

17 March 2025

Sound Energy plc
("Sound" or the "Company")

Transition progressing seamlessly, Change of contract with Italfiuid GeoEnergy

Sound Energy plc, (AIM: SOU) the Transition Energy Company is pleased to provide an update in relation to the operations at Tendirara:

Name Change

The subsidiary of Sound Energy plc sold to Managem SA, previously named Sound Energy Morocco East Limited has formally changed its name to Mana Energy Ltd ("Mana Energy" or the "Operator").

Exploration: Transition progressing well

The Operator is continuing to assemble its subsurface and operational team and is preparing to commence detailed planning alongside finalising the licence formalities with the relevant Government Authorities. A joint venture workshop is scheduled in March, with active participation of the Company, to review the exploration strategy, the planned exploration targets and to commence the technical, contractual and regulatory work required to initiate drilling operations.

Tendirara Concession: Seamless work progress & change of contractual scheme

The transition of Operatorship has not altered the pace of ongoing activities at Tendirara with construction of Phase 1 development facility for the TE-5 Horst continuing to move forward towards completion. The procurement and delivery to site of the gas gathering system equipment required to connect the two existing production wells, TE-6 and TE-7, to the mLNG facility is progressing. The subsurface well control barriers in the two production wells, whose work over operations were successfully completed last year by the Company, will be removed and the wells will be brought into production. The Operator has advised that the completion of the installation of the gas gathering system and connection to the wells is expected to occur by Q3 2025.

Italfiuid GeoEnergy Srl ("Italfiuid"), the main contractor tasked with designing, constructing, commissioning, operating and maintaining the mLNG facility and the Operator (on behalf of the Concession JV) have agreed to amend their contractual arrangement by terminating the vendor financed lease agreement announced on 23 December 2020 (the "Lease Agreement") and entering into an industry standard Engineering-Procurement-Construction contract (the "EPC Contract"). The past capital payments of approximately US\$9.5 million made under the Lease Agreement were acknowledged by Italfiuid as part payment received under the new EPC contract.

Under this new contractual scheme, Italfiuid has committed to commission the gas processing and liquefaction plant in Q4 2025.

Under the EPC Contract, the Operator, the Company and Morocco's L'Office National des Hydrocarbures et des Mines ("ONHYM") have now agreed to pay, over a period of time, US\$25 million in exchange for a substantial reduction in operating cost and the removal of the daily rental fees:

- US\$18 million following a payment schedule in line with the actual work progress, with staged payments through gas processing plant commissioning,
- US\$7 million paid once the plant is fully commissioned.,
- Removal of the daily rental fees of US\$38,000 per day

- Removal of the daily rental fees of €50,000 per day

In parallel, the parties are currently preparing an Operations and Maintenance Contract with Italfiuid in order to ensure that the plant will continue to meet the required production targets in terms of plant availability, performance and LNG delivery.

The shift in contracting methodology from a Lease Agreement to an EPC Contract will result in an increase of the Net Present Value of the project and provides the Operator with greater control to achieve the goal of delivering LNG sales in Q4 2025.

The Company will continue to provide support services to the Operator as required under the existing Technical Services Agreement between them.

Graham Lyon, Executive Chairman of Sound Energy, commented:

"Sound Energy is pleased that ManaEnergy has identified and executed improvements in project delivery and project economics. The transition is going well, and we look forward to drilling activities and gas sales later this year."

For further information please visit www.soundenergyplc.com, follow on X @soundenergy[plc], LinkedIn or contact :

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