

PRESS RELEASE

FOR IMMEDIATE RELEASE

SONA PETROLEUM SIGNS SALE AND PURCHASE AGREEMENT WITH SALAMANDER ENERGY

Company clinches potential Qualifying Acquisition

KUALA LUMPUR, MALAYSIA, 21 JULY 2014—SONA PETROLEUM BERHAD (“Sona Petroleum” or “Company”) today announced that Sona Petroleum and its wholly-owned subsidiary, Sona Exploration and Production (Thailand) Limited have on 18 July 2014 signed a Sale and Purchase Agreement (“SPA”) with Salamander Energy PLC (“Salamander”) and Salamander Energy (Bualuang Holdings) Limited in relation to the proposed acquisition of shares of Salamander Energy (Bualuang) Limited (“SEBG”) (“Proposed Acquisition”). This acquisition, when completed, will form Sona Petroleum’s Qualifying Acquisition (“QA”).

The Proposed Acquisition will be in the form of Sona Petroleum acquiring for a total consideration of USD281.2 million (RM895.2 million):

- 66.67% of A shares in SEBG, representing the economic rights (including rights to dividends or other distribution) only; and
- 49.00% of B shares in SEBG representing voting rights only.

The transaction will result in Sona Petroleum owning an effective participating interest of 40.00% in two (2) oil and gas concessions known as B8/38 and G4/50 in Thailand (collectively the “Target Interests”) currently owned by SEBG for a total cash consideration of USD280 million (RM891.4 million¹). The balance of USD1.2 million (RM3.8 million) represents 66.67% of the agreed net working capital amount in SEBG as at 1 January 2014.

The Target Interests are a balanced portfolio of assets from production, to development and exploration. In a single transaction, subject to the approvals of the relevant authorities and shareholders, Sona Petroleum will be able to participate in all stages of the upstream value chain (Exploration, Development and Production (“E&P”).

The Proposed Transaction will involve the acquisition of an on-going production and near-term development asset, B8/38 consisting of the Bualuang field and a high potential exploration asset, G4/50 with a plan for drilling exploration wells in 2014 and 2015. There will be cash flow from the existing producing field coupled with expected significant incremental production from Charlie Development as well as potential upside from the exploration assets.

¹Exchange rate of United States Dollars (“USD”) 1.00 : Ringgit Malaysia (“RM”) 3.1835

Sona Petroleum's Managing Director, Dato' Sri Hadian Bin Hashim commented, "We are very pleased to have signed the SPA, as we have always been mindful of our responsibility as a listed company to deliver value to our shareholders. After considering in depth various acquisition targets, we believe the dynamics, production profile and economics of the Target Interests are very compelling for Sona Petroleum to take this forward and we are pleased to have this opportunity to acquire the Target Interests. The Target Interests, expected to be cash flow positive and earnings accretive, will provide long-term value for Sona Petroleum given their growth prospects supported by a stable production profile. Sona's strategy is to focus on de-risked areas where there are proven oil reserves in the surrounding areas."

The Target Interests are located in the Gulf of Thailand, an oil province with excellent near field exploration and recent discoveries, highlighting significant oil potential. The B8/38 concession contains the Bualuang Field, which is a producing oilfield with low associated gas and has been in production since 2008. Gaffney, Cline & Associates (Consultants) Pte.Lte ("GCA")'s estimate of the proven and probable ("2P") reserves is gross 31.2 MMbo (12.5 MMbo net to Sona) and the contingent ("2C") resources is 17.2 MMbo (6.9 MMbo net to Sona).

The Bualuang field has undergone two phases of development to increase the average daily oil production from about 7,000 barrels of oil per day ("**bopd**") to 12,300 bopd in 2013. Currently a third development phase is in progress, and is due for completion in fourth quarter of 2014 A fourth development project which entails the development of a third platform ("**Charlie Development**") is targeted for approval in the fourth quarter of 2014 and first oil targeted in 2016. On approval of the Charlie Development, GCA estimates that up to 5.1 MMbo net to Sona of 2C resources will be converted to 2P reserves bringing the total 2P reserves net to Sona to 17.6 MMbo.

The G4/50 concession is an exploration asset with five (5) exploration wells drilled to date. Plans have been made to drill two (2) exploration wells in 2014 and five (5) more exploration wells in 2015. Salamander has also agreed to bear the costs associated with the drilling of next two exploration wells in G4/50 up to USD15 million (RM47.7 million).

The acquisition will be funded via cash raised through a combination of the Company's internal funds of USD141.2 million (RM449.5 million), raised from initial public offering ("IPO") in July 2013, and external bank borrowings of USD140.0 million (RM445.7 million).from BNP Paribas and the RHB Banking Group.

Sona Petroleum will have joint control with Salamander over the key strategic, financial and operational decisions of SEBG as key strategic, financial and operational decisions of SEBG require the consent from both Sona Petroleum and Salamander. *Further, under the management services agreement and through the Joint Operating Agreements, Sona Petroleum will have management controls, through SEBG, over the operations of the Target Interests.* Accordingly, Sona Petroleum will have direct supervision and controls over the operations of the Target Interests.

Block B8/38, with estimated reserves over 30 Million barrels of oil (“**MMbo**”), is already a proven producing oil field which has produced an estimated 17.1 MMbo as at 31 December 2013. There is a significant near-term development upside with the B8/38 concession from the Charlie Development, and the G4/50 concession is an exploration asset with high potential. Both these concessions share a common geological setting in shallow waters of approximately 60 metres depth. As such, operating, drilling and development costs will be relatively low.

Dato’ Sri Hadian continued, “We are fortunate to have found an excellent partner in Salamander, an established E&P operator with significant technical and operational experience. We look forward to forming a strategic working relationship with them to pursue further cooperation in other ventures going forward.”

Salamander’s Chief Executive Officer, James Menzies commented, “Over the past few years, Salamander has materially grown reserves at the Bualuang field over two main phases of development and we now look forward to working in partnership with Sona Petroleum to unlock further upside in the field through the planned Charlie Development and exploring for the next Bualuang in the surrounding G4/50 exploration acreage.”

According to independent market researcher Wood Mackenzie, the outlook for global oil demand is expected to continue increasing from nearly 30 billion barrels of oil equivalent (“**boe**”) in 2014 to 33 billion boe in 2025. Thailand’s oil demand forecast will grow by just over 1% per year, reaching 1.5 million boe per day in 2030. Thailand’s domestic liquids production is equivalent to only 37% of its oil demand. Liquid production is forecast to peak in 2015 at about 260,000 barrels per day, and will remain above 200,000 barrels per day until 2018. Thailand has recorded at least 5 new oil or gas discoveries per year since 2014, although discovered volumes have been relatively small. Despite recent changes in the political landscape, Wood Mackenzie does not anticipate negative impact to the oil and gas industry.

Salamander is an independent upstream oil and gas exploration and production company listed on the main market of the London Stock Exchange. The Salamander Group has a portfolio of producing and development and exploration assets in Thailand, Indonesia and Malaysia.

ABOUT SONA PETROLEUM BERHAD

SONA PETROLEUM BERHAD ("**Sona Petroleum**" or the "**Company**") was incorporated in Malaysia under the Companies Act 1965 as a private company limited by shares on 23 May 2011 under the name of Titanium Windfall Sdn Bhd. On 8 November 2012, Sona Petroleum changed its name from Titanium Windfall Sdn Bhd to Sona Petroleum Sdn Bhd and was subsequently converted from a private limited company to a public limited company, assuming its present name on 25 February 2013.

The principal activity of the Company is as an investment holding company. Sona Petroleum listed on the Main Market of Bursa Malaysia Securities Berhad on 30 July 2013 as the largest special purpose acquisition company ("**SPAC**") in Malaysia.

A SPAC is a company that has no operations or income-generating business at the point of its IPO but undertakes an IPO for the purpose of raising funds to acquire operating companies or assets, otherwise known as Qualifying Acquisition.

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