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RH Petrogas currently has five O&G assets

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Shares of RH Petrogas have been on a steady uptrend since early this month, rising around 30% over the week to close at 64.5 Singapore cents (RM1.65) on Thursday.

Sona Petroleum's shares and warrants were also heavily traded, with the mother share gaining 2.5 sen to 43.5 sen, while the warrants rose 1.5 sen to close the day at 27.5 sen.

Private placement aside, Sona Petroleum is said to be evaluating three of RH Petrogas' fields - the Fuyu 1 Block in the Songliao Basin of China, the Island Block in West Papua, Indonesia, and the Basin Block in West Papua, Indonesia. The field in China is in the development stage, while both the fields in West Papua are already producing.

The Basin and Island blocks in West Papua, Indonesia, have prospective resources of 432 million and 400 million barrels of oil respectively, while the Fuyu block has reserves of 27 million barrels of oil.

Sona Petroleum's stated plans have been to acquire O&G assets that are already producing and whose cash flows would enable it to fund future acquisitions.

RH Petrogas currently has a total of five O&G assets and aims to increase current production of 4,300 barrels of oil equivalent per day rapidly, based on information on its website.

In a note to clients, Singapore's UOB Kay Hian also mentioned this possibility, stating that according to its "channel check," Sona Petroleum could be "looking at some of the O&G assets in the Singapore-Stock Exchange-listed RH Petrogas."

Sona Petroleum officials had yet to respond to calls from Straits as at press time.

Sona Petroleum raised RM550mil from its initial public offering (IPO), where 90% of the proceeds was put into a trust. Under the Securities Commission's guidelines, at least 80% of the amount in the trust should be used for the QA, and this acquisition had to be completed within 36 months from the close of the

IPO. This would mean that Sona Petroleum would need to spend approximately RM400mil for its QA.

Fibiscus Petroleum Bhd was the first SPAC to make its QA back in April 2012, when it acquired a 55% stake in Lime Petroleum for RM168mil. It will start its drilling programme in Oman next month.

CIQ Energy Bhd, the country's second SPAC, meanwhile, has identified five assets for its first acquisition. The company has received 38 proposals from Asia and Oceania, with five having been shortlisted for full evaluation. They are from Indonesia, Papua New Guinea and Malaysia.

Tiong's flagship company is the unlisted Rimhutan Hijau Group. He owns a controlling stake in Media Chinese International Ltd, which controls the Chinese news segment in Malaysia, and also owns majority stakes in Jaya Tisa Holdings Bhd and Subur Tisa Holdings Bhd.

SPAC said to be evaluating three fields in Indonesia and China

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PETALING JAYA: Special-purpose acquisition company (SPAC) Sona Petroleum Bhd is close to making its qualified acquisition (QA), and the target company is Singapore-listed RH Petrogas Ltd, an oil and gas (O&G) company controlled by Sarawak tycoon Tan Sri Tiong Hiew King (inset). Tiong is chairman of RH Petrogas. A source explained that Sona Petroleum could be

both buying a stake in RH Petrogas via a placement of shares, as well as acquiring some of its assets, which are offshore O&G blocks.

While details are scant at the moment, insiders said that Sona Petroleum was looking to take up a 10% placement of shares in RH Petrogas, as the latter was looking to raise US\$60mil (RM190mil) for capital expenditure.

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