15 November 2019

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

## Preliminary Results for the year ended 30 June 2019

Parkmead, the UK and Netherlands focused independent energy group, is pleased to report its preliminary results for the year ended 30 June 2019.

**HIGHLIGHTS**

**Parkmead delivers major growth in cash flow and operating profit**

- Revenue increased by 18% to £8.3 million (2018: £7.0 million)
- Strong cash flow from operations, up 59% to £4.7 million (2018: £3.0 million)
- Gross profit for the period of £5.7 million (2018: £4.1 million), an increase of 41%
- Operating profit climbed to £5.1 million (2018: £5.3 million loss)
- Total asset base grew to £82.3 million at 30 June 2019 (2018: £78.9 million)
- Well capitalised, with cash balances of £30.7 million (US$39.0 million) as at 30 June 2019
- Low-cost Netherlands gas production provides excellent cash flow to Parkmead

**Significant progress on Platypus, GPA and Skerryvore oil and gas projects**

- 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, significantly reducing initial capital expenditure and field operating cost
- Mid case technical recoverable reserves from Platypus of 106 billion cubic feet ("Bcf")
- Platypus East (previously Possum) provides significant upside to the Platypus project, potentially adding a further 50 Bcf of reserves; geological probability of success (GPoS) of 73%
- Platypus alone is expected to produce 47 million cubic feet of gas per day ("MMscfd") at peak production, according to operator estimates, with a field life of approximately 20 years
- Parkmead is in commercial discussions with the Scott field partnership in order to potentially agree terms for a tie-back of the Greater Perth Area ("GPA") to the Scott facilities
- Parkmead is also holding discussions with a number of leading, internationally-renowned service companies in relation to the GPA project
- New seismic purchased in Q3 2019 covering the Skerryvore prospect and surrounding area, which will be reprocessed in 2020 to mature the collection of prospects

**Strategic move into renewable energy opportunities**

- Renewable energy opportunities accessed through strategic acquisition of Pitreadie Farm Limited ("Pitreadie")
- Studies are being conducted on the potential for a wind farm project, solar farm and a biomass production facility on the acquired land
- One of the large areas of land owned by Pitreadie lies adjacent to the Mid Hill Wind Farm which encompasses 33 Siemens wind turbines

**Increase in Diever West gas production and expanded Netherlands activity**

- Production at the Diever West gas field for the financial year averaged 44.6 MMscfd, which equates to approximately 7,676 barrels of oil equivalent per day ("boepd"), a 13% increase on the average gross production for the 12 month period ended 30 June 2018 of 39.6 MMscfd
- Dynamic reservoir modelling suggests Diever West has approximately 108 billion cubic feet ("Bcf") of gas-in-place, more than double the previous, post-drill static volume estimate of 41 Bcf
- Multiple further exploration opportunities exist around Diever West, such as the Boergrup and De Bree prospects, both of which contain stacked targets

- A new seismic reprocessing project will be undertaken, starting in Q4 2019, which will help define and high-grade the extensive prospectivity around Diever West
- Low-cost onshore gas portfolio in the Netherlands produces from four separate gas fields with an average operating cost of just US$11.9 per barrel of oil equivalent, generating strong cash flows
- Further production enhancement work planned on Parkmead's Netherlands portfolio, including compression optimisation work at Grolloo during 2020 to maximise production, plus development planning at the Ottoland and Papekop oil and gas discoveries

**Substantial oil and gas reserves and resources**

- Net 2P reserves of 46.0 million barrels of oil equivalent ("MMBoe") as at 30 September 2019 (46.3 MMBoe as at 30 September 2018)
- Net 2C resources of 100.8 MMBoe as at 30 September 2019 (101.8 MMBoe as at 30 September 2018)

**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 and licensing growth opportunities

**Parkmead's Executive Chairman, Tom Cross, commented:**

***"I am pleased to report an excellent year of progress for Parkmead. The Group has increased revenue to £8.3 million and delivered major growth in cash flow and operating profit. This is an outstanding achievement for Parkmead and creates a strong foundation from which to continue its momentum.***

***We have achieved important milestones on the valuable Platypus gas project. The innovative subsea tie-back plan reduces the cost of the project significantly. The Platypus project has the potential to open up further development upside in this prolific area of the Southern North Sea, in which Parkmead holds additional appraisal and exploration interests.***

***Through a strategic acquisition, we have begun looking at a number of renewable energy opportunities. Renewable energy is directly in line with Parkmead's business plan, broadening and enhancing the Group's energy asset base.***

***The team at Parkmead continues to work intensively to evaluate and execute further value-adding opportunities which could provide additional upside to 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 securing opportunities that maximise long-term value for our shareholders."***

**For enquiries please contact:**


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|---|---|
| **The Parkmead Group plc**<br>Tom Cross (Executive Chairman)<br>Ryan Stroulger (Chief Financial Officer) | +44 (0) 1224 622200 |
| **Arden Partners plc**<br>**(Financial Adviser, NOMAD and Corporate Broker to Parkmead)**<br>Ciaran Walsh<br>Tim Dainton | +44 (0) 20 7614 5900 |
| **Instinctif Partners Limited (PR Adviser to Parkmead)**<br>Mark Garraway<br>Sarah Hourahane<br>Dinara Shikhametova | +44 (0) 20 7457 2020 |

## CHAIRMAN'S STATEMENT

2019 has been an excellent year of progress for Parkmead. Building on the solid foundations established in recent years, the Group increased its revenue by 18% to £8.3 million and delivered very strong cash flow from operations, which climbed 59% to £4.7 million. This in turn yielded a major step forward in operating profit, which rose to £5.1 million. This is valuable progress for Parkmead, creating momentum with which to continue its growth.

Parkmead also achieved key milestones at the Platypus gas project in the Southern North Sea during the year. The Field Development Plan draft and Environmental Statement were submitted to the UK Oil and Gas Authority ("OGA") and the Offshore Petroleum Regulator for Environment and Decommissioning ("OPRED"), respectively.

Since the year-end Parkmead secured access to onshore renewable energy opportunities through its strategic acquisition of Pitreadie, a company owning some 2,320 acres of land. Potential has already been identified for a large wind farm, with further potential for solar farm projects and a biomass production facility. These opportunities will be important in light of the energy transition that is taking place both within Parkmead and the wider energy sector.

### Operations and Portfolio Growth

Parkmead has continued to make progress towards building a balanced, independent energy business of breadth and scale by developing its current portfolio and increasing its asset base through acquisitions.

In October 2019, Parkmead announced that a Field Development Plan draft and Environmental Statement for the Platypus gas project was submitted to the OGA and OPRED, respectively. These two documents were submitted on behalf of the co-venturers by Dana Petroleum, a subsidiary of the Korean National Oil Corporation (KNOC). Parkmead's co-venturers in the Platypus project are CalEnergy Gas (15%), Zennor Petroleum (11%) and Dana Petroleum (59%). Parkmead's equity in the project is 15%.

The Platypus field is located in the UK Southern North Sea in Blocks 47/5b and 48/1a, approximately 18 km north west of the West Sole gas field and 15 km south west of the Babbage field. The Platypus gas field was discovered in 2010 and was successfully appraised with a horizontal well in 2012 which was flow tested at a rate of 27 million cubic feet of gas per day (approximately 4,600 barrels of oil per day on an equivalent basis).

As a result of the successful appraisal well, the field development studies have been progressed leading to confirmation of concept selection and submission of the Field Development Plan draft and Environmental Statement are subject to the standard regulatory review and approvals.

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.

The development plan 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.

Tenders for the Subsea Pipeline & Facilities Engineering, Procurement, Construction and Installation, the Umbilical Supply and Controls Supply are all planned to be issued during Q4 2019. Project Sanction is expected to occur in Q2 2020 with First Gas scheduled in Q1 2022.

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

Development studies work is progressing on Parkmead's GPA project, which has the potential to deliver 75-130 MMBoe on a P50 basis. The Company 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 one path to potentially unlock the substantial value of the GPA project. Parkmead is also holding discussions with a number of leading, internationally-renowned service companies in relation to the GPA project.

New seismic was purchased covering Parkmead's Skerryvore prospect and surrounding area in Q3 2019. This new data will be reprocessed and interpreted during 2020 in order to mature the growing collection of prospects across this licence. The Skerryvore Mey prospect overlies two stacked Chalk prospects (Skerryvore Ekofisk and Skerryvore Tor) which are associated with a Zechstein salt diapir. The Chalk in these prospects is thought to have been re-worked, which significantly improves permeability over conventional Chalk reservoirs. These three stacked prospects have the potential to contain 157 million barrels of recoverable oil equivalent on a P50 basis.

In August 2019, Parkmead announced that it had signed a Share Purchase Agreement to acquire the entire issued share capital of Pitreadie, a company owning extensive land in Scotland with interesting and varied renewable energy potential. The completion of the acquisition was announced in September 2019.

The acquisition provides Parkmead with its first renewable energy opportunities, with potential already identified for the installation of a large wind farm, and further potential for solar farms and biomass energy sources.

One of the large areas of land owned by Pitreadie spans 1,238 acres and is located some 15 miles west of Aberdeen. Excellent average wind speeds exist on the site of between 7-10 m/s. This site lies adjacent to the Mid Hill Wind Farm which contains 33 Siemens manufactured and maintained wind turbines. Woodland planting has already been undertaken on part of this large site, which has the potential for a commercial biomass supply operation. Parkmead will be conducting a detailed analysis for optimising the land use of the various sites within the Pitreadie portfolio throughout 2020.

The consideration for the acquisition was satisfied by the issue of 9,645,669 new ordinary Parkmead shares. As part of the Acquisition, Parkmead assumed £3.6 million of Bank of Scotland debt held by Pitreadie. The land and property assets acquired, assuming no upside from renewable opportunities, were valued at £7.59 million by CKD Galbraith LLP, a leading independent property consultancy.

The renewables sector is a natural expansion of Parkmead's energy operations and is fully in line with the Group's strategy to re-balance Parkmead's energy portfolio. Parkmead recognises the transition that is taking place in the energy market, supported by legislation, from fuels with a higher carbon content to lower carbon alternatives such as natural gas and renewables. Natural gas and renewables play increasingly key roles in the generation of electricity.

Parkmead transitioned to a gas-only producer in January 2016 and the Group has increased its gas production almost tenfold since 2014.

Parkmead remains of the strong belief that oil and gas will have a very important role to play in the energy mix in future years. This is evidenced by a range of forecasts showing robust and increased demand for oil and gas going forward.

The acquisition also broadens Parkmead's operations and will add a third revenue-generating business area to the Group.

**Increasing activity across the Netherlands asset portfolio**

Diever West continues to provide strong gas production to the Group. Average gross production at Diever West for the financial year was 44.6 MMscfd, approximately 7,676 boepd, a 13% increase on the average gross production for the 12 month period ended 30 June 2018 of 39.6 MMscfd. A planned two week maintenance programme was carried out at the Garijp treatment centre in September 2019.

The Diever West field has performed above expectations since first production. New dynamic reservoir modelling suggests that the field holds approximately 108 Bcf gross gas-in-place, this is more than double the earlier, post-drill static volume estimate of 41 Bcf.

A number of further exploration opportunities exist within the Drenthe VI concession, which contains the Diever West field. Two of these are the Boergrup and De Bree prospects, both of which have stacked independent targets in the Vlieland and Rotliegendes (Boergrup) and Rotliegendes and Carboniferous (De Bree). A new seismic reprocessing project will be undertaken, starting in Q4 2019, which will help define and high-grade the extensive prospectivity around Diever West.

Parkmead's Netherlands portfolio includes producing gas fields with a very low operating cost. This profitable gas production provides important cash flow to the Group.

Detailed work has begun on the Ottoland oil and gas discovery, located on the same Andel Va block as the Brakel gas field. Seismic interpretation and depth migration studies were completed during the year, followed by the construction of a dynamic simulation model used to analyse well locations and scenarios. Further modelling work will be undertaken ahead of development concept selection.

Compression optimisation work will be carried out at the Group's Grolloo field during 2020.

New structural and static modelling has been completed at the Papekop oil and gas discovery, refining the volume estimates. Concept selection planning has begun.

**Results**

The Group's revenue for the year to 30 June 2019 increased to £8.3m (2018: £7.0m), generating a gross profit of £5.7m (2018: £4.1m). This is a significant achievement and is testament to the success of the Group's onshore gas portfolio and careful financial discipline. Parkmead's gas portfolio in the Netherlands ensures the Group is cash flow positive on an operating basis. The Group's four separate gas fields have an average operating cost of just US$11.9 per barrel of oil equivalent. Parkmead delivered a profit for the period of £2.4m (2018: £7.1m loss). Exploration and evaluation expenses reduced significantly to £0.2m (2018: £5.2m), predominantly due to no exploration impairments in 2019 (2018: £5.0m).

Administrative expenses were £0.4m (2018: £4.1m), which included a non-cash credit in respect of share based payments of £1.1m (2018: £2.5m expense). Underlying administrative expenses, excluding share based payments, were £1.5m (2018: £1.7m).

Parkmead's total assets at 30 June 2019 increased to £82.3m (2018: £78.9m). Financial assets reduced to £nil (2018: £5.7m). This reduction represents the realisation of the Group's investment in shares in Faroe Petroleum plc ("Faroe"). Faroe was purchased in the year by DNO ASA. The Group tendered its shares at the final cash offer price of 160 pence for each Faroe share, and subsequently realised £6.2 million in cash in February 2019.

Interest bearing loans receivable remained at £2.9m (2018: £2.9m). Cash and cash equivalents at year end increased to £30.7m (2018: £23.8m). The Group's net asset value was £68.3m (2018: £64.2m). Parkmead is therefore well positioned for 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 2019 (2018: £nil).

**Development of the Senior Management Team**

As Parkmead grows, the directors continuously plan for the developing needs of the Group. The last 12 months have seen significant progress across our key projects in oil and gas, plus a strategic move into renewable energy opportunities. Therefore the board has recruited a number of experienced new staff to ensure Parkmead can maximise the value from its enhanced, high-quality asset base.

The Company has made a carefully integrated series of appointments to firstly increase the team's capabilities, and secondly to prepare for planned retirements. The board would like to express its thanks to Kevin Holley and Colin Percival, who both leave the Company this month having given excellent service during the formative years of the Group, and Colin retires from the board of directors with effect from 15 November 2019. We welcome three important new members to Parkmead's Operating Team. Tim Coxe joins in the new role of Managing Director, North Sea. He will lead Parkmead's technical team as we now enter the commercialisation phase of our North Sea projects, with a strong focus on driving forward developments including the Greater Perth oil area ("GPA") and the Platypus gas area. Tim has many years of North Sea experience and joins the Parkmead team in this new staff role, having previously led our project team on the GPA development, as a contractor, through to December 2018. Donald Wilson joins Parkmead as Financial Controller to lead our growing finance and accounting team, which is now covering all four areas of the Group's business, reporting to our Group CFO Ryan Stroulger. A new Managing Director has been appointed at Aupec Ltd. Kevin Mitchell, has been chosen to lead our performance benchmarking and economics consulting business, which has been advising numerous governments and energy companies successfully for over 30 years. Kevin is a well-known international energy economist with some 18 years of analytical experience. He understands Aupec well, having worked with the Company earlier in his career before it became part of the Parkmead Group.

Given the appointments outlined above, Parkmead is well positioned for future growth with a strong and balanced portfolio of assets and an experienced team of energy experts focused on delivery.

**Outlook**

The Directors of Parkmead are pleased with the Group's continuing progress in building a high-quality energy business of increasing breadth and scale. Parkmead has a strong core of profitable gas production and a balanced portfolio of assets with significant upside. Therefore, Parkmead is well positioned to build further on the achievements to date and to capitalise on new opportunities.

Parkmead clearly benefits from increasing balance within the Group, with four complementary arms of the business: Netherlands Gas, UK Oil and Gas, Benchmarking and Economics, and Future Opportunities (including renewable energy). The combination of these components adds strength and value to Parkmead's operations.

As we move towards 2020, Parkmead maintains its appetite for acquisitions and is looking carefully at a number of opportunities. We will also continue 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 grow and we look forward to updating shareholders as we make further progress.

**Tom Cross**

**Executive Chairman**

**14 November 2019**

This announcement contains 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.

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 |
| 2C | Denotes the best estimate scenario, or P50, of Contingent Resources |

## Group statement of profit or loss
for the year ended 30 June 2019

| | Note | **2019** | 2018 |
|---|---|---|---|
| | | **£'000** | £'000 |
| Revenue | | **8,269** | 7,022 |
| Cost of sales | | **(2,524)** | (2,960) |
| **Gross profit** | | **5,745** | 4,062 |
| Exploration and evaluation expenses | | **(171)** | (5,244) |
| Administrative expenses | 2 | **(436)** | (4,153) |
| **Operating profit / (loss)** | | **5,138** | (5,335) |
| Finance income | | **209** | 92 |
| Finance costs | | **(546)** | (645) |
| **Profit / (loss) before taxation** | | **4,801** | (5,888) |
| Taxation | | **(2,385)** | (1,259) |
| **Profit / (loss) for the year attributable to the equity holders of the Parent** | | **2,416** | (7,147) |
| | | | |
| **Earnings / (loss) per share (pence)** | | | |
| Basic | 3 | **2.44** | (7.22) |
| Diluted | 3 | **2.43** | (7.22) |

## Group statement of profit or loss and other comprehensive income
for the year ended 30 June 2019

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| Profit / (loss) for the year | **2,416** | (7,147) |
| | | |
| **Items that may be reclassified subsequently to profit or loss** | | |
| Changes in financial assets at fair value through other comprehensive income | **651** | 2,473 |
| | **651** | 2,473 |
| Income tax relating to components of other comprehensive income | **-** | - |
| | | |
| **Other comprehensive income for the year, net of tax** | **651** | 2,473 |
| **Total comprehensive profit / (loss) for the year attributable to the equity holders of the Parent** | **3,067** | (4,674) |

## Group statement of financial position
as at 30 June 2019

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| **Non-current assets** | | |
| Property, plant and equipment: development & production | **11,657** | 12,292 |
| Property, plant and equipment: other | **165** | 38 |
| Goodwill | **2,174** | 2,174 |
| Exploration and evaluation assets | **34,052** | 30,308 |
| Investment in subsidiaries and joint ventures | **-** | - |
| Financial assets at fair value through other comprehensive income | **-** | 5,700 |
| Interest bearing loans | **-** | 2,930 |
| Deferred tax assets | **3** | 3 |
| **Total non-current assets** | **48,051** | 53,445 |
| | | |
| **Current assets** | | |
| Trade and other receivables | **658** | 1,294 |
| Interest bearing loans | **2,900** | - |
| Current tax assets | **-** | 343 |
| Cash and cash equivalents | **30,666** | 23,804 |
| **Total current assets** | **34,224** | 25,441 |
| | | |
| **Total assets** | **82,275** | 78,886 |
| | | |
| **Current liabilities** | | |
| Trade and other payables | **(4,560)** | (5,407) |
| Current tax liabilities | **(1,563)** | (1,279) |
| **Total current liabilities** | **(6,123)** | (6,686) |
| | | |
| **Non-current liabilities** | | |
| Trade and other payables | **(5)** | (275) |
| Deferred tax liabilities | **(1,284)** | (1,284) |
| Decommissioning provisions | **(6,607)** | (6,417) |
| **Total non-current liabilities** | **(7,896)** | (7,976) |
| | | |
| **Total liabilities** | **(14,019)** | (14,662) |
| | | |
| **Net assets** | **68,256** | 64,224 |
| | | |
| **Equity attributable to equity holders** | | |
| Called up share capital | **19,533** | 19,533 |
| Share premium | **87,805** | 87,805 |
| Revaluation reserve | **-** | (325) |
| Retained deficit | **(39,082)** | (42,789) |
| **Total Equity** | **68,256** | 64,224 |

## Group statement of changes in equity
for the year ended 30 June 2019

| | Share capital | Share premium | Revaluation reserve | Retained deficit | Total |
|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| At 1 July 2017 | 19,533 | 87,805 | (2,798) | (35,660) | 68,880 |
| Loss for the year | - | - | - | (7,147) | (7,147) |
| Changes in financial assets at fair value through other comprehensive income | - | - | 2,473 | - | 2,473 |
| Total comprehensive income / (loss) for the year | - | - | 2,473 | (7,147) | (4,674) |
| Share-based payments | - | - | - | 18 | 18 |
| **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** |

# Group statement of cashflows
for the year ended 30 June 2019

| | Note | 2019 £'000 | 2018 £'000 |
|---|---|---|---|
| **Cashflows from operating activities** | | | |
| Cashflows from operations | 4 | **4,733** | 2,973 |
| Taxation credit | | **(1,779)** | (777) |
| **Net cash generated by/(used in) operating activities** | | **2,954** | 2,196 |
| **Cash flow from investing activities** | | | |
| Interest received | | **239** | 62 |
| Acquisition of exploration and evaluation assets | | **(3,744)** | (1,892) |
| Proceeds from sale of financial assets at fair value through other comprehensive income | | **6,351** | - |
| Acquisition of property, plant and equipment: development and production | | **(63)** | (81) |
| Disposal of property, plant and equipment: development and production | | **211** | - |
| Acquisition of property, plant and equipment: other | | **(190)** | (19) |
| Advance of loans | | **-** | (2,900) |
| **Net cash generated by / (used in) investing activities** | | **2,804** | (4,830) |
| **Cash flow from financing activities** | | | |
| Interest paid | | **(45)** | (34) |
| Proceeds from loans and borrowings | | **941** | - |
| **Net cash generated by/(used in) in financing activities** | | **896** | (34) |
| **Net increase/(decrease) in cash and cash equivalents** | | **6,654** | (2,668) |
| Cash and cash equivalents at beginning of year | | **23,804** | 26,396 |
| Effect of foreign exchange rate differences | | **208** | 76 |
| **Cash and cash equivalents at end of year** | | **30,666** | 23,804 |

# Notes to the financial information for the year ended 30 June 2019

## 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 2019 or 30 June 2018.

The financial information has been extracted from the audited statutory accounts for the years ended 30 June 2019 and 30 June 2018. 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 2018 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 June 2019 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 2018. The accounting policies are also consistent with those applied in the preparation of the statutory accounts for the year ended 30 June 2018, with the exception of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers which are new standards applicable and mandatory for the year ended 30 June 2019. The new standards did not have a material impact on the statutory accounts for the year ended 30 June 2019. The financial information presented in these financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

## 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 £1,062,000 (2018: £2,506,000 charge). 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 2018 and 30 June 2019.

## 3. Profit / (loss) per share

Profit / (loss) per share attributable to equity holders of the Company was as follows:

| | **2019** | 2018 |
|---|---|---|
| **Profit / (loss) per 1.5p ordinary share (pence)** | | |
| Basic | **2.44p** | (7.22)p |
| Diluted | **2.43p** | (7.22)p |

The calculations were based on the following information:

| | **2019** | 2018 |
|---|---|---|
| | **£'000** | £'000 |
| **Profit / (loss) attributable to ordinary shareholders** | **2,416** | (7,147) |
| **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 | **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 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 profit/(loss) to net cash flow from continuing operations**

| | 2019 | 2018 |
|---|---|---|
| | £'000 | £'000 |
| **Operating profit / (loss)** | **5,138** | (5,335) |
| Depreciation | **217** | 536 |
| Amortisation and exploration write off | **-** | 4,966 |
| Disposal of development and production assets | **22** | - |
| Provision for equity settled share based payments | **24** | 18 |
| Currency translation adjustments | **(208)** | (76) |
| Decrease / (increase) in receivables | **636** | (368) |
| (Decrease) / increase in payables | **(1,096)** | 3,232 |
| **Net cash flow from operations** | **4,733** | 2,973 |

**5. Approval of this preliminary announcement**
This announcement was approved by the Board of Directors on 14 November 2019.

**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