29.8m). Cash and cash equivalents as 30 March 2022 was $72m.

In December 2021, Pantheon raised approximately $96 million which comprised $55 million through the issuance of unsecured convertible bonds and $41m in equity through the placing of 47,637,583 new Ordinary Shares at a price of 65 pence per Ordinary Share, a 110% premium to the previous fundraising price.

Subsequent to year end the Company the principal remaining on the Convertible Bonds has been reduced from $55 million to $50.35 million.

Other

Overall, the winter 2022 season has been one of tremendous achievement for Pantheon, with high quality, light oil being confirmed in all targeted horizons, and the confirmation of what the Company believes to be a material discovery spanning over 10.5 miles from Talitha #A to Theta West #1. Every targeted zone confirmed the presence of high quality, light oil and every targeted horizon confirmed the movability of that oil. Whilst operations were impacted by weather and operational issues, these do not diminish the significance of the Group’s achievements this winter.

Pantheon intends to host a webinar in late April to discuss in greater detail the conclusions of what has been a period of great achievement for the Company. Immediately thereafter the Company will be gearing up for Alkaid #2, intended to spud in July 2022 adjacent to the Dalton Highway and Trans Alaska Pipeline System.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	6 months ended 31 December 2021 (unaudited)	6 months ended 31 December 2020 (unaudited)	Year ended 30 June 2021 (audited)
		$	**$**	**$**
Continuing operations				
Administration expenses		(3,150,888)	(2,501,541)	(5,034,361)
Share option expense		(2,013,966)	(1,585,904)	(3,211,038)
Interest expense		(570,295)	-	-
Revaluation of derivative liability		(200,531)	-	-
Operating loss		(5,945,680)	(4,087,445)	(8,245,400)
Interest receivable		143	1,000	4,234
Loss before taxation		(5,945,537)	(4,086,445)	(8,241,165)
Taxation		1,497,945	1,124,124	1,573,094
Loss for the period from continuing operations after taxation		(4,447,592)	(2,962,321)	(6,668,071)
Loss for the period from discontinued operations	3	-	(54,415)	(54,415)
Loss for the period		(4,447,592)	(3,016,736)	(6,722,487)
Other comprehensive income for the period				
Exchange differences from translating foreign operations		844,484	1,100,162	(1,503,199)
Total comprehensive loss for the period		(3,603,108)	(1,916,574)	(5,219,288)
Loss per share from continuing operations:				
Basic and diluted Loss per share	2	(0.66)¢	(0.57)¢	(1.17)¢
Loss per share from discontinued operations:				
Basic and diluted Loss per share	2	-	(0.01)¢	(0.01)¢

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share based payment $	Non controlling Interests $	Total equity $
Group							
At 1 July 2021	9,739,203	208,683,936	(36,331,398)	1,234,562	5,336,462	-	188,662,765
Net loss for the period	-	-	(4,447,592)	-	-	-	(4,447,592)
Other comprehensive income: Foreign currency translation	-	-	-	844,484	-	-	844,484
Total comprehensive income for the period	-	-	(4,447,592)	844,484	-	-	(3,603,108)
Capital Raising							
Issue of shares	638,462	40,904,076	-	-	-	-	41,542,538
Issue costs	-	(1,489,248)	-	-	-	-	(1,489,248)
Exercised options	-	230,958	-	-	(230,958)	-	-
Share option expense	-	-	-	-	2,013,966	-	2,013,966
Exercised share options	40,716	1,099,881	-	-	-	-	1,140,597
Balance at 31 December 2021	10,418,381	249,429,603	(40,778,990)	2,079,046	7,119,470	-	228,267,510

	Share capital $	Share premium $	Retained losses $	Currency reserve $	Share based payment $	Non controlling Interests $	Total equity $
Group							
At 1 July 2020	8,568,721	173,687,092	(29,608,911)	(268,637)	2,163,898	-	154,542,163
Net loss for the period	-	-	(3,016,736)	-	-	-	(3,016,736)
Other comprehensive income: Foreign currency translation	-	-	-	1,100,162	-	-	1,100,162
Total comprehensive income for the period	-	-	(3,016,736)	1,100,162	-	-	(1,916,574)
Capital Raising							
Issue of shares	973,583	29,207,500	-	-	-	-	30,181,083
Issue costs	-	(1,598,850)	-	-	-	-	(1,598,850)
Share option expense	-	-	-	-	1,585,904	-	1,585,904
Balance at 31 December 2020	9,542,304	201,295,742	(32,625,647)	831,525	3,749,802	-	182,793,726

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share capital	Share premium	Retained losses	Currency reserve	Share based payment	Total equity
	$	$	$	$	$	$
Group						
At 1 July 2020	8,568,721	173,687,092	(29,608,911)	(268,637)	2,163,898	154,542,163
Loss for the year	-	-	(6,722,487)		-	(6,722,487)
Other comprehensive income: Foreign currency translation	-	-	-	1,503,199	-	1,503,199
Total comprehensive income for the year	-	-	(6,722,487)	1,503,199	-	(5,219,288)
Capital Raising						
Issue of shares	1,170,482	36,394,313	-	-	-	37,564,795
Issue costs	-	(1,397,469)	-	-	-	(1,397,469)
Share option expense	-	-	-		3,172,564	3,172,564
Balance at 30 June 2021	9,739,203	208,683,936	(36,331,398)	1,234,562	5,336,462	188,662,765

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	6 months ended 31 December 2021 (unaudited) $	6 months ended 31 December 2020 (unaudited) $	Year ended 30 June 2021 (audited) $
ASSETS				
Non-Current Assets				
Exploration and evaluation assets	4	195,662,187	159,097,101	188,954,719
Developed oil and gas assets	4	-	-	-
Property, plant & equipment	4	4,245	54,989	30,308
		195,666,432	159,152,090	188,985,027
Current Assets				
Trade and other receivables		275,315	204,436	109,876
Non-current assets – held for sale		-	585,863	-
Cash and cash equivalents		92,667,269	29,766,746	5,663,477
		92,942,584	30,557,045	5,773,353
Total assets		288,609,016	189,709,135	194,758,380
LIABILITIES				
Current liabilities				
Trade and other payables		1,120,647	1,367,451	1,107,090
Provisions		1,250,000	750,000	1,250,000
Non-current liabilities – held for sale		-	585,863	-
Lease Liabilities		4,702	52,762	32,788
Deferred tax liability		2,207,792	4,154,706	3,705,737
		4,583,141	6,910,782	6,095,615
Non-current liabilities				
Lease Liabilities		-	4,627	-
Convertible Bond – Debt	6	39,734,584	-	-
Convertible Bond – Derivative	6	16,023,781	-	-
		55,758,365	4,627	-
Total liabilities		60,341,506	6,915,409	6,095,615
Net assets		228,267,510	182,793,726	188,662,765
EQUITY				
Capital and reserves				
Share capital		10,418,381	9,542,304	9,739,203
Share premium		249,429,603	201,295,742	208,683,936
Retained losses		(40,778,990)	(32,625,647)	(36,331,398)
Currency reserve		2,079,046	831,525	1,234,562
Share based payment reserve		7,119,470	3,749,802	5,336,462
Shareholders' equity		228,267,510	182,793,726	188,662,765

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	6 months ended 31 December 2021 (unaudited) **$**	6 months ended 31 December 2020 (unaudited) **$**	Year ended 30 June 2021 (audited) **$**
Net outflow from operating activities	(2,446,588)	(989,110)	(3,098,495)
Cash flows from investing activities			
Interest received	143	1,060	4,295
Interest paid	(7,961)	-	-
Funds used for drilling, exploration and leases	(6,707,468)	(2,999,493)	(24,973,399)
Net cash outflow from investing activities	(6,715,286)	(2,998,433)	(24,969,105)
Cash flows from financing activities			
Proceeds from share issues – capital raise	41,000,000	30,181,084	30,181,084
Proceeds from share issues – exercise of options	1,140,595	-	-
Issue costs paid in cash	(946,710)	(1,202,850)	(1,197,275)
Convertible Bond	55,000,000	-	-
Repayment of borrowing and leasing liabilities	(28,218)	(26,910)	(55,698)
Net cash inflow from financing activities	96,165,667	28,951,324	28,928,111
Increase in cash & cash equivalents	87,003,793	24,963,781	860,511
Cash and cash equivalents at the beginning of the period	5,663,476	4,802,965	4,802,965
Cash and cash equivalents at the end of the period	92,667,269	29,766,746	5,663,476

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	6 months ended 31 December 2021 (unaudited) $	6 months ended 31 December 2020 (unaudited) $	Year ended 30 June 2021 (audited) $
Loss for the period	(4,447,592)	(3,016,736)	(6,722,487)
Net interest received	(143)	(1,060)	(4,295)
Gain on disposal of subsidiary undertaking	-	-	-
Impairment of intangible assets – E&E	-	-	-
Impairment developed oil & gas assets	-	-	-
Impairment of PP&E	-	-	-
Share option expense	2,013,966	1,585,904	3,211,038
Interest Expense	570,295	-	-
Derivative mark to market charge	200,531	-	-
Depreciation of office equipment	-	220	225
Depreciation of right of use assets	25,647	24,600	50,395
Charge on lease - right of use assets	-	3,141	6,207
Depletion of developed oil & gas assets	-	-	-
Increase in trade and other receivables	(165,439)	(130,268)	(35,709)
Increase in trade and other payables	13,557	583,359	518,805
Effect of translation differences (fixed assets)	-	(14)	(21)
Effect of translation differences (right of use assets)	1,336	172	179
Effect of translation differences (Share option expense)	-	-	(38,474)
Effect of translation differences	839,199	1,100,162	1,503,199
Taxation	(1,497,945)	(1,138,590)	(1,587,559)
Net cash outflow from operating activities	(2,446,588)	(989,110)	(3,098,495)

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 as adopted by the European Union ("EU") ("IFRS"), including IFRS 6 'Exploration for and Evaluation of Mineral Resources', 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 2022. 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 2021, 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 2021 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 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.

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

The recoverability of all exploration and evaluation costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition thereof. All balance sheet carrying values are reviewed for indicators of impairment at least twice yearly. The prospect acreage is 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.

Exploration and evaluation costs

All exploration and evaluation assets relate to the Group's Alaskan operations.. The Alaskan leasehold assets were fair valued as at the date of acquisition of Great Bear and the carrying value at 31 December 2021 represents the cost of acquisition, (plus the fair value adjustment, in accordance with IFRS) and any capitalised costs incurred subsequent to the acquisition.

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.

2. Loss per share

	6 months ended 31 December 2021 (unaudited)	6 months ended 31 December 2020 (unaudited)	Year ended 30 June 2021 (audited)
Loss per share from continuing operations:			
Basic and diluted loss per share	(0.66)c	(0.57)c	(1.17)c
Loss per share from discontinued operations:			
Basic and diluted loss per share	-	(0.01)c	(0.01)c

The calculation above for the loss per share has been calculated by dividing either: the relevant loss from continuing operations for the period, or the loss from discontinued operations for the period, by the weighted average number of ordinary shares in issue of 676,479,991 (December 2020: 519,779,401; June 2021: 616,395,083). Where a loss has been recorded for the period, the diluted loss per share has been made to equal the basic loss per share.

3. Discontinued Operations

During the year ended the 30th June 2021 the Group exited its East Texas portfolio entirely, reflecting the previously announced strategic decision of the Group to prioritise its Alaska North Slope asset portfolio, given the significantly larger size, scale and resource potential. Accordingly, the Group took the decision to fully impair the carrying value of the East Texas properties in the previous financial year's accounts, to 30 June 2020. Weak oil and natural gas prices, an aging lease position,a general lack of investment by oil and gas companies into new projects and a recognition by the Board that the Alaskan portfolio offered are far more significant risk adjusted opportunity for the Group supported this decision. In February 2021, Pantheon formally exited East Texas with the transfer of 100% of the Group’s interests in both Polk and Tyler Counties to Neches Transport, a local operator. The consideration for the sale was in the form of an agreement were the acquirer legally assumed the plug and abandonment liabilities of the East Texas Acreage.

As a result of exiting East Texas, and in accordance with UK adopted IFRS, the expenses for the East Texas Operation were reclassified to “Discontinued Operations” in the relevant accounting period(s). The Consolidated Statement of Comprehensive Income, including the comparatives, has been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operations

	6 months ended 31 December 2021 $	6 months ended 31 December 2020 $	Year ended 30 June 2021 $
Revenue	-	-	-
Production royalties	-	-	-
Depletion of developed oil and gas assets	-	-	-
Cost of sales	-	-	-
Gross (loss) / profit	-	-	-
Administrative expenses	-	(68,941)	(68,941)
General & Administrative expenses - Vision	-	-	-
Impairment of exploration & evaluation assets	-	-	-
Impairment of developed oil and gas assets	-	-	-
Impairment of property plant and equipment	-	-	-
Bad debt expense	-	-	-
Gain on disposal of subsidiary undertaking	-	-	-
Results from operating activities	-	(68,941)	(68,941)
Interest receivable	-	61	61
Income tax	-	14,465	14,465
Loss from discontinued operations, net of tax	-	(54,415)	(54,415)

Discontinued operations statement of cashflows

	6 months ended 31 December 2021 $	6 months ended 31 December 2020 $	Year ended 30 June 2021 $
Net outflow from operating activities	-	(263,274)	(263,274)
Cash flows from investing activities			
Funds used for drilling, exploration & leases	-	-	-
Interest received	-	61	61
Disposal	-	-	-
Net cash inflow/(outflow) from investing activities	-	61	61
Cash flows from financing activities			
Inter-company loans	-	(1,635,323)	(1,635,323)
Net cash (outflow)/inflow from financing activities	-	(1,635,323)	(1,635,323)
(Decrease) / increase in cash & cash equivalents	-	(1,898,536)	(1,898,536)
Cash and cash equivalents at the beginning of the period	-	3,026,491	3,026,491
Cash and cash equivalents at the end of the period	-	1,127,955	1,127,955

4. Non-current assets

Exploration and evaluation assets Group	Exploration & evaluation assets $
Cost:	
At 30 June 2020	204,850,215
Additions	2,999,492
At 31 December 2020	207,849,707
Additions	21,973,907
Acquisitions	7,383,711
Asset Retirement Obligations	500,000
At 30 June 2021	237,707,325
Additions	6,707,468
At 31 December 2021	244,414,793
Impairment:	
At 30 June 2020	48,752,606
At 31 December 2020	48,752,606
At 30 June 2021	48,752,606
At 31 December 2021	48,752,606
Net book value:	
At 31 December 2021	195,662,187
At 30 June 2021	188,954,719

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 assets all relate to the Alaskan operation; Alaskan assets $195.7m (December 2020: $159.1m), East Texas Assets $Nil (December 2020: $Nil).

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.

Property, plant and equipment

Group	Developed Oil & Gas Properties $	Production Facilities & Equipment $	Office Equipment $	Right of Use Assets $	Total $
Cost					
At 30 June 2020	20,290,906	4,312,960	16,099	91,995	24,711,960
Exchange difference	-	-	-	9,524	9,524
At 31 December 2020	20,290,906	4,312,960	16,099	101,519	24,721,484
Additions	-	-	-	1,222	1,222
Exchange Difference	-	-	-	1,172	1,172
At 30 June 2021	20,290,906	4,312,960	16,099	103,913	24,723,878
Exchange Difference	-	-	-	(2,036)	(2,036)
At 31 December 2021	-	-	-	101,877	24,721,842
Depreciation					
At 30 June 2020	-	421,181	15,893	19,166	456,240
Depreciation for the period	-	-	220	24,600	24,820
Exchange difference	-	-	(14)	2,764	2,750
At 31 December 2020	-	421,181	16,099	46,530	483,810
Depreciation for the period	-	-	5	25,795	25,800
Exchange difference	-	-	(5)	1,280	1,275
At 30 June 2021	-	421,181	16,099	73,605	510,885
Depreciation for the period	-	-	-	25,647	25,647
Exchange difference	-	-	-	(1,619)	(1,619)
At 31 December 2021	-	-	-	97,633	534,913
Depletion					
At 30 June 2020	264,578	-	-	-	264,578
At 31 December 2020	264,578	-	-	-	264,578
At 30 June 2021	264,578	-	-	-	264,578
At 31 December 2021	264,578	-	-	-	264,578
Disposals					
At 30 June 2020	-	-	-	-	-
At 31 December 2020	-	-	-	-	-
Disposals for the period	-	585,863	-	-	585,863
At 30 June 2021	-	585,863	-	-	585,863
At 31 December 2021	-	585,863	-	-	585,863
Impairment					
At 30 June 2020	20,026,328	3,305,916	-	-	23,332,244
At 31 December 2020	20,026,328	3,305,916	-	-	23,332,244
At 30 June 2021	20,026,328	3,305,916	-	-	23,332,244
At 31 December 2021	20,026,328	3,305,916	-	-	23,332,244
Net book value					
At 31 December 2021	-	-	-	4,245	4,245
At 30 June 2021	-	-	-	30,308	30,308

5. Share Capital

In July 2021 the Company received a notice of conversion, on a one for one basis, for all 33,890,478 of the remaining 33,890,478 ordinary shares not carrying voting rights ("Non-Voting Shares") into ordinary shares carrying voting rights ("Voting Ordinary Shares"). The Non-Voting Shares were originally issued as part of the purchase consideration for the Great Bear Companies in January 2019, as previously announced. The Non-Voting Shares are convertible into Voting Ordinary Shares, on a one-for-one basis.

In September and October 2021 the Company received instructions to exercise a total of 2,950,000share options. The new ordinary shares have a nominal value of £0.01. Total proceeds to the Company for the exercised options were $1,140,595.

In December 2021 the Company completed a placing of 47,637,583 new fully paid ordinary shares with a nominal value of £0.01, raising gross proceeds of $41m before expenses at an issue price of 65 pence per share. The Company also received subscriptions for 580,946 Ordinary Shares being an aggregate amount equal to fees due with relation to the equity raising which were reinvested into new shares in the Company..

As at 31 December, 2021 the company had on issue 744,427,203 shares.

As at 31 December, 2021 the Company also has the following options and warrants:

- 9,000,000 share options and 9,607,843 warrants; all with a £0.30 exercise price and all expiring September 2024. The warrants are identical to the share options except are convertible into non-voting shares on a 1:1 basis.
- 11,750,000 share options with an exercise price of £0.27, expiring July 2030.
- 14,655,000 share options with an exercise price of £0.33, expiring January 2031.

6. Convertible Bonds

In December 2021, the Company issued $55 million senior unsecured convertible bonds to a fund advised by Heights Capital Ireland LLC, a global equity and equity-linked focused investor.

The Convertible Bonds have a coupon of 4.0% per annum and is repayable over 20 quarterly 'amortisations' of principal and interest over the 5 year term of the loan. Such amortisations are repayable in either in cash or new Ordinary Shares at the Company's option. The initial conversion price is measured as the lower of £0.78 per share or a VWAP of the share price.

A summary of the principal terms of the Convertible Bonds is outlined in the Company's RNS dated 7 December, 2021.

In accounting for the Convertible Bonds, an independent expert consultancy was contracted to undertake a valuation of the theoretical embedded option within the Convertible Bonds as well as the debt component. These calculations were undertaken at issuance and again at balance date where they are marked to market and the revaluation impact charged to the Income Statement. The calculations valued the Embedded equity option at c.$16m at 31 December and the associated debt component at c.$39.7m. Whilst the Convertible Bond carries a 4% interest coupon in actual terms, applying that to the theoretical debt component yields a calculated "effective interest rate" of 22.15% which has been applied in calculating the interest charge for the purposes of the financial statements.

7. Approval by Directors

The interim report for the six months ended 31 December 2021 was approved by the Directors on the 30th of March 2022.

8. 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.

9. Contingent liability

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

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

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

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

10. Subsequent events

Testing Operations at Talitha #A

In January 2022 the Company commenced testing operations at Talitha #A, starting from the lowest formation, the Lower Basin Floor Fan, before proceeding sequentially to the two shallower Slope Fans and the Shelf Margin Deltaic horizons.

In February 2022 the Company announced that testing operations had been completed on the **Lower Basin Floor Fan** ("BFF"), a Brookian aged horizon. Three separate 10 feet ("ft") intervals were perforated over 370 ft out of 600 ft of gross section, at 9405 to 9415 ft, 9205 to 9215 ft and 9045 to 9055 ft.

These three intervals were individually stimulated and flow tested, producing high quality c. 35 to 39 degree API oil and averaging 73 barrels of oil per day ("BOPD") over a three day test period.

On the final day of testing, the well was flowing at a sustained rate of approximately 40 BOPD. Encouragingly, the bottom hole pressure is near to the reservoir pressure, thus providing an indication of the production potential of this portion of the oil accumulation, which is at the distal limits of the field. Future development wells would all be drilled horizontally and stimulated with multiple stage fracs, meaning that flow rates are expected to be many times higher.

In February 2022 the Company announced the completion of flow testing operations on the **Slope Fan System** ("SFS"), a Brookian aged horizon, at Talitha #A. The Company perforated two separate five foot intervals at 8160 - 8165 ft and 7855 - 7860 ft, within two distinct circa 50 ft sand bodies or 'lobes'. The two intervals were stimulated and flow tested together, producing high quality circa 35 to 38 degree API oil and averaging 45 barrels of oil per day over a three day test period. On the final day of testing, the well was flowing at a sustained rate of approximately 32 BOPD from this combined 10 ft of perforations, a highly encouraging result given production wells on the Alaska North Slope are drilled horizontally, which would typically result in materially higher flow rates.

This is the first indication of producible oil in the Slope Fan System on Pantheon's acreage and has significant implications for future resource and recoverable oil estimates. The two SFS lobes are in two distinct trapping systems and suggest very good reservoir properties. The Company's initial analysis suggests that the deeper of the two lobes extends below the Alkaid Deep anomaly and will be assessed in the upcoming Alkaid #2 well, planned for summer 2022. The Company has not previously provided guidance on potential resource for the SFS.

In March 2022 the Company announced that it had suspended testing of the **Shelf Margin Deltaic** ("SMD") horizon and moved its operational focus to the Theta West well site where the Company will commence testing operations of the 950 foot Basin Floor Fan horizon.

The SMD is the shallowest and thus the final zone to test in the Talitha #A well bore. The well was perforated in the SMD from 6,965 ft to 6,975 ft and was successfully fracture stimulated. Immediately after the fracture stimulation, and after flow testing operations had commenced, the test was suspended by a blizzard on the North Slope which shut down all operations for health and safety reasons. Flow testing operations resumed three days later, however when flow testing recommenced the well stopped flowing after a short period of time when only 45% of the fracture fluid was produced, with no formation water and small amounts of light high quality 34 degree API oil. Other than the small amounts of oil, no reservoir fluids were produced. The consensus among the Company and external consultants is that there is a blockage preventing any additional reservoir fluid from entering the well bore. Based on all the data, which includes a full suite of logs, sidewall cores, extensive Volatiles Analysis Service ("VAS") work undertaken by AHS/Baker Hughes over the past 12 months, and the testing of the lower zones this year, the Company's expectation for the SMD is that it should produce better than the two lower zones already tested; the Basin Floor Fan and Slope Fan System horizons, where the Company achieved excellent results.

Testing Operations at Theta West #1

In January 2022 the Company announced that it had spudded the Theta West #1 well, targeting two primary targets; (i) the Upper Basin Floor Fan, and (ii) the Lower Basin Floor Fan. Combined, these horizons are estimated by the Company to contain 12.1 billion barrels of oil in place with an estimated 1.4 billion barrels of recoverable resource. The top of the formation is estimated at a depth of about 7,600 ft with an estimated 1,300 ft reservoir thickness.

Total depth ("TD") of 8,450 feet was reached, having drilled through both the Upper Basin Floor Fan ("UBFF") and Lower Basin Floor Fan ("LBFF") target horizons, which are both Brookian age, and encouragingly having encountered approximately 1,160 gross feet of hydrocarbon bearing reservoir across both horizons combined.

The UBFF was encountered between 6,800 and 7,000 ft, and the LBFF was encountered between 7,450 and 8,410 ft depth. Well bore conditions in the shallower sections above the primary objective, combined with the extremely cold weather prevented the Company from conducting wireline operations in the open hole, however the Company undertook Logging While Drilling ("LWD") operations which included resistivity, gamma ray, neutron density, formation density along with gas chromatography readings during drilling which has provided excellent quality data, indicating the presence of hydrocarbons in the targeted horizons some 1,500 ft structurally higher (updip) from the Talitha #A well, 10.5 miles to the southeast. Samples analysed to date by AHS/Baker Hughes, which have been contracted to undertake Volatiles Analyses ("VAS"), has also confirmed the presence of light oil within the UBFF and the top portion of the LBFF, consistent with the LWD data. After casing was set, an error by a third party service company contractor working on the rig floor delayed testing operations. A cement stage tool was improperly configured, placing cement inside the casing rather than outside casing as intended. The Company was able to successfully remediate the issue which cost time and money, however the Company does not believe this has compromised the reservoir potential in any way. However, to correct the issue required setting a narrow steel liner within the wellbore which resulted in a compromised wellbore design, with the newly inserted narrow liner forming a junction with the significantly larger diameter existing steel casing within the wellbore which may or may not impact tested flow rates. Given Theta West #1 is a test well and the objective is to plug and abandon it at the end of the season, whilst it may impact tested flow rates it should not impact the Company’s ability to confirm the presence and movability of the oil, which are the primary objectives of the testing programme..

Upon flow testing, after initially encouraging oil flow rates, the Theta West #1 well was shut in due to the arrival of severe weather. The well flowed high quality, light 35.5-38.5 degree API gravity oil at rates that averaged over 57 barrels of oil per day ("BOPD") with peak rates exceeding 100 BOPD over 2.5 days. Over the final day prior to shut-in the well was averaging approximately 59 BOPD. Significantly, this rate meets the Company's pre-drill expectations, confirm the well’s primary objectives; to prove the presence, quality, and mobility of light sweet crude oil

Theta West #1 encountered 950 feet ("ft") of oil in the LBFF of which only three small sections of this large zone were tested. The three, 10 ft perforations were conducted at the following depths: 8,065 - 8,075ft, 7,745 - 7,755 ft and 7,595 -7,605 ft, which were all successfully stimulated and comingled into one test across these zones. Approximately 40% of the testing fluid was recovered before testing was suspended. The ultimate flow potential is better assessed after recovery of a greater portion of the testing fluid, which was not possible in this case due to bad weather halting operations in the area. Importantly, the results confirm the extension of the oil accumulation over a 10.5 mile distance from Talitha #A to Theta West.

Testing operations are currently suspended due to the extreme weather which has continued longer than expected, with it looking increasingly unlikely (at the time of writing) that sufficient time will remain in the season to allow a resumption testing. Notwithstanding, Theta West #1 is considered by the Company to have been a great success, confirming a discovery, and achieving all of its pre drill objectives – to confirm the *presence* of high quality light oil and confirming the *movability* of this oil.

The Theta West LBFF has now been proven as an extensive oil reservoir that Pantheon can image and map with high confidence on its proprietary 3D seismic data.

Exercise of Options

On the 13th of January 2022 the Company announced it has issued and allotted 2,575,000 new ordinary shares of £0.01 each ("New Ordinary Shares") in the Company as a result of the exercise of share options.

Annual grant of share options to Directors and Staff

In January 2022 the Company announced an Annual Grant of Share Options to directors, and staff under the Pantheon Resources plc discretionary share option plan. The share options have an exercise price of £0.671, representing the first traded price of the shares following the successful completion of the £0.65 fundraising on the 8th of December 2021. The first half of the share options granted will vest 12 months from the date of grant, and the remaining 50 per cent will vest upon the Alkaid #2 well penetrating a primary target; either the Shelf Margin Deltaic or the Alkaid Deep horizon. 21.7m share options have been awarded representing approximately 2.9% of the issued share capital at the time of the award.

Exercise of Warrants into Non Voting Shares and the 1:1 conversion into Ordinary Voting Shares

A total of 9,607,843 warrants with an exercise price of £0.30 were issued in connection with the Company's acquisition of Great Bear Petroleum in January, 2019 on a 50/50 basis to Farallon and Great Bear Petroleum Operating LLC ("GBPO") (the "Warrants"). Due to restrictions under the UK Takeover Code at the time of the acquisition, the Warrants are initially exercisable into non-voting shares. Non-voting shares carry no voting rights and are convertible into ordinary shares on a 1:1 basis, subject to approval from The Takeover Panel.

The Company received an exercise notice over 4,803,922 Warrants from GBPO and received £1,441,176.60 in associated exercise monies. Accordingly, the Company issued and allotted 4,803,922 non-voting shares of £0.01 each in the Company which were subsequently converted into 4,803,922 Ordinary Shares after approval from the Takeover Panel.

Partial Conversion of Unsecured Convertible Bonds

On the 18th of February 2022 the Company announced it has received a Notice of Conversion in respect of US$2 million of the US$55 million unsecured convertible bond.

As a result of the conversion, the Company issued 1,937,608 new ordinary shares of £0.01 each. The New. Accordingly, the principal remaining under the convertible bond was be reduced by US$2 million to US$53 million.

Quarterly Repayment of Unsecured Convertible Bonds

On the 9th of March 2022 the Company announced that it elected to pay (i) the quarterly principal repayment of US$2.65 million and (ii) the interest payment of US$0.55 million (collectively, the "Quarterly Repayment") in respect of the Convertible Bond, through the issuance of new shares. Pursuant to the terms of the Convertible Bond Agreement, Pantheon has the choice of whether to pay any Quarterly Repayment in cash or in shares. The total new ordinary shares issued was 3,080,798.

After settlement of the Quarterly Repayment, the principal remaining under the convertible bond will be reduced by US$2.65 million to US$50.35 million.

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		