

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.



7 May 2018

SDX ENERGY INC.
("SDX" or the "Company")
Gas discovery at LMS-1 well, Morocco

SDX Energy Inc. (TSXV, AIM: SDX), the North Africa focused oil and gas company, is pleased to announce that a conventional natural gas discovery has been made at its LMS-1 exploration well on the Lalla Mimouna permit in Morocco (SDX 75 %).

The LMS-1 well was drilled to a total depth of 1158 meters. The primary target was in the H-9 sequence which is a Miocene aged shallow marine deposit that had not been previously tested in the area. The well encountered 16.4 meters of net conventional gas pay sands which had an average porosity of 32% in an over-pressured section. Similar to the previously drilled LNB-1, heavier gas shows were encountered indicating the presence of a deeper thermogenic source rock charging the structure. In addition, the cuttings showed evidence of fluorescence indicating the potential presence of liquid hydrocarbons within the section encountered.

The well is now being completed as a conventional natural gas producer in the H-9 interval and once the rig has left the location the well will be perforated and tested. It is anticipated that the test will be conducted approximately 30 days after the rig has departed the location.

The drilling rig itself will now be demobilised and returned to the contractor for use with another operator as this was the last well in the Company's nine well Moroccan program.

Paul Welch, President and CEO of SDX, commented:

"We are very pleased with the results of this exploration well as it has significantly exceeded our pre-drill estimates for both reservoir quality and pay sand thickness. Similar to the LNB-1 discovery, this was a higher risk exploration prospect into a sequence that had not been previously penetrated in a similar structural location. We were prepared for the overpressures in this area and as a result have been able to successfully log and complete this well."

"Once the rig has departed the location we will conduct an extensive test of this well. Given the deeper source rock, the heavier gas elements and fluorescence seen in the cuttings we are anticipating production of condensate during the test which could add some significant value to the production established in this area. It's an excellent way to conclude the drilling program with seven of our nine wells being successful."

Most importantly, the results of our last two exploration wells have opened up a very significant new play area for us in the Gharb basin. Whilst the group is on track to double overall production in 2018, this provides us with the ability to further grow our reserves and production potential in Morocco, where we are targeting a four-fold increase in production from our current portfolio in the medium term. I look forward to updating our shareholders on the results of the LMS-1 well test in due course."

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 Rharb 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.

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

Stifel Nicolaus Europe Limited (Nominated Adviser and Joint Broker)

Callum Stewart
Nicholas Rhodes
Ashton Clanfield
Tel: +44 (0) 20 7710 7600

Cantor Fitzgerald Europe (Joint Broker)

David Porter/Nick Tulloch
Tel: +44 207 7894 7000

GMP FirstEnergy (Joint Broker)

Jonathan Wright/David van Erp
Tel: +44 207 448 0200

Celicourt (PR)

Mark Antelme/Jimmy Lea/Ollie Mills
Tel: +44 207 520 9261

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.

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 completion, testing and production of the LMS-1 well, the potential for condensate production and the increase in the Company's overall production 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; 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; 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 twelve months ended December 31, 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.

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).