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22 March 2019

SDX ENERGY INC

(“SDX” or the “Company”)

SDX ENERGY INC. ANNOUNCES FOURTH QUARTER AND YEAR-END 2018 FINANCIAL AND OPERATING RESULTS AND PROVIDES GUIDANCE FOR 2019

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 months and year ended December 31, 2018 (with full-year results prepared on an audited basis). The Company’s full annual audited financial statements (the “Annual Consolidated Financial Statements”) and annual report have been published on the Company website at www.sdxenergy.com and on SEDAR at www.sedar.com. All monetary values are expressed in United States dollars net to the Company unless otherwise stated.

Reserves

- As at December 31, 2018, the Company’s working interest share of audited 2P reserves was 13.1 mmboe[(1)]. The Company’s 2P reserves estimate has been audited in accordance with the COGE Handbook by ERC Equipoise Limited, an independent qualified reserves evaluator and auditor.

Corporate and financial

- SDX’s key financial metrics for the three and twelve months ended December 31, 2018 and 2017 are:

	Three months ended December 31		Twelve months ended December 31 (audited)	
US$ million, except per unit amounts	**2018**	**2017**	**2018**	**2017**
Net revenues	**13.8**	**11.0**	**53.7**	**39.2**
Netback[(2)]	**10.4**	**8.5**	**41.7**	**28.9**
Net realized average oil price/service fees - US$/barrel	**59.07**	**54.39**	**62.43**	**46.70**
Net realized average Morocco gas price - US$/mcf	**9.78**	**9.72**	**10.33**	**9.51**
Netback – US$/boe	**28.94**	**28.26**	**32.01**	**24.47**
EBITDAX[(2) (3)]	**7.1**	**8.0**	**34.3**	**21.4**
Exploration & evaluation expense (“E&E”)	**(0.2)**	**-**	**(5.7)**	**(0.2)**
Depletion, depreciation and amortization (“DD&A”)	**(6.3)**	**(4.8)**	**(17.3)**	**(17.8)**
Impairment expense	**(3.5)**	**-**	**(3.5)**	**-**

(Loss)/gain on acquisition	**-**	**(4.7)**	**(0.2)**	**29.6**
Total comprehensive (loss)/income	**(4.0)**	**(3.4)**	**0.1**	**28.3**
Net cash generated from operating activities	**8.9**	**15.1**	**36.2**	**21.6**
Cash and cash equivalents	**17.4**	**25.8**	**17.4**	**25.8**

Note:

(1) Using a conversion ratio of 5.8 Mcf:1 boe.

(2) Refer to the "Non-IFRS Measures" section of this release below and the Company's MD&A for the three and twelve months ended December 31, 2018 and 2017 for details of netback and EBITDAX.

(3) EBITDAX for Q4 2018 and 2017 and twelve months to December 31, 2018 and 2017 includes US$1.4 million and US$0.9 million, and US$5.0 million and US$3.6 million respectively of non-cash revenue relating to the grossing up of Egyptian corporate tax on the North West Gemsa PSC, which is paid by the Egyptian State on behalf of the Company.

- The above financial metrics for the three and twelve months ended December 31, 2018 reflect the impact of the acquisition of the Egyptian and Moroccan businesses of Circle Oil plc (the "Circle Acquisition") from January 27, 2017 for consideration of US$28.1 million.

- The main components of SDX's comprehensive income of US$0.1 million for the twelve months ended December 31, 2018 are:
    - US$41.7 million netback;
    - US$5.7 million of E&E, of which US$5.1 million related to two sub-commercial wells in Morocco and one sub-commercial well in Egypt;
    - US$17.3 million of DD&A;
    - US$3.5 million impairment on North West Gemsa as a result of the recent reduction in Brent crude oil price forecasts reducing the asset's economic life;
    - US$4.8 million of G&A; and
    - US$2.5 million of transaction costs covering M&A activities and the proposed re-domicile of the Company from Canada to the UK.

- Netback for the twelve months ended December 31, 2018 was US$41.7 million, up from US$28.9 million for the twelve months to December 31, 2017. This increase has been driven by 2018 production increasing to 3,574 boe/d from 3,237 boe/d in 2017, and 2018 realized average prices increasing to US$62.43/bbl and US$10.33/mcf respectively for natural gas liquids and Moroccan natural gas, compared to US$46.70/bbl and US$9.51/mcf in 2017.

- The cash position of US$17.4 million as at December 31, 2018 is US$8.4 million lower than the US$25.8 million as at December 31, 2017. This cash movement reflects strong 2018 operating cashflows of US$36.2 million (2017: US$21.6 million) as a result of improving netbacks and a US$13.4 million reduction in predominantly Egyptian receivables, which enabled the Company to fund the US$44.0 million capital investment program discussed below. In addition, the Company's three year, US$10.0 million credit facility established in July 2018 with the European Bank for Reconstruction and Development ("EBRD"), remains undrawn.

- US$44.0 million of capital expenditure has been invested into the business during the twelve months ended December 31, 2018. This comprised of:

    - US$20.3 million in Morocco, comprising US$13.9 million for the now completed nine-well drilling program and customer connection projects, and US$6.4 million relating to the 240km^2 3D seismic program in Gharb Centre;

- US$10.6 million for the South Disouq drilling program, including US$8.5 million for the drilling of the Ibn Yunus-1X, SD-4X and SD-3X discovery wells and the sub-commercial Kelvin-1X well, and US$2.1 million for the equipment mobilization and start of data collection for the 170km^2 3D seismic program;
- US$7.9 million in North West Gemsa for the AASE-25, AASE-27 and Al-Ola-4 development wells and the ongoing well workover program;
- US$1.9 million in Meseda for the Rabul-5, Rabul-4, MSD-16 and MSD-15 development wells and the ongoing electrical submersible pump ("ESP") replacement program;
- US$2.6 million in South Ramadan for the SRM-3 well drilled in the year, the results of which are currently being assessed; and
- US$0.7 million relating to new office equipment in Cairo and additional technical software.

- Trade and other receivables have reduced to US$24.3 million as at December 31, 2018, (2017: US$37.7 million), a 36% reduction. A further US$7.65 million reduction has been achieved post-year end as a result of an agreed offset of trade receivables due from the State against costs due to State contractors used on the South Disouq development project.

Operational highlights

- The Company's entitlement share of production from its operations for the year ended December 31, 2018 was 3,574 boe/d (gross – 9,100 boe/d) split as follows:

  - North West Gemsa 2,194 boe/d (gross - 4,388 boe/d)
  - Meseda 734 bbl/d (gross – 3,851 bbl/d)
  - Morocco 646 boe/d (gross - 861 boe/d)

- As a result of the ongoing workover program in Meseda and the new customer connections in Morocco, post-period end production has increased in both of these concessions. Production in North West Gemsa is currently below budget due to three wells being offline for pump replacements and other workovers. It is expected that these wells will come back on stream during Q2 and Q3 adding 500-750 boe/d to gross production. As at March 21, 2019, actual entitlement production for Egypt and Morocco amounted to 3,408 boe/d (gross – 9,064 boe/d) split as follows:

  - North West Gemsa 1,797 boe/d (gross – 3,598 boe/d)
  - Meseda 848 bbl/d (gross – 4,449 bbl/d)
  - Morocco 763 boe/d (gross – 1,017 boe/d)

<u>Egypt</u>

- In North West Gemsa (SDX 50% working interest and non-operator), a three-well infill drilling program was undertaken together with a seven-well workover program. The three new infill wells, AASE-25, AASE-27 and Al Ola-4, were all successfully drilled and completed as new producers. AASE-25 was targeting an un-swept area of the field in the Rahmi sand and encountered 32 feet of net light crude oil-bearing pay in this section. The well was subsequently completed as a producer in the Rahmi and is currently producing approximately 810 boe/d of light crude oil. AASE-27 was also targeting an un-swept area of the field in the Rahmi and encountered 13.5 feet of net light crude oil-bearing pay. The well was completed as a producer in the Rahmi and is currently producing approximately 260 boe/d of light crude oil. Al Ola-4 was drilled as a replacement well in the Rahmi after the original well failed because of a mechanical problem. Al Ola-4 encountered 14 feet of net light crude oil-bearing in the Rahmi section and, on test, flowed 1,011 boe/d. It is currently producing approximately 894 boe/d of light crude oil. The results of these wells and the ongoing workover program resulted in an average field production rate for the year of approximately 4,388 (SDX net: 2,194 boe/d), which was in line with the Company's 2018 guidance.

- In Meseda (SDX 50% working interest and joint operator), an ESP replacement program was undertaken during the year and four development wells were successfully drilled and completed: Rabul-5, Rabul-4, MSD-16 and MSD-15. Rabul-5 encountered 151 feet of net heavy crude oil pay, with an average porosity of 18% across the Yusr and Bakr formations and Rabul-4 encountered 43 feet of net heavy crude oil pay, also across the Yusr and Bakr formations, with an average porosity of 16%. Both wells were completed and placed on production with Rabul-5 currently producing approximately 500 bbl/d of heavy crude oil and Rabul-4 producing approximately 250 bbl/d of heavy crude oil. MSD-16 was drilled as a crestal infill producer in a newly available area of the field 100 meters from the concession boundary after an agreement was reached with the offset operator to reduce the boundary stand-off limits. The well encountered 176 feet of net heavy crude oil pay in the ASL reservoir section with an average porosity of 22%. The well was completed as a producer in the ASL using an ESP pump to provide artificial lift and is currently producing approximately 1,100 bbl/d of heavy crude oil. A second lease line development well, MSD-15, was successfully completed after encountering 226 feet of net heavy crude oil pay in the ASL section and is currently producing approximately 300 bbl/d using an ESP to provide artificial lift. The Rabul-2R well was completed during Q4 2018, accessing additional volumes in the original Rabul-2 area, with incremental production of approximately 150 bbl/d of heavy crude oil from this well. The results of these wells and the ongoing workover program resulted in an average field production rate for the year of 3,851 bbl/d of heavy crude oil (SDX net: 734 bbl/d) which was in line with the Company's 2018 guidance.

- In South Disouq (SDX 55% working interest and operator), the Company completed four wells during the year, three of which were conventional natural gas discoveries in the Abu Madi and Kafr el Sheik horizons. Details and test results from the wells are shown below:

Date	Name	Result	Net pay	Porosity	Rate
April 12, 2018	Ibn Yunus-1X	Conventional natural gas discovery	101 ft	28.5%	39.3 MMscf/d
May 22, 2018	Kelvin -1X	Uncommercial discovery	n/a - low gas saturation	21.0%	Not tested
June 18, 2018	SD-4X	Conventional natural gas discovery	89 ft	24.0%	30.4 MMscf/d
July 23, 2018	SD-3X	Conventional natural gas discovery	33 ft	21.7%	16.1 MMscf/d

- During H1 2019, SDX will complete construction of the central processing facility, the 10 km export pipeline, and the tie-ins for the above three discoveries and the initial SD-1X discovery well, which was drilled in 2017. First gas is targeted for mid-2019, at a gross plateau production rate of between 50 and 60 MMscf/d, with the conventional natural gas being sold to the Egyptian National Gas Holding Company ("EGAS") at a price of US$2.85/Mcf.

- Prospect inventory for future drilling is expected to increase with the interpretation of the recently acquired 170 km^2 of 3D seismic in the southern section of the concession. The Company is planning to drill two further exploration wells in 2019, with multiple additional conventional gas prospects and a conventional oil prospect already identified for drilling in future periods.

- At South Ramadan (SDX 12.75% working interest and non-operator), the SRM-3 appraisal well was spud on June 14, 2018 and reached a target depth of 15,635 feet. The operator reported encountering 75 feet of net conventional oil pay in the Matulla section (primary target), 20 feet of net conventional oil pay in the Brown Limestone formation, and a further 15 feet of net conventional oil pay in the Sudr section. The Company continues to review technical data from the well result and will provide further updates to the market in due course.

Morocco

- The Company's Moroccan acreage (SDX 75% working interest and operator) consists of five concessions, all of which are located in the Gharb Basin in northern Morocco: Sebou, Lalla Mimouna Nord, Gharb Centre, Lalla Mimouna Sud, and Moulay Bouchta Ouest.

- During 2018, the Company completed a nine-well drilling program, starting in September 2017, which covered six appraisal/development wells in Sebou, one appraisal/development well in Gharb Centre, and two exploration wells in Lalla Mimouna Nord.

- Out of the nine wells drilled, seven were successful, including the LNB-1 and LMS-1 exploration wells in Lalla Mimouna Nord, which resulted in a two-year extension being granted to the concession, extending its validity from July 2018 to July 2020 with no additional work commitments.

- In Q3 2018, the Company successfully completed the acquisition and processing of a 240 km^2 3D seismic acquisition program in Gharb Centre and began an initial interpretation in advance of a proposed 12-well drilling campaign to take place between Q3 2019 and Q2 2020.

- During the year, the Company began selling natural gas to the following new customers: Peugeot, Extralait, and GPC Kenitra. In addition, post-period end, natural gas sales to another new customer, Setexam, began and natural gas sales agreements were signed with Citic Dicastal and Omnium Plastic.

- Post-period end, on February 7, 2019, the Company announced the acquisition of the Lalla Mimouna Sud and Moulay Bouchta Ouest concessions from the Government of Morocco.

- The Moulay Bouchta Ouest exploration concession has been awarded to SDX for a period of eight years with a commitment to reprocess 150 km of 2D seismic data, acquire 100 km^2 of new 3D seismic, and drill one exploration well within the first 3.5 year period.

- The Lalla Mimouna Sud exploration concession has been re-awarded to SDX for a period of eight years with a commitment to acquire 50 km^2 of 3D seismic and drill one exploration well within the first three-year period. The 3D seismic commitment was met as part of the recent Gharb Centre 240 km^2 3D seismic acquisition program described above.

Outlook:

Egypt

- North West Gemsa (50% working interest)

    - Targeting gross average 2019 production of 3,400-3,600 boe/d.
    - As the field is now fully developed, gross capex in 2019 is expected to be approximately US$4 million (US$2 million net to SDX) consisting of up to 10 well workovers and infrastructure maintenance, but no additional new wells.

- Meseda (50% working interest)

    - Targeting gross average 2019 production of 4,000-4,200 bbl/d.
    - The operator plans to drill two wells in H1 2019, one in Rabul, which will continue to develop the discovery area, and one development location in the Meseda field. In addition, two water injection wells are currently planned, one in Rabul and one in Meseda.
    - The operator also plans to replace up to five ESPs in the wider Meseda area and upgrade water handling capabilities at the field facilities.
    - Gross capex in 2019 is expected to be approximately US$8 million (US$4 million net to SDX of which US$1.6 million relates to the two planned wells and the two water injection wells and US$2.4 million relates to ESP replacements and the facilities upgrade).

- South Disouq (55% working interest)

    - During H1 2019, SDX will complete construction of the central processing facility, the 10 km export pipeline and the tie-ins for the four existing production wells.
    - First gas is targeted for mid-2019, at a gross plateau production rate of between 50 and 60 MMscf/d, with the conventional natural gas being sold to the State ("EGAS") at a price of US$2.85/Mcf.
    - Prospect inventory for future drilling is expected to increase with the interpretation of the recently acquired 170 km^2 of 3D seismic in the southern section of the concession.
    - The Company is planning to drill two further exploration wells in 2019, with multiple additional conventional gas prospects and a conventional oil prospect identified for future drilling from the existing seismic.
    - Gross capex in 2019 is expected to be approximately US$40.0 million (US$22.0 million net to SDX, of which approximately US$18.5 million relates to the South Disouq development activities and US$3.5 million relates to the two planned exploration wells). Post-period end, the Company has offset US$7.65 million of its accounts receivable due from EGPC against costs incurred with Egyptian State contractors on the South Disouq development.

- South Ramadan (12.75% working interest)

    - The Company continues to review technical data from the recently announced SRM-3 well result and will provide further updates to the market in due course.

Morocco (75% working interest)

- SDX is targeting gross production of 9-11 MMscf/d of conventional natural gas sales by the end of 2019.

- The Company's 240 km^2 3D seismic acquisition program in Gharb Centre has now been processed and an initial interpretation is completed. The data quality is excellent and, as a result, multiple leads and prospects have been identified. An inversion of the dataset will now take place after which a ranking and selection exercise will be undertaken to determine prospects for the proposed 12-well drilling campaign to take place between Q3 2019 and Q2 2020.

- Planning for the drilling campaign has now begun, with three wells expected to be drilled during 2019.

- During this campaign, the LNB-1 and LMS-1 discoveries in Lalla Mimouna Nord, originally drilled in 2018, will be appraised, and another similar prospect in the area will be drilled. The remainder of the program's targets will come from the recently acquired Gharb Centre 3D seismic.

- The 2019 total gross capex is expected to be approximately US$10.0 million with SDX's share being approximately US$8.0 million. Out of this US$8.0 million, US$6.0 million relates to the three planned wells and US$2.0 million relates to the Company's share of facilities and field maintenance capex.

Corporate

- Subject to shareholder and court approval, the Company plans to relocate its corporate residence from Canada to the UK, with a group reorganisation, and delist from the TSX-V. It is expected that this process will be completed in Q2 2019 and will result in meaningful annual savings in administrative costs, management time, and a more tax efficient corporate structure.

- As part of the Company's strategy, it continues to review and explore opportunities to expand the asset base in the North Africa region, including new licencing rounds and acquisitions.

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

"During 2018, we achieved strong operational success across our portfolio, significantly grew our annual cash flows, achieved our Egyptian production targets and began to grow our Moroccan business meaningfully. Thus making 2018 another successful year for the Company.

In Egypt, we completed our drilling program at South Disouq, with an 80% success rate, and stand poised to achieve first gas from the concession in mid-2019. At Meseda and North West Gemsa we achieved seven discoveries from seven wells drilled and undertook successful ESP replacement/workover programs in both concessions. We also reduced our trade and other receivables by 36% (US$13.4 million), during the course of the year, allowing us to significantly increase our investment program without requiring any external funding. This increase has continued post-period end, with a further US$7.65 million of trade receivables in Egypt being offset against costs from State contractors used on the South Disouq development project.

In Morocco, we completed our highly successful drilling campaign in-country, amassing seven discoveries from nine wells. We also acquired and processed a 240 km^2 3D seismic program at our Gharb Centre licence, which has yielded further drilling targets for our 12-well drilling campaign, expected to begin in Q3

2019. We also signed gas sales agreements with several new customers, all of which are expected to be highly beneficial to the value of our business in the future.

Our focus remains on realizing value for shareholders through low-cost, high-margin production across our current portfolio. We are looking forward to another exciting year in 2019 and will keep all our shareholders updated throughout the period."

KEY FINANCIAL & OPERATING HIGHLIGHTS

Audited consolidated financial statements with Management's Discussion and Analysis for the three and twelve months ended December 31, 2018 are now available on the Company's website at www.sdxenergy.com and on SEDAR at www.sedar.com.

	Prior Quarter	Three months ended December 31		Twelve months ended December 31	
$000s except per unit amounts		**2018**	2017	**2018**	2017
FINANCIAL					
Gross revenues	21,444	18,725	13,972	73,055	52,493
Royalties	(6,037)	(4,885)	(2,968)	(19,376)	(13,327)
Net revenues	15,407	13,840	11,004	53,679	39,166
Operating costs	(3,380)	(3,392)	(2,526)	(11,934)	(10,254)
Netback (1)	12,027	10,448	8,478	41,745	28,912
EBITDAX (1)	10,955	7,103	7,959	34,306	21,401
Total comprehensive income/(loss)	3,169	(4,029)	(2,621)	112	28,307
Net income/(loss) per share - basic	0.015	(0.020)	(0.010)	0.001	0.156
Cash, end of period	18,713	17,345	25,844	17,345	25,844
Working capital (excluding cash)	14,477	12,064	20,881	12,064	20,881
Capital expenditures	11,017	8,316	15,302	44,023	21,040
Total assets	146,239	138,107	141,057	138,107	141,057
Shareholders' equity	119,848	116,039	114,619	116,039	114,619
Common shares outstanding (000's)	204,706	204,723	204,493	204,723	204,493
OPERATIONAL					
NW Gemsa oil sales (bbl/d)	1,987	1,808	1,710	1,743	1,733
Block-H Meseda production service fee (bbl/d)	802	864	561	734	595
Morocco gas sales (boe/d)	615	648	680	646	596
Other products sales (boe/d)	485	604	310	451	313
Total sales volumes (boe/d)	3,889	3,924	3,261	3,574	3,237
Realized oil price (US$/bbl)	70.76	62.77	57.77	66.42	50.02
Realized service fee (US$/bbl)	55.50	51.34	44.11	52.96	37.05
Realized oil sales price and service fees ($/bbl)	66.38	59.07	54.39	62.43	46.70
Realized Morocco gas price (US$/mcf)	11.05	9.78	9.72	10.33	9.51
Royalties ($/bbl)	16.88	13.53	9.89	14.86	11.28
Operating costs ($/bbl)	9.45	9.40	8.42	9.15	8.68
Netback ($/bbl) (1)	33.62	28.94	28.26	32.01	24.47

(1) Refer to the "Non-IFRS Measures" section of this release below and the Company's MD&A for the three and twelve months ended December 31, 2018 and 2017 for details of netback and EBITDAX.

Consolidated Balance Sheet

(US$'000s)	As at December 31, 2018	As at December 31, 2017
Assets		
Cash and cash equivalents	17,345	25,844
Trade and other receivables	24,324	37,656
Inventory	5,236	5,157
Current assets	46,905	68,657
Investments	3,394	2,724
Property, plant and equipment	48,680	54,445
Exploration and evaluation assets	39,128	15,231
Non-current assets	91,202	72,400
Total assets	138,107	141,057
Liabilities		
Trade and other payables	14,418	19,459
Deferred income	495	495
Decommissioning liability	1,125	1,063
Current income taxes	1,458	915
Current liabilities	17,496	21,932
Deferred income	240	737
Decommissioning liability	4,042	3,479
Deferred income taxes	290	290
Non-current liabilities	4,572	4,506
Total liabilities	22,068	26,438
Equity		
Share capital	88,899	88,785
Contributed surplus	6,860	5,666
Accumulated other comprehensive loss	(917)	(917)
Retained earnings	21,197	21,085
Total equity	116,039	114,619
Equity and liabilities	138,107	141,057

Consolidated Statement of Comprehensive Income

	Twelve months ended December 31	
(US$'000s)	**2018**	2017
Revenue, net of royalties	53,679	39,166
Revenue		
Direct operating expense	(11,934)	(10,254)
Gross profit	41,745	28,912
Exploration and evaluation expense	(5,744)	(187)
Depletion, depreciation and amortisation	(17,268)	(17,824)
Impairment expense	(3,520)	-
Stock-based compensation	(1,194)	(538)
Share of profit from joint venture	1,195	1,022
Bad debt expense	(123)	-
Release of historic operational tax provision	300	-
(Inventory write-off)/reversal of inventory provision	(370)	798
Gain on sale of office asset	23	-
General and administrative expenses		
- Ongoing general and administrative expenses	(4,815)	(6,420)
- Transaction costs	(2,455)	(2,373)
Operating income	7,774	3,390
Net finance expense	(542)	(129)
Foreign exchange gain	75	29
(Loss)/gain on acquisition	(174)	29,558
Income before income taxes	7,133	32,848
Current income tax expense	(7,021)	(4,541)
Deferred income tax expense	-	-
Total current and deferred income tax expense	(7,021)	(4,541)
Total comprehensive income for the period	112	28,307
Net income per share		
Basic	$0.001	$0.153
Diluted	$0.001	$0.151

Consolidated Statement of Changes in Equity

(US$'000s)	Twelve months ended December 31 2018	 2017
Share capital		
Balance, beginning of period	88,785	40,275
Issuance of common shares	114	49,589
Share issue costs	-	(1,079)
Balance, end of period	88,899	88,785
Contributed surplus		
Balance, beginning of period	5,666	5,128
Stock-based compensation for the period	1,194	538
Balance, end of period	6,860	5,666
Accumulated other comprehensive loss		
Balance, beginning of period	(917)	(917)
Balance, end of period	(917)	(917)
Retained earnings/(accumulated loss)		
Balance, beginning of period	21,085	(7,222)
Total comprehensive income for the period	112	28,307
Balance, end of period	21,197	21,085
Total equity	116,039	114,619

Consolidated Statement of Cash Flows

	Twelve months ended December 31	
(US$'000s)	**2018**	2017
Cash flows generated from/(used in) operating activities		
Income before income taxes	7,133	32,848
Adjustments for:		
Depletion, depreciation and amortization	17,268	17,824
Exploration and evaluation expense	5,103	187
Impairment expense	3,520	-
Finance expense	542	129
Stock-based compensation	1,194	538
Loss/(gain) on acquisition	174	(29,558)
Foreign exchange loss/(gain)	368	(141)
Gain on sale of office asset	(23)	-
Bad debt expense	123	-
Release of historic operational tax provision	(300)	-
Inventory write-off/(reversal of inventory provision)	370	(798)
Amortisation of deferred income	(497)	(380)
Tax paid by state	(5,036)	(3,551)
Share of profit from joint venture	(1,195)	(1,022)
Operating cash flow before working capital movements	28,744	16,076
Decrease in trade and other receivables	11,195	4,871
Increase in trade and other payables	330	2,988
Increase in inventory	(2,801)	(1,951)
Payments for decommissioning	(140)	(4)
Cash generated from operating activities	37,328	21,980
Income taxes paid	(1,091)	(364)
Net cash generated from operating activities	36,237	21,616
Cash flows (used in)/generated from investing activities:		
Property, plant and equipment expenditures	(21,945)	(21,132)
Exploration and evaluation expenditures	(22,865)	(3,785)
Dividends received	525	760
Acquisition of subsidiaries	-	(28,056)
Cash balance acquired during the period	-	3,108
Net cash used in investing activities	(44,285)	(49,105)
Cash flows generated from/(used in) financing activities:		

Issuance of common shares	114	48,510
Finance costs paid	(197)	(43)
Net cash (used in)/generated from financing activities	(83)	48,467
(Decrease)/increase in cash and cash equivalents	(8,131)	20,978
Effect of foreign exchange on cash and cash equivalents	(368)	141
Cash and cash equivalents, beginning of period	25,844	4,725
Cash and cash equivalents, end of period	17,345	25,844

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 Gharb Basin. These producing assets are characterized 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 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 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).

Standard

The estimates of reserves and resources contained in this announcement have been prepared in accordance with the Canadian National Instrument 51-101 (NI 51-101) and the Canadian Oil and Gas Evaluation (COGE) Handbook.

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Glossary

"2P reserves"	proved and probable reserves
"bbl"	stock tank barrel
"boepd" & "boe/d"	barrels of oil equivalent per day
"bopd" & "bbl/d"	barrels of oil per day
"Bcf"	billion standard cubic feet
"mmboe"	millions of barrels of oil equivalent
"mcf"	thousands of cubic feet
"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, the timing of completion of the central processing facility, timing of completion of the export pipelines and well tie-ins, production targets, future drilling, seismic work, new gas sales customers, ESP replacement, field facility upgrades, well workovers, and the timing and costs thereof, as well as capital expenditures, operational expenditures, the reduction in Egyptian receivables and the Company's 2019 outlook, the Company's plans to re-domicile to the UK and the timing thereof 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; the timing of and the Company's ability to obtain regulatory, statutory and shareholder approvals in connection with the Company's plans to re-domicile to the UK 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 twelve months ended December 31, 2018, 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.

Non-IFRS Measures

This news release contains the terms "Netback," and "EBITDAX" which are not recognized measures under IFRS and may not be comparable to similar measures presented by other issuers. The Company uses these measures 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. See Netback reconciliation to operating income/(loss) in the Company's MD&A for the three and twelve months ended December 31, 2018 and 2017.

EBITDAX is a non-IFRS measure that represents earnings before interest, tax, depreciation, amortization, exploration expense and impairment. EBITDAX is calculated by taking operating income/(loss) and adjusted for the add-back of depreciation and amortization, exploration expense and impairment of property, plant and equipment (if applicable). EBITDAX is presented in order for the users of the financial statements to understand the cash profitability of the Company, which excludes the impact of costs attributable to exploration activity, which tend to be one-off in nature, and the non-cash costs relating to depreciation, amortization and impairments. EBITDAX may not be comparable to similar measures used by other companies. See EBITDAX reconciliation to operating income/(loss) in the Company's MD&A for the three and twelve months ended December 31, 2018 and 2017.

Oil and Gas Advisory

Estimates of reserves been made assuming the development of each property in which the estimate is made will actually occur, without regard to the likely availability to the Company of funding required for development of such reserves.

Certain disclosure in this news release constitute "anticipated results" for the purposes of National Instrument 51-101 – *Standards 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 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.

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.