



**SOUND  
ENERGY** PLC

# STAKEHOLDER PRESENTATIONS

20 St Dunstan's Hill, London

28 June 2022







# A SUSTAINABLE BUSINESS MODEL WITH ESG AT ITS CORE

**EXPLORATION**

**DEVELOPMENT**

**FINANCE**

**STAKEHOLDER  
ENGAGEMENT**

**Q&A**







# FUELLING THE ENERGY TRANSITION

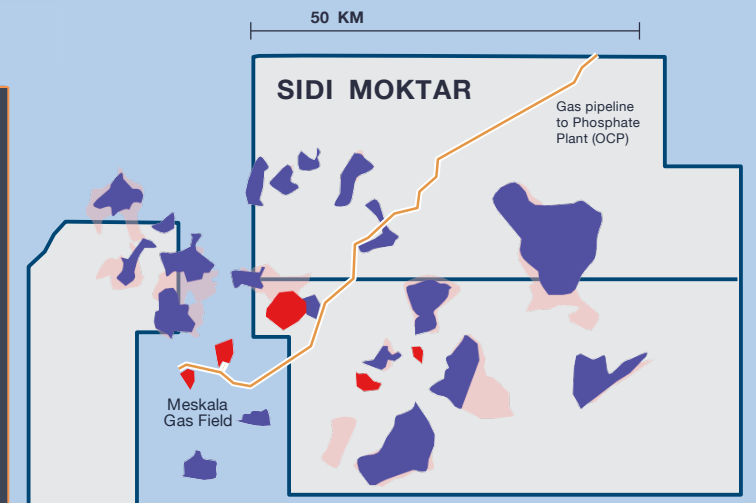
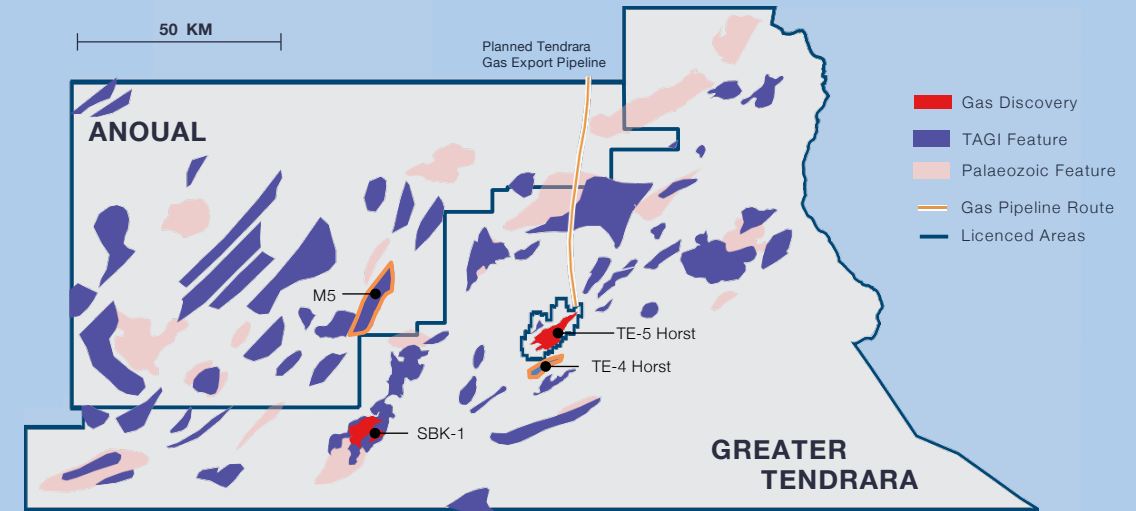
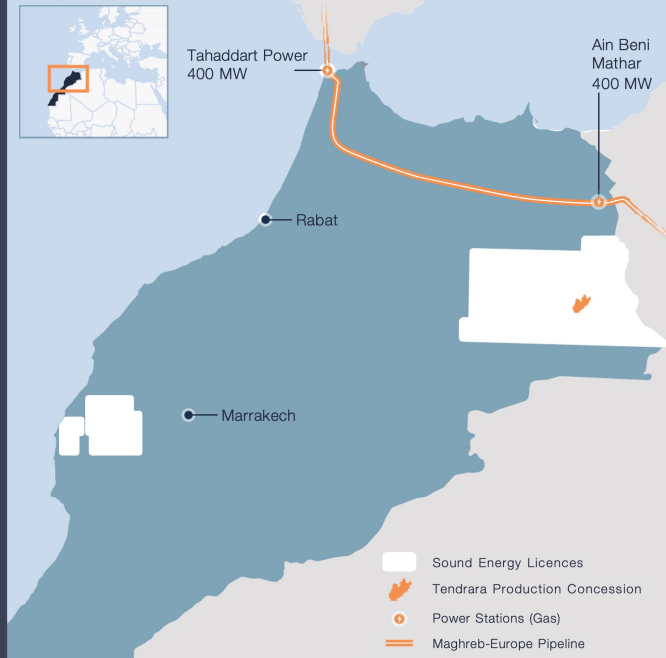
EXPLORATION

28 June 2022





# FURTHER GAS EXPLORATION: Significant potential for scalable growth



- Largest onshore permit holder in Morocco, approximately 28,000 square kilometres licensed
- Potential of continuity with the prolific Algerian Triassic & Palaeozoic sub-salt gas plays into Morocco
- Overlooked, high exploration potential for gas with an inventory of 28.35 Tcf<sup>1</sup> identified around existing gas discoveries e.g. TE-5 Horst, SBK-1 & Meskala

<sup>1</sup> Internal exploration potential estimates, unrisks original gas in place (gross, 100%)

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Exploration  
Summary



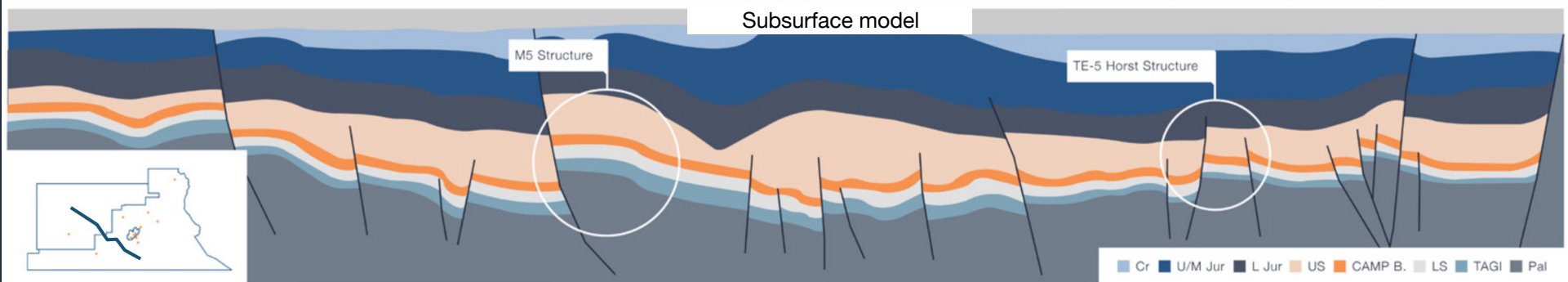
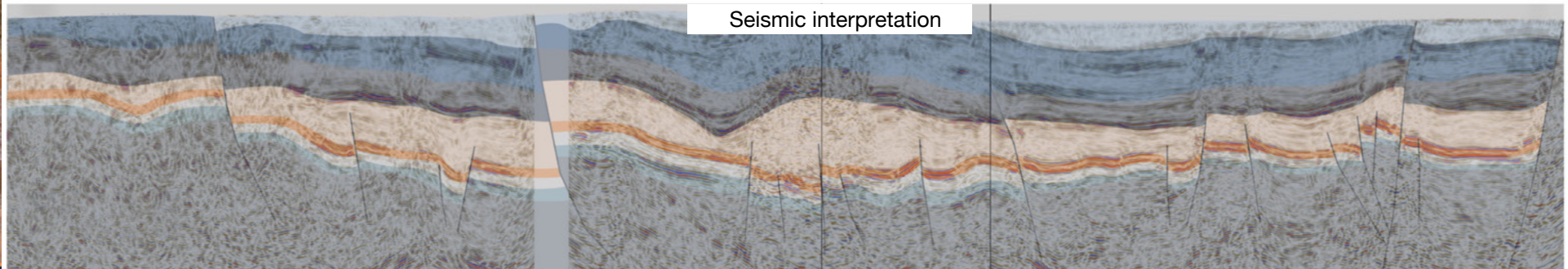
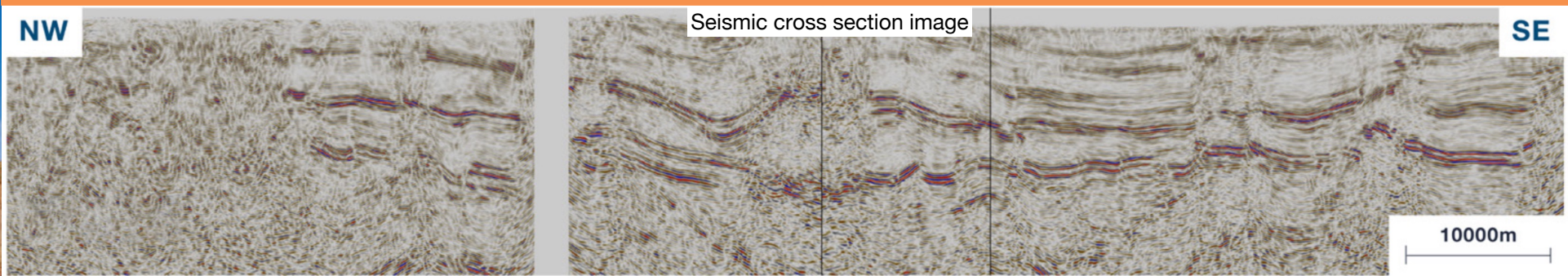


# GREATER TENDRARA & ANOUAL SUBSURFACE

- Sub-salt seismic imaging improved by 2017/18 Sound Energy geophysical surveys
- Numerous Triassic (TAGI reservoir) fault blocks remain undrilled beneath the extensive salt seal



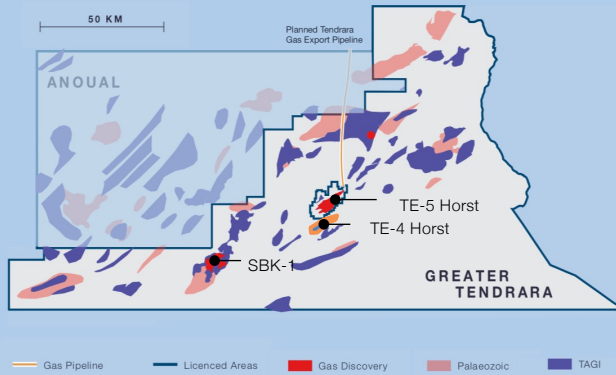
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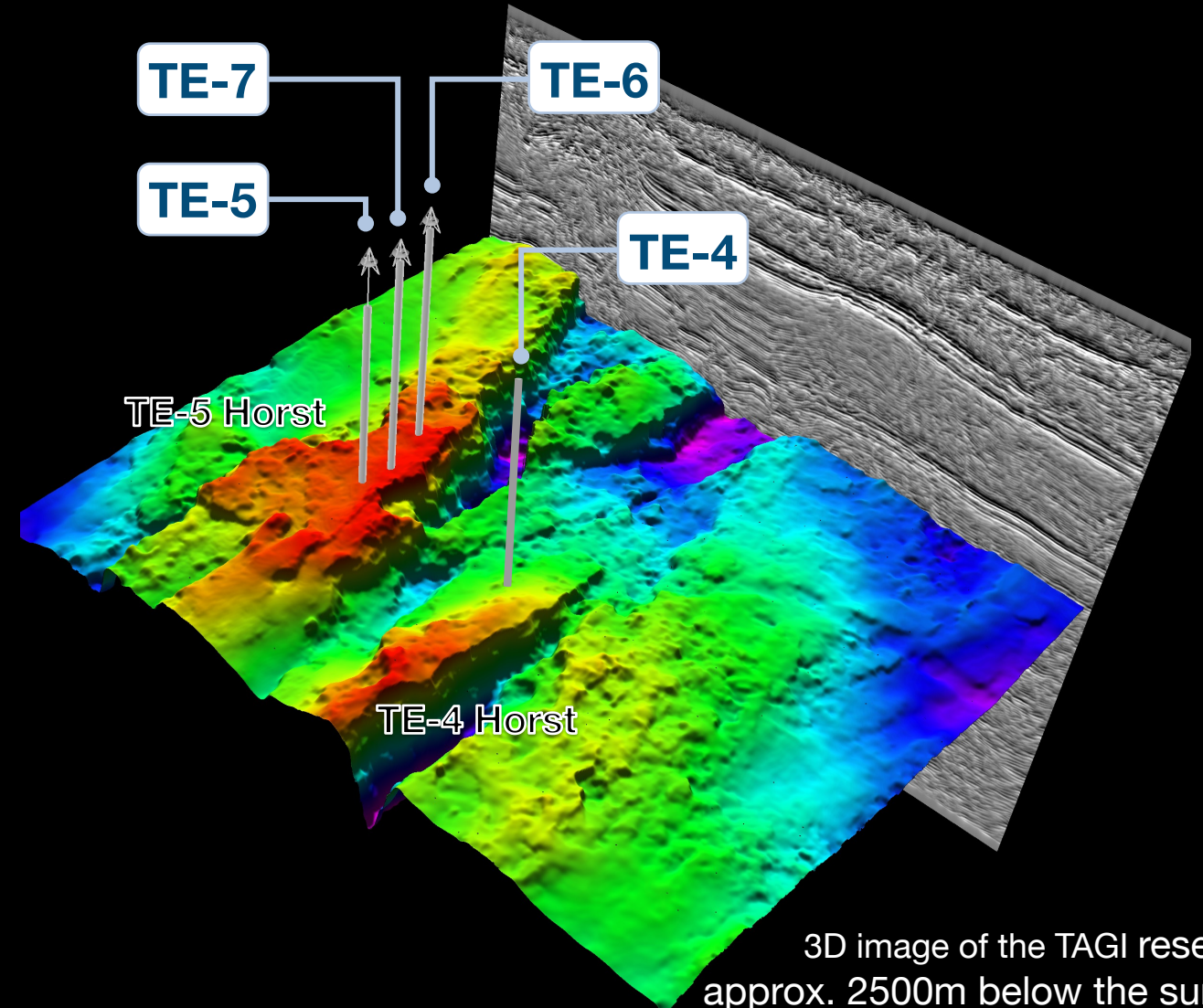




# GREATER TENDRARA PERMIT: Appraisal of TE-4



- Simple structure, fault block partially investigated by the TE-4 well drilled in 2016.
- New seismic imaging demonstrates the TE-4 well location was suboptimal
- Drill on the crest, objective to locate higher quality reservoir lacking the pervasive carbonate cementation encountered in TE-4 well.



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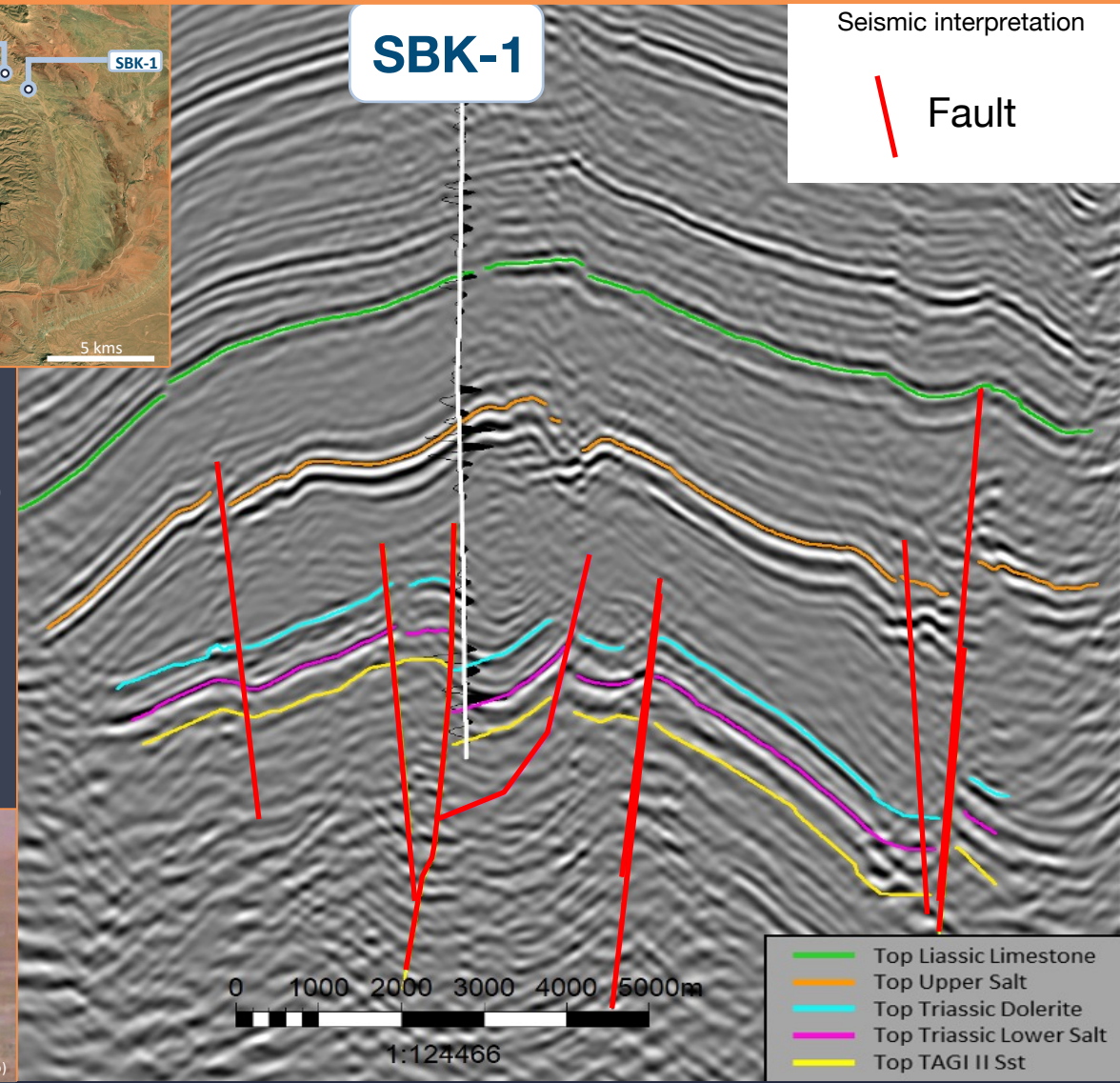
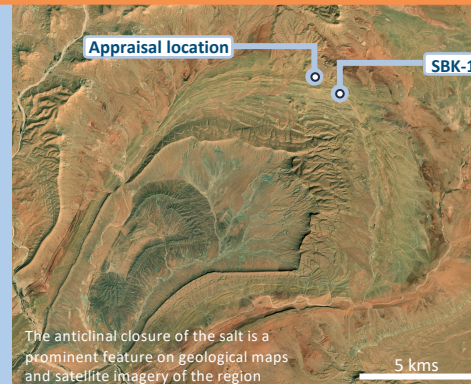
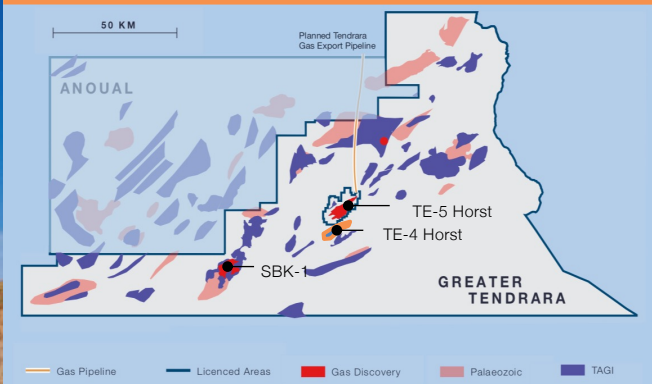
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Exploration  
Summary





# GREATER TENDRARA PERMIT: Appraisal of SBK-1



- Faulted anticline, drilled by SBK-1 (2000).
- The TAGI reservoir flowed gas to surface, with no mechanical stimulation.
- Sound Energy seismic acquisition & reprocessing has enhanced subsurface imaging.
- SBK-1 well trajectory proximal to a fault and in a small compartment, a sub-optimal location



Post acidification well test in July 26, 2000 (MPE video)

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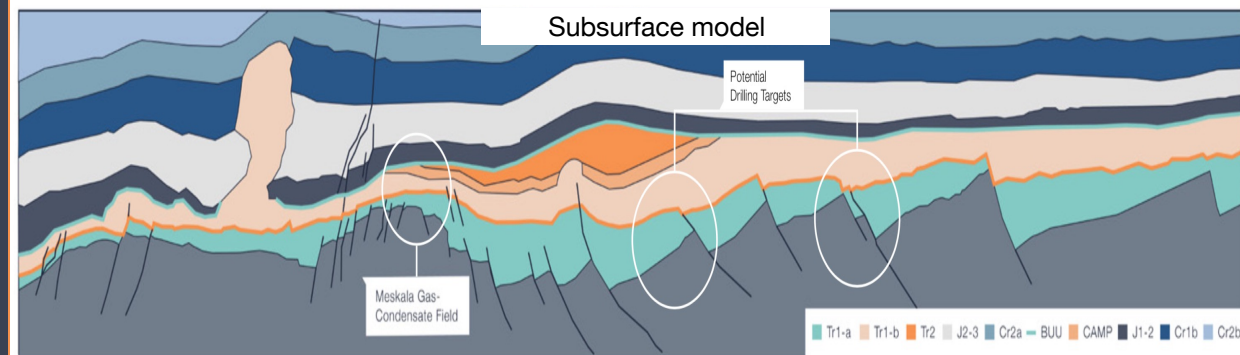
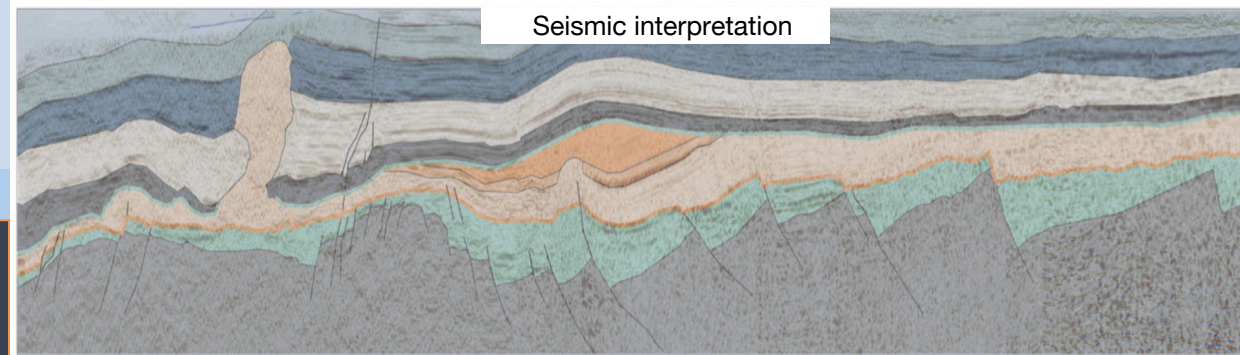
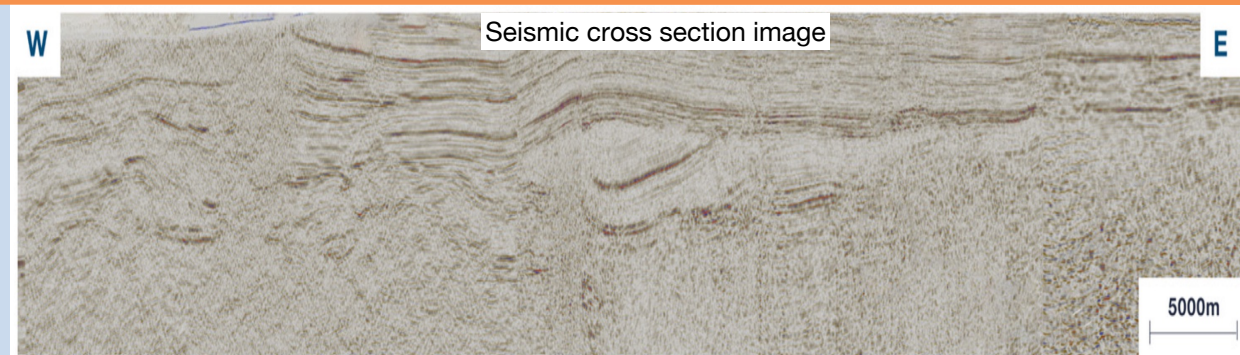
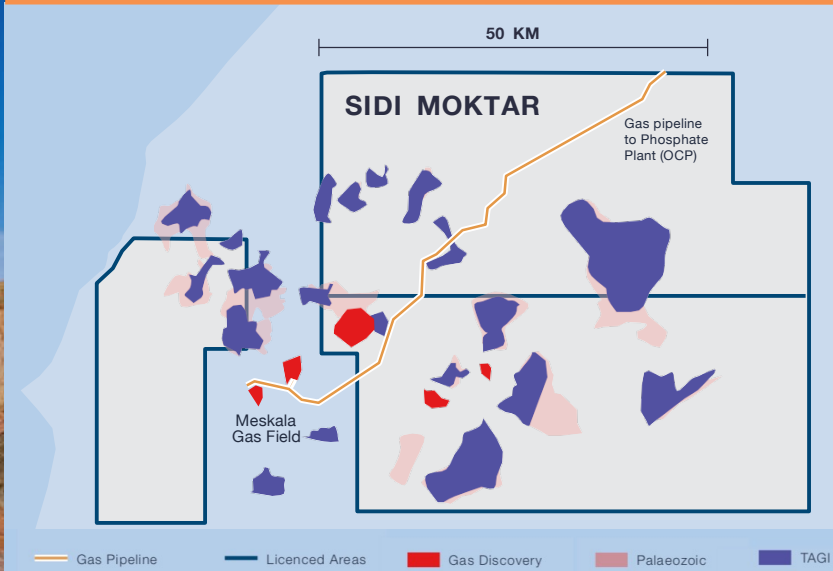
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Exploration  
Summary





# SIDI MOKTAR PERMIT: Seismic to mature leads into drillable prospects



- Adjacent to the Meskala Gas Field, produces gas from a sub-salt Triassic TAGI reservoir
- Deeper sub-salt plays are underexplored, historical exploration focussed on shallow objectives
- We have identified 25 sub-salt structural leads
- Seismic to mature leads to drillable status

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Exploration  
Summary





# EXPLORATION SUMMARY

## FARM OUT A PORTION IN EXPLORATION PERMITS TO FUND OUR INFRASTRUCTURE-LED DRILLING AND SEISMIC PROGRAMMES

### GREATER TENDRARA & ANOUAL DRILLING

- ▶ Drilling campaign targeting 3 opportunities in a proven gas basin
- ▶ Commercialisation through developing infrastructure centred on the TE-5 Horst with sufficient capacity in the Tendrara Export Pipeline, or as standalone projects.
- ▶ Rig available, on contract
- ▶ Further opportunities exist for follow on exploration

### SIDI MOKTAR SEISMIC

- ▶ Significant potential around the Meskala Gas field which proves the sub-salt gas potential of this permit.
- ▶ Requires a short seismic programme to mature leads to drillable prospects



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Exploration  
Summary





# FUELLING THE ENERGY TRANSITION

## DEVELOPMENTS

28 June 2022



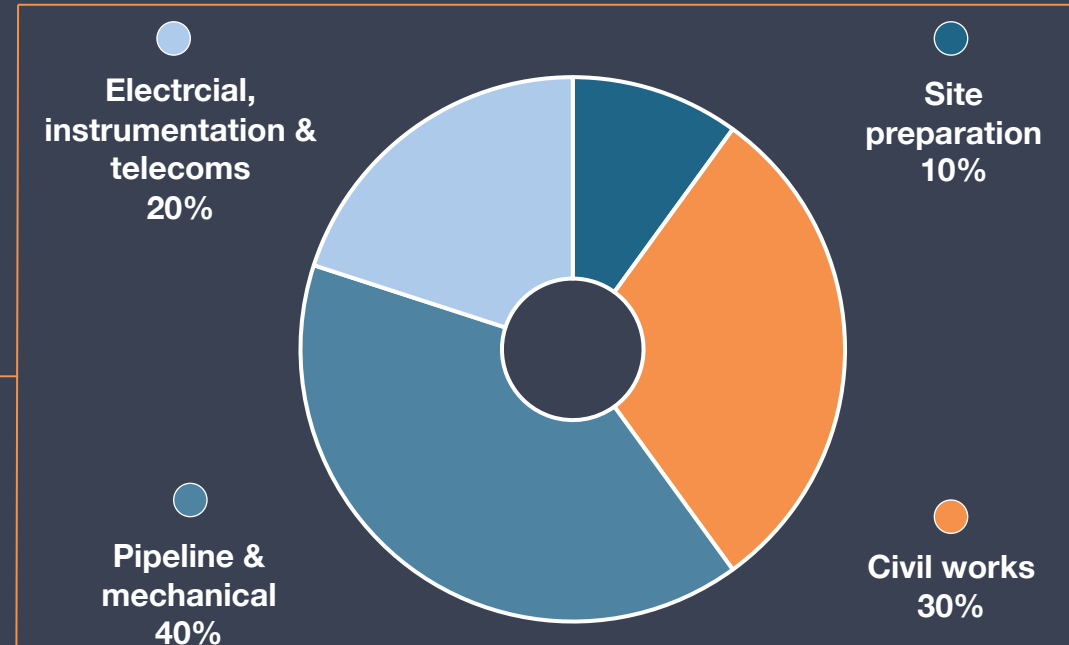




# TENDRARA PHASE 1 mLNG: Significant potential for scalable growth

## ACTIVITIES COMPLETED:

- Italfluid mLNG Plant Contract.
  - Engineering being progressed in-house and with major vendors
  - Purchase Orders placed for major equipment packages
- Site construction activities commenced
  - Site preparation works complete
  - Civil work commenced
  - 54 days with no HSE incidents reported



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Developments  
Summary





# TENDRARA PHASE 1 mLNG



Site Preparation – Start March 2022



After 1 week



After 1 month



Video above press play

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Developments  
Summary





# TENDRARA PHASE 1 mLNG

mLNG Plant Area complete



Excavation Works – Evaporation Pit complete



With geomembrane installed



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Developments  
Summary





# TENDRARA PHASE 1 mLNG

LNG Storage Tank Foundation  
Excavation



Preparing to excavate compressor  
package foundations

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Developments  
Summary





# TENDRARA PHASE 1 mLNG

## ACTIVITIES COMPLETED:

- Reservoir Model update complete
- Access Road Repair complete
- Flow Assurance Study complete

## ONGOING ACTIVITIES

- Wellhead Inspection & Servicing tool fabrication
- Flowlines Concept Selection & Preliminary Engineering
- Owners Engineering Support

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Developments  
Summary





# TENDRARA PHASE 2 CPF AND PIPELINE

- Morocco currently has no access to gas to fuel its domestic industry and the power production sector
- Tendrara Phase 2 Project presents a solution to this issue

## CURRENT STATUS

- Pipeline Right Of Way lease arrangements being progressed
- Ongoing discussions with ONEE and other potential gas clients
- Request for Proposal issued to interested bidders for:
  - Flowlines and Central Processing Facility scope
  - Export Pipeline and Compression Station scope
- Bids received and under evaluation

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Developments  
Summary





# FUELLING THE ENERGY TRANSITION

**FINANCE**

**28 June 2022**







# FINANCIAL PRINCIPLES AND PRIORITIES

*“Steadying the ship, upping anchor and moving forward”*

## STRATEGY

Strategic reset in 2020 – business model shift from ‘exit’ to a self-financing entity gas production central– 1<sup>st</sup> gas in 2023

Seek accretive NBD (organic and inorganic) to accelerate our trajectory to revenue generation

## CAPTIAL ACCESS

Shaping our debt obligations within financial envelope

- Bond restructuring
- Afriquia debt terms
- innovative facilities lease agreements

## DISCIPLINE

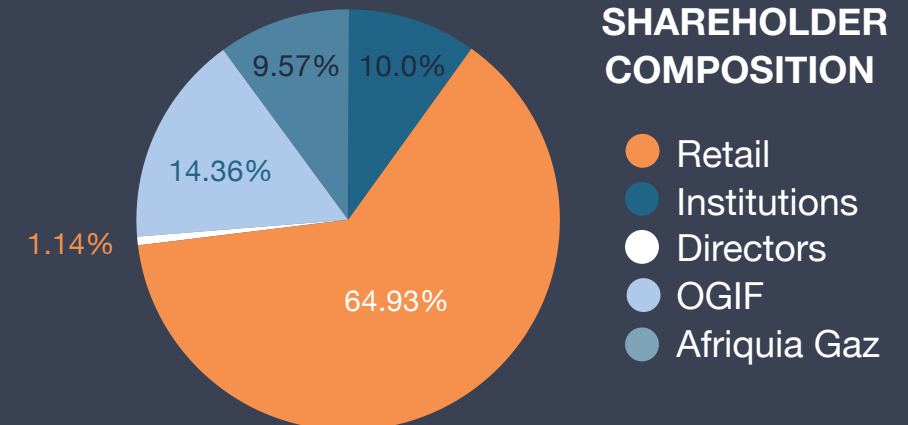
Instil cost discipline as embedded in our cultural reset

- 60% reduction in G&A from 2019 to end 2021
- MSAs with key providers

## VALUE

Value generated & returned to shareholders through capital growth & sustainable cash generation

## SHAREHOLDER COMPOSITION



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Finance  
Summary





# PHASE 2 FINANCING

*“Good progress is being made”*

## PROJECTS OF THIS MAGNITUDE REQUIRE INNOVATIVE SOLUTIONS TO FUND

- ▶ Appointment of senior debt lead arranger
  - ▶ Attractive terms to underpin 75% of gross funding requirement
- ▶ Currently at DD phase to further refine terms
  - ▶ We are positioned and funded to do this from recent raise
- ▶ Further opportunities exist for follow on exploration

## ADDRESSING THE BALANCE

- ▶ Maturing various options for balance of Phase 2 funding
  - Farm-down (could also benefit exploration)
  - Junior (subordinated debt)
  - Vendor financing
  - Gas trading pre-pay / mezzanine structures

**WE HAVE A  
TRACK RECORD  
OF INNOVATIVE,  
NON-EQUITY  
FINANCING  
SOLUTIONS**

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2

Finance  
Summary





# QUESTIONS

