

Sona Petroleum confident shareholders will give deal green light

Posted on 8 March 2016 - 04:19pm

Lee Weng Khuen

sunbiz@thesundaily.com



KUALA LUMPUR: Sona Petroleum Bhd, which managed to cut the purchase price for its qualifying acquisition by half, is confident that its shareholders will approve the deal to acquire the entire stake in the Stag oilfield, offshore Western Australia at an EGM held end of this month.

Managing director Datuk Seri Hadian Hashim also believes that the acquisition will bring profitability to the company in the longer term with an internal rate of return of more than 15%, even with the current low oil price environment.

"Anything more than US\$30 is profitable for us," he told a press conference here today.

With a reduction in acquisition price, Sona Petroleum would only need to fork out US\$25 million (RM103.2 million) to acquire the Stag Oilfield, compared to the initial price of US\$50 million (RM206.5 million).

The Stag Oilfield is a producing oilfield that commenced production in May 1998. Its production licence will expire in August 2018, but is renewable for another 21 years by applying to the National Offshore Petroleum Titles Administrator of Australia.

On this, Hadian sees minimal risk of it not being renewed as there are no issues or breaches that could lead to such a circumstance.