

25 May 2010

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

Bangkanai farm out

Sound Oil, the upstream oil and gas company with assets in Indonesia, announces that it has entered into an agreement under which it has farmed out part of its interest in the Bangkanai Production Sharing Contract ("PSC") to Elnusa Bangkanai Energy Limited, the operator of the PSC. Under the agreement, Sound Oil has transferred a 29.99% interest in return for which its remaining 5% interest will be carried through all obligatory costs in the PSC including two forthcoming exploration wells. Sound Oil will also be covered for 5% of field development costs up to the first delivery of commercial gas. This agreement also applies to the discovered gas field at Kerendan.

The book value of the Company's 34.99% interest in the Bangkanai PSC was approximately £16 million as at 31 December 2008 and this value will be adjusted accordingly. Activity on the PSC did not affect the Company's profit and loss account in the year ended 31 December 2008, as the Company's low expenditure in relation to this interest was capitalised. Sound Oil will not receive any cash consideration.

Commenting on this farm out Gerry Orbell, Chairman said:

"For several years and for a number of reasons, the Operator has not undertaken the obligatory work on this PSC which should have been addressed before the end of 2006. Now that this farm out has been concluded we expect that this work will move forward to the satisfaction of the Indonesian Authorities. The two anticipated wells give Sound Oil exposure to a possible unrisks net 220 billion cubic feet of gas recoverable, at no risk and at no further cost to the Company. We also have the potential of a future revenue stream from gas production, again at no upfront cost to Sound Oil.

If we had not farmed out but paid our way instead, our share of these anticipated costs would have been around £22 million according to our best estimates. We have now removed a large financial liability from the Company and we are intent on adding value by expansion in South East Asia and elsewhere."

Further information on the Company can be found at www.soundoil.co.uk.

Enquiries:

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Tim Thompson

Notes: The geological information above has been reviewed and approved by Dr Michael Cope BSc PhD CGeol, Head of Exploration at Sound Oil, a Chartered Geologist in the United Kingdom.

The recoverable gas estimate referred to above represents the Company's 5% interest in the P50 prospective resources in the Kerendan Deep and Jupoi prospects. Prospective resources, consistent with SPE (The Society of Petroleum Engineers) guidelines, are quantified in terms of the statistical probability to find a given recoverable hydrocarbon (oil or gas) volume in a prospective structure considering all the geological variables involved. The P50 figure indicates a 50% chance of finding a given volume and is generally considered as the best or most-likely estimate.

The farm in agreement is subject to formal ratification by the Indonesian Authorities.