



Northern Petroleum

Oct 1st 2013

UPDATE - Brokers applaud Northern Petroleum's C\$27.5mIn Dutch sale

---ADDS BROKER COMMENTS---

Northern Petroleum (LON:NOP) has continued its group-wide restructuring with an agreement to sell its assets in the Netherlands for C\$27.5mIn.

Through the deal with Vermilion Energy, the AIM quoted firm will also receive a share in future net profit from the Papekop production licence as well as from unconventional reservoirs.

The Dutch portfolio comprises five producing gas fields onshore, one gas field offshore and two possible discoveries awaiting appraisal and development.

It had average production of 851 barrels of oil equivalent per day and last year it generated 95% of the company's 12.4mIn total revenue and contributed 2.5mIn profit.

"The assets in the Netherlands have served the group well in providing cash inflow over the last six years, but the time is now right to conclude a sale," said chief executive Keith Bush.

"The completion of the sale will represent the achievement of the first of three key objectives we set ourselves in August this year.

"Our attention will now turn to realising some of the significant latent value held within the company's Southern Adriatic licences and the testing of our redevelopment play in Canada."

City broker Shore Capital welcomed the deal and reiterated its buy' recommendation for the stock.

"In our opinion, this disposal is a strategically important milestone for Northern and, following recent changes to the company's asset base and management team, we reiterate our BUY recommendation," the broker said.

Westhouse Securities was similarly positive, saying the deal makes sense, as some of the Netherlands fields are coming off the pay-back period and the government take is increasing and is set to continue doing so, unless more capital is invested, which may be beyond Northern Petroleum's means.

"We think the share price may see an adjustment as the market accounts for a pro forma cash balance. Operationally, the new management is delivering as promised so far, with the recent appointment of the chairman and the Netherlands sale now executed. We think the company is now in a position to fully focus its resources on the two assets that can bring potentially substantial value," Westhouse said.

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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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