20 November 2020

The Parkmead Group plc
(“Parkmead”, “the Company” or “the Group”)

Preliminary Results for the year ended 30 June 2020

Parkmead, the UK and Netherlands focused independent energy group, with four business areas, is pleased to report its preliminary results for the year ended 30 June 2020.

HIGHLIGHTS

Strong financial position and robust producing assets, despite low gas price environment

- Well capitalised, with cash balances of £25.7 million (US$33.4 million) as at 30 June 2020
- Total asset base increased by 9% to £89.8 million at 30 June 2020 (2019: £82.3 million)
- Net assets increased to £71.3 million at 30 June 2020 (2019: £68.3 million)
- Revenue for the period was £4.1 million (2019: £8.3 million), reflecting the record-low gas prices seen during the year
- Gross profit achieved of £1.3 million (2019: £5.7 million), showing the robustness of Parkmead’s gas assets
- Net profit before tax and non-cash impairment charges was £0.8 million
- Gas prices have fallen from highs of approximately €25.7/MWh in October 2018 to lows not seen in over a decade to around €5.0/MWh in June 2020 due to the oversupply of Liquefied Natural Gas (LNG) into the European market and the unprecedented effect of COVID-19
- Gas prices have since rebounded strongly to approximately €14.0/MWh in November 2020
- Parkmead's Netherlands assets remain very low cost to operate, and were uninterrupted by the lockdown restrictions introduced by the Dutch Government in March
- Netherlands gas production, plus benchmarking & economics consultancy, provides positive operating cash flow to Parkmead
- Parkmead maintains strict financial discipline with very low operating costs

Significant wind farm potential; high-grading of renewables portfolio underway

- In September 2019, the Company acquired Pitreadie Farm Limited (“Pitreadie”) as part of its expansion into renewable energy
- Studies being conducted on the Group’s acquired onshore land for the potential development of a large wind farm
- One of the large areas of land acquired by Parkmead lies adjacent to the Mid Hill Wind Farm which encompasses 33 Siemens wind turbines with a generating capacity of around 75MW
- High-grading of renewables portfolio underway with expected divestments of non-core acreage
- Renewable energy opportunities accessed through strategic acquisition of Pitreadie, where a gain on purchase was recorded of £0.36 million
- Parkmead’s early commitment to building a balanced energy business through its focus on gas, widely seen as the primary transition fuel, pre-empted the recent energy transition acceleration
- Revenue-generating renewable energy opportunities continue to be analysed by Parkmead as it seeks to build out its renewable energy portfolio

Excellent progress on Skerryvore, GPA and Platypus oil and gas projects

- New seismic purchased in Q3 2019 covering the Skerryvore prospect and surrounding area, which is being reprocessed throughout 2020 to mature the collection of prospects
- Early-stage reprocessing work showing positive improvements in seismic image quality, at the Mey Sandstone reservoir level in particular
- Skerryvore’s main prospects are three stacked targets, at Mey and Chalk level, which together could contain 157 million barrels of oil equivalent (“MMBoe”)
- Parkmead is in commercial discussions with the Scott field partnership, including CNOOC, in order to agree terms for a tie-back of the Greater Perth Area (“GPA”) to the Scott facilities
- Parkmead is also in discussions with other operators in the vicinity where new opportunities have arisen during the year

- Infrastructure studies completed in 2020 have confirmed that there are no technical hurdles to produce Perth oil from the wells all the way through to the onshore facilities
- Field Development Plan draft and Environmental Statement submitted to the OGA and OPRED, respectively, for the development of the Platypus gas project in the UK Southern North Sea
- Selected development concept is a subsea tie-back to the Cleeton platform and commercial discussions are ongoing
- Parkmead and the Platypus partners have obtained an extension to the Platypus licence to take account of COVID-19 delays

Multiple new opportunities identified across Netherlands portfolio

- Gross production at the Group's Netherlands assets for the financial year averaged 38.3 million cubic feet per day ("MMscfd"), which equates to approximately 6,608 barrels of oil equivalent per day ("boepd")
- Low-cost onshore gas portfolio in the Netherlands produces from four separate gas fields with an average field operating cost of just US$9.9 per barrel of oil equivalent, generating strong cash flows
- The Brakel field was brought back to full production during the period following the completion of a work programme
- Concept selection planning at the Papekop oil and gas discovery has begun, a proven field with 24.2 million barrels ("MMBbl") of oil-in-place and 39.4 billion cubic feet ("Bcf") of gas-in-place
- Multiple further opportunities exist around Diever West, such as Boergrup and De Bree, both of which contain stacked targets with similar characteristics to Diever West
- Boergrup well permitting and planning is underway
- A new seismic reprocessing project began in Q4 2019, which will help define and high-grade the extensive prospects around Diever West
- Dynamic reservoir modelling suggests Diever West held initial gas-in-place of approximately 108 Bcf, more than double the post-drill static volume estimate of 41 Bcf

Substantial oil and gas reserves and resources

- 2P reserves of 45.7 million barrels of oil equivalent ("MMBoe") as at 30 September 2020 (46.0 MMBoe as at 30 September 2019)

Well positioned for further acquisitions and opportunities

- Eight acquisitions, at both asset and corporate level, have been completed to date
- Parkmead actively evaluating further acquisition opportunities in renewables, gas and oil

Parkmead's Executive Chairman, Tom Cross, commented:

"I am pleased to report on an important year of progress for Parkmead. Despite revenues being impacted by the low gas price environment, Parkmead has delivered growth in its asset base whilst retaining financial strength. This creates a strong foundation from which to build and Parkmead remains robust in the context of broader global uncertainty brought about by the COVID-19 pandemic.

Following our first strategic acquisition in the renewable energy arena, we continue to evaluate further opportunities. Renewable energy is directly in line with Parkmead's business plan, broadening and enhancing the Group's energy asset base. Potential has been identified for a large wind farm project on a part of the Group's onshore acreage.

Further advances have been made within the Greater Perth Area project. The Group is in discussions with a number of leading, international service companies and oil companies in relation to driving forward the GPA project.

The team at Parkmead continues to work intensively to evaluate and execute further value-adding opportunities which could provide additional upside for the Group.

Parkmead is well positioned for the future. We have excellent UK and Netherlands regional expertise, significant cash resources, and a growing portfolio of high-quality assets. The Group will continue to

build upon the inherent value in its existing interests with a balanced, acquisition-led, growth strategy to secure opportunities that maximise future value for our shareholders."

For enquiries please contact:

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CHAIRMAN'S STATEMENT

2020 has been an important year of progress for Parkmead, despite the unprecedented challenges resulting from the COVID-19 pandemic. Parkmead has shown its resilience throughout this period because of the strong foundations built in preceding years, which has positioned the Group extremely well to continue its growth.

The Company completed its maiden renewable energy acquisition during the year, demonstrating its early commitment to building a balanced energy business and entering this exciting area of growth.

Parkmead has continued to show its strict financial discipline whilst intensively evaluating a number of value-adding acquisition opportunities that we have identified through the current economic environment.

Building a balanced portfolio

In September 2019, Parkmead completed a significant renewable energy transaction through the all-share acquisition of Pitreadie. This acquisition was an important milestone for the Group as we look to build a balanced energy portfolio, ensuring Parkmead is well positioned to withstand future commodity price fluctuations as well as investing in an onshore renewables sector with huge growth opportunities. The Board of Parkmead believes that the growth of the renewable energy sector will continue to accelerate as the UK focuses its attention on meeting its net-zero emissions target by 2050.

The portfolio of land now owned by Parkmead, through the acquisition of Pitreadie, has substantial renewable energy potential in the form of wind, solar and biomass opportunities.

Our team has already identified substantial wind energy potential at one location, some 15 miles west of Aberdeen. The site has excellent average wind speeds of between 7-10 m/s. This acreage lies adjacent to the Mid Hill Wind Farm which contains 33 Siemens wind turbines with a generating capacity of around 75 megawatts (MW).

Parkmead is advancing its renewable energy opportunities through its in-house expertise coupled with a carefully selected consultancy team. This will ensure we maximise the upside value from this new business area.

The Group has also begun evaluating the land within its renewable energy business and it is expected that land with low renewable energy potential will be divested.

Strong production from low-cost operations

In the Netherlands, we are working closely with our joint venture partners to maximise the potential of our resources across all licences. There are significant low-risk prospects within our acreage, particularly on the Drenthe VI licence where the Boergrup, Leemdijk and De Bree structures are being evaluated. Well planning and government permitting is now underway on the potential Boergrup well, with high level well planning also underway on Leemdijk and De Bree. All of these prospects can be drilled from the Diever wellsite, reducing the permitting requirements and future infrastructure tie-in costs. Seismic reprocessing is currently being undertaken across the Drenthe VI licence to further refine and de-risk the remaining prospectivity on the block. At Papekop, subsurface reservoir static and dynamic modelling work is nearing completion, with the results feeding into the ongoing concept select planning.

Our Netherlands gas production has remained strong with average gross production during FY 2020 of 38.3 MMscfd, approximately 6,608 boepd. The average operating cost during this year was US$9.9 per barrel of oil equivalent. Given the low commodity price environment we are currently experiencing, this profitable gas production provides important and valuable cash flow to the Group.

Parkmead's Netherlands production was uninterrupted by the lockdown restrictions introduced by the Dutch Government in March.

Major progress on three UKCS E&P projects

The Platypus gas project has seen key milestones reached in the past year. A Field Development Plan draft and Environmental Statement was submitted in October 2019 to the OGA and OPRED, respectively, for the development of the project in the UK Southern North Sea.

Mid case recoverable reserves from Platypus are estimated at 106 Bcf, with peak production of 47 MMscfd. The anticipated producing life of the field is approximately 20 years. Platypus East (previously named Possum) provides a material upside opportunity for the project, potentially adding another 50 Bcf of recoverable reserves.

The development option selected for the Platypus field was reached following an extensive concept selection process. This considered technical feasibility, project execution schedule and commercial viability, in addition to environmental, health and safety issues.

The selected development concept will consist of two wells connected to a subsea manifold, with gas export to the Cleeton platform via a 23km pipeline. Produced fluids will arrive at the Cleeton facilities before being routed directly to the Dimlington Terminal for separation and processing. Front End Engineering Design studies associated with the Cleeton and Dimlington system continue to progress, in partnership with Perenco.

Parkmead and the Platypus partners have obtained an extension of the Platypus licence from the OGA to take account of COVID-19 delays.

The Greater Perth Area development continues to form a key part of our balanced portfolio of assets. This year has seen the completion of transportation studies for our base case development concept. The studies have confirmed there are no technical hurdles associated with the transportation and processing of fluids from the Perth producing wells all the way through the infrastructure to the onshore facilities. Parkmead continues to engage with leading, internationally-renowned supply chain companies in order to optimise the commercial solution.

Parkmead is in commercial discussions with the Scott field partnership, led by China National Offshore Oil Corporation (CNOOC) International, in order to explore terms for a tie-back of the GPA oil hub project to the Scott facilities. Scott lies just 10km southeast of the GPA project and a tie-back could yield a number of mutually beneficial advantages for both the Scott partnership and Parkmead. A tie-back to Scott is just one path to potentially unlock the substantial value of the GPA project. Parkmead continues to engage with leading, internationally-renowned supply chain and service companies as it seeks to optimise the commercial solution and maximise shareholder value from the GPA project.

Parkmead is also in discussions with other operators in the vicinity where new opportunities have arisen during the year.

Skerryvore has also seen progression this year with the results of early-stage reprocessing work showing positive improvements in seismic image quality, at the Mey Sandstone reservoir level in particular. Three stacked prospects are targeted at Skerryvore at Mey, Ekofisk and Tor levels, which combined have the potential to contain 157 million barrels of recoverable oil equivalent on a P50 basis. A discovery at Skerryvore could add considerable upside to Parkmead. Additional Jurassic and Triassic prospectivity is identified, similar to the recent Isabella discovery to the north, operated by Total.

32nd UKCS licensing round success

In the most recent UK 32nd licensing round awards, Parkmead was offered four offshore blocks and part blocks spanning three new licences.

The first of these provisional licence awards covers Blocks 14/20g & 15/16g (Parkmead 50% and operator) situated in the Central North Sea, adjacent to Parkmead's extensive Greater Perth Area ("GPA"). These blocks contain two undeveloped oil discoveries, Fynn Beauly and Fynn Andrew, as well as an oil prospect in the Piper Formation.

Fynn Beauly is a very large heavy oil discovery which extends across a number of blocks. The entire discovery is estimated to contain oil-in-place of between 602 and 1343 million barrels. Blocks 14/20g & 15/16g contain a section of the discovery to the south, with oil-in-place of between 77 and 202 million barrels. The second discovery, Fynn Andrew, is wholly contained on the offered blocks and holds 50 million barrels of oil-in-place on a P50 basis.

The addition of these blocks to Parkmead's portfolio would add 34.4 million barrels of 2C resources to the Group.

Two further licences have been offered to Parkmead as part of the 32nd Round. Block 14/20c (Parkmead 100%) is located in the Central North Sea and contains extensions to the Lowlander oil field and the Fynn Beauly oil discovery. Block 42/28g (Parkmead 100%) is situated in the Southern North Sea near the Tolmount gas discovery.

Increasing our team's capabilities

In line with the Group's strategy to deliver maximum value from its high-quality asset base, the appointment of Colin Maclaren to the Board was made in May 2020.

Colin brings with him 37 years of extensive legal and commercial experience which will be valuable to the Group as we expand our onshore renewables portfolio.

Results

The Group's revenue for the year to 30 June 2020 was £4.1m (2019: £8.3m), generating a gross profit of £1.3m (2019: £5.7m). This gross profit shows the resilience and high-quality nature of Parkmead's gas operations in the Netherlands, despite record low European gas prices and the unparalleled conditions this year caused by the COVID-19 pandemic.

Detailed technical work undertaken across the wider Parkmead portfolio has allowed the Group to release non-core acreage, such as P.2218, considerably reducing licence costs going forward. The release of this acreage led to a non-cash impairment charge of £1.6m (2019: £0.2) resulting in a small loss for the period of £0.5m (2019: £2.4 profit). A net profit before tax and non-cash impairment charges was recorded of £0.8 million.

Administrative expenses were £0.3m (2019: £0.4m), which included a non-cash credit in respect of share based payments of £1.4m (2019: £1.1m credit). Underlying administrative expenses, excluding share based payments, were £1.7m (2018: £1.5m).

Parkmead's total assets at 30 June 2020 increased to £89.8m (2019: £82.3m). Interest bearing loans receivable were £2.9m (2019: £2.9m). Cash and cash equivalents at year end were £25.7m (2019: £30.7m). The Group's net asset value rose to £71.3m (2019: £68.3m). Parkmead is therefore well positioned to withstand the current market conditions and views the macro environment as an opportunity to capitalise on gas, oil and wider energy opportunities. This positive position is a direct result of proactive portfolio management and a strong focus on capital discipline throughout the year.

Due to Parkmead's ongoing growth opportunities and associated investment programme, the Board is not recommending the payment of a dividend in 2020 (2019: £nil).

Outlook

The outlook for Parkmead is bright, as our experienced team continues to analyse a number of high-growth opportunities to create value for shareholders and strengthen the Group going forward. As we look towards 2021, our strong balance sheet and healthy cash position provide Parkmead with the ability to capitalise on such opportunities.

Tom Cross

Executive Chairman

19 November 2020

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

Notes:

1. Tim Coxe, Parkmead Group's Managing Director, North Sea, who holds a First-Class Master's Degree in Engineering and over 20 years of experience in the oil and gas industry. Tim is accountable for the company's HSE, Subsurface, Drilling, Production Operations and Development Project functions and has approved the technical information contained in this announcement. Reserves and contingent resource estimates have been produced by Parkmead's subsurface team and are stated as of 30 September 2020. Parkmead's evaluation of reserves and resources was prepared 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.

Glossary of key terms

Oil in place	The total quantity of petroleum 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

Group statement of profit or loss

for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Revenue		**4,080**	8,269
Cost of sales		**(2,806)**	(2,524)
Gross profit		**1,274**	5,745
Exploration and evaluation expenses		**(1,556)**	(171)
Gain on bargain purchase		**362**	-
Administrative expenses	2	**(257)**	(436)
Operating profit / (loss)		**(177)**	5,138
Finance income		**199**	209
Finance costs		**(814)**	(546)
Profit / (loss) before taxation		**(792)**	4,801
Taxation		**310**	(2,385)
Profit / (loss) for the year attributable to the equity holders of the Parent		**(482)**	2,416
Earnings / (loss) per share (pence)			
Basic	3	**(0.45)**	2.44
Diluted	3	**(0.45)**	2.43

Group statement of profit or loss and other comprehensive income

for the year ended 30 June 2020

	2020 £'000	2019 £'000
Profit / (loss) for the year	**(482)**	2,416
Items that may be reclassified subsequently to profit or loss		
Changes in financial assets at fair value through other comprehensive income	**-**	651
	-	651
Income tax relating to components of other comprehensive income	**-**	-
Other comprehensive income for the year, net of tax	**-**	651
Total comprehensive profit / (loss) for the year attributable to the equity holders of the Parent	**(482)**	3,067

Group statement of financial position

as at 30 June 2020

	2020 £'000	2019 £'000
Non-current assets		
Property, plant and equipment: development & production	**11,979**	11,657
Property, plant and equipment: other	**9,411**	165
Goodwill	**2,174**	2,174
Exploration and evaluation assets	**36,089**	34,052
Interest bearing loans	**2,900**	-
Deferred tax assets	**3**	3
Total non-current assets	**62,556**	48,051
Current assets		
Trade and other receivables	**1,414**	658
Interest bearing loans	**-**	2,900
Inventory	**131**	-
Cash and cash equivalents	**25,708**	30,666
Total current assets	**27,253**	34,224
Total assets	**89,809**	82,275
Current liabilities		
Trade and other payables	**(4,437)**	(4,560)
Current tax liabilities	**-**	(1,563)
Total current liabilities	**(4,437)**	(6,123)
Non-current liabilities		
Trade and other payables	**(1,372)**	(5)
Loans	**(3,600)**	-
Deferred tax liabilities	**(1,404)**	(1,284)
Decommissioning provisions	**(7,650)**	(6,607)
Total non-current liabilities	**(14,026)**	(7,896)
Total liabilities	**(18,463)**	(14,019)
Net assets	**71,346**	68,256
Equity attributable to equity holders		
Called up share capital	**19,678**	19,533
Share premium	**87,805**	87,805
Merger reserve	**3,376**	-
Retained deficit	**(39,513)**	(39,082)
Total Equity	**71,346**	68,256

Group statement of changes in equity

for the year ended 30 June 2020

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained deficit	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 30 June 2018	19,533	87,805	-	(325)	(42,789)	64,224
Profit for the year	-	-	-	-	2,416	2,416
Changes in financial assets at fair value through other comprehensive income	-	-	-	651	-	651
Total comprehensive income for the year	-	-	-	651	2,416	3,067
Transfer revaluation reserve on disposal of financial assets at fair value through other comprehensive income	-	-	-	(326)	326	-
Gains arising on repayment of employee share based loans	-	-	-	-	941	941
Share-based payments	-	-	-	-	24	24
At 30 June 2019	**19,533**	**87,805**	**-**	**-**	**(39,082)**	**68,256**
Loss for the year	-	-	-	-	(482)	(482)
Total comprehensive income / (loss) for the year	-	-	-	-	(482)	(482)
Share capital issued	145	-	3,376	-	-	3,521
Share-based payments	-	-	-	-	51	51
At 30 June 2020	**19,678**	**87,805**	**3,376**	**-**	**(39,513)**	**71,346**

Group statement of cashflows

for the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Cashflows from operating activities			
Cashflows from operations	4	**882**	4,733
Taxation credit		**(1,883)**	(1,779)
Net cash (used in) / generated by operating activities		**(1,001)**	2,954
Cash flow from investing activities			
Interest received		**163**	239
Acquisition of exploration and evaluation assets		**(3,335)**	(3,744)
Proceeds from sale of financial assets at fair value through other comprehensive income		**-**	6,351
Acquisition of property, plant and equipment: development and production		**(34)**	(63)
Disposal of property, plant and equipment: development and production		**-**	211
Acquisition of property, plant and equipment: other		**(416)**	(190)
Net cash from Pitreadie		**24**	-
Net cash (used in) / generated by investing activities		**(3,598)**	2,804
Cash flow from financing activities			
Interest paid		**(113)**	(45)
Lease payments		**(410)**	-
Proceeds from loans and borrowings		**-**	941
Net cash (used in) / generated by in financing activities		**(523)**	896
Net (decrease) / increase in cash and cash equivalents		**(5,122)**	6,654
Cash and cash equivalents at beginning of year		**30,666**	23,804
Effect of foreign exchange rate differences		**164**	208
Cash and cash equivalents at end of year		**25,708**	30,666

Notes to the financial information for the year ended 30 June 2020

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 2020 or 30 June 2019.

The financial information has been extracted from the audited statutory accounts for the years ended 30 June 2020 and 30 June 2019. 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 2019 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2020 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 2019 and the statutory accounts for the year ended 30 June 2019, except for the adoption of IFRS 16 Leases which has resulted in capitalisation of former operating leases, and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

2. Administrative expenses

Administrative expenses include a credit in respect of a non-cash revaluation of share appreciation rights (SARs) and share based payments totalling £1,364,000 (2019: £1,062,000 credit). The SARs may be settled by cash and are therefore revalued with the movement in share price. The valuation was impacted by the decrease in share price between 30 June 2019 and 30 June 2020.

3. Profit / (loss) per share

Profit/(loss) per share attributable to equity holders of the Company arises from continuing and discontinued operations as follows:

	2020	2019
Profit/(loss) per 1.5p ordinary share (pence)		
Basic	**(0.45)p**	2.44p
Diluted	**(0.45)p**	2.43p

The calculations were based on the following information:

	2020	2019
	£'000	£'000
(Loss) / profit attributable to ordinary shareholders		
Continuing operations	**(482)**	2,416
Total	**(482)**	2,416
Weighted average number of shares in issue		
Basic weighted average number of shares	**106,282,006**	98,929,160
Dilutive potential ordinary shares		
Share options	**-**	1,791,105

Profit/(loss) per share is calculated by dividing the profit/(loss) for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted profit/(loss) per share

Profit/(loss) per share requires presentation of diluted profit/(loss) per share when a company could be called upon to issue shares that would decrease net profit or 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) / profit to net cash flow from continuing operations

	2020	2019
	£'000	£'000
Operating profit/(loss)	**(177)**	5,138
Depreciation	**764**	217
Amortisation and exploration write off	**1,298**	-
Disposal of development and production assets	**-**	22
Gain on bargain purchase	**(362)**	-
Provision for equity settled share based payments	**51**	24
Currency translation adjustments	**(164)**	(208)
Movement in inventories	**230**	-
(Increase) / decrease in receivables	**(683)**	636
(Decrease) / increase in payables	**(75)**	(1,096)
Net cash flow from operations	**882**	4,733

5. Approval of this preliminary announcement

This announcement was approved by the Board of Directors on 19 November 2020.

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