17 November 2017

The Parkmead Group plc
("Parkmead", "the Company" or "the Group")

Preliminary Results for the year ended 30 June 2017

Parkmead, the UK and Netherlands focused independent energy group, is pleased to report its preliminary results for the year ended 30 June 2017.

HIGHLIGHTS

Parkmead delivers full-year gross profit and demonstrates financial strength

- Gross profit for the period of £1.2 million (2016: £4.6 million loss)
- Strong total asset base of £82.2 million at 30 June 2017
- Maintains strict financial discipline
- Well capitalised, with cash balances of US$34.3 million (£26.4 million) as at 30 June 2017
- Debt free
- Low-cost Netherlands gas production provides positive cash flow to Parkmead
- All revenues from Netherlands production received in Euros, mitigating recent currency fluctuations

Doubled gas volumes at Diever West. Significant increase in gas production

- New dynamic reservoir modelling suggests Diever West has approximately 108 billion cubic feet ("Bcf") of gas-in-place volumes, more than double the post drill static volume estimate of 41 Bcf
- The Group has substantially increased production from its Diever West gas field by perforating the Akkrum reservoir formation
- Gross production at the end of October 2017 at Diever West was 39.3 million cubic feet per day, approximately 6,764 barrels of oil equivalent per day ("boepd")
- Low-cost onshore gas portfolio in the Netherlands produces from four separate gas fields with an average operating cost of just US$10 per barrel of oil equivalent, generating positive cash flows
- Further production enhancement work planned on Parkmead's Netherlands portfolio, including a new well at the Geesbrug gas field to maximise production and early development planning at the Ottoland discovery
- Production at the Brakel field is set to recommence within the next few months following compression work that is currently being undertaken

Major progress on valuable development projects. Additional licence acquisitions

- Doubled stakes in the Polecat and Marten oil fields to 100% in the UK Central North Sea, which are jointly estimated to hold over 90 million barrels of oil in place
- Increased stakes in the Perth and Dolphin oil fields to 60.05%, building Parkmead's oil reserves
- Greater Perth Area ("GPA") invitation to tender announced to the service provider market, covering the pre-FEED, FEED and subsequent development phases of the project
    - 13 alliance submissions received from 35 companies across all project components of drilling, subsea construction and export route options
    - In discussions with a number of leading, international service companies and oil companies
    - Parkmead has received financial proposals for significant parts of the development, reducing the capital expenditure needed to bring the project onstream
- New minimal platform concept at the Platypus gas field further increases the value of this development
- The Platypus joint venture group is working towards optimising the export route for Platypus ahead of an offtake agreement, with various export options available given the availability of infrastructure in the UK Southern Gas Basin
- Acquisition of a 50% interest in UK North Sea Licence P.2209 covering the Farne Extension prospect and a further four prospective leads, potentially containing 175 Bcf of gas initially in place on a most likely, P50 basis

Substantial oil and gas reserves and resources

- Net 2P reserves of 27.7 million barrels of oil equivalent as at 30 September 2017
- Net 2C resources of 62.0 million barrels of oil equivalent as at 30 September 2017

Well positioned for further acquisitions

- Seven acquisitions, at both an asset and corporate level, have been completed to date
- Parkmead evaluating further acquisition opportunities and prioritising those that provide growth

Parkmead's Executive Chairman, Tom Cross, commented:

"2017 has been an important year of progress for Parkmead. The Group moved into gross profit as a result of increased gas production and the cost reduction programme in the UK. This is an outstanding achievement for Parkmead at a time when global oil prices have remained low.

Parkmead's gas production acts as a natural hedge in the challenging oil price environment.

We are delighted to have significantly increased production at the Diever West gas field, which increases Parkmead's cash flow. New reservoir modelling indicates that Diever West could be more than double the size originally expected.

We are also pleased to have been able to increase our stakes in core areas of the Group's portfolio during the year, particularly around the Greater Perth Area oil hub in the UK North Sea, where Parkmead has strengthened its position. The Group is in discussions with leading, international service companies and oil companies with regards to the Greater Perth Area.

The team at Parkmead is working intensively to evaluate and execute further value-adding opportunities which could provide additional cash flow to the Company. Parkmead is analysing both oil and gas, and wider energy sector opportunities, which could broaden and enhance the Group's revenue stream.

Parkmead is well positioned for growth. We have excellent regional expertise, significant cash resources, and a growing, low-cost gas portfolio. The Group will continue to build upon the inherent value in its existing interests with a balanced, acquisition-led growth strategy, securing opportunities that maximise long-term value for our shareholders."

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CHAIRMAN'S STATEMENT

2017 has been an important year of progress for Parkmead, despite the challenging low oil price environment. Building on the strong foundations established in recent years, the Company significantly increased its position in key assets across its UK portfolio through four separate transactions. The first of these doubled Parkmead's stake in the Polecat and Marten oil fields, increasing the Company's 2C resources by some 41%.

Parkmead's increased gas production pushed the Company into gross profit in 2017, thanks to outstanding success at the Diever West gas field and the cost reduction programme in the UK. Moving into gross profit is an excellent achievement for Parkmead, creating momentum to continue this progress.

The Group is currently analysing a number of value-adding opportunities. These are primarily in oil and gas, but include wider energy related opportunities, which could broaden and enhance the Group's revenue stream.

Operations and Portfolio Growth

Parkmead has made further progress towards building a balanced independent energy group of breadth and scale, by developing its current portfolio and increasing its asset base through acquisitions.

In August 2016, the Group doubled its stake in the Polecat and Marten oil fields in the UK Central North Sea. The Polecat and Marten fields are located in Blocks 20/3c & 20/4a within Licence P. 2218. Parkmead acquired a further 50% of Licence P. 2218, and now operates this area with 100% equity. Parkmead initially secured its first 50% interest in these blocks as part of its success in the UK 28th Licensing Round awards, where the Company gained a total of six new oil and gas licences covering 10 offshore blocks.

The Polecat and Marten fields lie approximately 20km east of the major Buzzard field, and are located close to Parkmead's Greater Perth Area ("GPA") oil hub project, in the prolific Moray Firth area of the Central North Sea. Polecat and Marten are two sizeable Buzzard sandstone oil accumulations, which are jointly estimated to hold over 90 million barrels of oil in place and over 33 million barrels of gross 2C resources. Through this acquisition, Parkmead increased the Group's total 2C resources by 41%, from 41.9 to 59.1 million barrels of oil equivalent as at 31 December 2016.

Polecat and Marten have the potential to be highly valuable to Parkmead given their close proximity to a number of possible export routes, including Perth. Parkmead notes the recent Verbier discovery made by Statoil in Blocks 20/5b & 21/1d, approximately 12km east of Polecat and Marten. Verbier lies in the same play fairway as these fields, and shares many similarities with them. The discovery at Verbier could have the potential to considerably increase the value of Polecat and Marten.

In September 2016, Parkmead increased its stake in the GPA by securing additional equity in the Perth and Dolphin oil fields. The Perth and Dolphin fields are located across Blocks 15/21a & c and 14/25a in the UK Central North Sea. Through this growth step, Parkmead has increased its equity in these licences to 60.05%. The Perth and Dolphin fields, which are both operated by Parkmead, are at the core of Parkmead's GPA oil hub project.

Perth and Dolphin are located in the Moray Firth area of the UK Central North Sea, which contains very large oil fields such as Piper, Claymore and Tartan. Through a series of licensing round successes and strategic acquisitions, Parkmead has established a key position in this area of the North Sea. Perth and Dolphin are two substantial Upper Jurassic Claymore sandstone accumulations that have tested 32-38° API oil at production rates of up to 6,000 bopd per well. As a result of increasing its equity in these licences, Parkmead has grown the Group's total proved and probable (2P) reserves by 19% from 23.5 to 27.9 million barrels of oil equivalent as at 31 December 2016.

Parkmead has made a number of important growth steps during 2017 in relation to the GPA project. An invitation to tender was announced to the service provider market earlier in the year, covering the pre-FEED, FEED and subsequent development phases of the project. Parkmead is pleased to report that 13 alliance submissions were received, comprising 35 companies, across all project components of drilling, subsea construction and export route options. After analysing the proposals, Parkmead is holding discussions with a number of leading, internationally renowned service companies.

The majority of the proposals have focused on innovative approaches to the potential development, with significant new work carried out on well planning, timeline to production and financing. A number of the proposals have also offered finance to the Group and Parkmead has received financial proposals for major parts of the development, reducing the capital expenditure needed to bring the project onstream.

Considerable progress was also made during the period at Parkmead's Platypus gas field development. Detailed development concept work has found that, by collaborating with other facilities in the area, a minimal platform concept can be adopted, substantially reducing development expenditure. In addition, the field's gas reserves can be efficiently recovered from two rather than three development wells. This increases the value of the Platypus development. The joint venture partnership is currently working towards optimising the export route for Platypus ahead of an offtake agreement. Various export options are available to the partnership, given the extensive availability of infrastructure in the UK Southern Gas Basin.

In April 2017, Parkmead significantly increased its stake in the major Sanda North and Sanda South structures in the West of Shetland area of the UK. These two large Palaeocene prospects are both located within Block 205/13. Through this accretive step, Parkmead has increased its equity in the licence from 56% to 100%. The Sanda North and Sanda South prospects, which are both operated by Parkmead, have the potential to contain 280 million barrels of recoverable oil on a most likely, P50 basis.

In May 2017, the Company announced that it had signed a Sale and Purchase Agreement with Verus Petroleum (SNS) Limited to acquire a 50% interest in UK North Sea Licence P.2209 which contains the Farne Extension prospect and a further four prospective leads. The acquisition was completed in August 2017, doubling Parkmead's equity in the licence to 100%. Licence P.2209 comprises two adjacent blocks, Block 42/19 and Block 42/20b. The range of prospects and leads within this licence, which is operated by Parkmead, have the potential to contain 175 billion cubic feet of gas initially in place on a most likely, P50 basis.

Strong Netherlands asset base

The Group has substantially increased production from the Diever West gas field over the last few months. The Akkrum formation section of the field has been perforated, almost quadrupling the perforated reservoir interval from approximately 16 to 62 feet. Gross production at the end of October 2017 at Diever West was 39.3 million cubic feet per day (approximately 6,764 boepd, 507 boepd net to Parkmead).

The Diever West field has performed above expectations since first production, and new dynamic reservoir modelling suggests the field has approximately 108 billion cubic feet of gross gas-in-place volumes, more than double the post drill static volume estimate of 41 billion cubic feet.

The portfolio comprises four separate producing gas fields with a very low average operating cost of just US$10 per barrel of oil equivalent. This profitable gas production from the Netherlands provides important cash flow to the Group. This is valuable income for Parkmead, particularly given the relatively low oil price environment.

A number of enhanced production opportunities have been identified within Parkmead's existing Netherlands portfolio, which the Group intends to capitalise on with the aim of further increasing its gas production. Production at the Brakel field is set to recommence within the next few months following compression work that is currently being undertaken to optimise production. The field is expected to come back onstream at a gross rate of 1.85 million cubic feet per day (approximately 318 boepd, Parkmead 15% working interest).

Detailed work is set to begin on the Ottoland discovery, located on the same Andel Va block as the Brakel gas field. Structural and static modelling, followed by seismic interpretation and depth migration studies, will refine the volumetrics ahead of a development plan potentially including a new horizontal well. In addition, seismic reprocessing will be carried out on the Andel Vb licence ahead of updating the prospectivity estimates for this area. This extensive new work will be conducted throughout 2018.

At Parkmead's producing Geesbrug field, the potential for a new low-cost infill well is being studied in order to maximise production. New work is also being undertaken on the Papekop onshore oil and gas discovery. Previous evaluation of the discovery by the joint venture partnership indicates that Papekop contains gross unrisked oil-in-place of 40 million barrels and gas-in-place of 24 billion cubic feet on a most likely, P50 case. New structural and static modelling will look to refine the volume estimates at Papekop, after which development scenarios will be analysed and planned.

Results

The Group's revenue for the year to 30 June 2017 was £4.1m (2016: £10.4m), generating a milestone gross profit of £1.2m (2016: £4.6m loss). This is a significant achievement and is testament to the success of the Group's onshore gas portfolio and careful financial discipline. The difference in revenue from 2016 to 2017 is a result of the Athena oil field being shut-in in January 2016 as part of a cost reduction programme, substantially reducing the Group's cost of sales from that point forward.

Parkmead has re-allocated capital to the Company's low-cost producing gas fields in the Netherlands, where Parkmead's four separate gas fields have an average operating cost of just US$10 per barrel of oil equivalent. The new Diever West field in particular has extremely low operating costs in the region of US$6 per barrel of oil equivalent. Parkmead's gas portfolio in the Netherlands generates positive cash flows despite the low current commodity prices. Administrative expenses were £2.3m (2016: £0.5m), which included a charge in respect of share based payments of £0.7m (2016: credit £1.4m).

Parkmead's total assets at 30 June 2017 were £82.2m (2016: £87.5m). Available-for-sale financial assets were £3.2m (2016: £2.6m). Cash and cash equivalents at year end were £26.4m (2016: £28.3m). Parkmead is very carefully managed and is debt free. The Group's net asset value was £68.9m (2016: £73.2m). Parkmead is therefore well positioned to withstand the current market conditions and indeed views the current macro environment as an opportunity for further growth. This positive position is a direct result of Parkmead's experienced team, its pro-active portfolio management and its strong focus on capital discipline.

Due to Parkmead's ongoing growth opportunities and associated investment programme, the Board is not recommending the payment of a dividend in 2017 (2016: £nil).

Investments

The Group's principal available-for-sale investment is its shareholding in Faroe Petroleum plc ("Faroe") (LSE AIM: FPM.L). As at 30 June 2017, the value of this investment was £3.2m (30 June 2016: £2.6m). Faroe's closing share price at 30 June 2017 was 83.00 pence per share.

Outlook

The Directors of Parkmead are pleased with the Group's continuing progress in building an energy company of increasing breadth and scale. Parkmead has a balanced portfolio of licences, growing gas production and a strong oil and gas reserves base. Therefore, we believe Parkmead is well positioned to build further on the progress to date and to capitalise on new opportunities. We are delighted by the outperformance achieved at Diever West and the increased stakes we have secured in key assets across the portfolio.

As we move towards 2018, Parkmead maintains its appetite for acquisitions and is looking carefully at both oil and gas, and at wider energy sector opportunities. We will also seek to add shareholder value through a dynamic work programme to maximise the inherent value in our existing assets. The Group has built a strong platform from which to become a successful energy group, and we look forward to updating shareholders as we make further progress.

Tom Cross

Executive Chairman

16 November 2017

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Notes:

1. Dr Colin Percival, Parkmead's Technical Director, who holds a First Class Honours Degree in Geology and a Ph.D in Sedimentology and has over 35 years of experience in the oil and gas industry, has reviewed and approved the technical information contained in this announcement. Parkmead's evaluation of reserves and resources was completed in accordance with the 2007 Petroleum Resources Management System prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers and reviewed and jointly sponsored by the World Petroleum Council, the American Association of Petroleum Geologists and the Society of Petroleum Evaluation Engineers.

<u>Glossary of key terms</u>

boped	Barrels of oil equivalent per day
Bcf	Billions of cubic feet of gas
Gas in place	The total quantity of gas that is estimated to exist originally in naturally occurring reservoirs
Oil in place	The total quantity of oil that is estimated to exist originally in naturally occurring reservoirs
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources
Recoverable resources	Those quantities of hydrocarbons that are estimated to be producible from discovered or undiscovered accumulations
Proved and Probable or "2P"	Those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by development and production status
P50	Reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate
2C	Denotes the best estimate scenario, or P50, of Contingent Resources
FEED	Front End Engineering Design

Group statement of profit or loss
for the year ended 30 June 2017

	Note	2017	2016
		£'000	£'000
Continuing operations			
Revenue		**4,137**	10,441
Cost of sales		**(2,959)**	(15,061)
Gross profit / (loss)		**1,178**	(4,620)
Exploration and evaluation expenses		**(2,669)**	(669)
Administrative expenses	2	**(2,344)**	(527)
Operating loss		**(3,835)**	(5,816)
Finance income		**281**	164
Finance costs		**(749)**	(766)
Loss before taxation		**(4,303)**	(6,418)
Taxation		**(607)**	(274)
Loss for the year attributable to the equity holders of the Parent		**(4,910)**	(6,692)
Loss per share (pence)			
Continuing operations			
Basic	3	**(4.96)**	(6.76)
Diluted		**(4.96)**	(6.76)

Group and company statement of profit or loss and other comprehensive income
for the year ended 30 June 2017

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Profit / (loss) for the year	**(4,910)**	(6,692)	(1,882)	523
Other comprehensive income Items that may be reclassified subsequently to profit or loss				
Fair value gain / (loss) on available-for-sale financial assets	**583**	(671)	**583**	(671)
	583	(671)	**583**	(671)
Other comprehensive profit / (loss) for the year, net of tax	**583**	(671)	**583**	(671)
Total comprehensive loss for the year attributable to the equity holders of the Parent	**(4,327)**	(7,363)	**(1,299)**	(148)

Group and company statement of financial position
as at 30 June 2017

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Non-current assets				
Property, plant and equipment: development & production	**15,993**	17,986	**-**	-
Property, plant and equipment: other	**55**	75	**52**	75
Goodwill	**2,174**	2,174	**-**	-
Other intangible assets	**-**	-	**-**	-
Exploration and evaluation assets	**33,382**	34,642	**-**	-
Investment in subsidiaries and joint ventures	**-**	-	**23,922**	25,025
Available-for-sale financial assets	**3,227**	2,644	**3,227**	2,644
Deferred tax assets	**3**	3	**-**	-
Total non-current assets	**54,834**	57,524	**27,201**	27,744
Current assets				
Trade and other receivables	**927**	1,475	**47,033**	45,367
Current tax assets	**-**	195	**-**	-
Cash and cash equivalents	**26,396**	28,288	**12,889**	15,492
Total current assets	**27,323**	29,958	**59,922**	60,859
Total assets	**82,157**	87,482	**87,123**	88,603
Current liabilities				
Trade and other payables	**(2,364)**	(2,528)	**(2,315)**	(2,581)
Current tax liabilities	**(457)**	-	**-**	-
Total current liabilities	**(2,821)**	(2,528)	**(2,315)**	(2,581)
Non-current liabilities				
Other liabilities	**(70)**	(27)	**(68)**	(26)
Deferred tax liabilities	**(1,284)**	(1,284)	**-**	-
Decommissioning provisions	**(9,102)**	(10,479)	**-**	-
Total non-current liabilities	**(10,456)**	(11,790)	**(68)**	(26)
Total liabilities	**(13,277)**	(14,318)	**(2,383)**	(2,607)
Net assets	**68,880**	73,164	**84,740**	85,996
Equity attributable to equity holders				
Called up share capital	**19,533**	19,533	**19,533**	19,533
Share premium	**87,805**	87,805	**87,805**	87,805
Merger reserve	**-**	27,187	**-**	27,187
Revaluation reserve	**(2,798)**	(3,381)	**(2,798)**	(3,381)
Retained deficit	**(35,660)**	(57,980)	**(19,800)**	(45,148)
Total Equity	**68,880**	73,164	**84,740**	85,996

Group statement of changes in equity

for the year ended 30 June 2017

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	19,533	87,805	27,187	(2,710)	(51,346)	80,469
Loss for the year	-	-	-	-	(6,692)	(6,692)
Fair value loss on available-for-sale financial assets	-	-	-	(671)	-	(671)
Total comprehensive loss for the year	-	-	-	(671)	(6,692)	(7,363)
Share-based payments	-	-	-	-	58	58
At 30 June 2016	**19,533**	**87,805**	**27,187**	**(3,381)**	**(57,980)**	**73,164**
Loss for the year	**-**	**-**	**-**	**-**	**(4,910)**	**(4,910)**
Fair value gain on available-for-sale financial assets	**-**	**-**	**-**	**583**	**-**	**583**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**583**	**(4,910)**	**(4,327)**
Transfer merger reserve	**-**	**-**	**(27,187)**	**-**	**27,187**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**43**	**43**
At 30 June 2017	**19,533**	**87,805**	**-**	**(2,798)**	**(35,660)**	**68,880**

Company statement of changes in equity

for the year ended 30 June 2017

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained deficit	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2015	19,533	87,805	27,187	(2,710)	(45,729)	86,086
Profit for the year	-	-	-	-	523	523
Fair value loss on available-for-sale financial assets	-	-	-	(671)	-	(671)
Total comprehensive income/(loss) for the year	-	-	-	(671)	523	(148)
Share-based payments	-	-	-	-	58	58
At 30 June 2016	**19,533**	**87,805**	**27,187**	**(3,381)**	**(45,148)**	**85,996**
Loss for the year	**-**	**-**	**-**	**-**	**(1,882)**	**(1,882)**
Fair value gain on available-for-sale financial assets	**-**	**-**	**-**	**583**	**-**	**583**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**583**	**(1,882)**	**(1,299)**
Transfer merger reserve	**-**	**-**	**(27,187)**	**-**	**27,187**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**43**	**43**
At 30 June 2017	**19,533**	**87,805**	**-**	**(2,798)**	**(19,800)**	**84,740**

Group and company statement of cashflows
for the year ended 30 June 2017

		Group		Company	
		2017	2016	**2017**	2016
	Note	**£'000**	£'000	**£'000**	£'000
Cashflows from operating activities					
Continuing activities	4	**(464)**	(10,581)	**(2,605)**	(10,739)
Taxation credit		**56**	45	**-**	-
Net cash used operating activities		**(408)**	(10,536)	**(2,605)**	(10,739)
Cash flow from investing activities					
Interest received		**271**	132	**24**	102
Acquisition of exploration and evaluation assets		**(1,164)**	(1,490)	**-**	-
Proceeds from available-for-sale financial assets		**10**	32	**10**	32
Acquisition of property, plant and equipment: development and production		**(725)**	(621)	**-**	-
Acquisition of property, plant and equipment: other		**(47)**	(21)	**(43)**	(21)
Net cash (used in) / generated by investing activities		**(1,655)**	(1,968)	**(9)**	113
Cash flow from financing activities					
Interest paid		**(8)**	(29)	**(1)**	-
Repayments of loans and borrowings		**-**	(438)	**-**	-
Net cash used in financing activities		**(8)**	(467)	**(1)**	-
Net decrease in cash and cash equivalents		**(2,071)**	(12,971)	**(2,615)**	(10,626)
Cash and cash equivalents at beginning of year		**28,288**	41,121	**15,492**	26,069
Effect of foreign exchange rate differences		**179**	138	**12**	49
Cash and cash equivalents at end of year		**26,396**	28,288	**12,889**	15,492

Notes to the financial information for the year ended 30 June 2017

1. Basis of preparation of the financial information

The financial information set out in this announcement does not comprise the Group and Company's statutory accounts for the years ended 30 June 2017 or 30 June 2016.

The financial information has been extracted from the audited statutory accounts for the years ended 30 June 2017 and 30 June 2016. The auditors reported on those accounts; their reports were unqualified and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006 and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 30 June 2016 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2017 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The accounting policies are consistent with those applied in the preparation of the interim results for the period ended 31 December 2016 and the statutory accounts for the year ended 30 June 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. Administrative expenses

Administrative expenses include a charge in respect of a non-cash revaluation of share appreciation rights (SARs) and share based payments totalling £654,000 (2016: credit £1,359,000). The SARs may be settled by cash and are therefore revalued with the movement in share price. The valuation was impacted by the global reduction in oil prices leading to a decline in share price between 30 June 2016 and 30 June 2017.

3. Loss per share

Loss per share attributable to equity holders of the Company arising from continuing operations was as follows:

	2017	2016
Loss per 1.5p ordinary share from continuing operations (pence)		
Basic	**(4.96)**	(6.76)
Diluted	**(4.96)**	(6.76)

The calculations were based on the following information:

	2017 **£'000**	2016 £'000
Loss attributable to ordinary shareholders		
Continuing operations	**(4,910)**	(6,692)
Total	**(4,910)**	(6,692)
Weighted average number of shares in issue		
Basic weighted average number of shares	**98,929,160**	98,929,160
Dilutive potential ordinary shares		
Share options	**-**	-

Loss per share is calculated by dividing the loss for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share

Loss per share requires presentation of diluted loss per share when a company could be called upon to issue shares that would decrease net profit or increase net loss per share. When the Group makes a loss the outstanding share options are therefore anti-dilutive and so are not included in dilutive potential ordinary shares.

4. Notes to the statement of cashflows

Reconciliation of operating loss to net cash flow from continuing operations

	Group		Company	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Operating loss	**(3,835)**	(5,816)	**(1,916)**	(12,400)
Depreciation	**667**	2,724	**66**	81
Amortisation and exploration write off	**2,424**	478	**-**	-
Provision for share based payments	**43**	(674)	**43**	(674)
Provision for intercompany receivable	**-**	-	**-**	(4,983)
Impairment in subsidiary	**-**	-	**-**	17,405
Currency translation adjustments	**(179)**	(138)	**(12)**	(49)
Decrease / (increase) in receivables	**548**	4,473	**(1,480)**	(8,362)
(Decrease) / increase in payables	**(132)**	(11,605)	**694**	(1,757)
Decrease in other provisions	**-**	(23)	**-**	-
Net cash flow from operations	**(464)**	(10,581)	**(2,605)**	(10,739)

5. Approval of this preliminary announcement

This announcement was approved by the Board of Directors on 16 November 2017.

6. Posting of annual report and accounts

Copies of the Annual Report and Accounts will be posted to shareholders shortly. The Annual Report and Accounts will be made available to download, along with a copy of this announcement, on the investor relations section of the Company's website www.parkmeadgroup.com