

Sona to spend RM449m to develop offshore Australian oilfield

KUALA LUMPUR (March 8): Sona Petroleum Bhd, which is acquiring the Stag Oilfield offshore Western Australia, said it will spend as much as A\$147 million (RM449 million) to develop the oilfield.

The special purpose acquisition company (SPAC) said the development of the oilfield will be divided into two phases and will be conducted over 2016 to 2018.

The first phase will cost A\$47 million (RM144 million) and the second phase A\$100 million (RM306 million), it said in a statement today.

Sona plans to fund the development through its initial public offering proceeds and internally generated funds.

Upon the development plans, Sona said the production will be enhanced to over 5,000 barrels per day in 2018 from around 4,000 currently.

"The producing oilfield off Western Australia will provide us with sustainable ongoing revenue potential for growth. This reflects the oilfield's potential to deliver long-term value," said Sona.

Sona Petroleum will be seeking its shareholders' approval for the proposed acquisition in an extraordinary general meeting on March 30.

Sona's chief executive officer Datuk Seri Hadian Hashim said the economic case on the acquisition presented in the company's circular to shareholders today is highly compelling.

"Sona's management is of the opinion that the Stag oilfield is a solid long-term investment, and will actively engage shareholders to address any concerns they may have," he said.

Sona is buying Stag oilfield for US\$25 million (RM103 million), following successful talks with the sellers to slash the original purchase price of US\$50 million.

"This is an opportune moment as the current low price environment provided us with an opportunity to purchase the asset at such a highly competitive price," he said.

Hadian added that with oil prices inching up, Sona is cautiously optimistic that the environment will become more profitable for upstream players soon.

Shares in Sona Petroleum closed at 46 sen today, down 0.5 sen or 1.08%, with a market capitalisation of RM655.98 million.