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SDX ENERGY INC

("SDX" or the "Company")

SDX ENERGY INC. ANNOUNCES FOURTH QUARTER AND YEAR-END 2016 FINANCIAL AND OPERATING RESULTS AND PROVIDES GUIDANCE FOR 2017

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, 2016 (with full year results prepared on an audited basis). The Company's full annual audited financial statements and annual report have been published on the Company website at www.sdxenergy.com and on SEDAR at www.sedar.com and will shortly be posted to shareholders. All dollar values are expressed in United States dollars net to the Company unless otherwise stated.

Highlights - three months and year ended December 31, 2016

Corporate and Financial

- SDX's key financial metrics for the 3 and 12 months ended December 31, 2016 and 2015 are as follows

	Three months ended December 31		Twelve months ended December 31 (audited)	
US$ million except per unit amounts	**2016**	2015	**2016**	2015
Net Revenues	**5.4**	3.4	**12.9**	11.4
Netback[1]	**3.6**	1.0	**7.6**	6.4
Net realized average oil/service fees - US$/barrel	**36.61**	33.09	**31.50**	35.74
Net realized average gas price - US$/mcf	**1.22**	-	**1.22**	-
Non-cash exploration and evaluation write down	**-**	-	**(28.4)**	-
Non-cash impairment expense	**(4.3)**	(6.8)	**(4.3)**	(6.8)
Total comprehensive income/ (loss)	**(2.1)**	8.5	**(28.0)**	9.4
Net cash (used in)/generated from operating activities	**0.6**	(2.3)	**(1.9)**	(5.2)

Note:

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

- The above financial metrics do not reflect any impact of the acquisition of the Egyptian and Moroccan businesses of Circle Oil PLC which completed on January 27, 2017.

- Some relevant financial metrics relating to these acquired businesses are;

    - Unaudited Revenues and Netback for the 12 months ended December 31, 2016 for the businesses acquired were US$28.9 MM and US$22.4 MM respectively; and

    - The Fair Value of the net assets acquired as at January 27, 2017 amounted to US$59.6 MM of which US$3.1 MM related to cash and US$18.4 MM related to non-cash Working Capital excluding deferred income and decommissioning.

- The following comments relate only to SDX's key financial metrics for the 12 months ended December 31, 2016;

- SDX's comprehensive loss of US$(28.0) MM for 12 months ended December 31, 2016 is due predominantly to;
    - write down of US$(24.4) MM in the Bakassi West, Cameroon exploration asset resulting from the decision to withdraw from concession; and
    - an impairment of US$(4.3) MM due to the North West Gemsa field now being projected to reach its economic limit earlier as a result of the reserve auditor's lower oil price forecast in future years.

- US$13.3 MM of capital expenditure has been invested into the business during the 12 months ended December 31, 2016;
    - US$1.7 MM primarily related to the drilling of 2 wells on North West Gemsa;
    - US$6.0 MM on the 3D seismic campaign at South Disouq; and
    - US$5.6 MM on the drilling of the Manatee-1 well at West Bakassi.

- As at December 31, 2016, SDX had cash on hand of US$4.7 MM and zero debt. As at February 28, 2017, cash on hand had increased to US$18.3 MM and the Company remained debt free.

Operational Highlights

- Average daily oil sales and production service fees equated to 1,196 barrels of oil per day ("**BOP/D**") for the 12 months to December 31, 2016 and 1,147 BOP/D for the 3 months to December 31, 2016.

- As at March 23, 2017 the Company's share of production from its operations was;

- North West Gemsa 2,794 BOEP/D
- Meseda 776 BOP/D
- Morocco 663 BOE/D

- In North West Gemsa, six successful well workovers were completed in the 12 months ended December 31, 2016;

- In Meseda, following the successful completion of a nine well workover program and strategic initiative focussed on development optimization and increasing production, the partners completed a fluid handling review in H2 2016 which concluded that the Meseda facility treating capacity had to be increased. A tendering process to secure the equipment necessary to increase facility treating capacity has been completed and construction of the new facilities equipment has commenced. Once completed it will be shipped to location and installed;

- In South Disouq the 3D seismic acquisition was completed ahead of schedule and under budget. Processing and interpretation has also been completed and has identified potential for both oil and gas bearing prospects with strong Class III amplitude versus offset (AVO) responses observed in several prospects. Well planning and selection of drilling location was completed as planned and the well operations commenced on March 20, 2017. Enquiries have also been received from a number of operators regarding farming into the licence; and

- At the South Ramadan development concession, a technical review of prospectivity has been completed and an evaluation of project economics is underway. An extension to complete the drilling commitment has been requested from the government with any drilling now being planned for early 2018.

Outlook:

Egypt

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

- Meseda
  - Drill 2 development wells (pending government approval) and 2 exploration wells
  - Replace up to 6 ESPs
  - Continue with redevelopment, waterflood program and facility capacity upgrade;

- South Disouq
  - Complete drilling of SD-1X exploration well and reach TD early Q2 2017
  - Depending on results of SD-1X, decide upon next steps which may include commencing development planning and deciding whether to enter the 2nd exploration phase

Morocco

- Sebou
  - Drill up to 5 wells in H2 2017; 3 development and 2 appraisal
  - Look to increase Gas volumes to existing customers and agree contracts with, and start supplying volumes to, new customers

- Lalla Mimouna
  - In H1 2017, high-grade 2 prospects for drilling
  - Drill these 2 prospects in H2 2017

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:

"I am pleased to report on the solid progress that was made throughout 2016, with high levels of activity across the entire portfolio. At North West Gemsa and Meseda we successfully completed extensive workover programmes, with production expected to double at Meseda over the coming months. Our 3D seismic acquisition at South Disouq was also successfully completed resulting in the identification of both oil and gas bearing prospects for our 2017 drilling campaign. Following the completion of the technical review of prospectivity at South Ramadan, a forward plan for the concession has been developed which minimises the Company's capital exposure in 2017.

"The successful fundraise and acquisition of Circle's assets in Egypt and Morocco, announced in January, demonstrates our ability to deliver on SDX's ambitious growth strategy. With increased production and cash flow as a result of the acquisition, our balance sheet has been further strengthened, leaving us well placed to progress the development of the existing portfolio, while positioning the Company to capitalise on further opportunities that we are actively identifying within the North Africa region."

KEY FINANCIAL & OPERATING HIGHLIGHTS

Audited consolidated financial statements with Management's Discussion and Analysis for the 3 and 12 months ended December 31, 2016 are now available on the Company's website at www.sdxenergy.com and on SEDAR at www.sedar.com.

Proforma Combined Business (assumes merger of Sea Dragon Energy and Madison Petrogas occurred January 1 2015)

	Prior Quarter	Three months ended December 31		Twelve months ended December 31	
$000s except per unit amounts		**2016**	2015	**2016**	2015
FINANCIAL					
Gross Revenues[(1)]	3,752	8,436	4,128	18,362	23,030
Royalties	(823)	(3,082)	(686)	(5,448)	(5,467)
Net Revenues	2,929	5,354	3,442	12,914	17,563
Operating costs	(1,241)	(1,752)	(2,483)	(5,282)	(6,039)
Netback	1,688	3,602	959	7,632	11,524
Total comprehensive (loss)/income	140	(2,059)	8,542	(27,963)	7,358
per share - basic	-	(0.03)	0.23	(0.39)	0.20
Cash, end of period	4,961	4,725	8,170	4,725	8,170
Working capital (excluding cash)	4,632	7,098	3,382	7,098	3,382
Capital expenditures	188	856	2,404	13,339	6,359
Total assets	43,901	41,617	60,016	41,617	60,016
Shareholders' equity	39,161	37,264	55,246	37,264	55,246
Common shares outstanding (000's)	79,844	79,844	37,642	79,844	37,642
OPERATIONAL					
Oil sales (bbl/d)	510	468	652	534	759
Gas sales (boe/d)[(2)]	-	3,273	-	823	-
NGL Sales (bbl/d)[(2)]	-	445	-	112	-
Production service fee (bbl/d)	704	679	704	662	760
Total oil sales and production service fee boe/d	1,214	4,865	1,356	2,131	1,519
Realized oil price (US$/bbl)	40.84	44.56	38.71	38.00	48.02
Realized service fee (US$/bbl)	28.32	31.12	27.89	26.26	35.10
Net oil sales and production service fee realized price ($/bbl)	33.58	36.60	33.09	31.51	41.55
Realized gas price (US$/mcf)	-	1.22	-	1.22	-
Realized NGL price (US$/bbl)	-	57.73	-	57.73	-
Net realized price - all products (US$/boe)	33.58	18.85	33.09	23.55	41.55
Royalties ($/bbl)	7.37	6.89	5.50	6.99	9.86
Operating costs ($/bbl)	11.11	3.91	19.91	6.77	10.90
Netback ($/bbl)	15.10	8.05	7.68	9.79	20.79

Notes:

(1) Net Revenues for the 3 and 12 months ended 31 December 2016 includes US$2.3 MM relating to gas and natural gas liquids revenue relating to the period October 1, 2013 to December 31, 2016. This revenue had previously not been recognised due to uncertainties relating to entitlement and pricing which have now been resolved. US$1.8 MM relates to the period October 1, 2013 to December 31, 2015 and US$0.5MM relates to the 12 months ended December 31, 2016.

(2) Average daily natural gas and natural gas liquids sales relating to the period October 1, 2013 to December 31, 2016 and recognised in the 3 months to December 31, 2016 equated to 935 and 3,718 barrels of oil equivalent ("**BOEP/D**") for the 12 and 3 months to December 31, 2016 respectively. Out of the 935 BOEP/D, 153 BOE/D was actually generated in the 12 months to December 31, 2016.

Financial Statements

$000s except per unit amounts	Prior Quarter	Three months ended December 31 2016	Three months ended December 31 2015	Twelve months ended December 31 (audited) 2016	Twelve months ended December 31 (audited) 2015
FINANCIAL					
Gross Revenues[1]	3,752	8,436	4,128	18,362	12,058
Royalties	(823)	(3,082)	(686)	(5,448)	(686)
Net Revenues	2,929	5,354	3,442	12,914	11,372
Operating costs	(1,241)	(1,752)	(2,483)	(5,282)	(4,973)
Netback	1,688	3,602	959	7,632	6,399
Total comprehensive (loss)/income	140	(2,059)	8,542	(27,963)	9,400
per share - basic	-	(0.03)	0.23	(0.39)	0.20
Cash, end of period	4,961	4,725	8,170	4,725	8,170
Working capital (excluding cash)	4,632	7,098	3,382	7,098	3,382
Capital expenditures	188	856	2,404	13,339	5,120
Total assets	43,901	41,617	60,016	41,617	60,016
Shareholders' equity	39,161	37,264	55,246	37,264	55,246
Common shares outstanding (000's)	79,844	79,844	37,642	79,844	37,642
OPERATIONAL					
Oil sales (bbl/d)	510	468	652	534	164
Gas sales (boe/d)[2]	-	3,273	-	823	-
NGL Sales (bbl/d)[2]	-	445	-	112	-
Production service fee (bbl/d)	704	679	704	662	760
Total oil sales and production service fee boe/d	1,214	4,865	1,356	2,131	924
Realized oil price (US$/bbl)	40.84	44.56	38.71	38.00	38.71
Realized service fee (US$/bbl)	28.32	31.12	27.89	26.26	35.10
Net oil sales and production service fee realized price ($/bbl)	33.58	36.60	33.09	31.51	35.74
Realized gas price (US$/mcf)	-	1.22	-	1.22	-
Realized NGL price (US$/bbl)	-	57.73	-	57.73	-
Net realized price - all products (US$/boe)	33.58	18.85	33.09	23.55	35.74
Royalties ($/bbl)	7.37	6.89	5.50	6.99	2.03
Operating costs ($/bbl)	11.11	3.91	19.91	6.77	14.74
Netback ($/bbl)	15.10	8.05	7.68	9.79	18.97

Notes:

(1) Net Revenues for the 3 and 12 months ended 31 December 2016 includes US$2.3 MM relating to gas and natural gas liquids revenue relating to the period October 1, 2013 to December 31, 2016. This revenue had previously not been recognised due to uncertainties relating to entitlement and pricing which have now been resolved. US$1.8 MM relates to the period October 1, 2013 to December 31, 2015 and US$0.5MM relates to the 12 months ended December 31, 2016.

(2) Average daily natural gas and natural gas liquids sales relating to the period October 1, 2013 to December 31, 2016 and recognised in the 3 months to December 31, 2016 equated to 935 and 3,718 barrels of oil equivalent ("**BOEP/D**") for the 12 and 3 months to December 31, 2016 respectively. Out of the 935 BOEP/D, 153 BOE/D was actually generated in the 12 months to December 31, 2016.

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 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 two high impact exploration opportunities, South Disouq in Egypt and Lalla Mimouna 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.

Unless otherwise defined, capitalised terms used in this announcement have the same meaning as set out in the Acquisition Announcements.

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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 the completion of and anticipated results from the workover program at North West Gemsa; the completion of the redevelopment and upgrade at Meseda, the exploration plans for the Company's asset at South Disouq, including the drilling of an exploration well; the Company's plans to drills wells, and to attempt to increase sales, at its Sebou property in Morocco; and the Company's drilling plans at its Lalla Mimouna property in Morocco 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. 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; failure to realize the anticipated benefits of the Transaction and to successfully integrate the Parties; 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 Annual Information Form for the year ended December 31, 2015 for a description of additional risks and uncertainties associated with SDX's business, including its exploration activities, which can be found on SDX's SEDAR profile at www.sedar.com.

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 is not a recognized measure 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.