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.

SDX ENERGY INC

("SDX" or the "Company")

SDX ENERGY INC. ANNOUNCES ITS SECOND QUARTER AND HALF YEAR TO JUNE 30, 2017 FINANCIAL AND OPERATING RESULTS

SDX Energy Inc. (TSXV, AIM: SDX), the North Africa focused oil and gas company, is pleased to announce its financial and operating results for the three and six months ended June 30, 2017. All dollar values are expressed in United States dollars net to the Company unless otherwise stated.

Highlights – three and six months ended June 30, 2017

Corporate and Financial

- SDX's key financial metrics for the three and six months ended June 30, 2017 and 2016 are as follows;

	Three months ended June 30		**Six months ended June 30**	
U$ millions except per unit amounts	**2017**	2016	**2017**	2016
Net Revenues	**9.9**	2.5	**18.0**	4.6
Netback[1]	**6.9**	1.2	**13.0**	2.3
Net realized oil sales and production service fee - ($/bbl)	**42.62**	31.79	**43.44**	28.01
Net realized gas price - ($/mmcf) [2]	**5.60**	-	**5.56**	-
Netback – US$/boe	**20.57**	11.56	**21.48**	10.63
Depletion, depreciation and amortization[3]	**(4.9)**	(0.8)	**(8.4)**	(1.7)
(Loss)/gain on acquisition	**(0.1)**	-	**29.4**	-
Total comprehensive (loss)/income/	**(0.4)**	(25.2)	**26.5**	(26.0)
Net cash generated from/(used in) operating activities	**8.1**	(1.0)	**11.1**	0.8
Cash and cash equivalents	**27.6**	6.9	**27.6**	6.9

Note:

(1) Refer to "Non-IFRS Measures" section of this release below for details of Netback.

(2) Net realised average gas price in Morocco was US$9.18/mmcf and Egypt was US$1.00/mmcf

(3) Increased DD&A reflects the impact of the acquisition of Circle Oil's producing assets in Egypt and Morocco and the 8' Pipeline in Morocco.

- The above financial metrics for the three and six months ended June 30, 2017 reflect the impact of the acquisition of the Egyptian and Moroccan businesses of Circle Oil PLC from January 27, 2017.

- The main components of SDX's comprehensive income of US$26.5 million for six months ended June 30, 2017 are;
  - US$13.0 million Netback for the period;
  - US$29.4 million gain on acquisition of the Egyptian and Moroccan businesses of Circle Oil PLC;
  - US$8.4 million of DD&A – (increased as a result of Circle transaction from US$1.7million in six months ended June 30, 2016); and
  - US$2.4 million of transaction and restructuring costs relating to the above acquisition.

Operational Highlights

- The Company's share of production from its operations for the six months ended June 30, 2017 was 3,351 boepd analysed as follows;

  - North West Gemsa 2,170 boepd
  - Meseda 635 boepd
  - Morocco 546 boepd

- On a pro forma basis, assuming the acquisition of the Egyptian and Moroccan businesses of Circle Oil PLC completed on January 1, 2017, the Company's share of production from its operations for the six months ended June 30, 2017 would have been 3,812 boepd analysed as follows;

  - North West Gemsa 2,538 boepd
  - Meseda 635 boepd
  - Morocco 639 boepd

Egypt

- In North West Gemsa in Q2 2017, the Company and the operator undertook a tender to secure a work-over rig and associated services for a work over program covering up to 12 wells. A local rig was secured and post period end, the work-over program, which is focused on Electrical

Submersible Pump ("ESP") installation and maintenance, commenced with the objective of maintaining average production at c. 5,000 boepd for 2017. Unitization talks with the offset operator are temporarily on hold and are expected to recommence in Q4 2017.

- In Q2 2017, two wells in the Meseda field had workovers performed consisting of tubing and pump maintenance aimed at ensuring future production uptime. In addition, the expansion of the central processing facility commenced with the arrival of a new two-phase separator. Installation is anticipated to complete during Q3 2017 allowing treating capacity to increase from 10k bfpd to 20k bfpd. Once completed, additional well work-overs will be undertaken to upgrade existing ESPs which are anticipated to increase well production rates. The tender for the ESP provider has been undertaken and the award is expected in Q3 2017. The production increase related to the facilities and ESP upgrades is expected in Q4 2017.

- In South Disouq in Q2 2017 the Company drilled the SD-1X discovery well, conducted well test operations and successfully flowed natural gas at a stabilised rate of 25.8 Mmcf/d on a 48/64" choke. This flow rate significantly exceeded initial expectations and was limited by the surface facilities. The well was subsequently shut in for an initial build-up, after which a series of additional flowing and shut-in periods were undertaken and fluid samples taken. The results of the well testing activity were used as input to a Resources Update prepared by Gaffney, Cline & Associates ("GCA"), an independent, global oil and gas consultancy and subsequent to the quarter end, the Company announced the initial results shown below using Canadian NI-51-101 Reporting designations:

	Gas Bscf	Condensate MMbbl
Gross[1] Contingent Resources[3] (2C):	47.13	2.29
Gross[1] Prospective Resources[2,3] (Best Case):	180.08	8.73

Note:

[1]Gross volumes are unrisked, 100% working interest volumes and do not represent the contractor's actual Net Entitlement under the terms of the PSC that governs the asset. See table 1 in Appendix.

[2]Aggregate of volumes four prospects and five Leads; aggregation performed by SDX management. See table 2 in Appendix.

[3]For Contingent Resources, there is uncertainty that that it will be commercially viable to produce any portion of the resources. For Prospective Resources, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

- The Company believes that the Gross Prospective Resources as reported above have now been significantly de-risked as a result of the SD-1X discovery. During the quarter, the Company also entered into constructive discussions with the Egyptian authorities, regarding bringing the field into production during Q1 2018 by way of an early production system ("EPS").

- In the South Ramadan development concession in Q2 2017, the Company, along with its partners, conducted an extensive review of the prospectivity of the block's potential. A commercial review of development options was then initiated which is anticipated to conclude

during Q3 2017. Results of this exercise, combined with a response from the Egyptian authorities on the extension request to complete the drilling commitment in 2018, will determine the way forward in this concession for the remainder of 2017.

Morocco

- In Q2 2017 the Company commenced a tendering process to secure a drilling rig and associated services for its upcoming seven well drilling campaign in the Sebou and Lalla Mimouna permits. The drilling rig contract was subsequently awarded to XCD Drilling, with the associated services contracts to be awarded upon close of the tendering exercise in Q3 2017.

- The drilling program is anticipated to comprise five development/appraisal wells in the Sebou permit and two exploration wells in the Lalla Mimouna permit. All locations have been approved by partners and the local authority with environmental and drilling permits subsequently being secured. Location construction has commenced and the first well of the program is anticipated to spud late Q3 2017. All locations in the Sebou permit are adjacent to existing infrastructure and can be placed on production quickly.

- In Q2 2017, SDX received confirmation of the renewal of the Sebou exploration permit for eight years after committing to drill three exploration wells in the first four years. Two of these exploration wells are included in the H2 2017 drilling program. SDX also received confirmation of extensions to the following producing concessions in Sebou;
    - Gueddari NW to 2 February 2019;
    - Gueddari Sud to 18 January 2020;
    - Sidi Al Harati SW to 20 September 2023; and
    - Ksiri Central to 18 January 2025.

- The Company also received confirmation that the Lalla Mimouna permit had been extended to March 2018.

- During the period SDX secured the Gharb Centre exploration permit which covers an area of 1,362.1 km^2 and contains five fields which are now depleted. Recently, 208 km^2 of 3D seismic was acquired in the southwest of the permit along with a further 300 km^2 of dense 2D coverage, that complements the extensive legacy 2D seismic acquired in the remainder of the block. Multiple amplitude-supported leads have been identified on the existing datasets with several adjacent to the existing Sebou production infrastructure. At present, SDX has identified leads potentially containing over 20 Bscf (unrisked) of gas within the permit. SDX's work program, of 200 km^2 of 3D seismic and two exploration wells will expand the portfolio of amplitude supported prospects on the block and generate further drilling opportunities to expand the company's production as soon as possible.

Outlook

Egypt

- North West Gemsa
    - Complete up to 12 well workovers focused on ESP installation/maintenance and tubing maintenance to ensure production uptime; and
    - Complete unitization arrangement with offset operator and prepare for any additional development activities.

- Meseda
    - Drill two development wells (pending government approval) and two exploration wells;
    - Replace up to six ESPs; and
    - Continue with waterflood program and facility capacity upgrade.

- South Disouq
    - Complete development planning on the SD-1X discovery with a view to achieving commercial production during Q1 2018; and
    - Prepare for entering into the second exploration phase to continue the targeting of the deeper oil potential confirmed in SD-1X and the additional prospective gas resources outside of the SD-1X discovery area.

Morocco

- Sebou
    - Drill up to five development/appraisal wells in H2 2017; and
    - Look to increase gas volumes to existing customers and agree contracts with, and start supplying volumes to, new customers.

- Lalla Mimouna
    - Drill two exploration prospects in H2 2017.

- Gharb Centre
    - Commence preparation for the acquisition of 200km^2 of 3D seismic in 2018.

Corporate

- Continue to explore opportunities to expand asset base in the North Africa region; and

- Continue to minimise costs and crystallise synergies post-completion of the acquisition of Circle Oil PLC's businesses in Egypt and Morocco.

Paul Welch, President & CEO of SDX Energy, commented:

"We continued to make strong operational progress across our North African portfolio in the second quarter and we are also pleased to see the positive impact that the Circle acquisition is having on our business with improving Netbacks and a strong cash and working capital position as at the end of H1 2017.

Following a successful tendering process, we are ready to undertake an exciting drilling campaign in Morocco. We have significantly de-risked a portfolio of exploration and development prospects in these recently acquired concessions and we anticipate that positive drilling results will enable us to bring additional high margin gas production online in a timely manner.

In Egypt, the Company's Meseda and North West Gemsa licences continue to perform in line with expectations. We have commenced the 12 well workover programme on NW Gemsa and following the ESP installation and maintenance work we anticipate maintaining gross production in the field at c.5,000 boepd for the remainder of 2017. We completed two well workovers on Meseda during the period and will now turn our attention towards completing the facility upgrade, replacing ESPs and increasing production. Following the discovery at South Disouq, SDX is targeting first gas during Q1 2018, with preparations for both the development activities and the second exploration phase now significantly advanced. In due course, I am looking forward to updating the market with our plans to develop the existing discovery on South Disouq, to add additional gas resources to the reserve base and on how we propose to exploit the deeper oil potential within the concession."

KEY FINANCIAL & OPERATING HIGHLIGHTS

Unaudited interim consolidated financial statements with Management's Discussion and Analysis for Q2 2017 and H1 2017 are now available on the Company's website at www.sdxenergy.com and on SEDAR at www.sedar.com.

FINANCIAL STATEMENTS

	Prior Quarter	Three months ended June 30		Six months ended June 30	
$000s except per unit amounts		**2017**	2016	**2017**	2016
FINANCIAL					
Gross Revenues	11,124	**13,420**	3,384	**24,544**	6,173
Royalties	(2,988)	**(3,519)**	(863)	**(6,507)**	(1,542)
Net Revenues	8,136	**9,901**	2,521	**18,037**	4,631
Operating costs	(2,048)	**(2,958)**	(1,290)	**(5,006)**	(2,289)
Netback	6,088	**6,943**	1,231	**13,031**	2,342
Total comprehensive (loss)/income	26,947	**(427)**	(25,164)	**26,520**	(26,047)
per share – basic	0.172	**(0.005)**	(0.455)	**0.151**	(0.560)
Cash, end of period	21,052	**27,627**	6,949	**27,627**	6,949
Working capital (excluding cash)	18,987	**15,421**	1,283	**15,421**	1,283
Capital expenditures	822	**1,504**	6,475	**2,315**	12,294
Total assets	132,794	**132,766**	47,231	**132,766**	47,231
Shareholders' equity	103,464	**102,559**	38,560	**102,559**	38,560
Common shares outstanding (000's)	186,900	**186,900**	75,934	**186,900**	75,934
OPERATIONAL					
Oil sales (bbl/d)	1,493	**1,832**	554	**1,663**	580
Gas sales (boe/d)	812	**1,194**	-	**1,004**	-
NGL Sales (bbl/d)	40	**58**	-	**49**	-
Production service fee (bbl/d)	646	**623**	616	**635**	631
Total oil sales and production service fee boe/d	2,991	**3,707**	1,170	**3,351**	1,211
Realized oil price (US$/bbl)	48.73	**45.56**	39.90	**46,97**	34.05
Realized service fee (US$/bbl)	34.34	**33.98**	24.51	**34.16**	22.45
Net oil sales and production service fee realized price ($/bbl)	44.38	**42,62**	31.79	**43.44**	28.01
Realized gas price (US$/mcf)	5.50	**5.60**	-	**5.56**	-
Realized NGL price (US$/bbl)	47.17	**46.35**	-	**46.68**	-
Net realized price - all products (US$/boe)	41.33	**39.77**	31.79	**40.46**	28.01
Royalties ($/bbl)	11.10	**10.43**	8.11	**10.73**	7.00
Operating costs ($/bbl)	7.61	**8.77**	12.12	**8.25**	10.38
Netback ($/bbl)	22.62	**20.57**	11.56	**21.48**	10.63

Interim Consolidated Balance Sheet (Unaudited)

(thousands of United States dollars)	**As At June 30, 2017**	**As At December 31, 2016**
Assets		
Cash and cash equivalents	**27,627**	4,725
Trade and other receivables	**39,489**	9,463
Inventory	**2,075**	1,698
Current assets	**69,191**	15,886
Investments	**3,214**	2,503
Property, plant and equipment	**48,251**	12,605
Intangible exploration and evaluation assets	**12,110**	10,623
Non-current assets	**63,575**	25,731
Total assets	**132,766**	**41,617**
Liabilities		
Trade and other payables	**23,892**	3,674
Deferred income	**493**	-
Decommissioning liability	**1,200**	-
Current income taxes	**558**	389
Current liabilities	**26,143**	4,063
Deferred income	**968**	-
Decommissioning liability	**2,806**	-
Deferred income taxes	**290**	290
Non-current liabilities	**4,064**	290
Total liabilities	**30,207**	**4,353**
Equity		
Share capital	**78,965**	40,275
Warrants	**-**	-
Contributed surplus	**5,213**	5,128
Accumulated other comprehensive loss	**(309)**	(917)
Retained earnings/(accumulated loss)	**18,690**	(7,222)
Total equity	**102,559**	37,264
Equity and liabilities	**132,766**	**41,617**

Interim Consolidated Statement of Comprehensive Income (Unaudited)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(thousands of United States dollars, except per share data)	**2017**	**2016**	**2017**	**2016**
Revenue, net of royalties	**9,901**	2,521	**18,037**	4,631
Revenue	**9,901**	2,521	**18,037**	4,631
Direct operating expense	**(2,958)**	(1,290)	**(5,006)**	(2,289)
Exploration and evaluation expense	**(87)**	(24,883)	**(160)**	(24,883)
Depletion, depreciation and amortization	**(4,892)**	(845)	**(8,414)**	(1,662)
Stock based compensation	**(42)**	(100)	**(85)**	(194)
Share of profit from joint venture	**337**	365	**711**	712
General and administrative expenses:				
- Ongoing general and administrative expenses	**(1,896)**	(912)	**(4,077)**	(1,772)
- Transaction costs	**(155)**	-	**(2,373)**	-
Operating income/(loss)	**208**	(25,144)	**(1,367)**	(25,457)
Net finance (expense)/income	**(40)**	267	**(77)**	(97)
Gain on acquisition	**(63)**	-	**29,401**	-
Income/(loss) before income taxes	**105**	(24,887)	**27,957**	(25,554)
Current income tax expense	**(1,061)**	(287)	**(2,045)**	(493)
Deferred income tax expense	**-**	-	**-**	-
Total current and deferred income tax	**(1,061)**	(287)	**(2,045)**	(493)
Net income/(loss)	**(956)**	(25,164)	**25,912**	(26,047)
Other comprehensive income/(loss)				
Foreign exchange	**529**	-	**608**	-
Total comprehensive income/(loss) for the period	**(427)**	(25,164)	**26,520**	(26,047)
Net income/(loss) per share				
Basic	**$(0.005)**	$(0.455)	**$0.151**	$(0.560)
Diluted	**$(0.005)**	$(0.455)	**$0.150**	$(0.560)

Interim Consolidated Statement of Changes In Equity (Unaudited)

	SIX MONTHS ENDED JUNE 30	
(thousands of United States dollars)	**2017**	**2016**
Share capital		
Balance, beginning of period	**40,275**	30,148
Issuance of common shares	**39,491**	9,968
Share issue costs	**(801)**	(801)
Balance, end of period	**78,965**	39,315
Warrants		
Balance, beginning of period	**-**	99
Expiry of warrants	**-**	-
Balance, end of period	**-**	99
Contributed surplus		
Balance, beginning of period	**5,128**	5,175
Share based payments for the period	**85**	194
Balance, end of period	**5,213**	5,369
Accumulated other comprehensive (loss)/gain		
Balance, beginning of period	**(917)**	(1,154)
Foreign currency translation adjustment for the period	**608**	-
Balance, end of period	**(309)**	(1,154)
(Accumulated loss)/retained earnings		
Balance, beginning of period	**(7,222)**	20,978
Net income/(loss) for the period	**25,912**	(26,047)
Balance, end of period	**18,690**	(5,069)
Total equity	**102,559**	38,560

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
(thousands of United States dollars)	**2017**	**2016**	**2017**	**2016**
Cash flows generated from/(used in) operating activities				
Income/(loss) before income taxes	**105**	(24,877)	**27,957**	(25,554)
Adjustments for:				
Depletion, depreciation and amortization	**4,892**	845	**8,414**	1,662
Exploration and evaluation expense	-	24,883	**53**	24,883
Finance expense	**40**	7	**77**	83
Stock-based compensation	**42**	100	**85**	194
Gain on acquisition	**63**	-	**(29,401)**	-
Tax paid by State	**(884)**	(221)	**(1,638)**	(395)
Share of profit from joint venture	**(337)**	(365)	**(711)**	(712)
Operating cash flow before working capital movements	**3,921**	372	**4,836**	161
Decrease in trade and other receivables	**3,928**	(2,762)	**5,611**	(1,785)
Increase in trade and other payables	**470**	1,817	**935**	2,844
Increase in inventory	-	-	-	-
Cash generated from/used in) operating activities	**8,319**	(573)	**11,382**	1,220
Income taxes paid	**(229)**	(383)	**(237)**	(383)
Net cash generated from operating activities	**8,090**	(956)	**11,145**	837
Cash flows (used in)/generated from investing activities:				
Property, plant and equipment expenditures	**(129)**	(15)	**(242)**	(15)
Exploration and evaluation expenditures	**(1,291)**	(10,019)	**(1,579)**	(10,937)
Acquisition of subsidiaries	-	-	**(28,056)**	-
Cash balance acquired during the period	**-**	-	**3,108**	-
Net cash used in investing activities	**(1,420)**	(10,034)	**(26,769)**	(10,952)
Cash flows generated from/(used in) financing activities:				
Issuance of common shares	**(20)**	9,167	**38,690**	9,167
Finance costs paid	**(40)**	(8)	**(77)**	(101)
Net cash generated from/(used in) financing activities	**(60)**	9,159	**38,613**	9,066
Increase/(decrease) in cash and cash equivalents	**6,610**	(1,831)	**22,989**	(1,049)
Effect of foreign exchange on cash and cash equivalents	**(35)**	109	**(87)**	(172)
Cash and cash equivalents, beginning of period	**21,052**	8,671	**4,725**	8,170
Cash and cash equivalents, end of period	**27,627**	6,949	**27,627**	6,949

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 Energy 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 Gharb Basin. These producing assets are characterised by exceptionally low operating costs making them particularly resilient in a low oil price environment. SDX Energy's portfolio also includes three high impact exploration opportunities, South Disouq in Egypt and Lalla Mimouna and Gharb Centre in 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.

For further information:

SDX Energy Inc.

Paul Welch
President and Chief Executive Officer
Tel: +44 203 219 5640

Mark Reid
Chief Financial Officer
Tel: +44 203 219 5640

Cantor Fitzgerald Europe (Nominated Adviser & Joint Broker)
Sarah Wharry
Tel: +44 207 894 7000

GMP FirstEnergy (Joint Broker)
Jonathan Wright/David van Erp
Tel: +44 207 448 0200

Celicourt (PR)
Mark Antelme/Jimmy Lea
Tel: +44 207 520 9260

Advisory

Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking statements" 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 statements. In particular, statements concerning installation of ESPs in Meseda and the results thereof; planned drilling at the South Ramadan concession; the well workover program and unitization arrangement at North West Gemsa; planned exploration and/or development wells at Meseda, South Disouq, Sebou, Lalla Mimouna and Gharb Centre; the Company's plans; and the expected realization of synergies arising from the acquisition of the Egyptian and Moroccan businesses of Circle Oil PLC should be viewed as forward-looking statements.

The forward-looking statements contained in this document are 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 statements 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; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services.

By their very nature, forward-looking statements are 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. The risks and uncertainties that may cause actual results to differ materially from the forward-looking statements or information include, among other things: the ability of Management to execute its business plan; general economic and business conditions; the risk of war or instability affecting countries or states in which the Company operates; the risks of the oil and natural gas industry, such as operational risks in exploring for, developing and producing crude oil and natural gas; market demand; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; risks and uncertainties involving geology of oil and natural gas deposits; the uncertainty of reserves estimates and reserves life; the ability of the Company to add production and reserves through acquisition, development and exploration activities; the Company's ability to enter into or renew production sharing concession; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production (including decline rates), costs and expenses; fluctuations in oil and natural gas prices, foreign currency exchange, and interest rates; risks inherent in the Company's marketing operations, including credit risk; uncertainty in amounts and timing of oil revenue payments; health, safety and environmental risks; risks associated with existing and potential future law suits and regulatory actions against the Company; uncertainties as to the availability and cost of financing; and financial risks affecting the value of the Company's investments. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

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

Non-IFRS Measures

This news release contains the term "Netback," which does not have a recognized meaning under IFRS and may not be comparable to similar measures presented by other issuers. The Company uses this measure 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.

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, President and 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).

Appendix:

The Company retained Gaffney Cline and Associates (GCA) to conduct an independent resource evaluation to assess Contingent and Prospective resources in the Company's South Disouq asset with an effective date of May 31, 2017. The resource assessments were prepared in accordance with the standards contained in the COGE Handbook and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101") effective at the time thereof. A range of Contingent resources estimates (P90 (1C), P50 (2C) and P10 (3C)) and Prospective resources estimates (P90 (low), P50 (best) and P10 (high)) were prepared by GCA using probabilistic methods.

A summary of South Disouq Contingent and Prospective resources as of May 31, 2017 contained in the Resources Reports are included in the following tables. Please consult the attached appendix for all relevant resource descriptions, qualifications, risks, contingencies and cautionary language in relation to the review and interpretation thereof.

Table 1 - Summary of Unrisked P50 Contingent Resources as of May 31, 2017

	Gross Volumes unrisked		
Resource sub-Category	**Gas (Bscf)**	**Condensate (Mmbo)**	**Total[2] (Mmboe)**
Development Pending	**47.13**	**2.29**	**10.15**
Development on Hold	**---**	**---**	**---**
Development Unclarified	**---**	**---**	**---**
Development not viable	**---**	**---**	**---**
Total South Disouq	**47.13**	**2.29**	**10.15**

Table 2 - Summary of Best Estimate Prospective Resources as of May 31, 2017

	Gross Volumes unrisked			Gross Volumes risked		
Resource sub-Category	**Gas (Bscf)**	**Condensate (Mmbo)**	**Total[2] (Mmboe)**	**Gas (Bscf)**	**Condensate (Mmbo)**	**Total[2] (Mmboe)**
Prospect	**164.53**	**7.97**	**35.39**	**66.68**	**3.23**	**14.34**
Lead	**15.55**	**0.76**	**3.35**	**7.49**	**0.37**	**1.61**
Play	**---**	**---**	**---**	**---**	**---**	**---**
Total South Disouq[1]	**180.08**	**8.73**	**38.74**	**74.17**	**3.59**	**15.95**

1. *Aggregate of volumes four prospects and five Leads; aggregation performed by SDX management.*

2. *BOEs may be misleading, particularly if used in isolation. The BOE column is the sum of the light and medium oil, conventional natural gas and natural gas liquids columns with the conversion of gas to liquids using a BOE conversion ratio of 6 Mmscf:1 bbl, based on an energy equivalency conversion method primarily applicable at the burner tip. This conversion does not represent a value equivalency at the wellhead.*

Risks and Uncertainties

There is still a +/-50% uncertainty concerning the volume of the encountered section at Abu-Madi due to

1) the lateral extent of the accumulation
2) the quality of the reservoir section that would be encountered away from the current location
3) The thickness of the reservoir section away from the current location
4) The hydrocarbon composition of the natural gas encountered and its resulting liquid yield

Additional wells will need to be drilled and tested to reduce the levels of uncertainty required to properly classify the discovered hydrocarbons under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

SDX will continue to work towards developing a more detailed development program in respect of South Disouq, but given the current stage of development, is unable to provide a specific timeline or cost estimate in respect of obtaining commercial development in respect of the resources contained therein. There has not been a conceptual or pre-development study prepared in respect of the South Disouq asset.

Contingent resources are assigned to the SD-1x Discovery because of the uncertainties surrounding aspects of the well data, notably the position of the gas water contact (GWC) in the Abu Madi 1 Zone, gas composition and detailed petrophysical response.

Glossary

"bfpd"	barrels of fluid per day
"bscf"	billion standard cubic feet
"boepd"	barrels of oil equivalent per day
"Contingent Resources" or "2C"	these are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the Reserves category, the key conditions, or contingencies, that prevented commercial development must be clarified and removed. As an example, all required internal and external approvals should be in place or determined to be forthcoming, including environmental and governmental approvals. There also must be evidence of firm intention by a company's management to proceed with development within a reasonable time frame (typically five years, though it could be longer)
"MMbbl"	million barrels
"MMbo"	million barrels of oil
"MMboe"	million barrels of oil equivalent
"mmcf"	millions of standard cubic feet

“mmcf/d”	millions of standard cubic feet per day
“Prospective Resources”	are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than Contingent Resources since the risk of discovery is also added. For prospective resources to become classified as Contingent Resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared