7 February 2018

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

Parkmead increases stake in Perth and Dolphin oil fields to 100% and signs agreement with Nexen Petroleum to study potential tie-back

Parkmead, the UK and Netherlands-focused independent energy group, is delighted to announce it has significantly increased its equity in the Perth and Dolphin oil fields in the UK Central North Sea. The Perth and Dolphin fields lie at the core of Parkmead's Greater Perth Area ("GPA") oil hub project. The Group has increased its equity in these licences from 60.05% to 100%.

The Company has also signed an agreement with Nexen Petroleum, a subsidiary of the China National Offshore Oil Corporation (CNOOC), to conduct a detailed engineering study in relation to the potential subsea tie-back of the Greater Perth Area project to the Nexen operated Scott platform and associated facilities in the UK Central North Sea. The Scott facilities lie just some 10km southeast of Parkmead's GPA project.

In addition, Parkmead has commissioned a new reservoir study with AGR Tracs International in relation to well stimulation, which could lead to increasing oil flow rates and oil reserves recovery from the two fields by analysing the effect of fracture stimulation on the reservoir.

HIGHLIGHTS

- GPA is one of the largest undeveloped oil projects in the North Sea
- Increased equity in the Perth and Dolphin fields raises Parkmead's 2P reserves by 63% from 28.4 to 46.3 million barrels of oil equivalent ("MMBoe")
- Parkmead now in full control of the GPA oil hub project with operatorship and 100% equity
- Agreement signed with Nexen Petroleum, a subsidiary of CNOOC Ltd, to undertake a detailed engineering study for the potential subsea tie-back of the GPA project to the Nexen operated Scott facilities in the Central North Sea
- Nexen's Scott facilities lie approximately 10km southeast of Parkmead's GPA project
- Subsea tie-back has the potential to transform the GPA project, commercially and economically, in addition to dramatically reducing the cost to achieve first oil production
- New reservoir study with AGR Tracs International could substantially increase the assumed recovery factor of the oil-in-place volumes at the Perth field, which stands at 197 million barrels of oil ("MMBbls") for core Perth and 498 MMBbls including the northern areas of the field
- The Perth reservoir has a gross oil column of around 2,000 feet, making the reservoir ideal for fracture stimulation
- Parkmead is in discussions with a number of leading, international service companies in relation to the GPA project

The Perth and Dolphin fields are located across Blocks 15/21a, b, c and f & 14/25a in Licences P.218, P.588 and P.2154. Parkmead has increased its equity in these licences from 60.05% to 100%, which has driven a 63% increase in Parkmead's 2P reserves from 28.4 MMBoe to 46.3 MMBoe.

The Scott field lies approximately 10km southeast of Perth and is operated by Nexen. A tie-back of the GPA project to the Scott facilities could yield a number of mutually beneficial advantages for both the Scott partnership and Parkmead. Utilisation of this export route has the potential to transform the GPA project commercially and economically, dramatically reducing the capital expenditure required to bring the GPA project onstream and operating costs thereafter.

The study with Nexen will specifically be looking at the detailed engineering of the tie-back, including topside modifications and processing at Scott, as well as caisson design work. Subsea 7 and Ingen (a subsidiary of Amec Foster Wheeler) will be providing additional technical expertise during the study.

Parkmead has also commissioned a new reservoir study with AGR Tracs International in relation to well stimulation. The outcome of this study could substantially increase the predicted recovery factor of the two fields by analysing the effect of fracture stimulation on the reservoir. The Perth field benefits from having a very large volume of oil-in-place, which stands at 197 MMBbls for core Perth, and 498 MMBbls when including the northern areas of the field. The Perth reservoir has a gross oil column of c.2,000 feet, making the reservoir ideal for fracture stimulation.

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 a key position 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. At Perth, the Claymore Sandstone forms a combined structural-stratigraphic trap, onlapping the Tartan Ridge to the North, with a southward-thickening and dipping sandstone wedge. The sandstones that comprise the accumulation were deposited as deep-water turbidites sourced from the Halibut Horst, with a minor contribution from the Tartan Ridge.

Parkmead made a number of important growth steps during 2017 in relation to the GPA project. An invitation to tender was announced to the service provider market, covering the pre-FEED, FEED and subsequent development phases of the project. Parkmead was pleased to report that 13 alliance submissions were received, comprising 35 companies, across all project components of drilling, subsea construction and export route options. After evaluating the proposals, Parkmead is holding onward discussions with a number of leading, internationally renowned service companies.

The majority of the proposals have focused on innovative approaches to the potential development, with significant new work carried out on well planning, timeline to production and financing. A number of the proposals have also offered finance to the Group for major parts of the development, further reducing the capital expenditure required to bring the project onstream.

Tom Cross, Executive Chairman, commented:

"We are delighted with the significant progress we have achieved with the Greater Perth Area project. By increasing our stake in the Perth and Dolphin oil fields, Parkmead's oil and gas reserves grow by some 63%.

The study with Nexen will examine one path to potentially unlock the substantial value of the GPA project for the benefit of the UK and Parkmead shareholders, as well as providing further value for the existing infrastructure partners."

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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 May 2015, Parkmead completed a successful placing raising US$21.1 million to accelerate opportunities.
4. In July 2015, Parkmead was awarded three new licences in the UKCS 28th Licensing Round. The three new licences comprise interests in three offshore blocks located in the Southern North Sea and West of Shetland vicinity.
5. 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.
6. 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.
7. 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.
8. 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%.
9. In May 2017, Parkmead announced that it had 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.

10. 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

Glossary of key terms

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
Oil in place	Is the total quantity of oil 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 estimate case
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