18 November 2016

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

Preliminary Results for the year ended 30 June 2016

Parkmead, the UK and Netherlands focused oil and gas group, is pleased to report its preliminary results for the year ended 30 June 2016.

HIGHLIGHTS

Successful fast-track development. Substantial increase in gas production

- Increased Netherlands gas production more than six fold
- First commercial gas production achieved at the Diever West gas field in the Netherlands, following a successful fast-track development
- Gas production has continuously outperformed expectations, averaging approximately 34 million cubic feet per day during June 2016 (approximately 5,850 barrels of oil equivalent per day)
- Diever West field brought onstream within just 14 months of discovery
- Low-cost onshore gas portfolio in the Netherlands produces from four separate gas fields with an average operating cost of US$14 per barrel of oil equivalent, ensuring that Parkmead is cash flow positive on an operating basis
- Further production enhancement work planned on Parkmead’s Netherlands portfolio, including a new well at the Geesbrug gas field to maximise production, serving as a natural hedge to the current low oil price environment

Attractive new licence awards strengthen asset base

- Awarded a new oil and gas licence in the West of Shetland area, targeting the Sanda North and Sanda South prospects which have the potential to contain 280 million barrels of recoverable oil on a most likely, P50 basis
- New West of Shetland licence completes Parkmead’s total award of six new oil and gas licences in the UKCS 28th Licensing Round, covering 10 offshore blocks
- Detailed technical work undertaken this year has allowed Parkmead to release non-core acreage, considerably reducing licence costs

Major progress on valuable development projects. Additional licence acquisitions

- New minimal platform concept at the Platypus gas field further increases the attractiveness of the development
- Doubled stake in the Polecat and Marten oil fields in the Central North Sea in August 2016, which are jointly estimated to hold over 90 million barrels of oil in place
- Increased stake in the Perth and Dolphin fields to 60.05% in September 2016, building Parkmead’s oil reserves
- Perth and Dolphin are at the core of Parkmead’s Perth-Dolphin-Lowlander (PDL) oil hub project which has been fully appraised, with a combined total of 13 wells drilled, and has expected recoverable reserves of approximately 80 million barrels of oil
- The Polecat and Marten fields have the potential to be highly valuable to Parkmead as, given their close proximity to PDL, they could be jointly developed as part of the Greater PDL Area project

Increasing oil and gas reserves and resources

- Considerable 2P reserves of 27.9 million barrels of oil equivalent as at 30 September 2016, a 19% increase from Parkmead’s 31 December 2015 reserves position of 23.5 million barrels of oil equivalent
- 2C resources increased by 41% to 59.1 million barrels of oil equivalent as at 30 September 2016 (41.9 million barrels of oil equivalent at 31 December 2015)

Well positioned for further acquisitions

- Six acquisitions, at both an asset and corporate level, have been completed to date
- The Parkmead team is evaluating further acquisition opportunities to take advantage of the current low oil price environment

Financial Strength

- Strong total asset base of £87.5 million at 30 June 2016
- Parkmead maintains strict financial discipline
- Well capitalised, with cash balances of US$37.9 million (£28.3 million) as at 30 June 2016
- Parkmead remains debt free
- Since January 2016, Parkmead has been cash flow positive on an operating basis
- All revenues from Netherlands gas production received in Euros, mitigating recent currency fluctuations

Parkmead's Executive Chairman, Tom Cross, commented:

"I am pleased to report an excellent year of progress for Parkmead, despite the challenges of the low oil price environment. Parkmead discovered and brought onstream a new gas field at Diever West, in the Netherlands, within just 14 months. This field is delivering profitable gas production and important additional cash flow to the Group.

Parkmead is increasing the Group's gas production in the Netherlands through a low-cost, onshore work programme. This acts as a natural hedge to low global oil prices.

The Group's reserves and resources have significantly increased in 2016 through two licence acquisitions. Parkmead has strengthened its position around the important PDL oil hub in the UK North Sea.

Our new licence awards in the 28th Round were an outstanding result for Parkmead, with 10 new offshore oil and gas blocks awarded to the Group. We are delighted with the new award in the West of Shetland region targeting two prospects, Sanda North and Sanda South. West of Shetland is an area we understand well and has the potential to add major value to the Company.

Parkmead is well positioned to take advantage of the ongoing lower oil price environment, and the opportunities that are arising from this. 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 licensing and acquisition-led growth strategy, securing opportunities that maximise long-term value for our shareholders."

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CHAIRMAN'S STATEMENT

This has been an excellent year of progress for Parkmead, despite the challenging low oil price environment. Building on the significant growth in the prior period, the Company achieved first commercial gas production from the Diever West field in the Netherlands. The field has performed well above expectations, averaging some 30 million cubic feet per day (approximately 5,340 barrels of oil equivalent per day) since first production.

Parkmead has also delivered a highly successful period of licence acquisition growth. The Company increased its equity in a major oil area of the UK Central North Sea through two transactions. The first doubled Parkmead's stake in the Polecat and Marten oil fields, increasing the Company's 2C resources by 41%. This was followed by Parkmead increasing its interest in the Perth and Dolphin oil fields which are at the core of the major Perth-Dolphin-Lowlander (PDL) oil hub project.

Operations and Portfolio Growth

Parkmead has made further progress towards building a balanced independent oil and gas group of breadth and scale, by developing its current portfolio and adding new assets through acquisition and through the licensing round process.

Major milestones have been achieved across Parkmead's licence portfolio in the Netherlands. In November 2015, first commercial production was achieved at the Diever West gas field.

The field was discovered in September 2014 and, through a fast-track and low-cost development programme, it was tied into existing production facilities through a new dedicated pipeline with gas export via the Garijp treatment system. Parkmead worked closely with its joint-venture partners on the fast-track development of the Diever West field, and the partnership successfully brought the field onstream within just 14 months of discovery. This is an outstanding achievement.

The Diever-2 well was drilled on behalf of the co-venturers by operator Vermilion Energy, and gas was discovered in a good quality Rotliegendes age sandstone reservoir. A 157 foot gas column was encountered, with both net pay and porosity values exceeding pre-drill expectations. The field has performed well above expectations since first production, averaging 30 million cubic feet per day (approximately 5,340 barrels of oil equivalent per day). The new production from Diever West has increased Parkmead's net gas production in the Netherlands more than six fold.

Parkmead's low-cost onshore portfolio in the Netherlands produces gas from four separate fields with a very low average operating cost of just US$14 per barrel of oil equivalent. The profitable gas production from Diever West, and Parkmead's wider portfolio of gas fields in the Netherlands, provides important cash flow to the Group.

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. These include a new low-cost infill well at Geesbrug and workovers at Brakel and Grolloo. In addition, a further Rotliegendes exploration target, De Mussels, has been identified. Parkmead's robust gas production in the Netherlands serves as a natural hedge to low and volatile oil prices.

Parkmead also achieved a successful period of licence acquisition growth. 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 Buzzard field, and are located close to Parkmead's major PDL hub project in the prolific Moray Firth area of the Central North Sea. Polecat and Marten are two sizeable existing Buzzard sandstone oil accumulations, which are jointly estimated to hold over 90 million barrels of oil in place and over 33 million barrels of 2C resources. Through this acquisition, Parkmead has increased the Group's total 2C resources by 41%, from 41.9 to 59.1 million barrels of oil equivalent.

Polecat and Marten have the potential to be highly valuable to Parkmead as, given their close proximity to PDL, they could be jointly developed as part of the Greater PDL Area project. Polecat was discovered in 2005 and appraised in 2010. The 2010 appraisal well flow tested at 4,373 barrels per day of good quality 32° API oil. The Marten discovery was made in 1984, encountering three oil bearing Upper Buzzard sandstone intervals. Parkmead benefits from the large amount of existing data on the block, gathered as a result of wells already drilled in the area.

In September 2016, Parkmead increased its stake in the centre of the PDL area by securing additional equity in the Perth and Dolphin oil fields. The Perth and Dolphin fields are located across Blocks 15/21a, b, c and f & 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 PDL 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 an important position for itself 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 this latest move, Parkmead has increased the Group's total proved and probable (2P) reserves by 19% from 23.5 to 27.9 million barrels of oil equivalent.

PDL is one of the largest undeveloped oil projects in the North Sea. During 2014, a joint development study was carried out to assess the potential of a development of the Lowlander field with Perth and Dolphin. The analysis indicated that a joint development of the three fields could significantly increase the value of the Perth area.

An integrated, single project would create valuable economies of scale, by using the same dedicated production facilities, whilst providing a new long-term hub for other future projects in the area. The three fields have been fully appraised, with a combined total of 13 wells drilled, and contain oil in place of over 400 million barrels. It is expected that recoverable reserves from the PDL oil hub development will be over 80 million barrels of oil, which is double the initial recoverable reserves of the Perth field as a standalone project.

Parkmead has made further progress in the period on the PDL project, conducting detailed engineering and commercial work in addition to working alongside regional partners in line with the Wood Review and Moray Firth area study. Parkmead has continued to work towards incorporating other proven oil fields in the wider area into the PDL development. The Group's technical team is studying a number of further oil accumulations in the area. One of these is the Athena oil field to the west of Perth, in which Parkmead is the largest equity owner.

Parkmead has also added exciting exploration acreage to its portfolio during this reporting period. In July 2015, the Company was awarded a new licence in the highly prospective West of Shetland area. This new licence, covering Block 205/13, lies adjacent to Parkmead's existing licence in the area targeting the large Davaar prospect. Detailed mapping of Block 205/13 indicates two new exploration targets, Sanda North and Sanda South, which have the potential to contain 280 million barrels of recoverable oil on a most likely, P50 basis. Parkmead's experienced team of geoscientists has already begun detailed seismic reprocessing work on this new licence.

Parkmead will continue to invest in licensing round applications and views this as a key component in the Group's strategy of building an attractive and balanced portfolio with significant exploration upside.

Results

The Group's revenue for the year to 30 June 2016 was £10.4m (2015: £18.6m). The significant reduction in global oil prices has in turn reduced the Group's revenue during the period. During the financial year the price of Brent crude oil averaged US$43 per barrel and fell to a thirteen-year low of US$26 per barrel in January 2016. This is a significant reduction from the previous year's average oil price of US$74 per barrel and has therefore severely impacted the revenues and cash flows of oil and gas producers globally. Parkmead and its co-venturers have worked tirelessly to reduce operating costs across the entire asset portfolio to reflect the considerably altered macro environment.

Oil production at the Athena field was shut-in in January 2016 as part of this cost reduction programme, substantially reducing the Group's cost of sales from this 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$14 per barrel of oil equivalent. The new Diever West field in particular has extremely low operating costs in the region of US$12 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 £0.5m (2015: £1.2m credit), which includes a credit in respect of a non-cash share based payment charge.

Parkmead's total assets at 30 June 2016 were £87.5m (2015: £105.6m). Available-for-sale financial assets were £2.6m (2015: £3.3m). Cash and cash equivalents at year end were £28.3m (2015: £41.1m). Parkmead is very carefully managed and remains debt free. The Group's net asset value was £73.2m (2015: £80.5m). 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 experienced portfolio management and a 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 2016 (2015:£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 2016, the value of this investment was £2.6m (30 June 2015: £3.3m). Faroe's closing share price at 30 June 2016 was 68.00 pence per share.

Outlook

The Directors of Parkmead are pleased with the Group's continuing progress in building an independent oil and gas company of increasing breadth and scale. Parkmead has a balanced portfolio of licences, growing gas production and a strong asset base. Therefore, we believe Parkmead is well positioned to build further on the progress to date and to capitalise on new opportunities. In particular, we are delighted by the outperformance of production achieved at Diever West and the significant additional oil reserves secured in the UK North Sea at Perth and Dolphin, which strengthens our strategic position in the region.

As we move towards 2017, Parkmead maintains its appetite for acquisitions. 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 key E&P player in the North Sea, and we look forward to updating shareholders as we make further progress.

Tom Cross

Executive Chairman

17 November 2016

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 30 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.

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 Reserve 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

Group statement of profit or loss
for the year ended 30 June 2016

	Note	2016 £'000	2015 £'000
Continuing operations			
Revenue		**10,441**	18,639
Cost of sales		**(15,061)**	(39,418)
Impairment of property, plant and equipment	2	**-**	(12,905)
Gross loss		**(4,620)**	(33,684)
Exploration and evaluation expenses		**(669)**	(266)
Administrative expenses	3	**(527)**	1,237
Operating loss		**(5,816)**	(32,713)
Finance income		**164**	4,074
Finance costs		**(766)**	(2,193)
Loss before taxation		**(6,418)**	(30,832)
Taxation		**(274)**	(529)
Loss for the year attributable to the equity holders of the Parent		**(6,692)**	(31,361)
Loss per share (pence)			
Continuing operations			
Basic	4	**(6.76)**	(35.22)
Diluted		**(6.76)**	(35.22)

Group and company statement of profit or loss and other comprehensive income
for the year ended 30 June 2016

	Group		Company	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Profit / (loss) for the year	**(6,692)**	(31,361)	**523**	(14,451)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Fair value loss on available-for-sale financial assets	**(671)**	(1,506)	**(671)**	(1,506)
	(671)	(1,506)	**(671)**	(1,506)
Other comprehensive loss income for the year, net of tax	**(671)**	(1,506)	**(671)**	(1,506)
Total comprehensive loss for the year attributable to the equity holders of the Parent	**(7,363)**	(32,867)	**(148)**	(15,957)

Group and company statement of financial position
as at 30 June 2016

	Group		Company	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Non-current assets				
Property, plant and equipment: development & production	**17,986**	18,717	**-**	-
Property, plant and equipment: other	**75**	139	**75**	135
Goodwill	**2,174**	2,174	**-**	-
Other intangible assets	**-**	-	**-**	-
Exploration and evaluation assets	**34,642**	33,630	**-**	-
Investment in subsidiaries and joint ventures	**-**	-	**25,025**	16,640
Available-for-sale financial assets	**2,644**	3,315	**2,644**	3,315
Deferred tax assets	**3**	242	**-**	-
Total non-current assets	**57,524**	58,217	**27,744**	20,090
Current assets				
Trade and other receivables	**1,475**	5,978	**45,367**	45,024
Current tax assets	**195**	243	**-**	-
Cash and cash equivalents	**28,288**	41,121	**15,492**	26,069
Total current assets	**29,958**	47,342	**60,859**	71,093
Total assets	**87,482**	105,559	**88,603**	91,183
Current liabilities				
Trade and other payables	**(2,528)**	(14,634)	**(2,581)**	(4,821)
Interest-bearing loans and borrowings	**-**	(412)	**-**	-
Current tax liabilities	**-**	-	**-**	-
Total current liabilities	**(2,528)**	(15,046)	**(2,581)**	(4,821)
Non-current liabilities				
Other liabilities	**(27)**	(278)	**(26)**	(276)
Deferred tax liabilities	**(1,284)**	(1,284)	**-**	-
Decommissioning provisions	**(10,479)**	(8,482)	**-**	-
Total non-current liabilities	**(11,790)**	(10,044)	**(26)**	(276)
Total liabilities	**(14,318)**	(25,090)	**(2,607)**	(5,097)
Net assets	**73,164**	80,469	**85,996**	86,086
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	**27,187**	27,187
Revaluation reserve	**(3,381)**	(2,710)	**(3,381)**	(2,710)
Retained deficit	**(57,980)**	(51,346)	**(45,148)**	(45,729)
Total Equity	**73,164**	80,469	**85,996**	86,086

Group statement of changes in equity

for the year ended 30 June 2016

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2014	19,365	74,967	27,187	(1,204)	(20,599)	99,716
Loss for the year	-	-	-	-	(31,361)	(31,361)
Fair value loss on available-for-sale financial assets	-	-	-	(1,506)	-	(1,506)
Total comprehensive loss for the year	-	-	-	(1,506)	(31,361)	(32,867)
Issue of new ordinary shares	168	12,838	-	-	-	13,006
Gains arising on repayment of employee share based loans	-	-	-	-	271	271
Share-based payments	-	-	-	-	343	343
At 30 June 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**

Company statement of changes in equity

for the year ended 30 June 2016

	Share capital	Share premium	Merger reserve	Revaluation reserve	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 July 2014	19,365	74,967	27,187	(1,204)	(31,892)	88,423
Loss for the year	-	-	-	-	(14,451)	(14,451)
Fair value loss on available-for-sale financial assets	-	-	-	(1,506)	-	(1,506)
Total comprehensive loss for the year	-	-	-	(1,506)	(14,451)	(15,957)
Issue of new ordinary shares	168	12,838	-	-	-	13,006
Gains arising on repayment of employee share based loans	-	-	-	-	271	271
Share-based payments	-	-	-	-	343	343
At 30 June 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**

Group and company statement of cashflows

for the year ended 30 June 2016

		Group		Company	
		2016	2015	**2016**	2015
	Note	**£'000**	£'000	**£'000**	£'000
Cashflows from operating activities					
Continuing activities	5	**(10,581)**	(1,762)	**(10,739)**	(10,865)
Taxation paid		**45**	(469)	**-**	-
Net cash (used in) / generated by operating activities		**(10,536)**	(2,231)	**(10,739)**	(10,865)
Cash flow from investing activities					
Interest received		**132**	152	**102**	124
Acquisition of exploration and evaluation assets		**(1,490)**	(3,485)	**-**	-
Proceeds from available-for-sale financial assets		**32**	-	**32**	-
Acquisition of property, plant and equipment: development and production		**(621)**	(9,026)	**-**	-
Acquisition of property, plant and equipment: other		**(21)**	(55)	**(21)**	(55)
Repayment of employee share based loans		**-**	271	**-**	271
Net cash (used in) / generated by investing activities		**(1,968)**	(12,143)	**113**	362
Cash flow from financing activities					
Issue of ordinary shares		**-**	13,007	**-**	13,007
Interest paid		**(29)**	(1,219)	**-**	-
Repayments of loans and borrowings		**(438)**	(2,389)	**-**	(2,000)
Net cash (used in) / generated by financing activities		**(467)**	9,399	**-**	11,007
Net decrease in cash and cash equivalents		**(12,971)**	(4,975)	**(10,626)**	(15,490)
Cash and cash equivalents at beginning of year		**41,121**	46,346	**26,069**	41,589
Effect of foreign exchange rate differences		**138**	(250)	**49**	(30)
Cash and cash equivalents at end of year		**28,288**	41,121	**15,492**	26,069

Notes to the financial information for the year ended 30 June 2016

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 2016 or 30 June 2015.

The financial information has been extracted from the audited statutory accounts for the years ended 30 June 2016 and 30 June 2015. 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 2015 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2016 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 2015 and the statutory accounts for the year ended 30 June 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2. Impairment of property, plant and equipment

The prior year comparative includes an impairment charge of £12,905,000 in respect of the Athena producing asset in accordance with IAS 36 "Impairment of assets". The impairment reflected the difference between the carrying book value and the estimated future economic value in use as a result of the altered commodity price environment. Full details of the assumptions applied in the impairment review as at 30 June 2016 are detailed in Note 13 of the 2016 Annual Report.

3. Administrative expenses

Administrative expenses include a credit in respect of a non-cash revaluation of share appreciation rights (SARs) and share based payments totalling £1,359,000 (2015: £3,695,000). The SARs may be settled by cash and are therefore revalued with the movement in share price. The valuation was impacted by the altered commodity price environment leading to a decline in share price between 30 June 2015 and 30 June 2016.

4. Loss per share

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

	2016	2015
Loss per 1.5p ordinary share from continuing operations (pence)		
Basic	**(6.76)**	(35.22)
Diluted	**(6.76)**	(35.22)

The calculations were based on the following information:

	2016	2015
	£'000	£'000
Loss attributable to ordinary shareholders		
Continuing operations	**(6,692)**	(31,361)
Total	**(6,692)**	(31,361)
Weighted average number of shares in issue		
Basic weighted average number of shares	**98,929,160**	89,048,512
Dilutive potential ordinary shares		
Share options	**-**	-

Profit / (loss) per share is calculated by dividing the profit or 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.

5. Notes to the statement of cashflows

Reconciliation of operating loss to net cash flow from continuing operations

	Group		Company	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Operating loss	**(5,816)**	(32,713)	**(12,400)**	(14,597)
Depreciation	**2,724**	6,422	**81**	88
Amortisation and exploration write off	**478**	265	**-**	-
Impairment of property, plant and equipment	**-**	12,905	**-**	-
Provision for share based payments	**(674)**	(3,506)	**(674)**	(3,506)
Provision for intercompany receivable	**-**	-	**(4,983)**	5,247
Impairment in subsidiary	**-**	-	**17,405**	11,377
Currency translation adjustments	**(138)**	250	**(49)**	30
Decrease / (increase) in receivables	**4,473**	5,582	**(8,362)**	(24,180)
Increase / (decrease) in payables	**(11,605)**	9,494	**(1,757)**	(857)
Increase / (decrease) in other provisions	**(23)**	(461)	**-**	(461)
Net cash flow from operations	**(10,581)**	(1,762)	**(10,739)**	(26,859)

6. Approval of this preliminary announcement

This announcement was approved by the Board of Directors on 17 November 2016.

7. 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