

4 April 2017

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

### **Parkmead significantly increases its stake in highly prospective West of Shetland area**

Parkmead, the UK and Netherlands focused independent oil and gas group, is delighted to announce that it has nearly doubled its stake in the major Sanda North and Sanda South structures in the West of Shetland area of the UK North Sea. These two large Palaeocene prospects are both located within Block 205/13. Through this accretive step, Parkmead has increased its equity in the licence from 56% to 100%. The Sanda North and Sanda South prospects, which are both operated by Parkmead, have the potential to contain 280 million barrels of recoverable oil on a most likely, P50 basis.

The licence covering Block 205/13 was originally awarded to Parkmead as part of the UKCS 28th Licensing Round, where Parkmead was awarded a total of six new oil and gas licences covering 10 offshore blocks.

Block 205/13 is situated in the Faroe-Shetland Trough in the West of Shetland region of the UK North Sea, to the north east of the Lancaster field. The Primary play fairway developed on this acreage is the Paleocene Vaila Formation which forms the reservoir in the important nearby oil fields at Foinaven, Schiehallion and Loyal, and also in the Laggan and Tormore gas discoveries which are situated to the north east of Sanda.

The Vaila Formation consists of a sequence of interbedded sandstones, deposited in a submarine fan environment, and contains five main reservoir units. Detailed mapping of Block 205/13 indicates two exploration targets, Sanda North and Sanda South, which are defined by distinct amplitude anomalies in the Palaeocene Vaila section.

The Sanda prospects have been de-risked through the drilling of a previous well up-dip of the amplitude anomaly. Parkmead's experienced team of geoscientists has already undertaken extensive seismic reprocessing work on the licence and has recently acquired detailed geochemical data from the previously drilled well. This new data will be analysed to further de-risk the target ahead of a drilling decision at Sanda.

### **Planned 2017 exploration drilling near to Parkmead licences**

Parkmead notes the high-impact exploration plans which are occurring close to the Parkmead operated Polecat and Marten oil fields in the UK Central North Sea. Statoil has recently farmed into a licence covering Blocks 20/5b & 21/1d, approximately 12km east of Polecat and Marten. It has been announced that Statoil is currently undertaking a tender process for the hiring of a drilling rig, expected to be awarded in the near future, in respect of a planned exploration well to be drilled targeting the Verbier prospect this summer. Verbier lies in the same play fairway as Polecat and Marten, and shares many similarities with these fields. In light of the findings of the Wood Review and the Maximising Economic Recovery (MER) strategy for the UK North Sea, a discovery at Verbier could have the potential to considerably increase the value of nearby oil and gas assets already owned by Parkmead.

## Further value-adding opportunities

Parkmead continues to analyse a number of further value-adding opportunities, including UK and Netherlands based acquisitions, and is focused on strengthening its position in these core areas of the Group's portfolio. The Parkmead business development team is seeing an upturn in M&A activity in our industry, and Parkmead's strong and debt free balance sheet positions the Company to take advantage of this improving environment.

### Tom Cross, Executive Chairman, commented:

***"We are delighted to have nearly doubled our stake in the very large Sanda North and Sanda South prospects, which have the potential to add major value to the Company.***

***The West of Shetland is an area that we understand well, and this increased stake further builds on the strength of Parkmead's asset portfolio in the UK.***

***We are pleased that high-impact exploration close to our acreage could add further regional value to Parkmead's assets, at no cost to our Company.***

***The team at Parkmead is working intensively to evaluate and execute further value-adding opportunities in our core areas of the UK and Netherlands."***

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

### Notes to Editors:

1. Dr Colin Percival, Parkmead's Technical Director, who holds a First Class Honours Degree in Geology and a PhD 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 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.
2. Parkmead is an independent upstream oil and gas company that is admitted to trading on AIM on the London Stock Exchange (symbol: PMG). Parkmead is focused on growth in the oil and gas exploration and production sector, targeting transactions at both asset and corporate level.

3. In November 2011, Parkmead completed the acquisition of stakes in UK Blocks 48/1a, 47/5b and 48/1c containing the Platypus gas field and the Possum gas prospect. Mapping indicates the potential for Platypus and Possum to contain up to 180 and 100 billion cubic feet of gas in place, respectively.
4. In December 2011, Parkmead agreed to acquire stakes in blocks 47/4d, 47/5d, 47/10c and 48/6c in the UK Southern North Sea, which contained the Pharos gas prospect. These two gas-basin acquisitions were important steps in the first stage of Parkmead's development as a new independent energy company.
5. In March 2012, Parkmead agreed to acquire a portfolio of Netherlands onshore assets comprising four producing gas fields and two oil fields from Dyas B.V. This acquisition provided the Group with its first producing fields and with future oil developments at Ottoland and Papekop. This acquisition completed in August 2012.
6. In May 2012, Parkmead launched its recommended acquisition of DEO Petroleum plc. As a result, Parkmead now owns 52% and is operator of the UKCS Perth oil field
7. In October 2012, Parkmead was awarded several new licences under the UKCS 27<sup>th</sup> Licensing Round. The six new licences comprise interests in a total of 25 offshore blocks or partial blocks across the Central North Sea, West of Scotland and West of Shetland.
8. In July 2013, Parkmead completed its recommended offer for Lochard Energy Group plc. This gave Parkmead a 10% interest in the producing Athena oil field.
9. In December 2013, in the second tranche of the UKCS 27<sup>th</sup> Licensing Round, Parkmead was awarded a further five UK blocks through two new licences in the UK Southern North Sea. That made a total award to Parkmead of 30 UK blocks across eight licences in the UKCS 27<sup>th</sup> Licensing Round.
10. In January 2014, Parkmead completed a successful oversubscribed placing raising US\$66.0 million which provided the Company with increased financial firepower and balance sheet strength.
11. In April 2014, Parkmead completed the acquisition of a 20 per cent. interest in the Athena oil field from EWE VERTRIEB GmbH, trebling Parkmead's interest in the Athena oil field to 30 per cent.
12. In September 2014, Parkmead discovered a new gas field onshore the Netherlands at Diever West.
13. In November 2014, Parkmead was awarded six new licences in the UKCS 28<sup>th</sup> Licensing Round, all as operator. The six new licences comprise interests in a total of nine offshore blocks located in the Central and Southern North Sea.
14. In May 2015, Parkmead completed a successful placing raising US\$21.1 million to accelerate opportunities.
15. In July 2015, Parkmead was awarded three new licences in the UKCS 28<sup>th</sup> Licensing Round. The three new licences comprise interests in three offshore blocks located in the Southern North Sea and West of Shetland vicinity.
16. In November 2015, Parkmead achieved first commercial gas production from the Diever West gas field in the Netherlands. Parkmead worked closely with its joint-venture partners on the fast-track development of Diever West, and the partnership successfully brought the field onstream within just 14 months of discovery.
17. In August 2016, Parkmead increased 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 and Parkmead now operates the licence with 100% equity.
18. In September 2016, Parkmead increased its stake in the Perth and Dolphin oil fields in the UK Central North Sea to 60.05 per cent. The Perth and Dolphin fields, which are both operated by Parkmead, are at the core of Parkmead's major Greater Perth Area oil hub project.
19. Through its wholly owned subsidiary, Aupec Limited, The Parkmead Group provides petroleum benchmarking and economics expertise to a wide range of government bodies and international oil and gas companies. Aupec has to date worked with over 100 governments, national oil companies, majors and independents across the world, as well as a number of multi-national agencies such as the European Commission

and the World Bank. Aupec is currently undertaking an important benchmarking project for a group of the world's largest super-major oil companies.

For further information please refer to Parkmead's website at [www.parkmeadgroup.com](http://www.parkmeadgroup.com)

### **Glossary of key terms**

Recoverable resources	Those quantities of hydrocarbons that are estimated to be producible from discovered or undiscovered accumulations.
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