



NORTHERN PETROLEUM PLC

2013 Interim Results

September 2013



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Company overview

- Northern Petroleum is an AIM quoted E&P Company which is undergoing change to realise the significant latent value from its existing assets
- First of three short term goals now completed:
 - sale of the Netherlands subsidiary
- Two remain
 - advance the Italian Southern Adriatic portfolio
 - test the oil redevelopment play in Alberta, Canada
- Other operational activity and corporate changes continue to add credibility to the investment opportunity:
 - majority of the board changed in the last 12 months including a new Chairman
 - reduction in the corporate cash burn rate of more than 40% forecast for 2014
 - final exploration well of the current drilling programme offshore French Guiana due in Q4 this year
- Northern is well positioned for growth in the short and medium term

Key corporate metrics

Share price	35.3p
Shares in issue	<u>95.4m</u>
Market cap	£33.6m
Cash (€17.5m)	£14.7m
Debt (€1.6m)*	<u>£1.3m</u>
Enterprise Value	£20.2m

*italian government seismic loan

Executive board members



- The executive directors comprise a balanced team with complementary skills and experience



Keith Bush, Chief Executive Officer

Keith Bush joined Northern in May 2012 as Chief Operating Officer, he was appointed to the Board in November the same year, and was made Chief Executive Officer in July 2013. Keith gained a degree in Physics and has over 20 years' industry experience. Commencing his career with Western Atlas Logging Services, Keith progressed to hold managerial positions in Amerada Hess, Burlington Resources and was most recently employed as General Manager Operations for E.ON Ruhrgas in Norway. Keith has extensive experience in the North Sea, North Africa and Norway.



Nick Morgan, Finance Director

Nick Morgan was appointed Finance Director in November 2012. Before joining Northern Petroleum, Nick spent over 13 years in investment banking where he focused on advising the international E&P industry. He specialised in advising upon mergers and acquisitions and providing equity capital markets advice and services to a broad range of global oil and gas companies, both public and private. For the last six years he was employed by Tristone Capital, the global energy investment bank, and latterly GMP Securities. Nick qualified as a chartered accountant at Price Waterhouse and is a member of the Institute of Chartered Accountants in England and Wales.



Graham Heard, Exploration and Technical Director

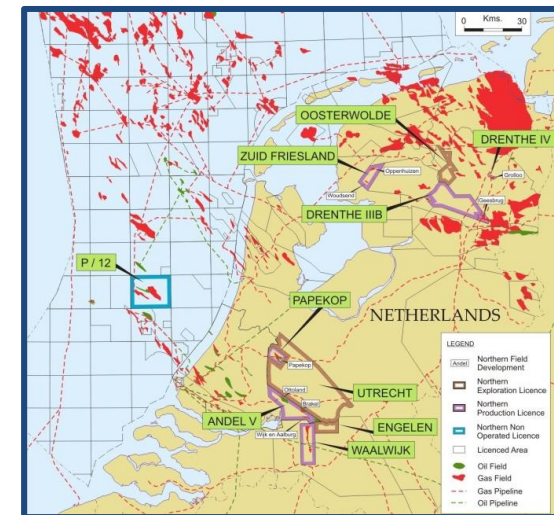
Graham Heard was appointed as Exploration and Technical Director in May 2007, having been the Exploration Manager of Northern for the previous four and a half years. He is a former Chairman (1991) of the Petroleum Exploration Society of Great Britain. Graham has over 35 years' experience as a petroleum geologist, beginning his career with Arco and then gaining extensive international experience with independents Siebens Oil and Quintana Petroleum. He subsequently held various Executive positions with Sovereign Oil & Gas Plc, Neste Production Limited and Sands Oil & Gas Plc.

- Jon Murphy appointed as Non-executive Chairman, bringing skills and experience of huge value to Northern
 - 10 years as COO building Venture Production from a small, private equity backed business, to the London listed producer, which was sold to Centrica for £1.3 billion



Sale of NPN, the Netherlands subsidiary

- Rationale behind sale
 - future development and material growth in production requires significant capital
 - asset economics would benefit from operational and drilling synergies of a larger portfolio
 - without capital investment, the net economic benefit to Northern is reducing
- Now is the correct time to conclude a sale
- Sale to Vermilion announced 1st October:
 - cash consideration on completion of Canadian \$27.5 million
 - 20% NPI in Papekop Field (80% of net proceeds if sold by Vermilion in first year, 20% thereafter to field development)
 - 10% NPI in Posidonia Shale future production
- Corporate sale with associated infrastructure and employees





Production and development

Canada

- 9,300 acres in Alberta focused on a carbonate pinnacle reef play
- 56 mmbbls STOOIP – average recovery factor of c.20% to date
- varied approach to future oil production opportunities



UK

- non-core production, appraisal and exploration



Exploration and appraisal

Italy

- on-going portfolio rationalisation - focus offshore in the S. Adriatic
- two oil discoveries and one world class exploration prospect
- focus on advancing these opportunities



French Guiana

- final well of follow up drilling programme due in Q4
- Data integration and evaluation is planned for 2014
- The Company has the option to monetise or stay for further drilling

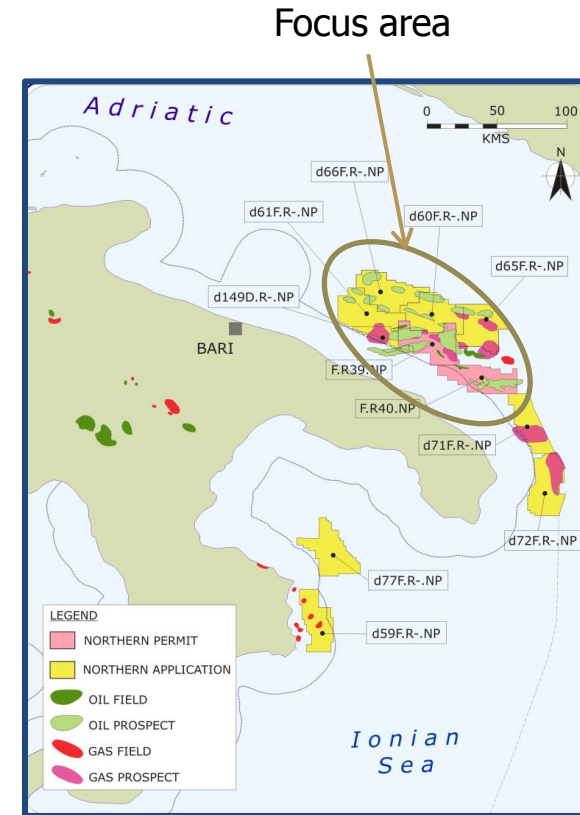


Australia

- early stage attractive unconventional shale oil opportunity



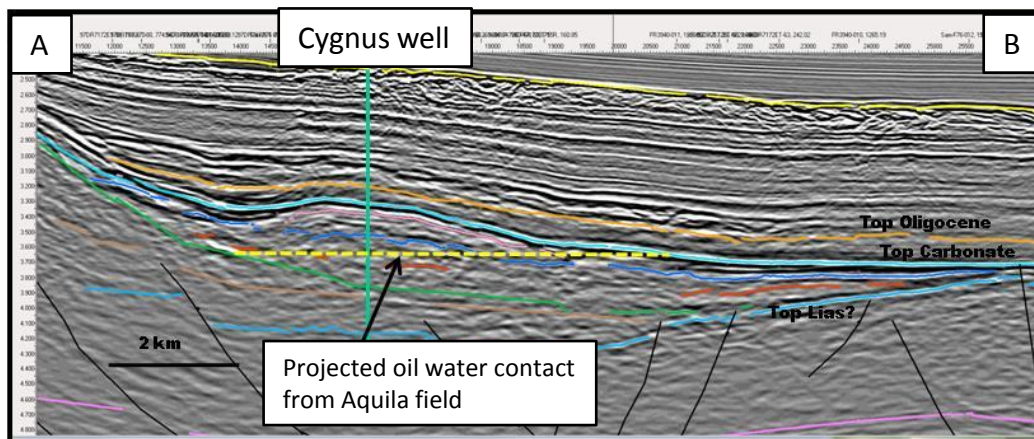
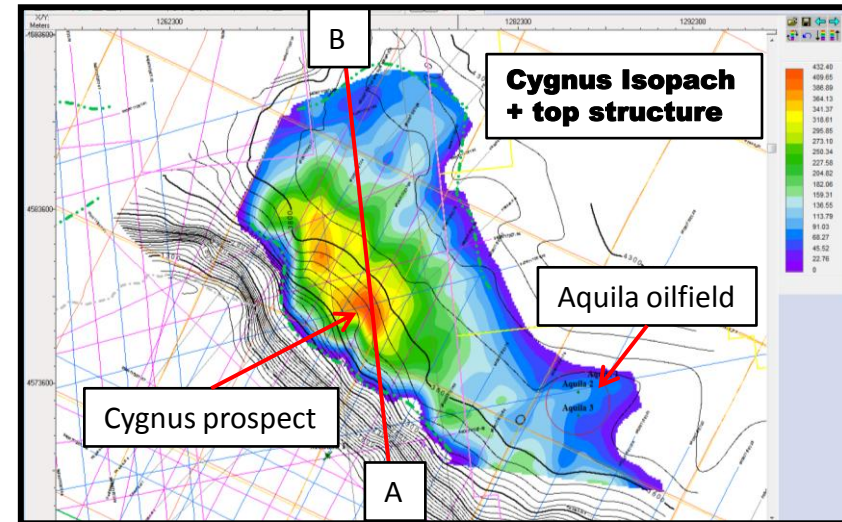
- Historically maintained a broad and varied portfolio, onshore and offshore Italy
- Ongoing exercise to rationalise asset base
 - enhance working relationship with industry regulator
 - focus on where value can be realised in the short to medium term, i.e. Southern Adriatic
- Southern Adriatic licences in relatively benign conditions and water depths
 - c.800 metres
- Two key licences in the region (other applications pending)
 - F.R39: contains the Cygnus prospect and the Rovesti oil discovery
 - F.R40: contains the Giove oil discovery
- Credible work programme and / or farm-out will demonstrate value



Italy – Southern Adriatic, F.R39



- Cygnus prospect identified by Northern on 2D seismic
 - possible common oil water contact with Aquila oil field
 - 3D seismic planned in Q4 2013 subject to Ministry approvals
 - independent assessment by ERC Equipoise gave mean prospect resource of 446 million barrels of oil with 12% chance of success
 - farmout process ongoing to progress both 3D seismic and drilling of the prospect

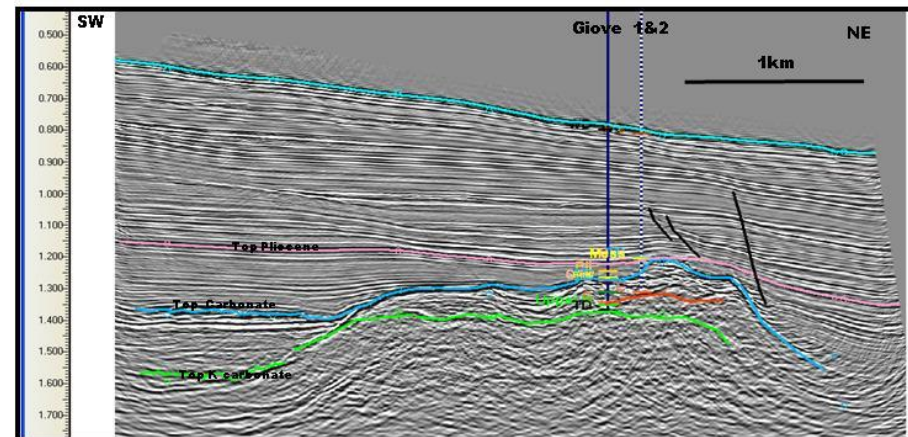
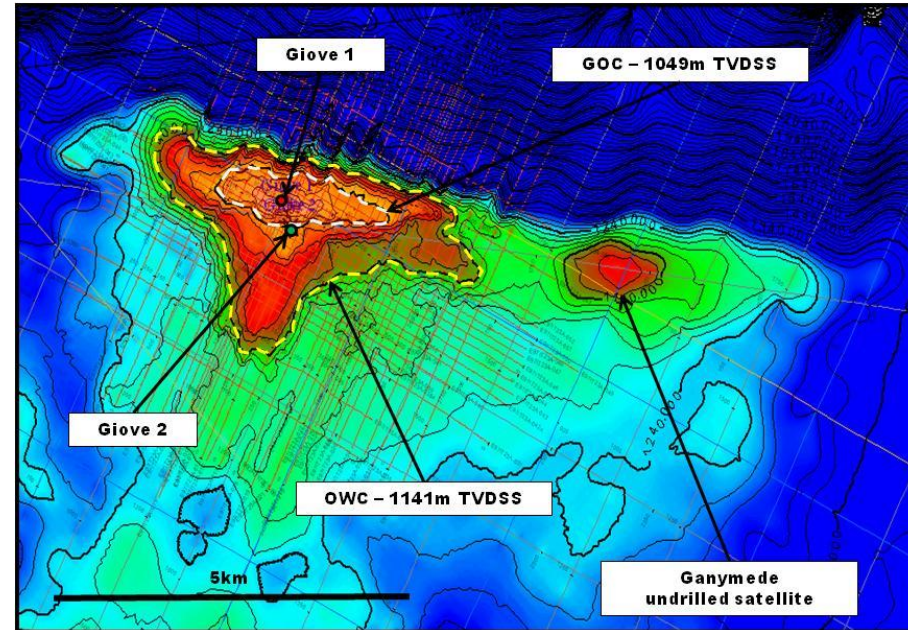


- Rovesti oil discovery within F.R39 Permit
 - Review planned to determine forward plan for discovery
 - Included as part of farmout package

Italy – Southern Adriatic, F.R40



- Giove oil discovery
 - internal review conducted
 - evidence for significant increase in oil in place
 - third party engineers engaged to update field model
 - further work plan to be developed based on results
 - well required to test the potential oil production from the field and resolve fluid viscosity uncertainty
 - 3D seismic planned in Q4 2013 subject to Ministry approvals
- Farmout process broadened to include F.R40
 - includes both seismic and the drilling and testing of a well on Giove



Canada – Alberta



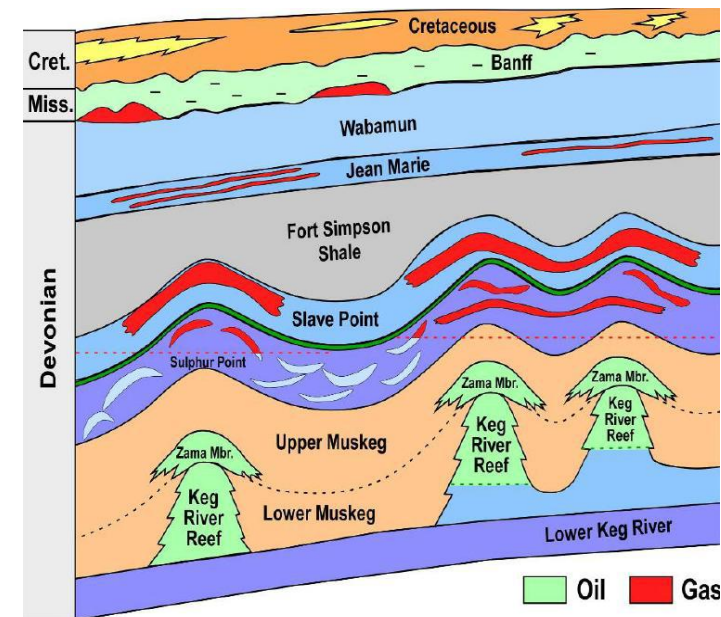
- Limited global opportunities for small companies to establish and build production in \$100 oil environment
- Redevelopment of the Keg River carbonate reef play in north west Alberta has key characteristics:
 - excellent access to field data
 - infrastructure and prolific local service industry
 - limited capital exposure to prove up concept
 - running room to create material core value and useful cashflow for the Company
- Reefs previously produced oil, however
 - larger companies have sought more material projects
 - smaller companies have high economic thresholds due to limited investment capability
- Typically developed on vintage 2D seismic and oil production has been focused on low hanging fruit and fast payback
 - not necessarily optimising a longer term recovery from the individual reefs



Canada – Keg River



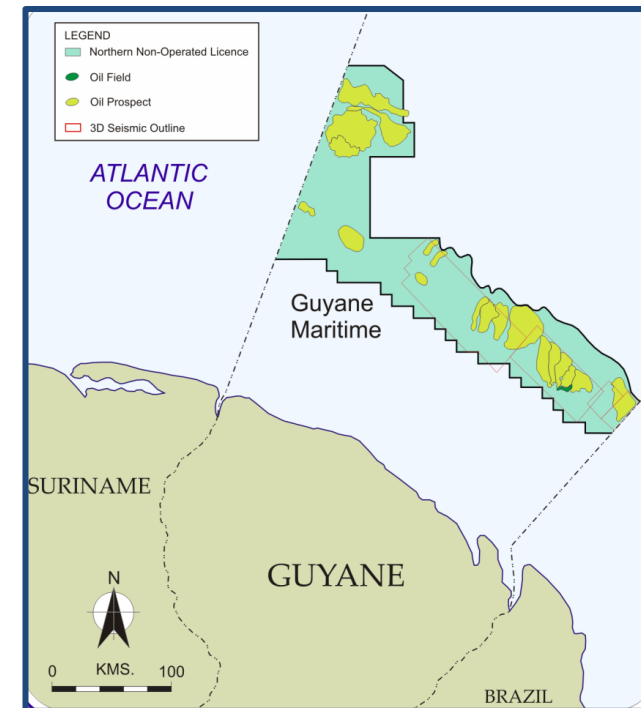
- Land position acquired in March this year
 - original testing plan drawn up for August to October, however access to existing well bores not granted until September
 - time used to refine testing programme
- Acquisition and interpretation of 3D seismic has identified an undrilled reef
- History matching of wells and further geological analysis has suggested reefs may support a second new well, as opposed to a simple re-entry
- Refined testing programme to start in November with three wells targeting:
 - undrilled reef
 - re-entry of previously produced well
 - side-track or twinning of previously produced reef
- Each well will be put on short term test to establish future production capability and justify an initial development plan starting in Q1 2014



French Guiana



- Current well (GM-ES-5) is the final well of the four well drilling programme undertaken after the Zaedyus oil discovery
 - results expected towards the end of Q4 this year
- 2014 work programme focused on evaluating the wells and 3D seismic data acquired during the last 18 months
- Drilling programme has provided shareholders with regular exposure to the chance of significant upside
- Following the completion of GM-ES-5 and the data evaluation exercise in 2014
 - monetise, or
 - participate in further wells to give shareholders exposure to further upside opportunity



UK and Australia

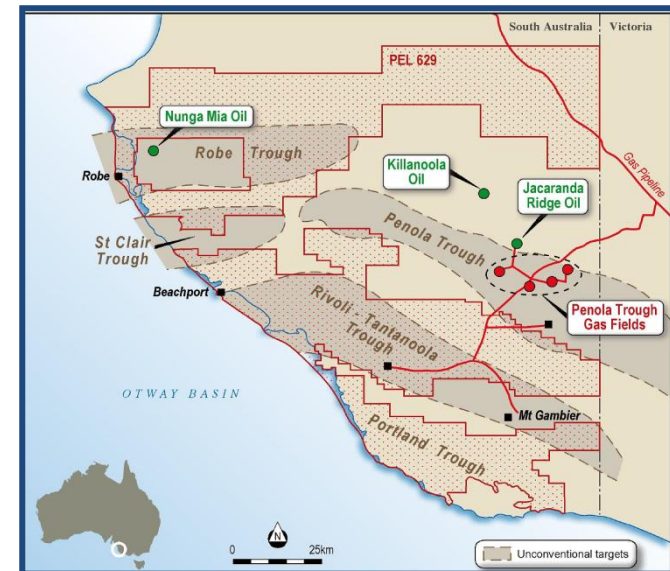


UK

- Non-core, but currently providing low maintenance and low decline production, albeit small – c. 20 bbls/d oil production
- Discussing with partners and local industry participants the value of the Markwells Wood discovery
- Drillable prospect offshore the Isle of Wight part of regional push with other industry operators of adjacent acreage to bring in a new player

Australia

- 1.4 million acres licence in South Australia for an unconventional shale oil play
 - no native title requirements
 - existing production and infrastructure
 - plenty of water
- Minimal outlay for first year's programme
 - farminee being sought





Interim results

- Six months to 30th June 2013:

	<i>Six months to 30 June 2013</i>	<i>Six months to 30 June 2012</i>
	€000	€000
Revenue	6.1	7.5
Cost of sales	<u>(3.6)</u>	<u>(3.3)</u>
Gross profit	2.5	4.2
Profit before tax	0.2	1.2
Cash on the balance sheet	17.4	22.5
Debt on the balance sheet	(1.6)	-

- Production in line with expectations and revenue ahead of budget due to strong gas price
- Cash reduction over the six months primarily due to continued investment in French Guiana and clearing Dutch tax liabilities
- Forecast G&A burn rate for 2014 has been reduced by more than 40% versus 2013



Capital allocation

- Pro forma group cash balance, as if completion had occurred on the 27th September 2013, was approximately €33 million
- Existing and future capital commitments are contingent on a number of near term results and activities
- Firm commitments to French Guiana, Italian seismic, and Canadian testing of approximately €12 million
- Monthly G&A including technical team and Italy presence, now forecast to be below €500k per month
 - further reductions being worked on
- Canadian development expenditure, net of production revenue, of up to €10 million depending on testing results



Summary

- Northern is undergoing significant change
- There is material inherent value embedded in the Company's assets
- First of three key short term objectives delivered by the sale of the Netherlands
- Two more near term targets set to demonstrate value and drive share price growth
 - advance the Italian Southern Adriatic portfolio
 - test the oil redevelopment play in Alberta, Canada
- Appointment of new chairman strengthens the Company, bringing the right type of skills and experience as well as improving Corporate Governance
- Completion of the near term targets will provide a platform from which management can plan the longer term strategy of the business