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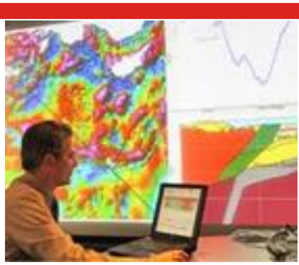
SONA PETROLEUM BERHAD

Your Regional Energy Partner






PROPOSED ACQUISITION OF STAG OILFIELD

March 2016

Sona Qualifying Acquisition – Asset and Purchase

Stag Oilfield in Australia has been identified as an attractive asset for growing the profitability and value of Sona Petroleum….

1) **Stag Oilfield SPA** signed with Quadrant/Santos for **US$25m** (vs GCA valuation of US$30-40m).
2) **100% ownership & operatorship -** Sona management confident of doing better than some of GCA valuation assumptions and enhancing value of Stag.
3) **Current low oil price** (bottom of cycle) and **low operating cost environment** provide potential for oil price upside and operating cost reduction (~US$30/bbl and targeting further cost optimisation).
4) **No borrowings** as it is expected that internal funds will fund acquisition and development.
5) **Asset location Australia** – a stable, transparent regulatory environment with high standards of governance and protection for investors.

Sona Qualifying Acquisition – Production and Value

Stag Oilfield in Australia has been identified as an attractive asset for growing the profitability and value of Sona Petroleum….

1) **Infill development** (~US$110m) to be implemented 2016–2018 to increase total production by about 36%, and extend economic life of field to 2030 at current projected oil prices
2) **Production** currently around 4,000 b/d - infill development will increase it to 4,400 b/d (2017), 5,300 b/d (2018) and 4,700 b/d (2019).
3) **Stag Crude** – high quality heavy crude and typically sold at a premium to Brent Crude. Recent cargoes command premium of about US$1.50/b
4) **17.2 MMbo 2P Reserves** (US$1.45/2P bbl), **4.9 MMbo 2C Contingent Resources**, and **6.4 MMbo Prospective Resources** (GCoS of 63%) – estimated by GCA.
5) **Proforma Net Asset per Sona share** as at 30 Sept 2015 will be RM0.38**.** Asset which is cash flow generating will contribute to **earnings per share.**
6) **Sona management shares moratorium** extended from early 2018 to late 2019 to demonstrate its confidence in the value of the asset and commitment to grow Sona Petroleum

Proposed Acquisition

Sona signed SPA with Quadrant (33.33%) and Santos (66.67%) on 2 Nov 2015 to acquire 100% interest in Stag Oilfield, comprising…

THE TITLES

- **Production Licence WA-15-L -** right to explore/ recover petroleum
- **Pipeline Licence WA-6-PL -** right to construct and operate pipelines

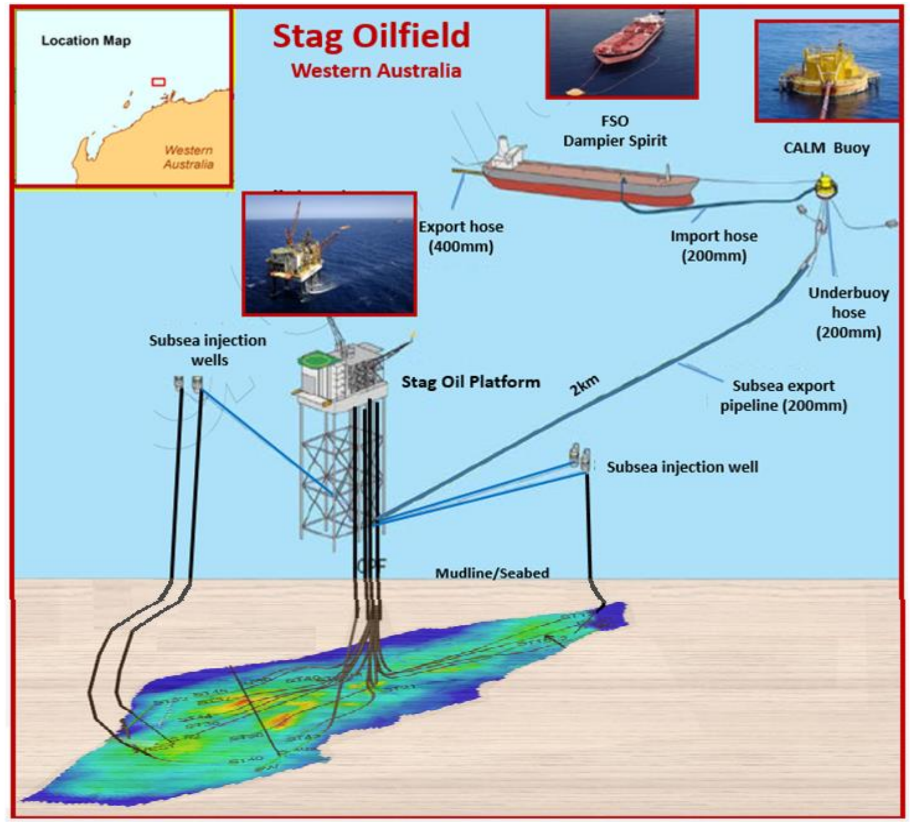
Production License expires 2018 and renewable for another 21 years which should be granted if licence conditions are met and relevant laws are complied with:

(1) **Legal opinion** from Australian solicitors that they are not aware of any licence renewal being refused

(2) **Sellers warranty** on no material breach in the licence conditions

INFRASTRUCTURE

- **Central Processing Platform - CPP (50kb Capacity)**
- **Pipeline System**



FSO Dampier Spirit on lease till 2024

Characteristics of Stag Oilfield

A balanced portfolio of production, development and exploration assets in an attractive region

Attractive Region

- Located 60 km north west of Dampier, an extensive O&G region offshore Western Australia
- Shallow waters of about 50 m, thus lower costs compared to deep waters
- Australia offers a combination of stable economic performance, highly skilled O&G workforce, legal and political stability, and a government committed to developing the O&G sector

Balanced Portfolio

- Fulfils strategy of investing in a balanced portfolio of O&G **production, development and exploration assets**
- **Ongoing production** (currently ~4,000 b/d) to provide immediate and continuing revenue and cash flows
- A **development opportunity** (Infill Development) has been scheduled for implementation (2016 – 2018) to:
  - Enhance production especially in early years
  - Extend economic life of the field
- An **exploration opportunity**, the Hart prospect, will be tested

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Purchase Consideration

The Purchase Consideration comprises a Base Purchase Price of US$25m and adjustments to be made following completion upon which Sona assumes economic benefit/risk in the Stag Oilfield from the Effective Date of 1 July 2015

- **2 November 2015** – SPA signed at purchase price of **US$50m**. GCA valued asset at **US$40m to US$50m** and considered purchase price of US$50m as **fair**

- **January 2016** – Oil prices reduced significantly and GCA re-valued asset at **US$30m to US$40m** and considered purchase price of US$50m as **not fair**

- **29 February 2016** – Sona renegotiated purchase price to **US$25m** and GCA considered purchase price of US$25m as **fair**

Adjustments consisting of following occurring between Effective Date and Completion:

- increased by **working capital** amount, **expenditures** expended by the Sellers and any **instalments of PRRT** paid by Sellers;
- decreased by **proceeds** received by the Sellers and **revenue** received in connection with the sales of any Transferred Petroleum lifting.

Substantial Reserves/Resources with Infill Development

2P Reserves estimated at 17.2 MMbo; 2C Contingent Resources at 4.9 MMbo; Best Case Prospective Resources at 6.4 MMbo

	1P	2P	3P
Gross Field Reserves, MMbo	**13.3**	**17.2**	**25.6**

Gross Field Reserves are volumes estimated to be commercially recoverable under the intended development plan.

	1C	2C	3C
Gross Field Contingent Resources, MMbo	**5.2**	**4.9**	**2.7**

Gross Field Contingent Resources are volumes estimated to be technically recoverable after economic limit but before end of licence extension

	Low	Best	High
Prospective Resources, MMbo	**3.0**	**6.4**	**16.0**

Hart Prospect - **63% Geological chance of success** - indicative estimate of the probability that drilling this Prospect would result in a discovery.

- At the base purchase price of US$25m indicative cost of 2P reserves is about US$1.45/b
- GCA estimates 2P reserves at 17.2 MMbo (a more conservative estimate compared to Sellers')
- The oilfield includes the Hart Prospect located to the south-east of the main oilfield.
- GCA has assessed the prospective resources of the Hart Prospect at 6.4 MMbo with a GCoS of 63%

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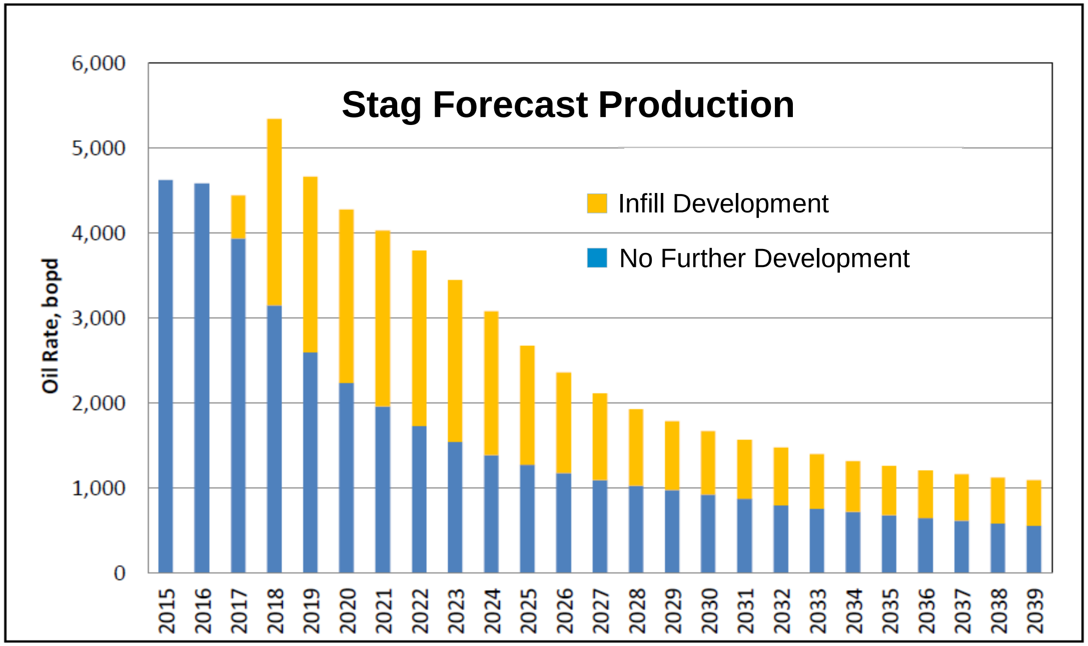
Production & Costs

Stag oilfield is currently producing in the range of 4,000 b/d and infill development will increase production and extend economic life of field



* Source: Gaffney, Cline & Associates (GCA)

Illustration of unit operating costs (US$/b) for various scenarios

	Prior to cost reduction	Reduction 10% (GCA)	Reduction 15%	Reduction 20%
2016	34.20	30.80	30.80	30.80
2017	35.30	31.80	30.01	28.24
2018	29.30	26.40	24.91	23.44
2019	33.70	30.30	28.8	25.96

- Infill development is expected to increase production rates in the early years to approximately 4,400 b/d in 2017, 5,300 b/d in 2018 and 4,700 b/d in 2019
- Stag Crude is a heavy (API 19), low-sulphur (0.14%), low pour point crude oil with over 50% distillate content – commonly used for low sulphur boiler fuel, blending stock, and naphthenic lubes and distillate production.
- Stag Crude is priced off Brent crude, traditionally at a premium, as high as over US$6/b.
- GCA has assumed 10% cost reduction in 2016. Sona believes further cost optimisation in 2017 onwards is possible. Projected unit operating costs (US$/b) for the various scenarios are illustrated in the next table.

Fair Market Valuation

Sona believes that with 100% effective interest and operatorship, it can perform better than some of the assumptions used by GCA in the Fair Market Valuation

- GCA estimated Brent crude prices from a range of scenarios and placed lower weightings to NPVs derived from high Brent prices

GCA's Oil Price Weightings				
S1	S2	S3	S4	S5
5-10%	35-50%	20%	10-25%	10-15%

GCA's Brent crude price (US$/b) scenarios					
Year	S1	S2	S3	S4	S5
H2/15	47.00	47.00	47.00	47.00	47.00
2016	30.92	40.90	40.90	45.00	50.00
2017	36.70	47.58	50.00	65.00	70.00
2018	50.00	60.00	70.00	80.00	85.00
2019	60.00	70.00	80.00	90.00	100.00
2020	70.00	71.40	81.60	91.80	102.00
2021+	+2% p.a. escalation				

- GCA assumed values based on 50% and 75% of Probable reserves (2P) in their assessment – ***Sona is optimistic of recovering more than 50%***
- GCA assumed that Stag crude continues to sell at same price as Brent - ***Based on present and past sales, Sona believes that Stag crude will continue to trade at a premium to Brent. A US$1.50 pricing change will change valuation by US$6 million to US$7 million***
- GCA does not take into account contingent resources and exploratory potential – ***Sona is confident of exploiting at least a portion if not all of these resources***
- GCA assumed a 10% reduction in operating cost (excluding FSO contract cost) from 2016 onwards – ***Sona is targeting a further reduction in total cost from 2017 onwards***

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Infill Development

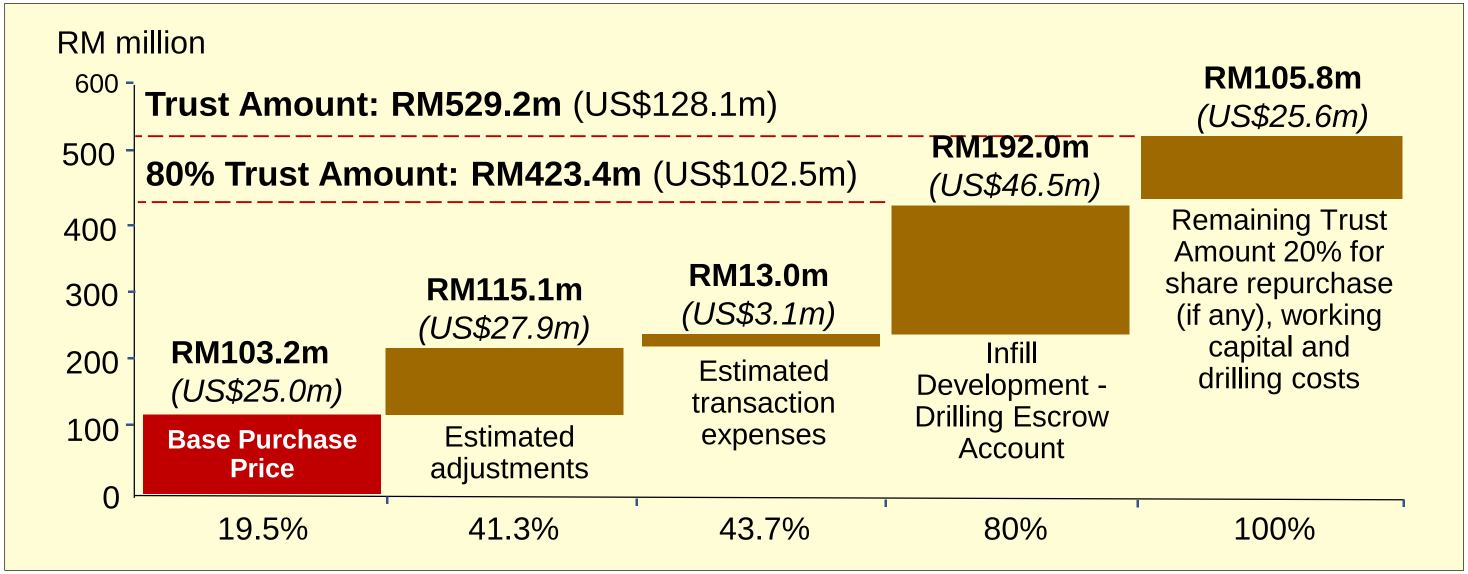
Infill development costing about A$147.4m (US$110.6m) is planned to be carried out over 2016 to 2018

Expected completion timeline	Description	Drilling Cost		
			Equivalent	
		A$ m	US$ m	RM m
Completion by 1Q2017	**First Phase of Infill Development** ▪ 2 subsea vertical pilot wells (West / East) ▪ 1 infill producer well (West)	47.4	35.6	139.9
Completion by 2Q2018	**Subsequent Phase of Infill Development** ▪ 2 infill producer wells (West) ▪ 1 infill producer well (East) ▪ 1 water injection well (East)	100.0	75.0	295.1
	TOTAL	**147.4**	**110.6**	**435.0**

- Infill Development presents an opportunity to enhance total production by about 36% and extend economic life to 2030 at current projected oil prices
- As at 30 June 2015, the Stag Oilfield was producing oil at the rate of 4,600 b/d from 10 active wells and is declining.
- With the implementation of Infill Development, based on GCA’s assessment on the Production Licence, production rate is expected to increase in the early years to approximately 4,400 b/d in 2017, 5,300 b/d in 2018 and 4,700 b/d in 2019.

Cash Trust Account

Equity Guidelines requirement of 80% utilisation from our Cash Trust Account (CTA) utilisation is met through amount set aside for Infill Development



- ➔ Purchase Consideration satisfied in cash, funded via internal funds held under the CTA amounting to approximately **RM529.2m as at Circular's LPD (15 February 2016)**
- ➔ As per SC Equity Guidelines, fair market value of the QA asset must be minimum **80% of CTA** which comes to **RM423.4m**
- ➔ Base Purchase Price is **RM103.2m** (US$25m). Inclusion of estimated adjustments and transaction expenses brings the sum to **RM231.3m** constituting **43.7% of the CTA**
- ➔ Approval has been granted by SC to include a portion of Infill Development (**RM192.0m**) which will increase the amount to be spent to **RM423.4m**, meeting the **CTA's 80% utilisation**

Note: In this presentation US$1 is taken as equivalent to RM4.1295

Favourable Fiscal Regime

A straightforward and simple concession-based system involving a petroleum resource rent tax (PPRT) and corporate income tax with no royalties and domestic market obligation

A. Petroleum Resource Rent Tax (PPRT)

- PPRT = (Receipts – Expenditure) x 40%
- Expenditure which are deductible in the year of incurred includes:
  i. General project expenditures in carrying out operations
  ii. Exploration expenditures incurred in the exploration for oil and gas
  iii. Closing down expenditures related to abandonment and decommissioning

B. Corporate Income Tax

- (Receipts – Expenditure – PPRT) x 30%

C. Contractor Net Take

- Estimated to be higher than South East Asian countries

Salient Terms of the SPA

SPA terms protecting Sona's interests and ensuring smooth handover of operations and operatorship to Sona

Conditions Precedent	▪ Approval of the Securities Commission (12/02/2016) and Australian Foreign Investment Review Board (27/11/2015) ▪ SPA approved and registered as a dealing (obtained 18/02/2016) ▪ Approval of Sona's shareholders in our EGM ▪ Execution of the Transitional Services Agreement and novation of the Dampier Spirit FSO Contract
Conditions Subsequent	▪ On completion, purchase consideration will be paid into an Escrow Account and released to Sellers only after receiving the Approval and Registration on the transfer of the Titles by NOPTA of Australia
Transitional Services Agreement	▪ Spells out services to be provided to ensure smooth, safe and efficient on-going management of the Stag Oilfield and handover to Sona ▪ Seller will continue to operate / manage Stag Oilfield on behalf of Sona until the earlier of (i) NOPSEMA Approval for the Safety Cases or (ii) 7 months after Completion of QA
Key Supply & Services Contracts	▪ Novation of key supply and services agreements including the contracts relating to Dampier Spirit FSO
Transferring Employees	▪ Transfer of key onshore/offshore employees to Sona to ensure continued safe operation

NOPTA - National Offshore Petroleum Titles Administrator
NOPSEMA - National Offshore Petroleum Safety and Environmental Management Authority

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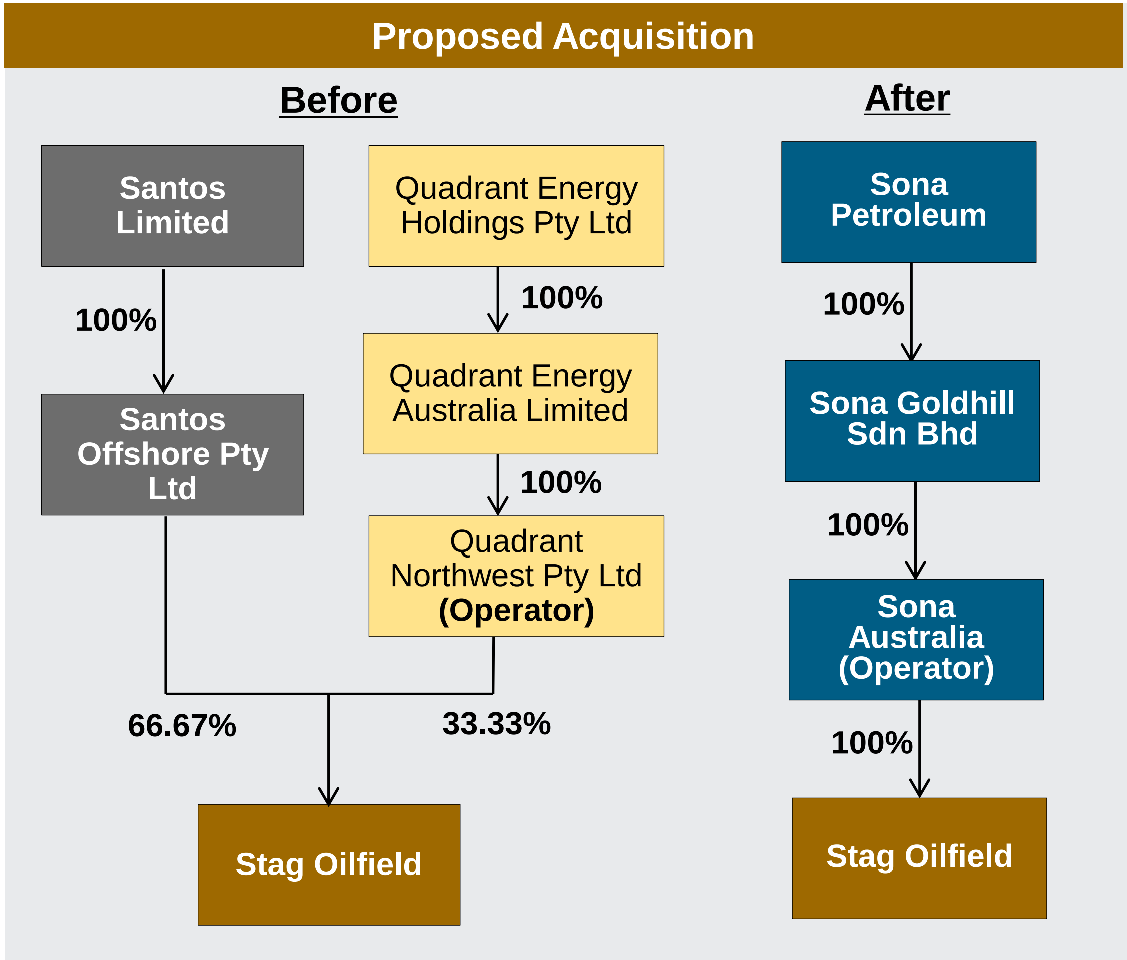
Transaction Structure and Completion

Sona will acquire 100% effective interest in the Stag Oilfield from Quadrant Northwest Pty Ltd (33.33%) and Santos Offshore Pty Ltd (66.7%)



- Sona acquires 100% effective interest in the asset, along with the operatorship
- The acquisition will be effected through newly incorporated Sona Goldhill Sdn Bhd and Sona Australia
- The transaction is targeted for completion by April 2016
- On completion, Sona takes economic benefit and risk in the Stag Oilfield from the Effective Date of 1 July 2015

Funding and Financials

The Proposed Acquisition is expected to be funded from internal funds and is expected to contribute positively to Sona's earnings……..

Issued & Paid-up Share Capital	■ The Proposed Acquisition will not have any effects on the issued and paid-up share capital of Sona Petroleum
Funding	■ Purchase cost of US$25m from Sona's cash trust account ■ Infill development cost of about US$110.6m expected to be funded by Sona's internal funds and cash flow
Net Asset Per Share	■ After the Proposed Acquisition, the Proforma Net Asset per Sona Petroleum share as at 30 Sept 2015 is RM0.38
Borrowings	■ Sona is not expected to have borrowings
Earnings	■ The Proposed Acquisition is expected to contribute to Sona Petroleum's earnings for the financial year ending 31 December 2016 as Stag is a production asset and cash flow generating
Cash Flow	■ The cash flow from Stag operations is expected to be sufficient to cover exploration and development capex, and pay dividends

Qualifying Acquisition

Stag Oilfield meets /will meet all Sona's QA criteria…..

CATEGORY	CRITERIA	STAG OILFIELD
Fair Value	At least 80% of the aggregate amount then held in the Cash Trust Account (net of any taxes payable)	**To be met** via Purchase Consideration (and transaction expenses) as well as through the spending for Drilling Cost
Ownership & Control	At least joint control over key strategic, financial and operational decisions, and management control over operations	**Met -** Sona Australia will have full control and operatorship of the asset
Petroleum Arrangement	Existing concession rights, production sharing contract and other similar arrangements granted by host government	**Met**
Type of Asset	Preferably oil in shallow water depths (<120 m)	**Met** - Water depth of about 50 m
Reserves & Resources	Proved Reserves & Contingent Resources 5–30 MMbo Prospective resources between 100 – 400 Mmbo	**Met -** Producing asset with gross 2P Reserves of 17.2 MMbo
Regions of Interest	Southeast Asia, Middle East and selected countries in Africa but prospects outside these regions can be considered if they provide higher returns	**Met**
Portfolio	Desired – 70% production/development and 30% exploration	**Met -** Production and development asset with exploration potential
IRR	More than 15%	**Met**

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Risk Factors

Upon Completion, the business operations of the Stag Oilfield are subject to risks inherent in the O&G and E&P industry.

Risks specific to our Company

- Approval and registration by NOPTA of the transfer of the Titles
- Approval of NOPTA for the renewal of the Production Licence
- Approval of NOPSEMA for New Safety Cases
- Completion risk associated with fulfilment of Conditions Precedent and condition subsequent to the SPA
- Dependence on skilled professionals and experienced staff
- Risk relating to the implementation of Infill Development

Risks specific to the O&G and E&P industry

- Fluctuation in crude oil prices
- Exposure to development and production risks
- Political, economic, market and regulatory considerations
- Environmental risk
- Reserve and resource estimates
- Insurance coverage risk
- Foreign exchange translation risk

Enhanced Moratorium

To demonstrate the Management Team's commitment to enhance the Stag Oilfield and create value to our Company, Platinum Autumn will be providing the Enhanced Moratorium

Milestones	Expected timing	Release of Moratorium Securities	
		Original Moratorium	Enhanced Moratorium
(a) Completion of 1st Phase Infill Development and full utilisation of Drilling Cost Escrow Amount	By 31 March 2017	-	-
(b) Sona Petroleum have generated one full financial year of Audited Commercial Revenue from the asset acquired under the Qualifying Acquisition	By 31 March 2018	100%	-
(c) After completion of the 1st Phase of Infill Development, oil production of the Stag Oilfield (bbl/year) has increased above that in 2015	By 31 March 2018	-	-
(d) Approval of the renewal of the Production Licence	By 31 August 2018	-	40%
(e) One year anniversary of the renewal of the Production Licence	By 31 August 2019	-	60%

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Current Status

The Proposed Acquisition is targeted for completion in April 2016

Prior to Completion

- ☑ **Notice of no objection from the Australian Foreign Investment Review Board (FIRB) obtained in 27 November 2015**
- ☑ **Approval from Securities Commission Malaysia obtained in 12 February 2016**
- ☑ **SPA approved and registered as a dealing pursuant to Australian National Offshore Petroleum Titles Administrator (NOPTA)'s letter dated 18 February 2016**
- **Approval from Sona's shareholders in the 30 March 2016 EGM**
- **Execution of Transitional Services Agreement and FSO Assignment and Assumption Document by early April 2016**
- **Completion is targeted for April 2016**

After Completion

- **Submission to NOPTA for transfer of Titles in 2016**
- **Submission to the Australian National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for approval of new Safety Cases in 2016**
- **Submission to NOPTA for renewal of the Production Licence in 2018**

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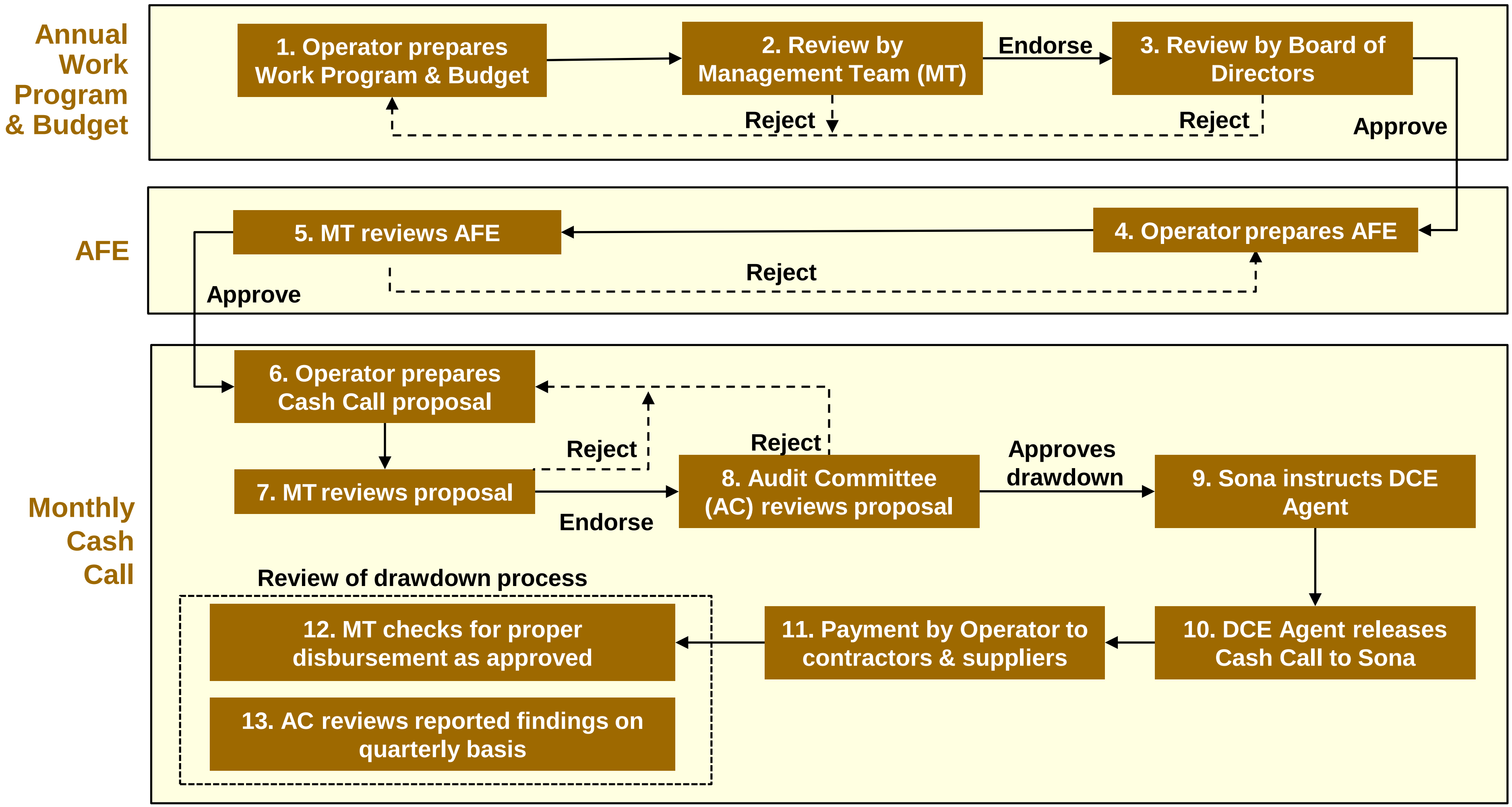
Drawdown Process for Drilling Cost Escrow Account

Release of monies from the Drilling Cost Escrow (DCS) Account which must be updated to shareholders through monthly & quarterly announcements



Awards Received

Sona has been awarded by a trusted and reputable international body

Sona Petroleum was awarded by global investors as the 'Most Organised Investor Relations; and Strongest Adherence to Corporate Governance' in Southeast Asia's Institutional Investor Awards 2015

Advisers

Sona has been advised by qualified and reputable international and local advisers

INTERNATIONAL ADVISERS

GILBERT TOBIN LAWYERS
- Australian Legal Counsel

Wood Mackenzie
- Independent Market Researcher

Deloitte.
- Financial/Tax Due Diligence & Tax Restructuring

Gaffney, Cline & Associates
- Independent Technical and Asset Valuation Expert

LOCAL ADVISERS

CIMB
- Principal Adviser

EY Building a better working world
- Reporting Accountants

Adnan, Sundra & Low
- Domestic Legal Counsel

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