



**SOUND
ENERGY** PLC

FUELLING THE ENERGY TRANSITION

**INVESTMENT
SUMMARY
SEPTEMBER
2021**





THE SOUND ENERGY BOARD AND LEADERSHIP TEAM

NEW LEADERSHIP TEAM RETAINING CORE KNOWLEDGE



Graham Lyon

Executive Chairman

An experienced oil and gas executive with 40 years of technical, operational and commercial leadership roles. A petroleum engineer by training, holds various directorships at listed and private energy and consulting firms.



Mohammed Seghiri

Chief Operating Officer

Over 18 years' experience in leading complex European and African projects across different sectors, including gas storage, oil and gas exploration and power production. Joined Sound Energy from OGIF where he was Managing Partner.



Non-Executive Board Members:

Marco Fumagalli, founding member of Continental Investment Partners SA and previously Group Partner at 3i

Richard Liddell, over 35 years' oil and gas industry experience in a variety of executive and non-executive positions

David Blewden, experienced finance and oil and gas industry executive and non-executive. Currently CFO at Sunny Hill Energy Ltd



Garry Dempster

Chief Financial Officer

Over 25 years' international oil and gas industry experience in a variety of executive, M&A, asset management, technical, finance and commercial roles with Halliburton, Total, Shell and Orsted. Garry is a Chartered Engineer.



John Argent

Vice President Geoscience

Over 25 years' technical oil and gas industry experience with Amerada Hess, Paladin, BG Group and Shell. An experienced geoscientist with global expertise, John is a Chartered Geologist and Fellow of the Geological Society.

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FUELLING THE ENERGY TRANSITION

TODAY

- ▶ **FOCUSED**
Moroccan gas development / monetisation strategy
- ▶ **COMPELLING**
Case for gas in Morocco
- ▶ **DEVELOPING**
A major discovered gas resource with strategic partners e.g. Afriquia Gaz
- ▶ **FINANCED**
Phase 1 gas development via Micro LNG with Afriquia Gaz and Italfiuid, unlocking cash flow
- ▶ **PHASE 2**
Pipeline gas to power generation providing an alternative to coal use
- ▶ **GAS EXPLORATION**
Portfolio offers potential for transformational growth
- ▶ **SUCCESSFULLY RESTRUCTURED**
Long-term debt to enable value delivery
- ▶ **STRONG ESG**
Lower carbon footprint fuel

THE FUTURE

- ▶ **TRANSITION ENERGY**
Delivering secure, affordable and sustainable energy replacing imported LPG, coal and Algerian gas
- ▶ **PORTFOLIO DIVERSIFICATION**
By asset class and geography to spread risk and open growth opportunities
- ▶ **SHAREHOLDER RETURNS**
Delivered through sustainable cash generation and capital growth

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INVESTMENT PROPOSITION

DELIVERING NEAR-TERM GROWTH POTENTIAL

- Largest onshore operator in Morocco and focused leadership team with track record of delivering value
- Advanced in monetising Tendrara's significant 377 bcf, 2C¹ (100%) gas resource through an innovative phased development
- Scalable Phase 1 Micro LNG FID planned 2021 with First Gas expected within 24 months, fully funded (subject to contract), unlocking cash flow
- Phase 2 pipeline gas sales, preparation for FID 2021 and first revenue generating significant value
- Significant multi-TCF upside exploration potential at both Tendrara and Sidi Moktar
- Value upside as trading at a deep discount to book value supported by SP Angel equity research valuation
- Assessing a basket of Energy Transition growth opportunities in and beyond Morocco
- Multiple near-term catalysts for a re-rating with attractive ESG credentials

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UPCOMING CATALYSTS:

▶ Phase 1 Micro
LNG Development
Final Investment
Decision

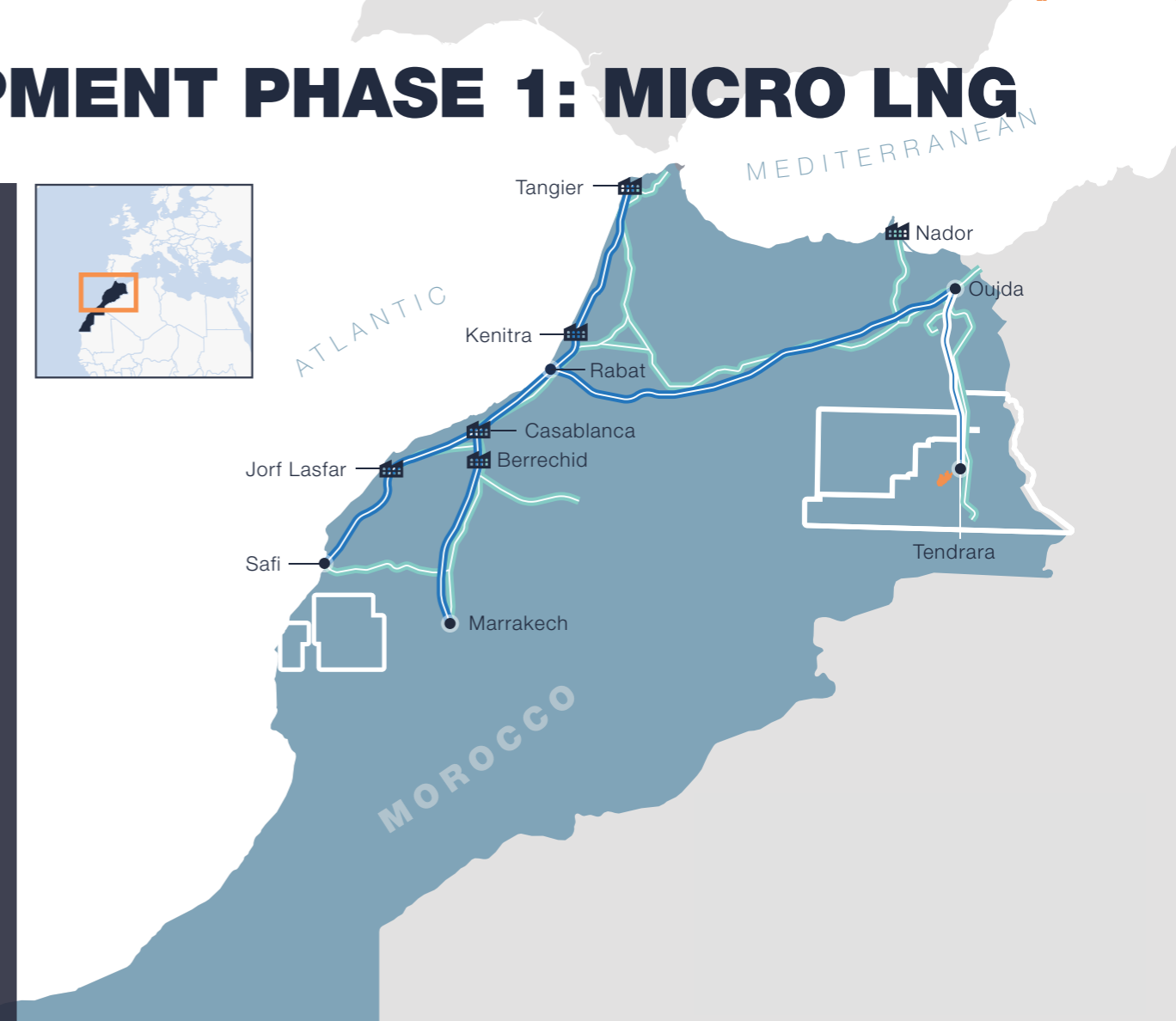
▶ Definitive Gas Sales
Agreement for
Phase 2 pipeline
development

▶ Phase 1 First LNG
delivery, within 24
months from FID



TENDRARA DEVELOPMENT PHASE 1: MICRO LNG

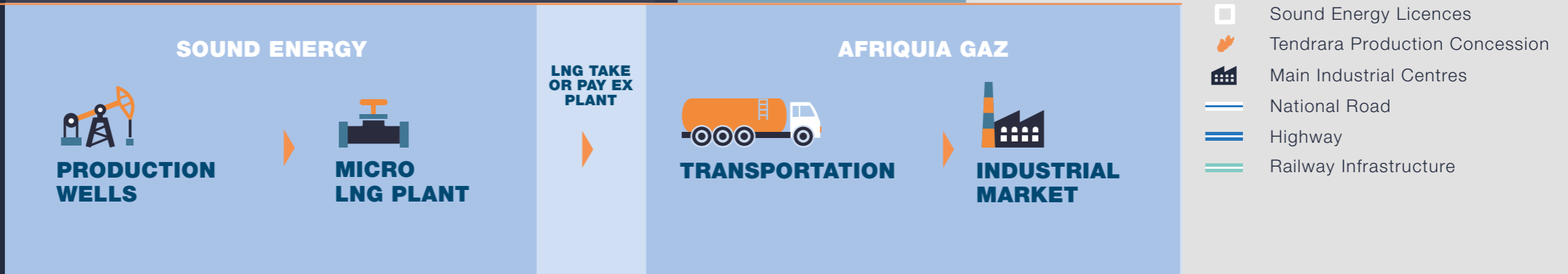
- LoE signed with EPC contractor Italfliuid Geoenergy S.r.l for Micro LNG plant
- HoT with Afriquia Gaz (part of AKWA group) covering Sound Energy's project capital requirement to first gas
- Binding gas sales agreement in place with Afriquia Gaz
 - 10-year commitment from first gas to sell annual contractual quantity of 100 million standard cubic metres per annum with take or pay agreement priced at \$6-\$8.346 per mmbTU ex plant
- LNG CPF EIA permit approved
- Next steps
 1. Finalise funding documentation
 2. Finalise Micro LNG plant contract with Italfliuid
 3. Final investment decision (notice to proceed)



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MICRO LNG: COMMERCIAL SUMMARY

SOLID FUNDING AND BUSINESS PARTNERSHIPS

ITALFLUID

Italf fluid Geoenergy S.r.l.



Micro LNG Plant to be designed, constructed, commissioned, operated and maintained by Italf fluid with guarantees for plant operability and delivery

Lease structure (with option to buy):

1. Minimal two-step capital payments at FID and following successful completion of Micro LNG plant commissioning (including production build-up)
2. Leasing solution substantially lowers capital investment requirements of Phase 1 development
3. Daily Rental payment paid to Italf fluids on guaranteed daily volume only
4. Performance guarantees on plant availability

AFRIQUIA GAZ

Afriquia Gaz SA



Substantial market share of LPG supply currently

1. 44% share of Moroccan LPG market¹
2. Listed in Morocco
3. Market Cap. of c.£1.1 bn²

Financing

1. Loan note for \$18 million
2. £2 million equity placement to become 9.8% shareholder
3. Provision of transportation and end-user storage & re-gasification
4. Guaranteed 10 year take or pay offtake contract

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¹ Advised by Afriquia Gaz CFO on 5 May 2021

² Quoted from Casablanca Bourse at 1.22pm on 5 May 2021



TENDRARA DEVELOPMENT PHASE 2: CPF AND PIPELINE

RECOVERABLE RESOURCES OF 377BCF (2C)¹ GAS DISCOVERY (TE-5 HORST)

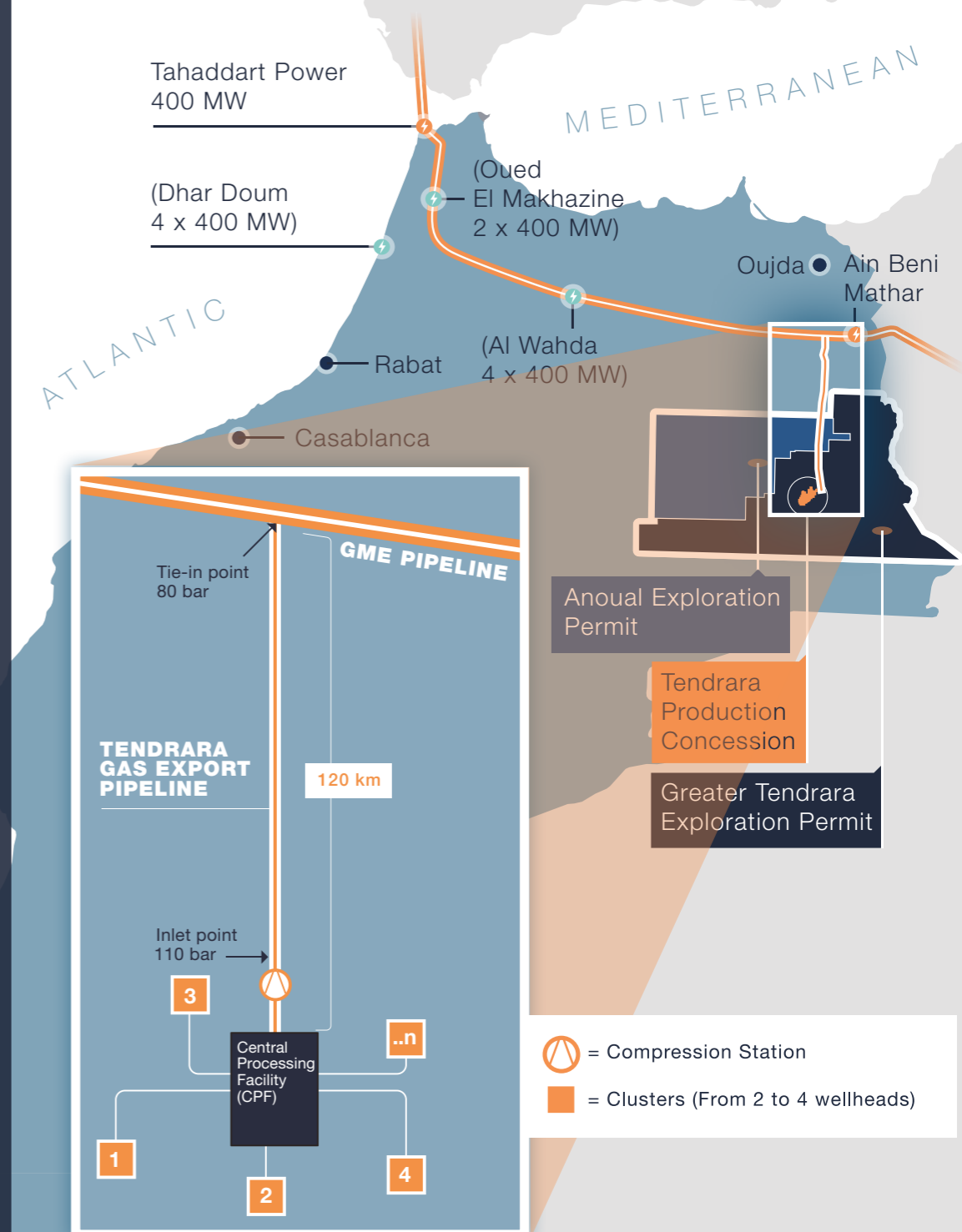
- 20" inch, 120km Tendrara Gas Export Pipeline (TGEP): FEED complete
- Tie-in to existing GME pipeline (Station M04): FEED completed by Metragaz (EMPL operator)
- Pipeline EIA permit approved
- 70 mmscf/d raw gas CPF processing capacity: FEED completed by Enagás Consortium
- CPF EIA permit approved
- GSA MoU (ONEE) signed October 2019 for domestic power plants for gas-to-power generation (transit via GME line), minimum volume of 0.3 bcm/year
- Recompletion of existing TE-6 & TE-7 wells (Phase 1), followed by 6 horizontal wells planned for FFDP First Gas (Phase 2)

Future Activities:

1. Additional Processing Plant
2. Additional Development Wells
3. Maturing gas-for-industry options for future discoveries

- Completed
- To be completed

¹ Certified by RPS Energy Consultants Limited

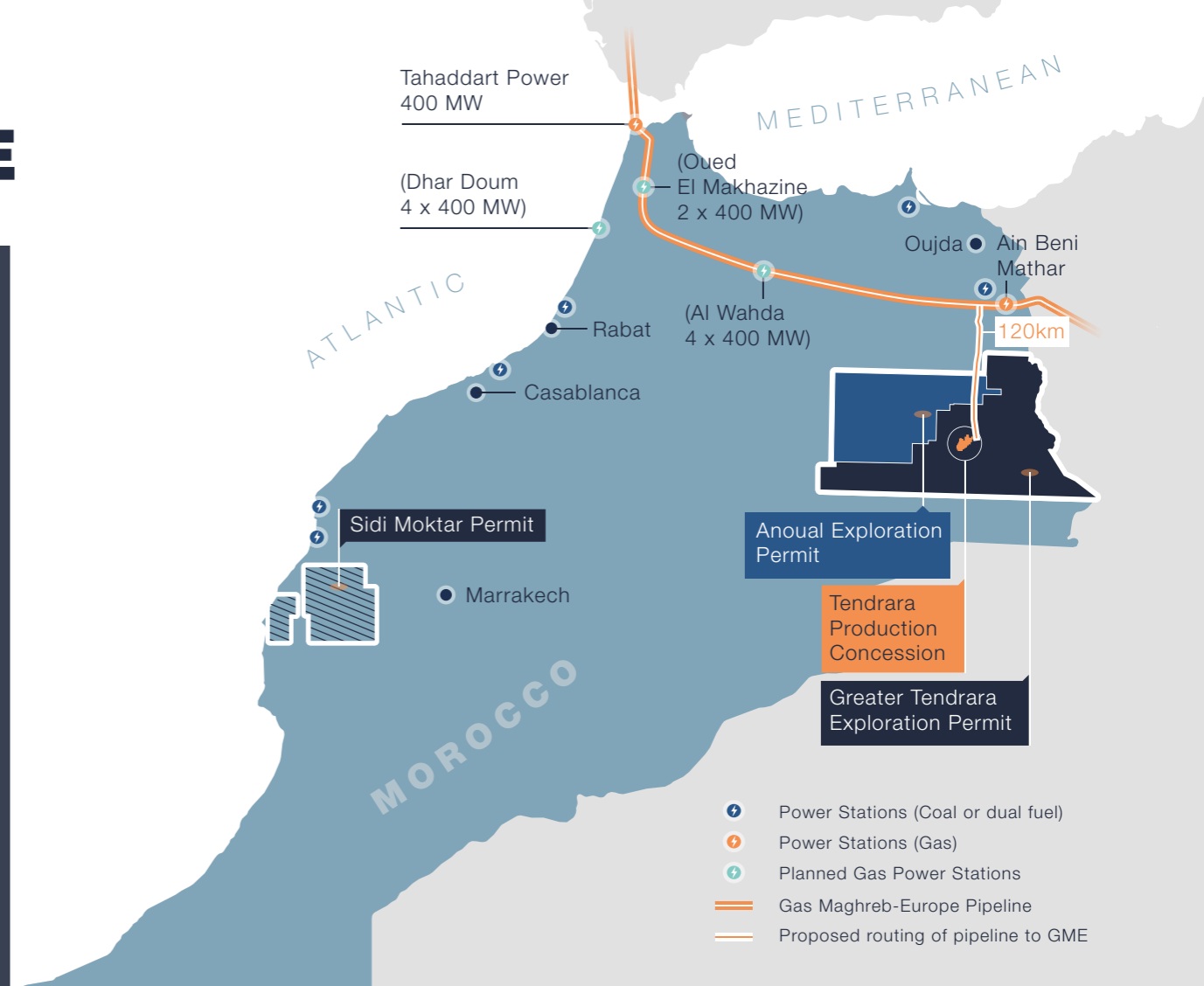




MOROCCO AND GAS: A COMPELLING CASE

- Morocco imports 90% of all consumed gas from Algeria through the GME pipeline - feeds two existing CCGTs in Tahaddart and Ain Beni Mathar
- Electricity needs are growing at a sustained yearly rate of about 5%¹
- The Moroccan Government is committed to reduce dependency on imports, with a clear energy policy focused on energy security and sustainability
- The Morocco National Energy Strategy has stated its plan to harness renewable energy and add 3,900 MW of new gas-fired power capacity² as an alternative to coal
- Natural gas therefore plays a strategic role as a bridge fuel and a catalyst to sustain Morocco's growing energy needs
- Increasing domestic energy needs are identified as a growth opportunity for Tendirara gas
- Connecting to the GME opens access to European market with confirmed capacity by Spain and Portugal, two import-dependent geographies, to absorb additional volumes
- Attractive fiscal terms (10-year tax holiday)

¹ IEA Energy Policies Beyond IEA Countries 2019 Morocco
² Moroccan nationally determined contribution under the UNFCCC 2016
³ ONHYM 2021



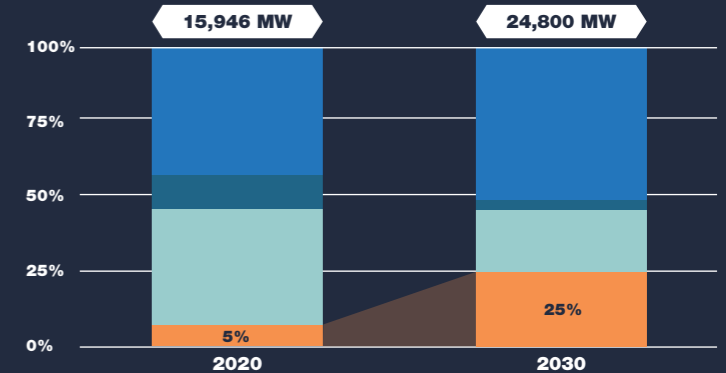
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POWER GENERATION IN MOROCCO INSTALLED CAPACITY & GAS REQUIREMENTS³

● Natural Gas ● Fuel Oil
● Coal ● Hydro-Solar Wind





FURTHER GAS EXPLORATION: SIGNIFICANT POTENTIAL FOR SCALABLE GROWTH

- We are the largest onshore licence holder in Morocco
- Potential of continuity with the prolific Algerian Triassic & Palaeozoic sub-salt gas plays
- Opportunity to access the overlooked, high exploration potential with 28.35 Tcf¹ identified across the licences

GREATER TENDRARA

- 8 years from September 2018

75% interest* Operated	Exploration permit	14,411 km ² 8 wells drilled	Satisfied work programme commitment for first period ending September 2022
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ANOUAL

- 8 years from September 2017

75% interest* Operated	Exploration permit	8,873 km ² 1 wells drilled	1 well commitment in 2021, likely subject to FM
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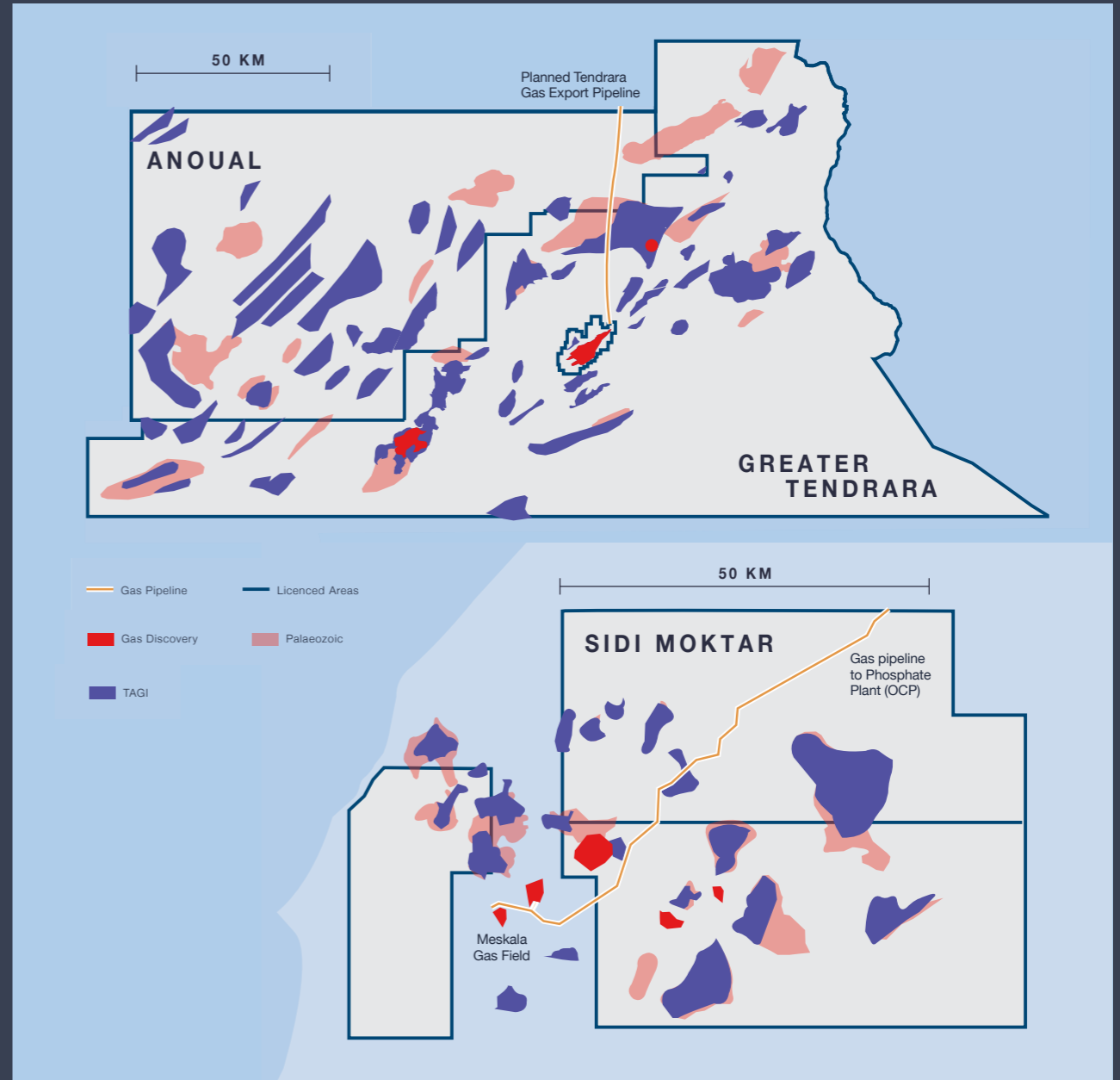
SIDI MOKTAR

- 10 years from April 2018

75% interest* Operated	Exploration permit	4,712 km ² 44 wells drilled	500 kms of 2D seismic & well abandonment before October 2022
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¹ Internal exploration potential estimates, unrisks original gas in place (gross, 100%)

* Sound Energy entered into a sale and purchase agreement with Schlumberger Holdings II Ltd to acquire the entire issued share capital of Schlumberger Silk Route Services Ltd which, post completion, will increase its participating interests in the Anoual and Greater Tendirara exploration permits from 47.5% to 75%





SOUND ENERGY: FINANCIAL OVERVIEW

KEY FINANCIAL PRIORITIES

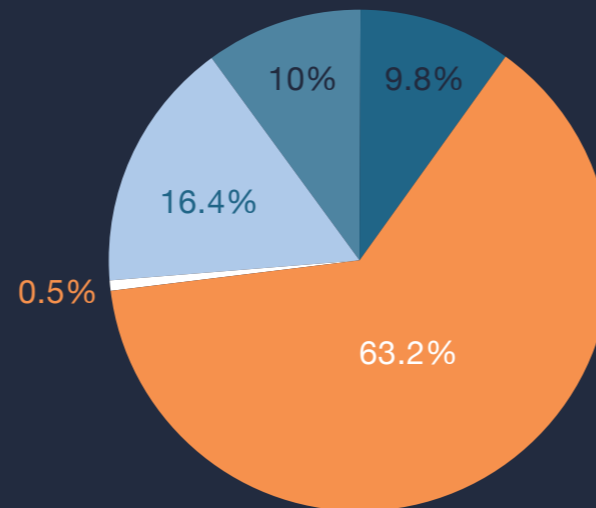
- Re-structuring €28.8M 5% senior secured notes - completed to shareholder's advantage
- Finalise \$18 million loan note
- £2 million placing with Afrikaia Gaz completed
- Cash generation within 24 months from FID
- Continue to prudently manage re-baselined working capital level
- Continue maturing industry/alternative financing solutions including asset and vendor financing, and potential farm-downs

Market Cap \$M¹	c. \$36M
Debt \$M²	\$30.4M
Cash \$M³	\$4.2M
Net 2C Resources⁴	283 bcf*
Net Unrisked OGIP⁵	21.3 Tcf*



KEY SHAREHOLDERS UPDATE

- Retail
- Institutions
- Directors
- OGIF
- Afrikaia Gaz



* Pending completion of Schlumberger Silk Route Services Limited acquisition by SE plc

¹ As at 4 August 2021

² €25.32 mln 5% Eurobond

³ As at 30 April 2021

⁴ RPS Energy Consultants Limited, SOU 75% share

⁵ Company internally estimated, gross unrisked original gas in place

⁶ As at 31 December 2020 prior to bond restructuring



A SUSTAINABLE BUSINESS MODEL WITH ESG AT ITS CORE

RE-CYCLE & GROW

- Re-cycle cash and leverage portfolio to fuel growth
- Leverage technical, financial and commercial skill sets to build the portfolio

PRODUCE

- Natural gas production via Micro LNG or larger projects at advantaged pricing to generate cash and value for shareholders



EVALUATE

- Evaluate our existing portfolio focusing on value extraction via a variety of sustainable energy transition strategies including partnerships, farm outs and revenue producing opportunities.
- Consider opportunities for revenue generation.

DEVELOP

- Advance development strategies with efficient use of financial resources.
- Move discoveries through the development phase at pace.
- Innovative co-operation with strategic partners who can deploy capital.

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ENVIRONMENT

- LNG and Piped gas development displacing coal and LPG to lower Morocco's carbon footprint
- Respecting our environment and upholding high environmental standards

SOCIAL RESPONSIBILITY

- Creating local employment in developing countries
- Investing in community projects e.g. Mataarka dispensary

PEOPLE

- Keeping our people safe
- Developing our people
- Promoting positive behaviours
- Training of Moroccan nationals

GOVERNANCE & ETHICS

- Committed to strong corporate governance to strengthen our business and serve our stakeholders.
- LSE listed entity observing QCA code
- Chairman and independent non-executive director appointed in 2020



CONCLUSIONS

- Ambitious leadership with complimentary skills and expertise
- Morocco - attractive growing economy
- Morocco - attractive fiscal regime
- Capturing new market with major players
- Phase 1 financed - delivering revenue in 24 months
- Phase 2 delivers enhanced returns
- Significant exploration upside
- Growth with ESG at its core

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Detailed information on
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