



**HIGH MARGIN GROWTH**

**Analyst Presentation  
March 22, 2019**

# Q4 and Full Year 2018 Results Overview

## Corporate and Financial Highlights



	Three months ended December 31		Twelve months ended December 31 (audited)	
	2018	2017	2018	2017
<i>US\$ million, except per unit amounts</i>				
<b>Net revenues</b>	<b>13.8</b>	<b>11.0</b>	<b>53.7</b>	<b>39.2</b>
<b>Netback</b>	<b>10.4</b>	<b>8.5</b>	<b>41.7</b>	<b>28.9</b>
<b>Net realized average oil price/service fees - US\$/barrel</b>	<b>59.07</b>	<b>54.39</b>	<b>62.43</b>	<b>46.70</b>
<b>Net realized average Morocco gas price - US\$/mcf</b>	<b>9.78</b>	<b>9.72</b>	<b>10.33</b>	<b>9.51</b>
<b>Netback – US\$/boe</b>	<b>28.94</b>	<b>28.26</b>	<b>32.01</b>	<b>24.47</b>
<b>EBITDAX</b>	<b>7.1</b>	<b>8.0</b>	<b>34.3</b>	<b>21.4</b>
<b>Exploration &amp; evaluation expense (“E&amp;E”)</b>	<b>(0.2)</b>	<b>-</b>	<b>(5.7)</b>	<b>(0.2)</b>
<b>Depletion, depreciation and amortization (“DD&amp;A”)</b>	<b>(6.3)</b>	<b>(4.8)</b>	<b>(17.3)</b>	<b>(17.8)</b>
<b>Impairment expense</b>	<b>(3.5)</b>	<b>-</b>	<b>(3.5)</b>	<b>-</b>
<b>(Loss)/gain on acquisition</b>	<b>-</b>	<b>(4.7)</b>	<b>(0.2)</b>	<b>29.6</b>
<b>Total comprehensive (loss)/income</b>	<b>(4.0)</b>	<b>(3.4)</b>	<b>0.1</b>	<b>28.3</b>
<b>Net cash generated from operating activities</b>	<b>8.9</b>	<b>15.1</b>	<b>36.2</b>	<b>21.6</b>
<b>Cash and cash equivalents</b>	<b>17.4</b>	<b>25.8</b>	<b>17.4</b>	<b>25.8</b>

- **Reserves: 13.1 mmboc<sup>(1)</sup> – Flat year on year**
- **Main components of comprehensive income of US\$0.1 MM for the 12 months to 31/12/18**
  - US\$41.7 million netback/gross profit for the period;
  - US\$(5.7) million non-cash E&E expense for 2 wells in Morocco, 1 in Egypt;
  - US\$(17.3) million of DD&A;
  - US\$(4.8) million G&A;
  - US\$(2.5) million of transaction costs covering M&A activities and the proposed re-domicile of the Company from Canada to the UK; and
  - US\$ (3.5) million in impairment on NWG as a result of reduction in commodity price forecasts reducing the assets economic life.
- **Netback of US\$41.7MM, up from US\$28.9MM for the same period last year (Improved oil and gas (Morocco) prices and higher production)**
- **Strong operating cash flow of US\$36.2MM up from US\$21.6MM for same period last year (Improved netbacks and EGPC receivables reduction)**
- **Cash position: US\$17.4MM @ 31/12/18, down from US\$25.8, (US\$44MM in capital investment, improved EGPC receivables and netbacks)**

**SDX ENERGY**

[WWW.SDXENERGY.COM](http://WWW.SDXENERGY.COM)

**Notes**

(1) Using a conversion ratio of 5.8 Mcf:1 boe, 2P reserves estimate has been audited in accordance with the COGE Handbook by ERC Equipoise Limited, an independent qualified reserves evaluator and auditor @ 31/12/18



# Full Year 2018 Operational Highlights

- Entitlement production for 2018

■ NW Gemsa	2,194 boepd
■ Meseda	734 boepd
■ Morocco	646 boepd
Total	<b>3,574 boepd</b>

- Entitlement production at 21/3/19

■ NW Gemsa	1,797 boepd – Gross 3,598 boepd
■ Meseda	848 boepd – Gross 4,449 bopd (sales)
■ Morocco	763 boepd – Gross 1,017 boepd
Total	<b>3,408 boepd</b>

- NW Gemsa

- Drilled 3 infill wells (AASE 25 & 27, Al Ola-4) & 7 work-overs
- 3 wells currently shut-in, awaiting work-over unit (500-750 bopd)

- Meseda

- Drilled 4 infill wells (Rabul 4 & 5 and Meseda 15 & 16) & 5 work-overs

- South Disouq

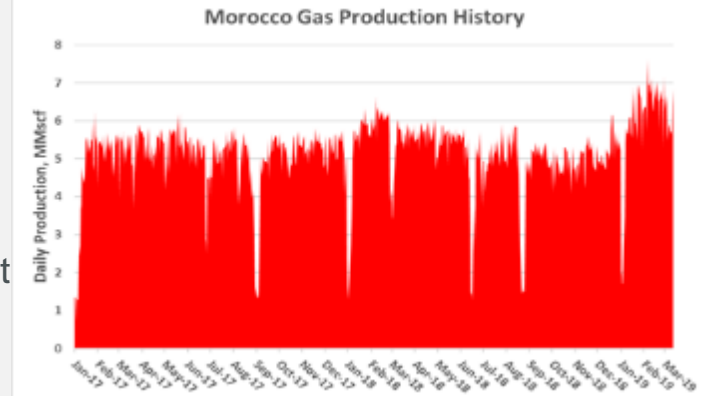
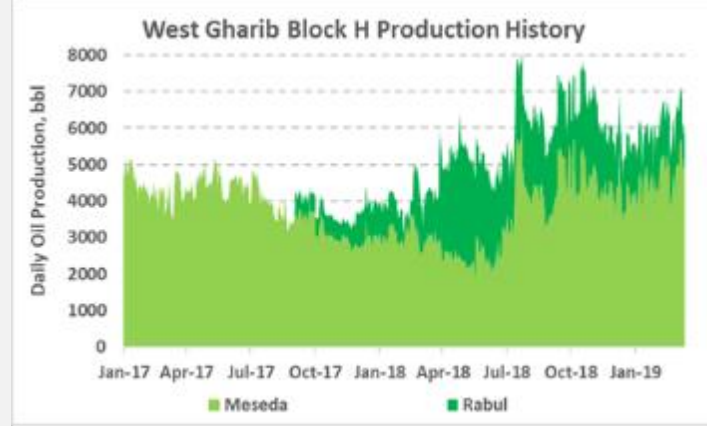
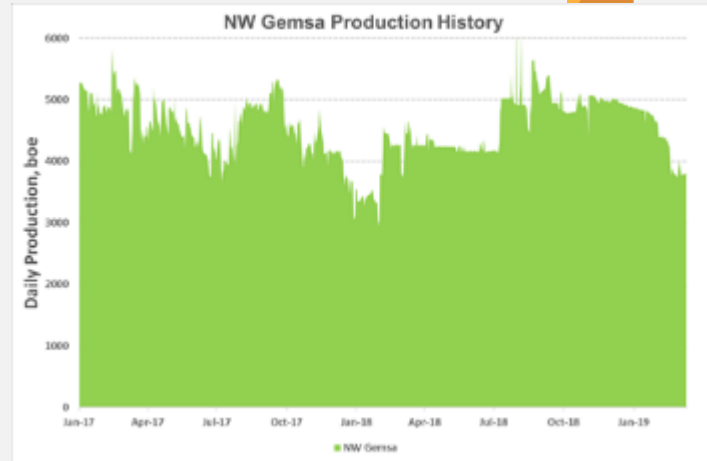
- Drilled 2 Dev wells (SD 3X, 4X) and 2 Exp wells (IY-1X, Kelvin 1X)
- CPF and pipeline construction commenced - **60MMscfd facility**
- Completed GSA and development lease agreements

- South Ramadan

- Well successfully drilled, encountered 110 ft of pay in 3 intervals

- Morocco

- 3 GSA's signed and customers connected – Peugeot, Setexam & Extralait
- Gharb Center 3D survey (240km<sup>2</sup>), 50% complete
- 2 additional GSA's signed (Citic & Omnium), connections in progress



# Fully funded and active 2019 work programme

- South Disouq Development Program Underway
- Start-Up – H2 2019, adding 5,500 Boepd (net)
- SDX Operated Drilling Programmes resume in H2 2019 (Egypt & Morocco)
  - 12 wells in Morocco, up to 3 wells in Egypt

Egypt

Morocco

Field	Activity	2019			
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
NW Gemsa	7 Workovers				
Meseda	5 Workovers Rabul - 7 MSD - 17 Rabul Inj				
S. Disouq	SD-Facility Exp - 1X Exp - 2X Exp - 3X 3D Seismic (170 Km <sup>2</sup> )	Developing set to generate material revenues →			
Morocco	Exp - 1x Exp - 2x Exp - 3x	Incremental cash generating projects →			

Exploration ■ Development ■ Appraisal ■ Facilities ■ Workover ■ 3D Seismic ■ Contingent ■

# CONCLUSIONS

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## SDX - Strong Q4 and Full Year 2018 results

- Netback/gross profit of \$41.7MM increased by US\$12.8MM (31%) over 2017
- Cash generated from operations increased by \$14.6MM (68%) over 2017
- Current entitlement production up by 340 boepd (10%) to 3,574 boepd
  - Current (21/3/19) working interest production currently: 4,787 boepd

## Well Funded

- US\$29.4 MM of Working Capital (US\$ 17.4 MM in Cash), **no debt**
- Credit facility with EBRD in Morocco for US\$10MM (undrawn)

## Looking Ahead - 2019

- NW Gemsa
  - 7 workovers (maintenance)
  - 2019 guidance @ 3,400-3,600 boepd
- Meseda
  - 3 development wells – Meseda & Rabul
  - 2019 @ 4,000-4,200 boepd
- South Disouq
  - Start-up of production facility – 60 MMscfd (10kboepd)
  - Up to 3 exploration wells
  - 2019 guidance @ 55 MMscfd (9.2kboepd)
- Morocco
  - 3 exploration wells
  - Connect 2 additional new customers
  - Full start-up of Peugeot plant – April 2019
  - 2019 exit guidance @ 9-11 MMscfd

**Planning to increase net production by > 5,000 boepd in 2019**





High Margin Growth