



NORTHERN PETROLEUM PLC

2013 Oil Barrel

October 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	34.0p
Shares in issue	<u>95.4m</u>
Market cap	£32.4m
Pro forma cash	£27.7m
Debt *	<u>£1.3m</u>
Enterprise Value	£6.0m

*italian government seismic loan

Executive board members

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



Keith Bush, Chief Executive Officer

- More than 20 years' industry experience
- Physics graduate, started in the industry as a wireline logging engineer
- Progressed through operational and reservoir engineering to asset management
- Prior to Northern was General Manager Operations with E.ON, Norway.



Nick Morgan, Finance Director

- More than 13 years in investment banking focused on the international E & P industry
- Qualified as a chartered accountant at Price Waterhouse
- Specialised in mergers, acquisitions and equity capital markets advice and services
- Prior to Northern was with Tristone Capital



Graham Heard, Exploration and Technical Director

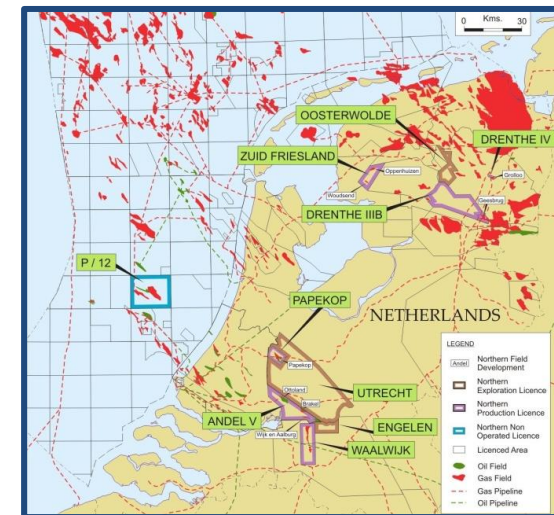
- More than 35 years' industry experience
- Geologist, starting in the industry with Arco, in international operations
- Extensive technical and executive experience with independent companies, joined Northern in 2002
- Former Chairman of the Petroleum Exploration Society of Great Britain

- Jon Murphy appointed as Non-executive Chairman, bringing extensive experience and skills 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

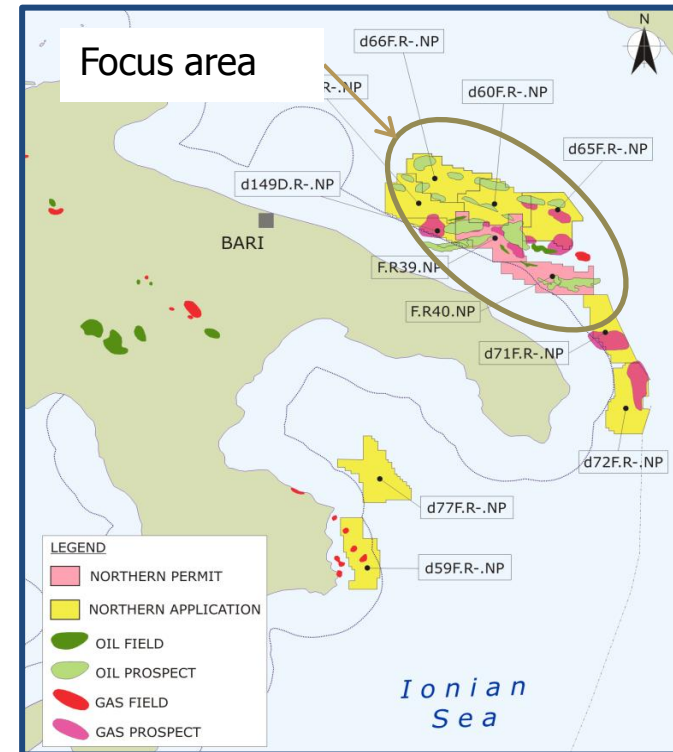


Australia

- early stage attractive unconventional shale oil opportunity



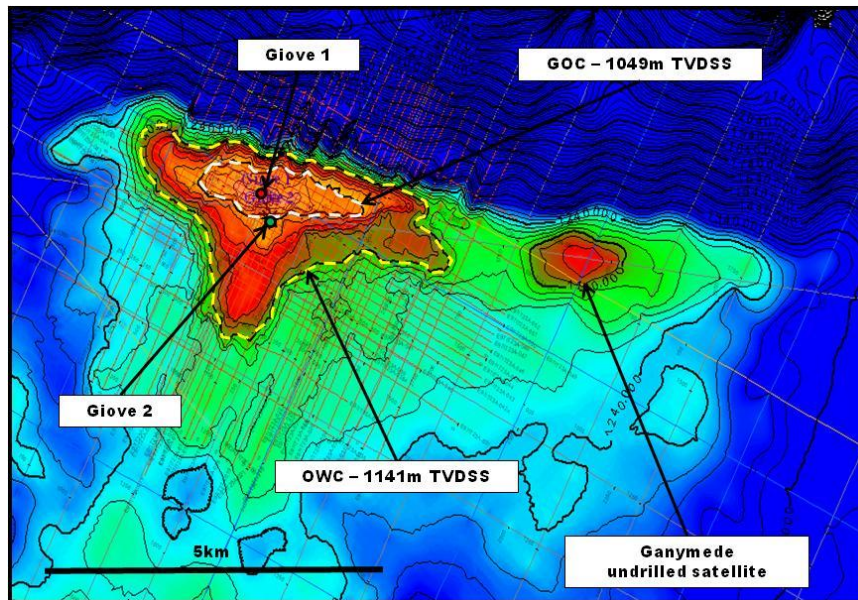
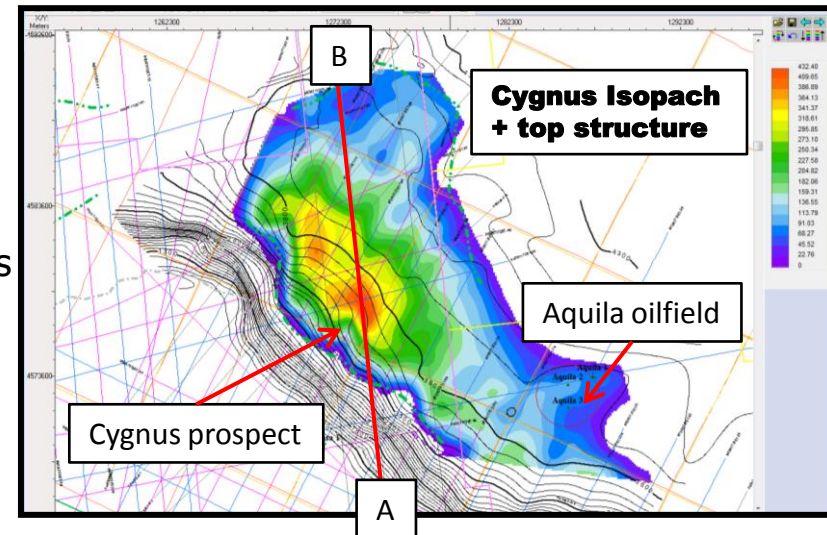
- Historically maintained a broad and varied portfolio, onshore and offshore Italy
- Key area of focus in the Southern Adriatic:
 - F.R39: contains Cygnus prospect and Rovesti oil discovery
 - F.R40: contains Giove oil discovery
 - enhance working relationship with industry regulator
 - focus on where value can be realised in the short to medium term, i.e. Southern Adriatic
- Credible work programme and / or farm-out will demonstrate value
 - 3D seismic, followed by processing, interpretation and identification of well locations in F.R39 and F.R40



Italy – Southern Adriatic, F.R39 and F.R40



- Cygnus prospect identified on 2D seismic
 - possible common oil water contact with Aquila oil field
 - independent assessment – mean prospect resource of 446 MMbo with 12% chance of success
 - farmout process ongoing to progress both 3D seismic and drilling of the prospect
- Permit includes Rovesti oil discovery



- Giove oil discovery
 - evidence for significant increase in oil in place
 - third party engineers engaged to update field model
 - well required to test production potential and determine fluid properties
- 3D seismic planned in Q4 2013 subject to Ministry approvals

Canada – Alberta



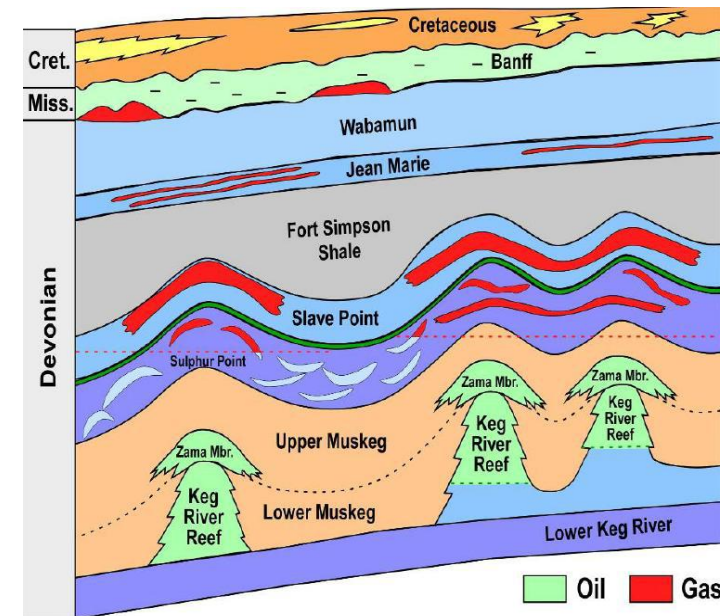
- Limited global opportunities for small companies to establish and build production in \$100 oil environment
- Redevelopment of the Keg River carbonate reef play in north west Alberta has key characteristics:
 - excellent access to field data
 - infrastructure and prolific local service industry
 - 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





Other assets

French Guiana

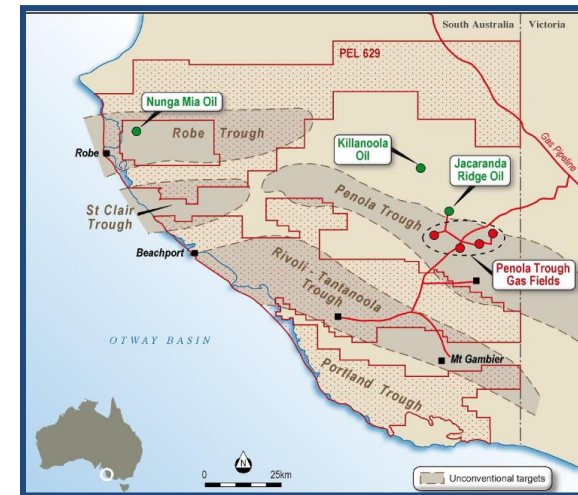
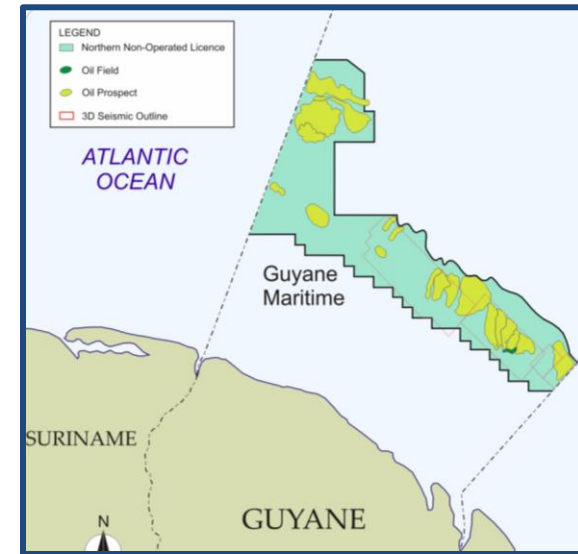
- Current well (GM-ES-5) results expected towards the end of Q4 this year
- Data integration required
- Monetise or participate in future drilling campaign?

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

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





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 reduce by over 40%
 - 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