

SDX Energy Inc. Operational Update and Analyst Visit

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LONDON, Jan. 23, 2018 - [SDX Energy Inc.](#) (TSXV, AIM: SDX), the North Africa focused oil and gas company, provides a 2018 operational outlook statement prior to today's site visit for sell-side and industry analysts in Morocco.

Morocco (75% Working Interest)

- Given continued drilling success, 2018 gross production is targeted to increase in line with new customer tie-ins. Depending on timing of tie-ins, SDX is targeting gross production of 8-10mmscf/d of conventional natural gas by the end of 2018.

- SDX's nine well Moroccan drilling programme continues in 2018, with the tie-in and testing of the most recent discovery, ONZ-7, the drilling of two development wells (KSS-2 and SAH-1) and the drilling of two exploration wells (LNB-1 and LMS-1).

- Including ONZ-7, the gross drilling cost for these wells inclusive of customer tie-ins, is expected to be approximately US\$13.0 million.

- In addition, SDX plans to shoot 240km² of 3D seismic in its Rharrb Centre concession at an estimated cost of US\$6.5 million.

Egypt - Meseda Concession (50% Working Interest/19.25% Economic Interest)

- 2018 gross production guidance is increased to 3,800bopd.

- SDX plans to drill four wells in 2018. Two wells to develop the Rabul discoveries (Rabul-3 and Rabul-4) and two wells to maintain production in the wider Meseda area (Infill Producer-1 and Infill Producer-2).

- The Company also aims to replace up to five ESPs in the wider Meseda area.

- Gross Meseda capex in 2018 is expected to be approximately US\$6.0 million (SDX 50% share).

Egypt - North West Gemsa Concession (50% Working Interest)

- SDX intends to maintain gross 2018 production at 2017 levels, targeting 4,422boepd.

- To achieve this production it is planned to drill two wells (AASE-25 and AASE-27), and undertake seven well workovers.

- The expected gross cost of the two wells including processing facility tie-ins is US\$6.6 million with the seven workovers expected to cost gross US\$1.7 million (SDX 50% share).

Egypt - South Disouq Concession (55% Working Interest)

- Up to four wells planned in H1 2018 with estimated gross capex of approximately US\$12.0 million (SDX share 55%).

- Two exploration wells (Ibn Yunus-1X and Kelvin-1X)

- Two development wells (SD-4X and SD-3X).

- Upon success of SD-4X and SD-3X, SDX expects to complete construction of a 10km pipeline to the regional gas grid, together with the SD-1X processing facility. Gross capex is estimated at approximately US\$15.0 million, subject to completion of tenders (SDX share 55%).

- Ibn Yunus-1X and Kelvin-1X are targeting up to 150bcf in separate structures from the SD-1X discovery. If

successful, volumes will be tied back to the SD-1X processing facility and flow through the 10km pipeline directly to the regional gas grid.

- Given the above, and assuming all necessary approvals are obtained, first gas is targeted mid-2018, with approximately 50mmscf/d expected from three wells in the SD-1X discovery structure. The gas price is still under negotiation.

- Annual gross opex, including processing facility rental cost, is predominantly fixed and estimated at approximately US\$6.0 million, subject to completion of tenders (SDX share 55%).

Cash and Working Capital

Q4 2017 Highlights

- Recovered approximately US\$6 million from backdated Egyptian and Moroccan receivables.
- Paid approximately US\$5 million of Moroccan drilling campaign costs.
- Reduced backdated payables by approximately US\$6 million.

2018 Outlook

- In 2018, the Company will look to make further reductions in its backdated Egyptian receivables balance.
- Commitment well in South Ramadan offshore concession (SDX share 12.75%) expected to be drilled in 2018. SDX's share of the cost expected to be approximately US\$3 million.

Paul Welch, President and CEO of SDX, commented:

"We are pleased to provide an update on our extensive activity across our assets in both Morocco and Egypt, and welcome the opportunity to showcase our Moroccan operations to a number of analysts.

The team at SDX is working hard to deliver on our stated strategy of creating value through the development of our portfolio."

About SDX

SDX is an international oil and gas exploration, production and development company, headquartered in London, England, UK, with a principal focus on North Africa. In Egypt, SDX has a working interest in two producing assets (50% North West Gemsa & 50% Meseda) 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 Rharrb Basin. These producing assets are characterised by exceptionally low operating costs making them particularly resilient in a low oil price environment. SDX's portfolio also includes high impact exploration opportunities in both Egypt and Morocco.

For further information, please see the website of the Company 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 Paul Welch, Chief Executive Officer of SDX. Mr Welch, who has over 30 years of experience, is the qualified person as defined in the London Stock Exchange's Guidance Note for Mining and Oil and Gas companies. Mr. Welch holds a BS and MS in Petroleum Engineering from the Colorado School of Mines in Golden, CO. USA and an MBA in Finance from SMU in Dallas, TX USA and is a member of the Society of Petroleum Engineers (SPE).

Neither the TSX Venture Exchange nor its Regulation Services Provider (as such term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Glossary

"boepd" - barrels of oil equivalent per day
"bopd" - barrels of oil per day
"Bcf" - billion standard cubic feet
"ESP" - electrical submersible pump
"mmscf/d" - million standard cubic feet per day

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 plans, production targets, drilling, seismic work, customer tie ins, pipeline completion, ESP replacement, well workovers, and the timing and costs thereof, as well as capital expenditures, operational expenditures and the Company's 2018 outlook, 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 labor and services.

All timing given in this announcement, unless stated otherwise is indicative and while the Company endeavors 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; 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 reference SDX's Management's Discussion & Analysis for the three and nine months ended September 30, 2017, 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.

Oil and Gas Advisory

Certain disclosure in this news release constitute "anticipated results" for the purposes of National Instrument 51-101 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 flow rate attributable to the resources of the Company. Such estimates have been prepared by management of the Company 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.

THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED BY SDX TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION (EU) NO. 596/2014 ("MAR"). ON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE ("RIS"), THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

SOURCE SDX Energy Inc.

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