

10 May 2017

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

### **Parkmead acquisition doubles its stake in key North Sea gas area**

Parkmead, the UK and Netherlands focused independent oil and gas group, is delighted to announce that it has signed a Sale and Purchase Agreement with Verus Petroleum (SNS) Limited to acquire a 50% interest in UK North Sea Licence P.2209 which contains the Farne Extension prospect and a further four prospective leads. Licence P.2209 comprises two adjacent blocks, Block 42/19 and Block 42/20b. Parkmead currently holds a 50% interest in the licence and therefore this acquisition doubles Parkmead's equity to 100%. The collection of prospects and leads within the licence, which is operated by Parkmead, have the potential to contain 175 billion cubic feet of gas initially in place on a most likely, P50 basis. Completion of the acquisition is subject to normal regulatory approvals.

Blocks 42/19 and 42/20b are situated in the Southern Gas Basin of the UK North Sea, directly to the south east of the Breagh gas field. The Primary play fairway developed on this acreage is the Carboniferous sands, which form the productive reservoirs in the nearby gas fields at Breagh, Kilmar and Cavendish. The most prominent prospect on the block is the Farne Extension, which is a north westerly extension of the Farne prospect mapped in the adjacent block to the east. To date, four additional leads have been indentified at Carboniferous level within the blocks, all of which, like the Farne Extension, are structural closures mapped at Base Permian level.

The Carboniferous contains fluvial channel sandstones which provide the reservoir intervals in the region of Blocks 42/19 and 42/20b, where clean quartzitic units form the main productive horizons and can contain large volumes of gas in place. Excellent geological seals exist within the area, namely mudstones of the overlying Silverpit Formation and evaporites of the Zechstein Supergroup.

Parkmead's experienced team of geoscientists intends to obtain new high-quality 3D seismic data in order to refine the largest targets on these blocks, and carry out seismic attribute analysis to predict good quality reservoir areas. This new data will be analysed to de-risk the targets ahead of drilling decisions.

Parkmead has a 100% track record of drilling success in the UK Southern Gas Basin to date. The Company has drilled two wells in the area, a horizontal appraisal well at Platypus, which flow tested at 27 million cubic feet per day, and an exploration well at Pharos which discovered a new UK gas field.

### **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 well to take advantage of this improving environment.

**Tom Cross, Executive Chairman, commented:**

***"We are delighted to double our stake in this attractive area, which expands Parkmead's portfolio in the Southern Gas Basin.***

***Parkmead has a 100% track record of drilling success in the UK Southern Gas Basin to date, with successful wells drilled at Platypus and Pharos.***

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

**Enquiries:**

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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 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 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. In April 2017, Parkmead significantly increased its stake in the major Sanda North and Sanda South prospects in the West of Shetland area of the UK North Sea. Through this accretive step, Parkmead increased its equity in the licence from 56% to 100%.
20. 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**

Gas initially in place      Is the total quantity of gas that is estimated to exist originally in naturally occurring reservoirs

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