

analysis

wealth if South Coast lives up to explorations

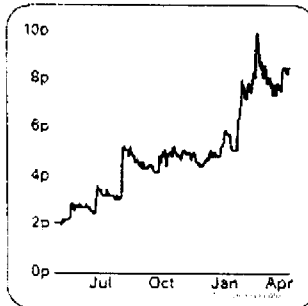
NORTHERN PETROLEUM

MARKET CAP: £21.5M

PRICE: 8.125P

Northern has the best chance of a significant boost to its worth from oil in the south of England because it has the most comprehensive portfolio of exploration blocks. It has been adding new blocks and increasing its interests in some blocks over the past year.

It also has interests in Italy and Spain and the latter is providing some cash flow to help finance exploration. Northern is in dispute over a stake it holds in a Russian oilfield. This asset has been written down to £1 in the books so any positive settlement will be good



news for Northern. However, it looks as though the litigation could drag on for a long time.

Northern has a stake in the Avington find and at the end of last year Northern

acquired a 10% interest in the Hordean oilfield for £200,000. This has been producing oil since 1988 and it is surrounded by the licence block PEDL 126. Current production is running at up to 240 barrels of oil a day

At the beginning of April, Northern raised £3m via a placing at 6p a share. That will provide cash for testing and follow-up drilling. It is operator on block PEDL 098 which includes Sandhills.

Full-year results are due to be announced in the near future. The key to the company's future will be results from its drilling

AREA INTERESTS

PEDL 069	5%
PEDL 070	5%
PEDL 089/a	80%*
PEDL 089/b	10%*
PEDL 098	57.5%*
PEDL 099	48.75%*
PEDL 110	5%
PEDL 113	57.5%*
PEDL 125	50%*
PEDL 126	50%*
PEDL 98/7b	10%*
PEDL 98/8a	10%*

* Northern is operator

programme. At 8.125p, the shares have more than doubled so far this year but there could be a lot further to go if further discoveries are made.

HEREWARD VENTURES

MARKET CAP: £7.95M

PRICE: 6.88P

Hereward acquired its stakes in three of the licence areas from Black Rock in return for 10% of future costs which includes the well in Sandhills. Hereward will earn its 10% stake in PEDL 089a by paying 30% of costs until completion of a well. It is also paying £45,000 as a contribution to past expenses.

Hereward's other activities include gold exploration interests in Bulgaria and Serbia.

Hereward has made three separate discoveries totalling 900,000 ounces of gold. It would require significant investment to get to a position where the gold could be mined.

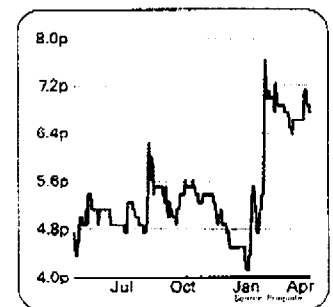
Management decided to acquire the oil interests because it was looking for assets where there would be a good chance of generating cash more quickly than its mining interests. Although the cost of drilling a well could be around £500,000

AREA INTERESTS

PEDL 089a	10%
PEDL 098	5%
PEDL 099	5%
PEDL 113	5%

if oil is found, then it is nowhere near as costly to extract oil from the ground as it is for mining base metals.

At 6.88p Hereward has a market value of £8m. If there is a significant find on one of its exploration blocks, then even with a



small stake, the value of Hereward's share could dwarf its current market value.

BLACK ROCK OIL & GAS

MARKET CAP: £2M

PRICE: 1.38P

Black Rock is the smallest of the three companies. It is valued at £2m at 1.138p a share. On top of its UK interests, it has stakes in oil exploration blocks in Western and South Australia.

Black Rock recently raised £250,000 at 1.25p a share. This cash will go towards financing exploration in the Cooper basin in Australia. Black Rock has tended to live

from hand to mouth ever since it joined Aim in April 2001. It has raised small amounts of cash in order to keep itself going. It has remained tiny and its attempt to merge with a private company in order to gain size fell through.

It is difficult to forecast exactly what will happen to Black Rock. Australian oilman Ivan Burgess recently took

over as MD and it appears he wants to grow the company. However, because of this uncertainty Black Rock is not the best way to gain exposure to the region.

AREA INTERESTS

PEDL 098	5%
PEDL 099	5%
PEDL 113	5%
PEDL 125	10%
PEDL 126	10%

