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21 June 2018

**SDX ENERGY INC.**  
(“SDX” or the “Company”)

### **South Disouq and Morocco Update for Analysts**

Prior to today's update for sell-side and industry analysts, SDX Energy Inc. (TSXV, AIM: SDX), the North Africa focused oil and gas company, provides the following summary of its recent drilling campaigns at South Disouq (Egypt) and in Morocco. The presentation to be used at today's update can be found on the Company's website at [www.sdxenergy.com/investors-presentation](http://www.sdxenergy.com/investors-presentation).

#### **Egypt - South Disouq Concession (Working Interest 55%)**

- Three successful wells out of four drilled so far;
- SD-1X and SD-4X discoveries confirmed prospectivity in the Abu Madi horizon, and the Ibn Yunus-1X discovery identified additional prospectivity in a new play horizon, the Kafr el Sheik;
- Final well, SD-3X, to spud in late June/early July targeting Abu Madi prospectivity close to the SD-1X and SD-4X discoveries. This will complete the current drilling campaign on the concession prior to expected first production at the end of 2018;
- Based on the discoveries and well testing at SD-1X and Ibn Yunus-1X, the Company is targeting a minimum of gross 100 bcf of conventional natural gas and 1 million barrels of condensate with an anticipated plateau production rate of c.55-60 mmscf/d of conventional natural gas and c.500-600 bbls of condensate per day for the first four years;
- Data from all five recent wells will be used to recalibrate the existing 3D seismic interpretation to improve future identification of gas bearing traps in both the Abu Madi and the Kafr el Sheik;
- At present five, drill ready, conventional natural gas prospects targeting > 90bcf (unrisked) have been identified in the Kafr el Sheik and Abu Madi horizons and one, drill ready, oil prospect targeting up to 50mmbbls of conventional light crude oil (unrisked) has been identified in four stacked, individual, deeper Cretaceous targeted STOILPs ranging from a mean of c.33 mmbbls to 55 mmbbls with chances of success ranging from 22%-29%;

- A further eight gas leads have been identified on the current 3D in the Kafr el Sheik, which are targeting up to 1 tcf (unrisked) of conventional natural gas. Several additional oil leads have also been identified in the deeper Cretaceous reservoirs; and
- Up to 170km<sup>2</sup> of 3D is expected to be acquired in Q4 2018 targeting further Abu Madi and Kafr El Sheik prospectivity.

### **Morocco (75% Working Interest)**

- 2017/2018 drilling campaign completed with seven successful wells out of nine drilled;
- The LNB-1 and LMS-1 discoveries have confirmed our views on the prospectivity of the Lalla Mimouna acreage, and opened a sizeable portion of the Rharb Basin to further exploration;
- Currently in the final planning stages of the upcoming 240 km<sup>2</sup> Gharb Centre 3D seismic acquisition that will start in early July;
- 12 drill ready gas prospects targeting in excess of 20 bcf (unrisked) of conventional natural gas have been identified across the acreage for a Q1 2019 drilling campaign, to be potentially refined and complemented by the new 3D seismic data; and
- More than 60 further leads have been identified across the Basin, the majority are or will be derisked by our existing or upcoming 3D seismic data coverage, targeting an upside potential of approximately 60 bcf (unrisked) of incremental conventional natural gas prospectivity.

### **Paul Welch, President and CEO of SDX, commented:**

*"We are pleased to provide an update on our successful drilling campaigns in South Disouq and Morocco.*

*We are looking forward to first gas in South Disouq expected at the end of the year and are excited by the new Kafr El Sheik prospectivity that we have identified in the concession. In addition, we have started to review rig options for a 2019 drilling campaign to target the additional gas and oil prospectivity that we have now confirmed exists in up to six separate locations within the concession.*

*In Morocco, we have identified a significant volume of low risk/high value drilling opportunities which we will be targeting in our next drilling campaign during 2019, as we continue to grow our customer base and meet local gas demand. We expect the upcoming 3D seismic acquisition to further de-risk this prospectivity and we look forward to the commencement of our drilling campaign in the Spring of 2019."*

## **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](http://www.sdxenergy.com) or the Company's filed documents at [www.sedar.com](http://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).

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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**

"bbls"	barrels
"bcf"	billion standard cubic feet
"mmscf/d"	million standard cubic feet per day
"mmbbls"	million barrels
"STOIP"	stock tank oil initially in place
"tcf"	trillion standard 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 prospectivity of the Company's discoveries, the timing of the SD-3X well, the timing of production at South Disouq, estimates of targeted volumes and flow rates, the acquisition of seismic data, the Company's ability to de-risk the prospectivity of its opportunities and the Company's plans, 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 months ended March 31, 2018, which can be found on SDX's SEDAR profile at [www.sedar.com](http://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 and volume 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.

In addition to the uncertainties listed above, due to the level of information available, there is still uncertainty associated with the volume and flow rate estimates prepared by management. Some of the risk 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), currently unknown but roughly estimated based on range of drilling mud of 1.6-1.65 SG;
- Reservoir drive mechanism;
- Potential well deliverability; and
- The thickness and quality of the reservoir section away from the current location.