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## Oriel Securities repeats 'buy' recommendation on Valiant Petroleum ahead of busy 2012

Oriel Securities advised investors to 'buy' **Valiant Petroleum (LON:VPP)** ahead of the most operationally active year in the company's history.

Valiant is planning to drill a total of five exploration and appraisal wells this year, which will also see the first oil from its Causeway field in the UK. The wells planned for 2012 will target net prospective resources of 30 million barrels of oil equivalent.

Despite the exciting year ahead, shares in Valiant are trading at a 40 percent discount to Oriel Securities analyst Nick Copeman's net asset value (NAV) estimate of 675 pence per share compared to Friday's closing price of 434 pence.

"This (discount) looks unwarranted especially as the company has a very active E&A programme over the next six month," said Copeman.

The base NAV estimate is based on proved and probable reserves in the Don area and the first phase of the Causeway development, which Copeman expects to be producing 7,600 barrels of oil per day after achieving first oil in the third quarter.

In addition, Valiant has recently agreed to proceed with a development plan and budget for the Fionn development, where a field development plan (FDP) is set to be submitted early this year.

According to Copeman's estimates, Fionn should add 1,500 barrels of oil per day to 2013 production.

The analyst also drew attention to the company's financial position, which stood at US\$16.7 million, which, combined with the anticipated cash flow of US\$217 million in 2012, leaves the company well financed.

Copeman also noted that Valiant benefits from the high oil prices that have been prevalent since the start of the year.

Valiant plans to spend a total US\$100 million on exploration in 2012, while the total capital budget for the year stands at US\$260 million.

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