

SDX Energy Plc ("SDX" or the "Company") - Update on drilling operations in Morocco and Egypt

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LONDON, Jan. 28, 2020 -

Morocco

[SDX Energy Plc](#) (AIM: SDX), the MENA-focused oil and gas company, is pleased to announce that the OYF-2 well in Morocco (SDX 75% working interest) has been drilled to a measured depth of 1,210 meters and has encountered commercial quantities of gas in excess of pre-drill estimates. The discovery also confirms that the Company's core productive area extends to the north.

Both the Upper and Lower Guebbas targets in OYF-2 were encountered and reservoir thickness and quality were better than pre-drill expectations. The Upper Guebbas was encountered at a measured depth of 1,001 meters, while the Lower Guebbas was penetrated at a measured depth of 1,120 meters.

Management estimates that approximately 1.3 to 1.9 bcf¹ of gas is recoverable from the horizons encountered by the OYF-2 well, which will be tested in February. The discovery will be tied into the Company's infrastructure when required, at an estimated cost of approximately US\$2 million net to SDX. Furthermore, the discovery has de-risked a further 0.5 to 1.0 bcf of Prospective Resources² in the western compartment of the Lower Guebbas target which the Company expects to recover with a single development well in the future.

The rig has now moved to the BMK-1 location, which is approximately 11 kilometres to the north of OYF-2. BMK-1 will again test the extent of the northern expansion of the Company's core productive area and, if successful, could de-risk a number of similar close-by prospects. After BMK-1, one more close to infrastructure well and two other potentially play-opening wells in Lalla Mimouna will be drilled to complete the campaign in March.

Egypt

South Disouq (SDX Working Interest 55%)

Preparations continue at South Disouq for two exploration wells targeting gross unrisks P50 volumes of up to 104 bcf from the same horizons encountered in the Company's four discoveries to date. The first well, Salah, which is expected to spud in mid/late February and complete in April 2020, is targeting a gross unrisks P50 prospect of 71 bcfe (Company estimate)¹. The second well, Sobhi, which is expected to spud in late April/early May and complete in early June, is targeting a gross unrisks P50 prospect of 33 bcfe (Company estimate)¹. If successful, these two wells would require short, 8.0 kilometre and 5.8 kilometre, tie-ins to the South Disouq Central Processing Facility with SDX's share of the tie-in cost estimated at US\$2.5 million and US\$1.9 million respectively.

West Gharib (SDX Working Interest 50%)

In early February the Company is planning to spud an appraisal/development well in the Rabul area of its West Gharib concession. If successful, this well could add approximately gross 200-300 bbl/d of production.

Mark Reid, CEO of SDX, commented:

"We have a particularly busy year ahead with the drill bit, giving us the opportunity to increase significantly the Company's reserves life. OYF-2 in Morocco is a very positive start, a discovery which is larger than pre drill expectations, and confirmation that our core productive area extends to the north. With the planned follow on development well, we now have the potential to increase our total reserves in Morocco to approximately three to four years of customer demand with our gas being sold under five and ten year fixed priced contracts at an average gas price of circa US\$11/mcf.

With the imminent commencement of drilling campaigns in South Disouq and West Gharib in Egypt, together with the ongoing drilling campaign in Morocco, we have a very busy period of activity ahead of us with three rigs drilling simultaneously. I look forward to providing further updates on these campaigns in due course."

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. In the South Disouq gas field in the Nile Delta, the Company is operator and has a 55% working interest. In the Eastern Desert, adjacent to the Gulf of Suez, the Company has two non-operated oil interests; 50% in North West Gemsa and 50% in Meseda. In Morocco, SDX has a 75% working interest in the Sebou concession, situated in the Gharb Basin. These producing gas assets in Morocco are characterised by exceptionally low operating costs and fixed price gas contracts 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 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, 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).

Glossary

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

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 future drilling campaigns and results in Morocco and at South Disouq and West Gharib in Egypt and the sufficiency of reserves to fulfill existing customer contracts, 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 Management's Discussion & Analysis for the three and nine months ended 30 September 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.

Oil and Gas Advisory

Certain disclosures in this news release constitute "anticipated results" for the purposes of National Instrument 51-101 – Standards of Disclosure 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 1bbl: 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.

1. Management Estimates

The management disclosed or referenced herein have been prepared in accordance with the Canadian Oil and Gas Evaluation Handbook.

2. Prospective Resources

The prospective resource estimates disclosed or referenced herein have been prepared by an independent qualified reserves evaluator, ERC Equipoise Limited, in accordance with the Canadian Oil and Gas Evaluation Handbook. The prospective resources disclosed herein have an effective date of 1 January 2019. 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. 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%. Anticipated results are subject to certain risks and uncertainties, including: (a) geological, technical, operational, engineering, regulatory and financial risks; (b) in addition, the geotechnical analysis and engineering (not booked) dated in respect of 4420739947900, (c) complete (PR), such risks and uncertainties may cause the anticipated results disclosed herein to be inaccurate. Actual results may vary, perhaps materially.

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- Retrophysical parameters of the sand/reservoir;
- 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.

SOURCE [SDX Energy Plc](https://www.sdxenergy.com)