

Stock Data

Share Price: 2.16p
Market Cap.: £29.7m*
Shares in issue: 1,374m*
**incl. all available Broker Option shares*

Company Profile

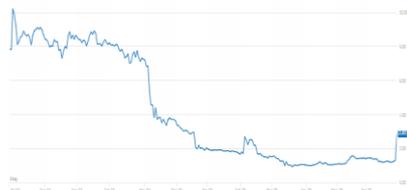
Sector: Oil, Gas and Coal
Ticker: SOU
Exchange: AIM

Activities

Sound Energy plc ('SOU, 'Sound', 'the Group') is a Moroccan exploration company focused onshore gas with a low cost 0.65 Tcf discovery (TE-5 Horst). It has supportive cornerstone investors, multiple strategic partners and a regional gas strategy that is underpinned by strong demand and local pricing.

Website: www.soundenergyplc.com

1-Year Share Price Performance



Source: [LSE](https://www.lse.com)

Note: Past performance is not an indication of future performance.

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Sound Energy plc

The Moroccan focused upstream oil and gas company has announced its successful conclusion of a placing ('the Placing') to raise new funding of £2.75 million (gross) through the issue of c.129.4 million new ordinary shares at a price of 2.125p each. Sound also announced a proposal to raise up to a further £1.75 million through its sole agent to the Placing, Turner Pope Investments, by way of a Broker Option for the issue of additional new ordinary shares at the Placing price. This is designed to enable smaller Group shareholders, along with other retail or institutional investors, to also participate in this fundraising exercise on a strictly "First Come, First Served" basis between the time of the RNS release and up to 4.30pm on 31 July 2020. The Placing price equated to a 1.5% discount to the mid-market closing price of the Group's ordinary shares on 28 Jul 2020 and, excluding the Broker Option shares, represent c. 10.0% of the enlarged issued share capital. The net proceeds of which will be used to strengthen Sound's existing cash position (which stood at approximately £4.2 million as at 30 June 2020) as it continues to progress the phased development strategy it outlined on [17 February 2020](#). Having been cleansed by the RNS release, certain Group Directors have reflected their confidence in Sound's forward opportunity through their intention to place orders to subscribe for Broker Option shares with an aggregate value of up to £65,000.

Phase 1 development plans for the TE-5 Horst discovery

Sound continues to develop its [TE-5 Horst discovery](#) through two separate planned phases. On [29 June 2020](#) it provided an update in relation to its micro liquefied natural gas ('mLNG') [Phase 1 Development Plan](#) at its Tendrara Production Concession (the 'Concession'). The signing of a Heads of Terms ('HoT') and award of exclusivity with an unnamed Moroccan conglomerate (the 'Partner'), which has significant existing domestic liquefied petroleum gas ('LNG') distribution operations, for the purchase of the project's LNG represented an important step toward delivery of Sound's production ambitions.

Despite COVID-19 outbreak restrictions, which have delayed progress of the Phase 1 Development Plan, the Group aims to take a Final Investment Decision ("FID"), subject to the approval of the Concession joint venture partners, during H2 2020 with potential for commercial production by end-2021. Based on the an annual contractual quantity of 100 million standard cubic meters of gas (approximately 4 billion standard cubic feet of gas per year) from the Phase 1 Development, based on the Partner's proposed commitment to an annual minimum 'Take or Pay' quantity of 90 million standard cubic meters of gas, priced within a range of US\$7 to US\$9 per mm BTU, with an indexed formula based on a combination of the European Title Transfer Facility and United States Henry Hub benchmark indexes, TPI considers the operation has potential to become cash flow positive during 2022.

Termination of discussions with Proposed Purchaser

In an update of [17 February 2020](#) Sound confirmed discussions with respect to the [Partial Divestment Transaction](#) related to its Eastern Morocco Portfolio contained within the [Phase 2 Tendrara Full Field Development Plan](#), were no longer in exclusive discussions with the Proposed Purchaser. Today's RNS release further updated the situation to confirm discussions with the same party had now terminated, although Sound continues to engage/progress talks with multiple other potential farminees who have expressed interest in participating in Sound's strategy. As a result, TPI for now suspends the valuation and price target it established for Sound in its [Initiation Research of 16 March 2020](#), instead placing it under review until it has fully evaluated recent announcements.

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