



2 February 2017

SDX ENERGY INC

("SDX" or the "Company")

EGYPT AND MOROCCO OPERATIONS UPDATE

SDX Energy Inc. (TSXV, AIM: SDX), the North Africa focused oil and gas company, is pleased to provide an operational update ahead of the forthcoming drilling campaign at South Disouq, as well as an update on activity at the Meseda Field in Egypt, and plans for the newly acquired Morocco licenses.

Egypt

South Disouq

Following the recent interpretation of 3D seismic data at South Disouq, and the subsequent identification of oil and gas bearing prospects, SDX and its partner have agreed on the location for drilling the exploration well, as announced on 14 November 2016. SDX is pleased to now confirm that Zenith Energy, the Aberdeen based well engineering consultancy, has been appointed to provide technical assistance for the drilling operations. In addition to working with Zenith Energy, SDX has signed a Letter of Intent ("LOI") with Sino Tharwa Drilling Company ("Sino Tharwa"), the rig contractor, who will supply the Sino-Tharwa 6 rig at South Disouq. The rig is due to arrive late February 2017 with the carried exploration well being spud shortly thereafter.

Meseda

Following completion of the design work on the Electrical Submersible Pump (ESP) programme, SDX has now completed the final technical review of the Meseda facility upgrade. SDX is currently moving into the implementation phase during Q1 2017. The equipment procured for the upgrade is expected to double the treatment capacity of the central production facility ("CPF"). This will allow the Company to maximise the field's potential and enable the Company to target up to a 100% increase on current production levels from the licence. Once the facilities upgrade is complete, the workover programme will recommence.

Morocco

Following its recent acquisition of certain assets in Morocco, the Company is reviewing options to accelerate the drilling campaign originally planned for 2018. It is currently undertaking an internal review of the area's identified prospectivity and high grading the prospect portfolio. Concurrent with this, the Company is surveying the rig market to determine timing and availability of suitable equipment for these operations. It is the Company's objective to accelerate drilling and increase gas production in Morocco during 2017.

Paul Welch, CEO of SDX Energy, commented:

"Today's announcement highlights that we are entering an exciting period for the Company as we move into the drilling phase of our work programme at South Disouq. Solid operational progress was made throughout 2016 and we have continued to build on this momentum in order to develop the exploration potential of the concession, as evidenced by the signing of an LOI with Sino Tharwa and the appointment of Zenith Energy. In addition to South Disouq, we have seen good progress made at Meseda with the completion of the final technical review, leaving us well placed to start on the construction activities, which will maximise production from this asset. Closing the recent acquisition has provided the Company with the ability to further grow our production base in both Egypt and Morocco and it is our intent to do so in the near term. The Company is off to a very good start in 2017 and I look forward to reporting on the progress of our activities in subsequent periods."

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 Energy has a working interest in two producing assets (50% North West Gemsa & 50% Meseda) located onshore in the prolific 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 Energy's portfolio also includes high impact exploration opportunities in 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.

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Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others, costs and timing of exploration and production development, availability of capital to fund exploration and development and political, social and other risks inherent in carrying on business in Egypt and Morocco. There can be no assurance that such statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements contained in this news release.

Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements and if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law. Although SDX has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Investors are cautioned that such forward-looking statements involve risks and uncertainties. Actual results may differ materially from those currently anticipated. SDX’s Annual Information Form for the year ended December 31, 2015, filed on the Company’s SEDAR profile on April 29, 2016, has a full description of the risks and uncertainties associated with the Company’s business, including its exploration activities. Such risk factors and uncertainties, as well as the information set out under the headings “Risk Factors – Risks relating to Egypt” and “Risk Factors – Risks relating to Morocco” in the news release of the Company dated January 24, 2017, which is available on the Company’s SEDAR profile, should be referred to and read in their entirety. The forward-looking statements contained herein are expressly qualified by this cautionary statement.