



5 REASONS TO INVEST



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- 1 A history of shallow success** More than a century ago, Holland's Doda Oil Company met with **incredible success** in the West Sulawesi province of Indonesia, where Sonoro Energy now has its Budong Budong drilling license. In the early 1900s, the Dutch firm **discovered a "giant" oil seep** using primitive technology, and drilled a series of shallow wells in the area; **all drill sites encountered hydrocarbons**, with one well producing small volumes of oil for more than a decade and others blowing out. Oil and gas **continues to leak from wellheads and seeps today**.
- 2 Low-risk exploration initiative** Sonoro Energy is committed to **revisiting this shallow-well success**, and accessing these bypassed resources through its **LG-1 Up-dip appraisal well**. After closing a **CAD\$3.6-million financing** for an exploration program, **drilling began in October 2017**, with the well successfully controlled, cased, cemented and logged to 297 meters. Coring drilling operations have begun to 500m to target sands, after **oil and gas shows and a gas kick to surface** from 297m. Unrisked prospective recoverable equivalent is estimated at **15.9 million barrels**, as a net-mean-case scenario; Sonoro is focused on **fast-tracking to commerciality**, and obtaining a 20-year production license.
- 3 Potential for untested new reservoir** The LG-1 Up-dip appraisal well is testing a thickening updip feature on well-established multiple seismic lines. There are **additional potential reservoir structures** identified across the 1,099-square-km Budong Budong lease, **some even larger** than the LG-1 structure. The key is to establish commerciality to obtain a 20-year production license, allowing Sonoro Energy to then pursue the other structures, and **open up this proven but untested petroleum basin**.



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Experience and environment The management team of Sonoro Energy and its wholly owned subsidiary, Stockbridge Oil and Gas Ltd., has a **wealth of exploration and production experience in southeast Asia**, with companies like Shell, ARCO, P.T. Petcon, Bukit Energy, Pertamina and Total. Multiple members of the team were involved in the exploration of the Palangkaraya block, which was ultimately sold to Conoco-Phillips. The team is well experienced in **building public oil and gas companies**, with one of its successes including Bankers Petroleum Ltd. and its eventual sale to the Chinese in 2016. In April 2017, the Indonesian government also signalled its intention to create a **more foreign investment-friendly environment**, with various financial incentives—including tax-free import of drilling equipment and technology, and easier cost recovery—designed to bring in as much as US\$200 billion in investment. Once a member of OPEC, Indonesia is currently dependent on imports, but has **tremendous proven petroleum basins**.

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Geography Balikpapan's **Pertamina Refinery** lies just across the Makassar Strait from Budong Budong, a 280-kilometer trip that takes **less than 48 hours by tanker**.