

# Sound Energy PLC

19:45 22 May 2019

## Sound Energy redraws plans for East Morocco after drilling results

- Sound Energy PLC (LON:SOU) operates in Morocco at Tendirara and Sidi Moktar
- **A review is underway that might result in the sale of its operations in East Morocco**
- **That would include the TE-5 discovery where it has just received a proposal for a gas sales agreement from Morocco's state power group**

### What it does

The East Morocco operation comprises three areas - Tendirara, Greater Tendirara and the Anoual Permit.

In August 2018, Sound signed an eight-year petroleum agreement that pulled together the Tendirara and Matarka exploration areas into one licence and also brought long-term partner Schlumberger in with a direct interest.

Sound holds 47.5% of the area, alongside Schlumberger, which has a 27.5% direct interest and the state's ONHYM vehicle, which retains a 25% stake.

This deal also united Greater Tendirara, the Anoual permit and TPE, the 25-year production concession for the Tendirara TE-5 gas discovery.

### How is it doing

#### Greater Tendirara

Recent exploration here has already seen Sound hit substantial additional quantities of gas at Tendirara through the TE-6 and TE-7 wells.

A programme at the A1 prospect 19km from Tendirara was disappointing, however.

The TE-9 and TE-10 wells proved uncommercial with further exploration suspended while the company reviews its options.

Even so, Sound said it was confident about the potential of the Tendirara acreage

'After five wells it sees a number of remaining high impact plays in the region - including the TE-5 discovery and production concession, as well as additional upside in TAGI and Palaeozoic plays across multiple leads and prospects.'

**Price:** 8p

**Market Cap:** £84.46M

### 1 Year Share Price Graph



June 2018 December 2018 June 2019

### Share Information

**Code:** SOU

**Listing:** AIM

**52 week High Low**  
45.00p 7.50p

**Sector:** Energy

**Website:** [www.soundenergyplc.com](http://www.soundenergyplc.com)

### Company Synopsis:

*We are a well-funded Mediterranean exploration and production company, listed on AIM, with an institutional cornerstone investor and strong liquidity. We have built a high quality, action orientated, team across Milan, Rabat and just outside of London focused on permitting, funding and then delivering a Mediterranean and gas focused drill programme which is balanced in terms of risk and reward.*

### Author:

**Proactive Investors Australia**

**+61 (0)2 9280 0700**

[action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

Up to 20 trillion cubic feet of gas might still be present across these exploration opportunities.

Even so, Sound said a sale of the East Morocco acreage would be a preferred option ahead of the final investment decision for the TE-5 production area.

### **Sidi Moktar**

If it finds a buyer for East Morocco, that will leave it with a 75% stake in the high potential Sidi Moktar exploration area on the west coast of the country.

It spans about 4.5 square kilometres, is close to existing infrastructure and best-case estimates suggest 9trn cubic feet of undiscovered gas.

At Sidi Moktar, Sound has said it wants a new partner to fund further exploration.

### **Financial**

As of 14 May 2019, the company had a cash balance of over £11mIn, while losses for 2018 were £11.75mIn, a slight reduction on the previous year.

What the boss says: James Parsons, chief executive  
"Whilst clearly disappointed with the outcome of the recent well test at TE-10, the team and I are encouraged to have delivered gas to surface from another TAGI discovery and remain confident in the potential of our Eastern Morocco basin."

### **Inflexion points**

- A buyer for East Morocco
- Final GSA for TE-5
- Partner and exploration plans for Sidi Moktar

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 [action@proactiveinvestors.com.au](mailto:action@proactiveinvestors.com.au)

### **No investment advice**

The information on this Site is of a general nature only. It does not take your specific needs or circumstances into consideration, so you should look at your own financial position, objectives and requirements and seek financial advice before making any financial decisions. You acknowledge and understand that neither the Company, its related bodies corporate, the information providers or their affiliates will advise you personally about the nature, potential value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter. You should read our FSG and any other relevant disclosure documents and if necessary seek persona advice prior to making any investment decision.

You understand and agree that no Content (as defined below) published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person.

You understand that in certain circumstances the Company, its related bodies corporate, the information providers or their affiliates may have received, or be entitled to receive, financial or other consideration in connection with promoting, and providing information about, certain entities on the Site and in communications otherwise provided to you.

You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate. From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

Before you act on any general advice we provide, please consider whether it is appropriate for your personal circumstances.