



Northern Petroleum

Oct 16th 2013

Northern Petroleum to increase interest in French Guiana exploration venture

Northern Petroleum (LON:NOP) has agreed to increase its interest in the Shell operated French Guiana exploration venture, by propping up its partnership with Wessex Exploration (LON:WSX).

Wessex has decided that because of an effort to conserve its cash it won't pay its equal share of monthly cash calls until the bill has reduced by £1.5m.

To prevent a default by NorthPet Investments the participating vehicle which is jointly owned by the two companies NOP will pay the shortfall.

In return its indirect interest in the French Guiana project will increase to 1.4% from 1.25%, assuming NOP has to pay £1.5m.

Shell is currently drilling the final well in the current programme and a subsequent period of analysis and evaluation is expected to span most of next year. After this reflective period decisions will be made about the next stages of appraisal and exploration work.

In a statement NOP chief executive Keith Bush said: "We believe the benefit of staying in the licence in French Guiana through the current well and data evaluation phase far outweighs the remaining cost of the programme.

"Once the data evaluation has been concluded we will decide on how the company best realises value from the licence."

According to WH Ireland analyst John Cummings the decision by Wessex to effectively trade 0.15% of the project for £1.5m is equivalent to Wessex making a cash call on investors at 1.725p per share. Wessex shares are currently priced at 0.85p.

Another way to look at it is that Wessex's remaining stake in the venture is worth £11m, which is nearly double its current market capitalisation of £6m but some £60m less than Total's takeover offer which was rejected last April.

Price: 38.25p

Market Cap: £36.48M

1 Year Share Price Graph



Share Information

Code: NOP

Listing: AIM

Sector: Energy

Website: www.northpet.com

Company Synopsis:

Northern Petroleum Plc is an EU oil company that acquires low entry cost exploration, production and development assets and is committed to adding high value to shareholders from production and asset sales.

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