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7 April 2020

SDX ENERGY PLC ("SDX" or the "Company")

ANNOUNCES YEAR END 2019 FINANCIAL AND OPERATING RESULTS

SDX Energy Plc (AIM: SDX), the MENA-focused oil and gas company, is pleased to announce its audited financial and operating results for the year ended 31 December 2019. The Company's annual audited financial statements (the "Annual Consolidated Financial Statements") and annual report have been published on the Company website at www.sdxenergy.com and on SEDAR at www.sedar.com. All monetary values are expressed in United States dollars net to the Company unless otherwise stated. SDX management will be hosting a conference call today at 9:00am UK time, details of which can be found in the release below.

2019 Operations highlights

- 2019 entitlement production of 4,062 boe/d was 14% higher than 2018, and by individual asset, production either exceeded or was at the upper end of 2019 guidance. The 24% year on year production increase in Morocco supported our customers' growth using natural gas, a less carbon-intensive fuel source.

- South Disouq field brought on production as planned in Q4 2019. The performance of the Central Processing Facility ("CPF") and wells exceeded expectations and resulted in an accelerated ramp up to plateau of gross 50 MMscfe/d in mid-December, which was three months ahead of expectations. This performance has been sustained to date in 2020.

- Continuing the exploration drilling campaign in South Disouq, the SD-12X well targeting gross 33 bcfe as estimated by management was spud on 18 March 2020. The SD-6X well encountered sub-economic quantities of gas, however this has no anticipated read across to SD-12X.

- The Moroccan drilling campaign, which commenced in Q4 2019, has resulted in seven discoveries from nine wells drilled to date, with the tenth well, LMS-2, completed and awaiting crew mobilisation for testing. Significantly, the discoveries at OYF-2 and BMK-1 have confirmed that the prospectivity in SDX's existing core production and development area extends to the north, and have de-risked c.20 bcf of P50 prospective resources. Five commercial discoveries close to existing infrastructure have increased gross 2P gas reserves to 6.0 bcf as at 31 December 2019, up from 5.1 bcf as at 31 December 2019. All of the objectives of the drilling campaign were achieved with 10 wells allowing the Company to preserve capital and defer the final two wells to a later campaign.

- As at 31 December 2019, the Company's working interest share of audited[1] 2P reserves was 12.0 mmboe and audited 2C contingent resources was 2.6 mmboe[2]. Approximately 2.3 mmboe of the 2.6 mmboe of contingent resources relates to the Company's Meseda and Rabul producing assets in its West Gharib concession in Egypt. These contingent resources will be converted to 2P reserves upon approval of the development plan for the wells required to produce them.

(1) The Company's 2P reserves and 2C resources estimates have been audited in accordance with the COGE Handbook & PRMS by Gaffney, Cline & Associates, an independent qualified reserves evaluator and auditor.

(2) Using a conversion ratio of 6.0 Mcf:1 boe.

Q1 2020 Operational update

- Q1'20 daily average production estimated to be at or above upper end of 2020 guidance for all assets.

- During the second half of March 2020, COVID-19 containment restrictions in Morocco have temporarily impacted our customers' operations. If the restrictions continue at current levels for the remainder of Q2'20, customer consumption in Q2'20 could be 50% lower than in Q1'20. Moroccan production/consumption guidance for 2020 will be reviewed when the Company has better visibility on the likely duration of these containment restrictions. The Company's Moroccan business however is extremely resilient and can breakeven with customer consumption levels at 20% of Q1'20 levels. Consumption is expected to revert to Q1'20 levels once the COVID-19 restrictions are lifted. Egyptian operations remain unaffected by COVID-19 at present.

2020 Production Guidance

- 2020 production guidance of 6,750 - 7,000 boe/d is 66-72% higher than 2019 actual production.

- Whilst the level of potential revision to FY 2020 Moroccan guidance is as yet unknown, as an indication, it should be noted that if the three customers remain closed down for three months, then FY 2020 guidance of 6.7-6.9 MMscf/d is likely to be revised to 5.7-6.2 MMscf/d and if the close down extends to six months, then the guidance would be revised to 5.0-5.5 MMscf/d.

2019 Financial highlights

	Twelve months ended 31 December (audited)	
US$ million except per unit amounts	**2019**	**2018**
Net revenues	**53.2**	**53.7**
Netback[(1)]	**39.3**	**41.7**
Net realised average oil price/service fees - US$/barrel	**55.93**	**62.43**
Net realised average Morocco gas price - US$/mcf	**10.39**	**10.33**
Net realised South Disouq gas price - US$/mcf	**2.85**	**N/A**
Netback - US$/boe	**26.53**	**32.01**
EBITDAX[(1) (2)]	**34.2**	**34.3**
Exploration & evaluation expense[(3)]	**(11.4)**	**(5.7)**
Impairment expense[(3)]	**(8.3)**	**(3.5)**
Depletion, depreciation and amortisation	**(26.3)**	**(17.3)**
Total comprehensive (loss)/income	**(18.2)**	**0.1**

Capital expenditure	**43.0**	**44.0**
Net cash generated from operating activities	**25.1**	**36.2**
Cash and cash equivalents	**11.1**	**17.4**

(1) Refer to the "Non-IFRS Measures" section of this release below and the Company's Financial Review for the three and twelve months ended 31 December 2019 for details of Netback and EBITDAX.

(2) EBITDAX for Q4 2019 and 2018 and twelve months to 31 December 2019 and 2018 includes US$1.5 million, US$1.4 million, US$4.3 million, and US$5.0 million respectively of non-cash revenue relating to the grossing up of Egyptian corporate tax on the North West Gemsa (all periods) and South Disouq (2019 only) PSCs which is paid by the Egyptian State on behalf of the Company.

(3) US$17.1 million of non-cash Property, Plant & Equipment ("PP&E") and Exploration & Evaluation ("E&E") asset impairments in total are included within these line items.

- Realised prices: FY2019 realised Moroccan gas prices of US$10.39/mcf (FY2018: US$10.33/mcf) and oil prices of US$55.93/bbl (FY2018: US$62.43/bbl). Noting the recent significant fall in crude oil prices, and assuming a US$35 Brent planning price, the Company advises that, due to its gas businesses having fixed priced contracts of US$2.65/MMbtu (c.US$2.85/mcf) in Egypt and approximately US$10-US$12/mcf in Morocco, and assuming no prolonged business interruptions as result of COVID-19, approximately 90% of the Company's 2020 cash flows will be generated from these gas business, increasing to over 95% in 2021.

- Netback: FY2019 netback of US$39.3 million was driven by strong production growth in Morocco and Meseda together with South Disouq starting up. However, overall netback was 6% lower than FY 2018 due to production decline in NW Gemsa, lower realised oil price and a US$2.0 million increase in opex due to the production increase/start-up at South Disouq and a greater allocation of employee costs to opex in FY2019 compared to FY2018 which had a greater allocation to capex.

- EBITDAX: FY2019 EBITDAX of US$34.2 million in line with FY2018 of US$34.3 million due to lower netback being partly offset by lower transaction costs and lower share-based payment charges.

- DD&A: FY2019 charge higher at US$26.3 million compared to US$17.3 million in FY2018 due to South Disouq start up in year and increased production in Meseda and Morocco. Depreciable assets also higher in 2019 due to drilling and facilities investment in 2018.

- Non-cash PP&E and E&E asset impairments: charges totalling US$17.1 million recognised at the non-core NW Gemsa and South Ramadan assets, and for 3D seismic data in the southern area of the South Disouq concession that will not be drilled before licence expiry.

- Operating cash flow (before capex): FY2019 operating cash flow (before capex) of US$25.1 million, lower than FY2018 of US$36.2 million primarily due to FY2018 reflecting US$11.2 million of cash inflows from the reduction of backdated Egyptian receivables compared to cash inflows from receivables of US$2.0 million in FY2019. The Company has no aged Egyptian receivables as at 31 December 2019.

- Capex: FY2019 capex of US$43.0 million, reflecting:
    - US$21.4 million (including a US$1.0 million decommissioning provision) for the South Disouq development project and 3D seismic acquisition costs;

    - US$14.5 million (including a US$0.5 million decommissioning provision) for the Moroccan drilling campaign;
    - US$2.9 million for customer connections and compression facilities in Morocco;
    - US$1.9 million for drilling and development expenditure at South Ramadan;
    - US$1.1 million for drilling and well workovers in Meseda;
    - US$1.0 million for well workovers in NW Gemsa; and
    - US$0.2 million on office assets.

- Liquidity: Cash balance as at 31 December 2019 of US$11.1 million with a US$7.5 million undrawn European Bank for Reconstruction and Development ("EBRD") facility. Discussions are underway with EBRD to extend the tenor and re-establish the US$10 million availability under the facility with the Company remaining funded for all 2020 activities from existing liquidity. Cash balance as at 31 March 2020 is approximately US$8.5 million (unaudited) with US$7.5 million of undrawn EBRD facility remaining available.

Mark Reid, CEO of SDX, commented:

"2019 was a year of significant operational progress for SDX. Production increased by 14% in the year, and on an individual asset basis it either exceeded or was at the upper end of our 2019 guidance. In the period, we announced first gas on time and on budget from South Disouq in Egypt and a subsequent accelerated ramp up to full production three months ahead of internal expectations. This was a significant milestone for the Group and as well as increasing production in a meaningful way, it also showed the competencies of our Company in being able to bring a project of this scale online in such an efficient manner. Elsewhere in Egypt, we had a successful workover campaign at North West Gemsa which helped add to our strong production performance in the period. In Morocco the drilling campaign which commenced in Q4 2019, has resulted in seven discoveries out of nine wells drilled to date, a tenth well is to be tested, with two additional compressors and well workovers in the second half of the year adding significant gas deliverability to the existing well stock. I am also very pleased that our 24% year on year production increase in Morocco continues to support our customers' growth using lower carbon natural gas.

Looking ahead, we see significant challenges in the industry, not least in the downward revision in both oil prices and equity valuations and the uncertainty caused by COVID-19. However, we feel it important to note that, after the restart of operations at our three Moroccan customers that are temporarily closed due to COVID-19 issues, we expect that with a Brent planning price of US$35/bbl approximately 90% of 2020 and over 95% of 2021 forecast cash flows will come from our fixed price gas businesses, insulating us from much of the impact of falling oil price. We also remain fully funded for all of our 2020 activities from existing cashflows, a cash balance of US$11.1 million at the year end and a US$7.5 million undrawn EBRD credit facility.

To summarise, SDX is in an extremely robust position to face the challenges ahead, and with our fixed priced gas weighting and our healthy liquidity position, we remain committed to realising value for our shareholders by capitalising on a strong year and growing the Company further in 2020."

Operations update

<u>2019 Production</u>

- 2019 actual entitlement production of 4,062 boe/d is 14% higher than 2018, and by individual asset, has either exceeded or is at the upper end of 2019 guidance. An analysis of 2019 production by asset is as follows:

Gross production			SDX entitlement production boe/d	SDX entitlement production boe/d
Asset	**Actual - 12 months ended 31 December 2019**	**Guidance - 12 months ended 31 December 2019**	**Actual 12 months ended 31 December 2019**	**Actual 12 months ended 31 December 2018**
Core assets				
South Disouq - WI 55%	6.9 MMscfe/d	N/A	629	-
Meseda - WI 50%	4,171 bbl/d	4,000 - 4,200 bbl/d	795	734
Morocco - WI 75%	6.4 MMscf/d	6.0 - 6.5 MMscf/d 2019 annual average rate	802	646
Non-core asset				
NW Gemsa - WI 50%	3,672 boe/d	3,000 - 3,200 boe/d	1,836	2,194
Total			**4,062**	**3,574**

  - *South Disouq*: During 2019, the South Disouq CPF was fabricated, transported to site and commissioned, alongside the construction of the 12" gas export line and four 6" well flowlines, bringing the field on production as planned in Q4 2019. The performance of the CPF and wells has exceeded expectations leading to an accelerated ramp up to plateau of gross 50 MMscfe/d in mid-December, which has continued to date in 2020.
  - *Meseda:* Two new production wells, RB-7 and MSD-19, were successfully drilled and completed in 2019. These wells, in conjunction with the ongoing workover programme, supported strong gross production in the first nine months of 2019 from new wells. This ensured that, despite increasing water cut in the field in the latter part of the year, annual production was at the upper end of guidance.
  - *Morocco:* In order to extend the life of currently producing wells beyond their natural flow limits, the Company invested in two compressors, which were purchased in Q2 2019. Well workovers were also carried out during the second half of the year. Both of these initiatives added significant gas deliverability to the existing well stock, meaning that the connection of the new discovery wells from the 2019/20 campaign has been deferred into 2020. On the demand side, during the second half of 2019 all customers achieved expected consumption rates resulting in annual gross production being at the upper end of guidance.
  - *NW Gemsa:* The 2019 well workover programme was carried out as planned. Gross production was c.500 boe/d above guidance due to stronger performance than forecast as a result of a slowdown in pressure decline and water cut increases from a number of larger producing wells.

2020 production guidance

2020 production guidance of 6,750 - 7,000 boe/d is 66-72% higher than 2019 actual production. An analysis of our 2020 production guidance compared to Q1'20 and 2019 actual production is set out below.

	Gross production	SDX entitlement	e

				production boe/d
Asset	**Actual for Q1'20**	**Guidance - 12 months ended 31 December 2020**	**Actual - 12 months ended 31 December 2019**	**Guidance 12 months ended 31 December 2020**
Core assets				
South Disouq - WI 55%	50 - 52 MMscfe/d	47 - 49 MMscfe/d	6.9 MMscfe/d	4,300 - 4,460
Meseda - WI 50%	3,440 - 3,460 bbl/d	3,200 - 3,300 bbl/d	4,180 bbl/d	610 - 630
Morocco - WI 75%	6.8 - 6.9 MMscf/d	6.7- 6.9 MMscf/d	6.4 MMscf/d	840 - 860
Non-core asset				
NW Gemsa - WI 50%	3,100 - 3,150 boe/d	2,000 - 2,100 boe/d	3,600 boe/d	1,000 - 1,050
Total				**6,750 - 7,000**

- *South Disouq*: production guidance reflects a continuation of the 50 MMscfe/d current production rate adjusted for CPF expected uptime/availability during the year. Q1'20 reflects a period of better than expected uptime from the CPF.
- *Meseda:* although up to three wells are planned for 2020, the lower production guidance reflects the assumption that the two wells targeting meaningful incremental production may not be drilled until Q3 2020 due to the expected time to complete government and offset operator discussions on approvals/permitting. Q1'20 reflects better than expected field performance as a result of a number of successful operational improvement initiatives jointly carried out by SDX and its partner Dublin Petroleum.
- *Morocco:* production guidance reflects an overall expected increase in consumption from existing Morocco gas customers during 2020 based upon exit consumption levels noted at the end of 2019 and this is confirmed in actual Q1'20 production. At date of writing however, three customers in Morocco have advised that they are temporarily closing down operations due to COVID-19. These three customers, which includes the Company's largest customer Super Cerame, account for approximately 50% of the total Moroccan revenues, with Super Cerame accounting for approximately 46% of total Moroccan revenues. Take or Pay ("ToP") clauses are in place with these customers for approximately 40% of their combined average normal revenue levels, or approximately 20% of total Moroccan revenues. We understand however that Force Majeure claims will challenge the applicability of these ToP clauses. Whilst consumption by the Company's other customers is unaffected by COVID-19, such is the seriousness and unpredictability of the situation, there is no certainty that further disruptions will be avoided in the future. As Q1'20 actual production is at the top end of guidance, a change to the full year 2020 guidance range is not being proposed at this point. However, full year 2020 guidance may require to be reduced if the temporary close downs at the above three customers extend for a meaningful period into Q2 2020. Whilst the level of potential revision to FY 2020 Moroccan guidance is as yet unknown, as an indication, it should be noted that if the three customers remain closed down for three months, then FY 2020 guidance is likely to be revised to 5.7-6.2 MMscf/d and if the close down extends to six months, then the guidance would be revised to 5.0-5.5 MMscf/d. We are confident that the Company's production will return to its Q1'20 levels once the COVID-19 restrictions are lifted.
- *NW Gemsa:* as the asset is late life, production guidance reflects the impact of increased water cut, falling reservoir pressure and an assumption that no new

infill wells will be drilled in 2020. Whilst Q1'20 production reflects a slower than expected decline in production, this is not expected to be sustained. As such, the Company is likely to exit this concession during the year if sufficient cost savings cannot be achieved by the operator.
  - At this point, COVID-19 has not impacted production operations in Egypt.

2019 Drilling and Operations

Morocco drilling campaign update (SDX 75% Working Interest)

- Commencing in Q4 2019, seven 'close to infrastructure' appraisal/development wells were drilled in the 2019/20 campaign, resulting in five commercial discoveries. Five of these wells were completed by 31 December 2019, four of which were discoveries. These four discoveries have increased gross gas reserves to 6.0 bcf as at 31 December 2019, up from 5.1 bcf as at 31 December 2019.
- The subsequent two wells, OYF-2 and BMK-1, have confirmed that the Company's core productive area extends to the north. The OYF-2 well intersected both pre-drill targets in the Upper and Lower Guebbas horizons, and has been successfully tested. Management estimates that 1.3-1.9 bcf of gas is recoverable from the horizons encountered at OYF-2. The BMK-1 well, further to the north, also encountered gas in both the Upper and Lower Guebbas horizons, albeit due to downhole issues only the former could be logged and completed. Management estimates that 0.9 bcf of gas is recoverable from both of these horizons. The BMK-1 well will be tested in the coming months.
- Significantly, the OYF-2 and BMK-1 wells have de-risked up to 20 bcf of close-by P50 prospective resources for future drilling, of which approximately 10 bcf is located in and around BMK-1.
- The LMS-2 well in the Lalla Mimouna concession encountered a 10.6 metre net gas reservoir with 30.9% porosity. The LMS-2 gas has a different thermogenic composition from the gas in our core productive area which suggests that it is from a new and likely deeper source rock. The well has been cased and completed and it will be perforated and tested to determine its potential when changes to COVID-19 restrictions make it possible to bring a well testing crew into the country.
- Following the play-opening discoveries made during the campaign, the Company is undertaking an analysis to optimize tie-in costs and future drilling activity in this new area.
- Having fulfilled the objectives for the Morocco campaign, being; (i) to add 2P reserves in and around its existing infrastructure; (ii) to determine if its existing producing area extends to the north; and (iii) to test the prospectivity within the Lalla Mimouna concession, the Company has decided not to drill the final two planned wells. As these last two wells would not have been immediately tied into the Company's infrastructure or contributed cash flows in the near term, the Company has chosen to preserve its capital and postpone, at no incremental cost, these last two wells for a future campaign.
- The above developments will allow the Company to significantly extend reserve life and continue to support lower CO_2 emissions at our customers.

South Disouq Egypt exploration drilling campaign update (SDX 55% working interest)

- Having concluded well planning in late Q4 2019, the SD-6X (Salah) well was drilled in Q1'20, to a total depth of 3,167 metres. The well encountered 1.7 metres of net gas bearing sand in the Kafr El Sheikh Formation (average porosity 34%), 1.0 metre of net gas bearing sand in the Abu-Madi Formation which has 143 metres of high quality net reservoir (average porosity 24%) and 258 metres of high quality net reservoir in the Qawasim Formation (average porosity 20%). The gas sands in both the Kafr El Sheikh and Abu Madi were deemed to be sub-economic and the Qawasim has low gas saturation. The thinner than expected gas columns encountered in SD-6X is attributable to the absence of a sealing mechanism in the stratigraphic traps being targeted by the well. The well results are currently being analysed.

- The rig then moved to the site of the next drilling location on the South Disouq licence, the SD-12X (Sobhi) exploration well, which is to the north and structurally updip of the Ibn Yunus discovery, and was spud on 18 March 2020. The result of SD-6X is not anticipated to have any technical read across to SD-12X which is targeting a management estimate of 33 bcfe.

West Gharib Egypt exploration drilling campaign update (SDX 50% working interest)

- Post-period end, the Rabul-3 development well in the West Gharib Concession in Egypt was drilled to a total depth of 1,710 metres and encountered approximately 39 metres of net heavy oil pay across the Yusr and Bakr formations. The Yusr and Bakr formations are of excellent reservoir quality with an average porosity of 21%. The well will be completed as a producer in mid-April 2020, connected to the central processing facilities at Meseda and is expected to be brought on-line at an average stabilised rate of approximately 300 bbl/d, which is at the upper end of pre-drill expectations.

2020 Drilling and operations guidance

- 2020 capex guidance has been revised down from US$25.5 million as per the Company's operations update provided on 22 January 2020, to c.US$24.7 million. The revision predominantly relates to drilling two fewer wells in Morocco with this saving being partially offset by electing to fund the Sobhi well in Egypt on a 100% working interest basis. These points are explained further in the following analysis of the revised US$24.7 million 2020 capex guidance.
    - US$13.5 million for the remainder of the Morocco drilling campaign which completed in March. The US$13.5 million reflects a US$1.5 million reduction in guidance reflecting the previously announced decision to reduce the number of wells to 10 (from 12), having achieved the campaign's objectives;
    - US$7.2 million for the drilling of the two exploration wells and well workovers planned for South Disouq, and a deposit on the booster compressor planned for South Disouq in 2021. This revised guidance is US$0.7 million higher than previous guidance reflecting the fact that SDX will be drilling the Sobhi well on a 100% working interest basis given our partner's decision not to participate in this well. The drilling campaign in South Disouq will end in April upon completion of the Sobhi well.
    - US$2.0 million for up to three appraisal/development wells in Meseda; and
    - US$2.0 million for up to 10 workovers in North West Gemsa. As the Company is expecting to exit the concession during 2020, it is unlikely to incur the full amount of this capex prior to exit.

Asset	Guidance - 12 months ended 31 December 2020
Core assets	
South Disouq - WI 55%	US$7.2 million
Meseda - WI 50%	US$2.0 million

Morocco - WI 75%	US$13.5 million
Non-core asset	
NW Gemsa - WI 50%	US$2.0 million
Total	**US$24.7 million**

<u>2019 Financial update</u>

- The main components of SDX's comprehensive loss of US$18.2 million for the twelve months ended 31 December 2019 are:
    - US$39.3 million netback;
    - US$11.4 million of E&E expense, of which:
        - US$5.1 million represents the write-down of capitalised expenditure on the non-core South Ramadan asset;
        - US$3.7 million is the written-off costs of the 2018/19 3D seismic survey in the southern area of the South Disouq concession which cannot be drilled before concession expiry in 2020; and
        - US$1.5 million related to one sub-commercial well in Morocco;
    - US$26.3 million of Depletion, Depreciation & Amortisation expense reflects increased charges due to South Disouq start up in year and increased production in Meseda and Morocco. Depreciable asset balance is also higher in 2019 due to drilling and facilities investment in 2018;
    - US$8.3 million impairment on North West Gemsa as a result of the asset's continuing production decline and recent reduction in Brent crude oil price forecasts reducing the asset's economic life;
    - US$5.0 million of ongoing General & Administrative expense; and
    - US$1.1 million of transaction costs covering the re-domicile of the Company from Canada to the UK, the Company's capital reduction and legacy M&A initiatives.
- Netback for the twelve months to 31 December 2019 was US$39.3 million, 6% lower than the netback of US$41.7 million for the twelve months to 31 December 2018, driven by:
    - Net revenue being US$0.5 million lower due to:
        - lower production at the NW Gemsa asset (2019: 1,836 boe/d, 2018: 2,194 boe/d); and
        - lower realised oil prices at this asset and Meseda (2019: US$55.93/bbl, 2018: $62.43/bbl);
        - partly offset by higher production volumes in Morocco (2019: 802 boe/d, 2018: 646 boe/d) and Meseda (2019: 795 boe/d, 2018: 734 boe/d); and
        - the start-up of production at South Disouq in Q4 2019.
    - Operating costs increasing by US$2.0 million from prior year due to production growth in Meseda and Morocco, a greater allocation of employee costs to operating costs in NW Gemsa, and the commencement of production at South Disouq.

- EBITDAX for the twelve months to 31 December 2019 was US$34.2 million, US$0.1 million lower than EBITDAX of US$34.3 million for the twelve months to 31 December 31 2018, due to lower netback partly offset by lower transaction costs and a lower share-based payment compensation charge following the reversal of costs associated with employees who left during 2019.

Operating cash flow (before capex)

- Operating cash flow (before capex): FY2019 operating cash flow (before capex) of US$25.1 million, lower than FY2018 of US$36.2 million primarily due to FY2018 reflecting US$11.2 million of cash inflows from the reduction of backdated Egyptian receivables compared to cash inflows from receivables of US$2.0 million in FY2019. The Company has no aged Egyptian receivables as at 31 December 2019.

CAPEX

- US$43.0 million of capital expenditure has been invested into the business during the twelve months ended 31 December 2019:

    - US$21.4 million for the South Disouq development project (US$19.4 million, which includes the establishment of a US$1.0 million decommissioning provision) and 3D seismic acquisition costs (US$2.0 million);
    - US$17.4 million in Morocco for the 2019/20 drilling campaign (US$14.5 million (which includes the establishment of a US$0.5 million decommissioning provision), and customer connections and compression facilities (US$2.9 million)
    - US$1.9 million for drilling of the SRM-3 well and project development expenditure at South Ramadan;
    - US$1.1 million for drilling of the RB-7 and MSD-19 development wells, and workovers in Meseda;
    - US$1.0 million for well workovers in NW Gemsa; and
    - US$0.2 million on office assets.

Liquidity update

- Closing cash as at 31 December 2019 was US$11.1 million with the US$10 million EBRD credit facility remaining undrawn. The facility amortised in November 2019 and it currently has US$7.5 million available for drawdown. Discussions are underway with EBRD to extend the tenor and re-establish the US$10 million availability under the facility. Together with cash generated from operations, the Company is fully funded for all of its planned activities in 2020. Cash balance as at 31 March 2020 is approximately US$8.5 million with US$7.5 million of undrawn EBRD facility remaining available.

Impact of COVID-19 on ongoing production operations

- As highlighted above, the Company has a strong liquidity position and the majority of its cash flows in 2020 and 2021 are expected to come from its fixed price gas customers in Morocco and Egypt.

    - In Egypt, SDX sells all of its gas directly to the Egyptian state to be used primarily for electricity generation. The Company does not expect that COVID-19 will cause any material disruption to this offtake arrangement.
    - In Morocco, SDX's gas is sold to eight industrial users, for whom natural gas is integral to their energy supply and operations. These customers operate across a number of sectors including ceramics, packaging, food, and automotive.
    - On 23 March 2020, Super Cerame, the Company's largest customer in Morocco, together with Peugeot SA and Plastic Omnium, advised the Company that they will be temporarily closing down operations due to COVID 19. These three customers account for approximately 50% of total

Moroccan revenues, with Super Cerame accounting for approximately 46% of total Moroccan revenues. It is expected that the three Moroccan customers, who have been gradually slowing consumption from mid-March, will remain closed at least until 20 April 2020 being the date that the Moroccan government has ordered that restrictions on social and economic activity will apply to, although there can be no certainty that this date will not change. No other Moroccan customers have so far indicated that they are intending to reduce consumption. At this point, production operations in Egypt have not been impacted however given the seriousness of COVID-19, this situation may be subject to change in the future.

  - The Company is confident that production will return to its Q1'20 levels once the COVID-19 restrictions are lifted. Furthermore, the Company's Moroccan business is extremely resilient and can breakeven with customer consumption levels at 20% of Q1'20 levels.

Corporate update

- Mark Reid and Nick Box were appointed as Chief Executive Officer and Chief Financial Officer respectively on 12 November 2019. Mr. Reid had been SDX's acting Chief Executive Officer since May 2019 and Chief Financial Officer since November 2015.
- Amr Al Menhali was appointed as Non-Executive Director on 20 November. Mr Al Menhali is the Chief Executive Office of Waha Capital, SDX's largest shareholder with a 19.48% interest in the Company.
- As announced on 6 February 2020, Catherine Stalker was appointed to the Board as an independent Non-Executive Director, further enhancing SDX's governance structure.
- SDX has determined that as of 1 January 2020 the Company is a "designated foreign issuer" pursuant to National Instrument 71-102 - *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("NI 71-102") and will satisfy its ongoing continuous disclosure obligations under Canadian securities laws by complying with the disclosure requirements that it is subject to in the United Kingdom, as permitted by NI 71-102.

About SDX

SDX is an international oil and gas exploration, production and development company, headquartered in London, United Kingdom, with a principal focus on MENA. In Egypt, SDX has a working interest in three producing assets: a 55% operated interest in the South Disouq gas field in the Nile Delta and a 50% non-operated interest in each of the North West Gemsa and Meseda concessions, which are located onshore in the Eastern Desert, adjacent to the Gulf of Suez. In Morocco, SDX has a 75% working interest in the Sebou concession, situated in the Gharb Basin. The producing assets in Morocco are characterised by exceptionally low operating costs, making them particularly resilient in a low commodity price environment. SDX's portfolio also includes high impact exploration opportunities in both Egypt and Morocco.

For further information, please see the Company's website at www.sdxenergy.com or the Company's filed documents at www.sedar.com.

Competent Persons Statement

In accordance with the guidelines of the AIM Market of the London Stock Exchange, the technical information contained in the announcement has been reviewed and approved by Rob Cook, VP Subsurface of SDX. Dr. Cook has over 25 years of oil and gas industry experience and is the qualified person as defined in the London Stock Exchange's

Guidance Note for Mining and Oil and Gas companies. Dr. Cook holds a BSc in Geochemistry and a PhD in Sedimentology from the University of Reading, UK. He is a Chartered Geologist with the Geological Society of London (Geol Soc) and a Certified Professional Geologist (CPG-11983) with the American Institute of Professional Geologists (AIPG).

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Conference Call details

Date: Tuesday 7 April 2020

Time: 09:00am GMT

Call details:

United Kingdom: +44 (0) 333 300 9263

For your personal PIN: https://aerp.arkadin.com/e-01fc0dd1f2809447f95a33e6e50b68dbe67603eaf8a50b2e8510b821b6c9e427114e87708bc3eda3ba11e90b9d33697c9b
energy-full-year-results-2019-analyst-conference-call

The presentation is available our website; https://www.sdxenergy.com/investors/results-centre/

Glossary

"bbl"	stock tank barrel
"bbl/d"	barrels of oil per day
"bcf"	billion cubic feet
"bcfe"	billion cubic feet equivalent

"boe/d"	barrels of oil equivalent per day
"Mcf"	thousands of cubic feet
"MMscf/d"	million standard cubic feet per day
"MMscfe/d"	million standard cubic feet equivalent per day
"2C"	best estimate contingent resources
"2P"	proved plus probable reserves

Forward-looking information

Certain statements contained in this press release may constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or are not statements of historical fact should be viewed as forward-looking information. In particular, statements regarding the Company's 2020 production and capex guidance liquidity and sources of cash flows in 2020 and 2021, the sufficiency of reserves to fulfill existing customer contracts, the impact of COVID-19 on customer consumption, future drilling developments and results, and extending the tenor and re-establishing the full availability of the US$10 million credit facility with the EBRD should all be regarded as forward-looking information.

The forward-looking information contained in this document is based on certain assumptions, and although management considers these assumptions to be reasonable based on information currently available to them, undue reliance should not be placed on the forward-looking information because SDX can give no assurances that they may prove to be correct. This includes, but is not limited to, assumptions related to, among other things, commodity prices and interest and foreign exchange rates; planned synergies, capital efficiencies and cost-savings; applicable tax laws; future production rates; receipt of necessary permits; the sufficiency of budgeted capital expenditures in carrying out planned activities, and the availability and cost of labour and services.

All timing given in this announcement, unless stated otherwise, is indicative, and while the Company endeavours to provide accurate timing to the market, it cautions that, due to the nature of its operations and reliance on third parties, this is subject to change, often at little or no notice. If there is a delay or change to any of the timings indicated in this announcement, the Company shall update the market without delay.

Forward-looking information is subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Such risks and other factors include, but are not limited to, political, social, and other risks inherent in daily operations for the Company, risks associated with the industries in which the Company operates, such as: operational risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; permitting risks; the ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations. Readers are cautioned that the foregoing list of risk factors is not exhaustive and are advised to refer to SDX's Financial Review for the year ended 31 December 2019, which can be found on SDX's SEDAR profile at www.sedar.com, for a description of additional risks and uncertainties associated with SDX's business, including its exploration activities.

The forward-looking information contained in this press release is as of the date hereof and SDX does not undertake any obligation to update publicly or to revise any of the included forward-looking information, except as required by applicable law. The forward-looking information contained herein is expressly qualified by this cautionary statement.

Non-IFRS Measures

This news release contains the terms "Netback," and "EBITDAX" which are not recognized measures under IFRS and may not be comparable to similar measures presented by other issuers. The Company uses these measures to help evaluate its performance.

Netback is a non-IFRS measure that represents sales net of all operating expenses and government royalties. Management believes that netback is a useful supplemental measure to analyze operating performance and provide an indication of the results generated by the Company's principal business activities prior to the consideration of other income and expenses. Management considers netback an important measure as it demonstrates the Company's profitability relative to current commodity prices. Netback may not be comparable to similar measures used by other companies. See Netback reconciliation to operating income/(loss) in Note 21 Segmental reporting of the Notes to the Company's Consolidated Financial Statements for the twelve months ended December 31, 2019.

EBITDAX is a non-IFRS measure that represents earnings before interest, tax, depreciation, amortization, exploration expense and impairment. EBITDAX is calculated by taking operating income/(loss) and adjusted for the add-back of depreciation and amortization, exploration expense and impairment of property, plant and equipment (if applicable). EBITDAX is presented in order for the users of the financial statements to understand the cash profitability of the Company, which excludes the impact of costs attributable to exploration activity, which tend to be one-off in nature, and the non-cash costs relating to depreciation, amortization and impairments. EBITDAX may not be comparable to similar measures used by other companies. See EBITDAX reconciliation to operating income/(loss) in Note 21 Segmental reporting of the Notes to the Company's Consolidated Financial Statements for the twelve months ended December 31, 2019.

Oil and Gas Advisory

Certain disclosures in this news release constitute "anticipated results" for the purposes of National Instrument 51-101 - *Standards for Oil and Gas Activities* of the Canadian Securities Administrators because the disclosure in question may, in the opinion of a reasonable person, indicate the potential value or quantities of resources in respect of the Company's resources or a portion of its resources. Without limitation, the anticipated results disclosed in this news release include estimates of volume, flow rate, production rates, porosity, and pay thickness attributable to the resources of the Company. Such estimates have been prepared by Company management and have not been prepared or reviewed by an independent qualified reserves evaluator or auditor. Anticipated results are subject to certain risks and uncertainties, including those described above and various geological, technical, operational, engineering, commercial, and technical risks. In addition, the geotechnical analysis and engineering to be conducted in respect of such resources is not complete. Such risks and uncertainties may cause the anticipated results disclosed herein to be inaccurate. Actual results may vary, perhaps materially.

Use of the term "boe" or the term "MMscf" may be misleading, particularly if used in isolation. A "boe" conversion ratio of 6 Mcf: 1 bbl and a "Mcf" conversion ratio of 1 bbl: 6 Mcf are based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Prospective and Contingent Resources Data

The prospective resources estimates disclosed or referenced herein have been prepared by Dr. Rob Cook, a qualified reserves evaluator, in accordance with the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. The contingent resources estimates disclosed or referenced herein have been prepared by an independent qualified reserves evaluator, Gaffney, Cline & Associates, in accordance with the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*. The prospective resources and contingent resources disclosed herein have an effective date of 1 January 2020. Prospective resources are those quantities of gas, estimated as of the given date, to be potentially recoverable from undiscovered accumulations through future development projects. As prospective resources, there is no certainty that any portion of the resources will be discovered. The chance that an exploration project will result in a discovery is referred to as the "chance of discovery" as defined by the management of the Company.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development But which are not currently considered to be commercially recoverable due to one or more contingencies. The specific contingency which prevent the classification of contingent resources as reserves is that the development plan for the drilling of the wells required to convert contingent resources to 2P reserves is yet to be approved.

There is no certainty that it will be commercially viable to produce any portion of the resources discussed herein; though any discovery that is commercially viable would be tied back to the Company's pipeline in Morocco and then connected to customers' facilities within 9 to 12 months of discovery. Based upon the economic analysis undertaken on any discovery, management has attributed an associated chance of development of 100%.

There are uncertainties associated with the volume estimates of the prospective resources disclosed herein, due to the level of information available on prospective resources, but ranges are defined based on data from the Company's nearby existing analogous wells. Some of the risks and uncertainties are outlined below:

- Petrophysical parameters of the sand/reservoir;
- Fluid composition, especially heavy end hydrocarbons;
- Accurate estimation of reservoir conditions (pressure and temperature);
- Reservoir drive mechanism;
- Potential well deliverability; and
- The thickness and lateral extent of the reservoir section, currently based on 3D seismic data.

"P50" means that there is at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate

Consolidated Balance Sheet

(US$'000s)	As at 31 December 2019	As at 31 December 2018
Assets		
Cash and cash equivalents	11,054	17,345
Trade and other receivables	21,774	24,324
Inventory	7,972	5,236
Current assets	40,800	46,905
Investments	3,916	3,394
Property, plant and equipment	67,895	48,680
Exploration and evaluation assets	18,720	39,128
Right-of-use assets	1,687	-
Non-current assets	92,218	91,202
Total assets	133,018	138,107
Liabilities		
Trade and other payables	25,724	14,418

Deferred income	258	495
Decommissioning liability	317	1,125
Current income taxes	1,484	1,458
Lease liability	506	-
Current liabilities	28,289	17,496
Deferred income	-	240
Decommissioning liability	5,287	4,042
Deferred income taxes	290	290
Lease liability	1,121	-
Non-current liabilities	6,698	4,572
Total liabilities	34,987	22,068
Equity		
Share capital	2,593	88,899
Share-based payment reserve	7,038	6,860
Accumulated other comprehensive loss	(917)	(917)
Merger reserve	37,034	-
Retained earnings	52,283	21,197
Total equity	98,031	116,039
Equity and liabilities	133,018	138,107

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
(US$'000s)	**2019**	2018
Revenue, net of royalties	53,233	53,679
Direct operating expense	(13,900)	(11,934)
Gross profit	39,333	41,745
Exploration and evaluation expense	(11,427)	(5,744)
Depletion, depreciation and amortisation	(26,295)	(17,268)
Impairment expense	(8,327)	(3,520)
Stock-based compensation	(178)	(1,194)
Share of profit from joint venture	1,161	1,195
Bad debt expense	-	(123)
Release of historic operational tax provision	-	300
Inventory write-off	-	(370)
Gain on sale of office asset	-	23

General and administrative expenses		
- Ongoing general and administrative expenses	(4,993)	(4,815)
- Transaction costs	(1,079)	(2,455)
Operating (loss)/income	(11,805)	7,774
Finance costs	(511)	(542)
Foreign exchange (loss)/gain	(94)	75
Loss on acquisition	-	(174)
(Loss)/income before income taxes	(12,410)	7,133
Current income tax expense	(5,776)	(7,021)
Total current and deferred income tax expense	(5,776)	(7,021)
(Loss)/profit and total comprehensive (loss)/income for the period	**(18,186)**	**112**
Net (loss)/income per share		
Basic	$(0.089)	$0.001
Diluted	$(0.089)	$0.001

Consolidated Statement of Changes in Equity

	Year ended 31 December	
(US$'000s)	**2019**	**2018**
Share capital		
Balance, beginning of period	88,899	88,785
Issuance of common shares	-	114
Share-for-share exchange - old	(88,899)	-
Share-for-share exchange - new	51,865	-
Capital reduction	(49,272)	-
Balance, end of period	2,593	88,899
Share-based payment reserve		
Balance, beginning of period	6,860	5,666
Share-based compensation for the period	178	1,194
Balance, end of period	7,038	6,860
Accumulated other comprehensive loss		
Balance, beginning of period	(917)	(917)
Balance, end of period	(917)	(917)
Merger reserve		
Balance, beginning of period	-	-
Share-for-share exchange	37,034	-

Balance, end of period	37,034	-
Retained earnings		
Balance, beginning of period	21,197	21,085
Capital reduction	49,272	-
Total comprehensive (loss)/income for the period	(18,186)	112
Balance, end of period	52,283	21,197
Total equity	98,031	116,039

Consolidated Statement of Cash Flows

	Year ended 31 December	
(US$'000s)	**2019**	2018
Cash flows generated from/(used in) operating activities		
(Loss)/income before income taxes	(12,410)	7,133
Adjustments for:		
Depletion, depreciation and amortisation	26,295	17,268
Exploration and evaluation expense	10,256	5,103
Impairment expense	8,327	3,520
Finance expense	511	542
Stock-based compensation	178	1,194
Loss on acquisition	-	174
Foreign exchange (gain)/loss	(382)	368
Gain on sale of office asset	-	(23)
Bad debt expense	-	123
Release of historic operational tax provision	-	(300)
Inventory write-off	-	370
Amortisation of deferred income	(477)	(497)
Tax paid by state	(4,262)	(5,036)
Share of profit from joint venture	(1,161)	(1,195)
Operating cash flow before working capital movements	26,875	28,744
Decrease in trade and other receivables	1,992	11,195
(Decrease)/Increase in trade and other payables	(1,785)	330
Payments for inventory	(556)	(2,801)
Payments for decommissioning	(155)	(140)
Cash generated from operating activities	26,371	37,328
Income taxes paid	(1,306)	(1,091)
Net cash generated from operating activities	25,065	36,237

Cash flows generated from/(used in) investing activities:		
Property, plant and equipment expenditures	(25,739)	(21,945)
Exploration and evaluation expenditures	(5,576)	(22,865)
Dividends received	639	525
Net cash used in investing activities	(30,676)	(44,285)
Cash flows generated from/(used in) financing activities:		
Issuance of common shares	-	114
Payments of lease liabilities	(795)	-
Finance costs paid	(267)	(197)
Net cash used in financing activities	(1,062)	(83)
Decrease in cash and cash equivalents	(6,673)	(8,131)
Effect of foreign exchange on cash and cash equivalents	382	(368)
Cash and cash equivalents, beginning of period	17,345	25,844
Cash and cash equivalents, end of period	11,054	17,345