YE 2019 Results Highlights

7 April 2020

“Supplying energy in an environmentally conscious manner to the benefit of all our stakeholders”

Contents

Business Environment and Outlook

SDX's business is extremely resilient in challenging current environment

Business has sound defensive qualities and downside protection against recent sharp oil price decline:

- Growing production in a fixed-price gas-weighted portfolio with no linkage to oil price, together with onshore, low cost operations means we remain materially cash generative in a low oil price environment.
- Subject to the length of some customer temporary close downs in Morocco, post-tax operating cash flows before capex expected to be approximately 90% and 95% gas weighted in 2020 and 2021 at Brent oil price of $35/bbl.
- Moroccan business very resilient and breaks even at production/consumption levels of 20% of Q1'20 levels.

Strong liquidity position and entering a period of lower capex activity:

- US$11.1 million of cash and US$7.5 million of additional liquidity from the undrawn EBRD credit facility as at 31/12/19. Cash at 31/3/20 cUS$8.5 million with US$7.5 million available under EBRD credit facility.
- Most of 2020 capex is completed. Sobhi well in South Disouq currently drilling and is the last remaining material activity to be completed in the year.
- Maintains a sharp focus on capital discipline and managing shareholders' capital.

Focussed on NAV accretive growth and shareholder returns:

- c.20 bcf of P50 prospective resource de-risked in Morocco, which subject to market conditions, the Group expects to appraise and develop in the second half of 2021.
- Election to drill Sobhi at 100% working interest given the potential to contribute to near-term cash flow and grow NAV.

Business Environment and Outlook

SDX's business is extremely resilient in challenging current environment

Business has demonstrated resilience and continuity during COVID-19 pandemic however situation is serious and dynamic :

Morocco

- Three customers in Morocco, including the Company' largest customer, have been gradually reducing consumption to zero in the last two weeks of March.
- The Company' remaining five customers have maintained consumption rates in line with historic norms.
- If the three customers remain closed down for three months, then FY 2020 guidance is likely to be revised down for 6.7-6.9 MMscf/d to 5.7-6.2 MMscf/d and if the close down extends to six months, then the guidance would be revised to 5.0-5.5 MMscf/d.

Egypt

- No disruption to production to date
- South Disouq gas sold to EGAS for use predominantly in electricity generation.

London

- London Head Office functions continue to operate using internal HSE protocols facilitating distance working.

YE 2019 Financial Highlights

Production growth, robust operating cash flow, capital discipline and good liquidity

- 14% growth in entitlement production offset 10% reduction in realised oil price resulting in broadly flat revenues of US$53.2 million for YE19.
- Netback of US$39.3 million for YE19 down 6% on YE18. YE19 netback driven by strong production growth in Morocco and Meseda as well as South Disouq starting up. However, overall netback lower due to production decline in NW Gemsa, lower realised oil price and a US$2.0 million increase in Opex.
- US$17.1 million of non-recurring impairment charges recognised.
- Operating cash flow before capex for YE19 remained robust at US$25.1 million, but lower than YE18 at US$36.2 million.
- No overdue Egyptian receivables at YE19 which is rare in Egypt.
- US$43.0 million of capital expenditure was invested in YE19, predominantly reflecting US$21.4 million for South Disouq development and US$14.5 million for Morocco drilling.
- Strong liquidity position at YE19, with a cash balance of US$11.1 million and an undrawn US$7.5 million EBRD credit facility, which the Group is sharply focused on managing by exercising capital discipline at all times.

	Twelve months ended December 31	
US$ million except per unit amounts	**2019**	**2018**
Net revenues	53.2	53.7
Netback [(1)]	39.3	41.7
Net realised average oil/service fees - US$/barrel	55.93	62.43
Net realised average Morocco gas price - US$/mcf	10.39	10.33
Netback – US$/boe	26.53	32.01
EBITDAX [(1)] [(2)]	34.2	34.3
Exploration & evaluation expense (“E&E”) [(3)]	(11.4)	(5.7)
Impairment expense [(3)]	(8.3)	(3.5)
Depletion, depreciation and amortisation (“DD&A”)	(26.3)	(17.3)
Total comprehensive (loss)/income	(18.2)	0.1
Capital expenditure	43.0	44.0
Net cash generated from operating activities	25.1	36.2
Cash and cash equivalents	11.1	17.4

(1) Refer to the “Non-IFRS Measures” section of this release below and the Company’s Financial Review for the three and twelve months ended 31 December 2019 for details of Netback and EBITDAX.

(2) EBITDAX for Q4 2019 and 2018 and twelve months to 31 December 2019 and 2018 includes US$1.5 million, US$1.4 million, US$4.3 million, and US$5.0 million respectively of non-cash revenue relating to the grossing up of Egyptian corporate tax on the North West Gemsa (all periods) and South Disouq (2019 only) PSCs which is paid by the Egyptian State on behalf of the Company.

(3) US$17.1 million of non-cash Property, Plant & Equipment (“PP&E”) and Exploration & Evaluation (“E&E”) asset impairments in total are included within these line items.

2019 Production

FY19 Production 14% higher than FY18 and exceeding/at upper end of guidance

- FY19 entitlement production of 4,062 boe/d 14% higher than FY18, and by each asset exceeding or being at upper end of 2019 guidance.

Asset	Gross production boe/d		SDX entitlement production boe/d	
	Actual FY2019	Guidance FY2019	Actual FY2019	Actual FY2018
Core assets				
South Disouq – WI 55%	6.9 MMscfe/d	N/A	629	-
Meseda – WI 50%	4,171 bbl/d	4,000 – 4,200 bbl/d	795	734
Morocco – WI 75%	6.4 MMscf/d	6.0 – 6.5 MMscf/d	802	646
Non-core assets				
NW Gemsa – WI 50%	3,672 boe/d	3,000 – 3,200 boe/d	1,836	2,194
Total			**4,062**	**3,574**

2019 Production

FY19 Production 14% higher than FY18 and exceeding/at upper end of guidance

- Significant milestone reached in Q4 2019, when South Disouq was brought onto production on time and on budget. South Disouq has contributed to production from 7 November 2019.
- CPF and well performance exceeding expectations leading to accelerated ramp up to plateau of gross 50 MMscfe/d in mid-December, three months ahead of expectations, and which has continued to date in 2020.
- Meseda gross FY19 production of 4,171 bbl/d at upper end of guidance, supported by two successful production wells, RB-7 and MSD-19, and the ongoing workover programme.
- Morocco gross FY19 production of 6.4 MMscf/d upper end of guidance benefiting from increased customer consumption and investment in two compressors in Q2 2019 and well workovers carried out during the second half of the year.
- NW Gemsa FY19 production was c.500 boe/d above guidance as a result of a slowdown in pressure decline and water cut increases.

2019/2020 Operational Update

2019/2020 Drilling & Operations – growing production, reserves and resources

Morocco drilling extends reserve life supporting lower CO_2 emissions in \$10-\$12 gas price environment

- Commencing in Q4 2019, seven 'close-to-infrastructure' wells were drilled during the 2019/20 campaign, resulting in five commercial discoveries.
- Four discoveries were made by 31 December 2019, increasing gross 2P gas reserves to 6.0 bcf from 5.1 bcf
- Subsequent two wells, OYF-2 and BMK-1, successfully proved an extension of the Group's core productive area to the north. Management estimates that 2.2 – 2.8 bcf of gas is recoverable from these two wells, de-risking up to 20 bcf of close-by P50 prospective resources.
- LMS-2 encountered a 10.6 metre net gas reservoir with 30.9% porosity and will be tested after COVID-19 restrictions are lifted
- Having fulfilled the objectives of the campaign, and to preserve capital, the drilling of the final two planned wells was postponed to a future campaign.

South Disouq exploration could materially grow NAV

- SD-6X ('Salah') was drilled in Q1 2020 and deemed sub-economic.
- SD-12X ('Sobhi') was spud 18/3/20 and is targeting a management estimate of 33 bcfe gross. The result of SD-6X is not anticipated to have any technical read across to SD-12X and any success can be tied in quickly for a gross cost c.US$3.5 million. SDX's partner did not participate in Sobhi therefore SDX drilling at 100% working interest

Meseda provides stable and long term low cost production

- In 2020 to date, the RB-3 well was successfully drilled and will be completed as a producer. Once connected to the central processing facilities, it is anticipated that it will add 300 bbl/d to the asset's production.
- In the remainder of FY20, two further development wells could add further incremental production of 600 bbl/d.

2020 Operational Guidance

Increasing volumes of fixed priced gas drives FY20 guidance significantly higher than FY19

- 2020 production guidance of between 6,750 – 7,000 boe/d is 66 – 72% higher than 2019 actual production.
- Forecast production growth driven by gas businesses in Egypt and Morocco, which benefit from long-term, fixed-price gas contracts priced at $2.85/mcf in Egypt and $10-$12/mcf in Morocco.
- Q1’20 actual daily average production at or above 2020 guidance. However FY 20 Morocco production/consumption may have to be revised as during March 2020, three customers have closed down temporarily due to COVID-19.

Asset	Gross production			SDX entitlement production boe/d	
	Actual for Q1’20	Guidance FY2020	Actual FY2019	Guidance FY2020	Actual FY2019
Core assets					
South Disouq – WI 55%	50 - 52 MMscfe/d	47 - 49 MMscfe/d	6.9 MMscfe/d	4,300 – 4,460	629
Meseda – WI 50%	3,440 – 3,460 bbl/d	3,200 – 3,300 bbl/d	4,180 bbl/d	610 - 630	795
Morocco – WI 75%	6.8 – 6.9 MMscf/d	6.7 – 6.9 MMscf/d	6.4 MMscf/d	840 - 860	802
Non-core assets					
NW Gemsa – WI 50%	3,100 - 3,150 boe/d	2,000 – 2,100 boe/d	3,600 boe/d	1,000 – 1,050	1,836
Total				**6,750 – 7,000**	4,062

2020 Capex Guidance

FY20 - Capex Guidance reduced and majority of capex now incurred

- FY20 capex guidance revised down to US$24.7 million from US$25.5 million.
- Other than SD-12X ('Sobhi') currently drilling, South Disouq and Morocco 2020 capex programmes already completed. Only 20% of FY20 total capex guidance remains to be incurred. No drawn debt or other material financial commitments outstanding.
- FY20 capex guidance downward revision of US$0.8 million reflects decrease of US$1.5 million in Morocco drilling campaign, reflecting 10 rather than12 wells. Partially offset by increase in guidance of U$0.7 million for South Disouq, reflecting Sobhi being drilled on a 100% working interest basis following partner decision not to participate.
- Decision to reduce Morocco campaign and postpone final two wells (which would not have been immediately tied-in or contribute to near-term cash flows) and the re-allocation of this capital to drilling Sobhi, (a material opportunity to grow the Group's NAV), demonstrates focus on capital discipline and enhancement of shareholder returns.
- NW Gemsa capex will not be fully incurred if, as expected, concession is exited before year end.

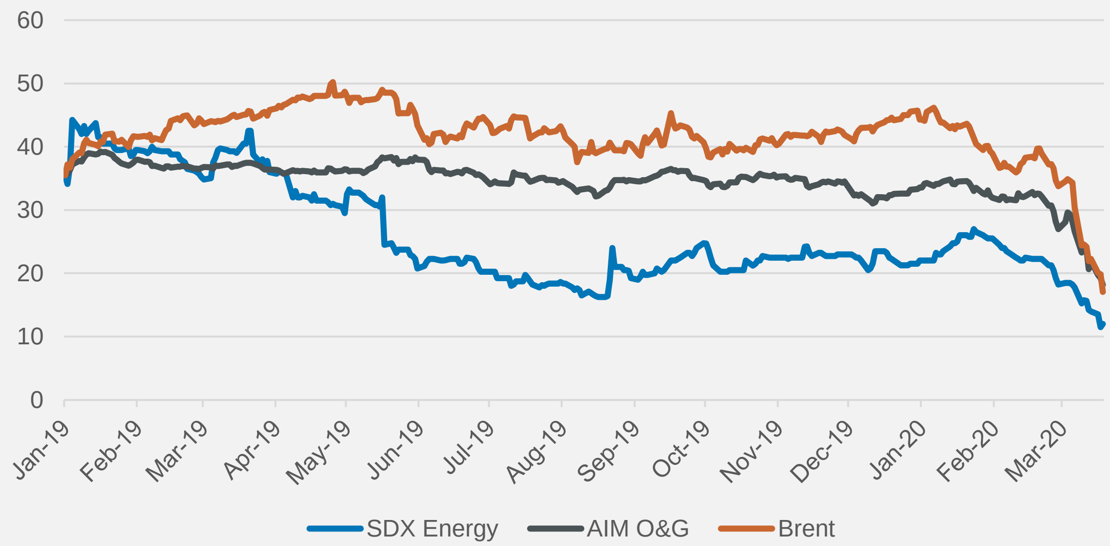
Asset	FY2020 Capex Guidance
Core assets	
South Disouq – WI 55%	US$7.2 million
Meseda – WI 50%	US$2.0 million
Morocco – WI 75%	US$13.5 million
Non-core assets	
NW Gemsa – WI 50%	US$2.0 million
Total	**US$24.7 million**

Valuation & Share Price Performance

- Given SDX's resilience to low oil prices, the Group's market cap reflects a materially undervalued position compared to its underlying asset base indicated by the independent 2P reserves valuation.
- Shares at 13.5p/sh trade at an operating cash flow (2019) multiple of 1.3x.

Summary valuation / liquidity information	US$ million
Independent 2P reserves valuation (31/12/19)[1]	102.4 NPV_{10}
2P reserves valuation assuming $35/bbl Brent in 2020 and $40/bbl in 2021+ (31/12/19)[2]	81.3 NPV_{10}
Market cap (1/4/20)	36.0
Net cash (31/12/19)	11.1
Liquidity (31/12/19) (cash $11.1 million plus EBRD $7.5 millon undrawn facility)	18.6
Net working capital (excl. cash) (31/12/19)	1.5

SDX Energy share price (p/share) vs. AIM O&G Index (re-based) & Brent (re-based) since 1/1/19



(1) F forms, including details of Price Deck used available on Company website and Sedar from 7 April 2020.
(2) Based on Independent 2P reserves valuation and adjusts for lower Brent oil price assumption only.

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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 2020 production and capex guidance liquidity and sources of cash flows in 2020 and 2021, the sufficiency of reserves to fulfill existing customer contracts, the impact of COVID-19 on customer consumption, future drilling developments and results, and extending the tenor and re-establishing the full availability of the US$10 million credit facility with the EBRD 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 labour and services.

All timing given in this announcement, unless stated otherwise, is indicative, and while the Company endeavours 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; the 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 refer to SDX's Financial Review for the year ended 31 December 2019, 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 Note 21 Segmental reporting of the Notes to the Company’s Consolidated Financial Statements for the twelve months ended December 31, 2019.
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 Note 21 Segmental reporting of the Notes to the Company’s Consolidated Financial Statements for the twelve months ended December 31, 2019.

Oil and Gas Advisory

Certain disclosures 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 Company management 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 1 bbl: 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.

Prospective Resources

The prospective resources estimates disclosed or referenced herein have been prepared by Dr. Rob Cook, a qualified reserves evaluator, in accordance with the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The contingent resources estimates disclosed or referenced herein have been prepared by an independent qualified reserves evaluator, Gaffney, Cline & Associates, in accordance with the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. The prospective resources and contingent resources disclosed herein have an effective date of 1 January 2020. Prospective resources are those quantities of gas, estimated as of the given date, to be potentially recoverable from undiscovered accumulations through future development projects. As prospective resources, there is no certainty that any portion of the resources will be discovered. The chance that an exploration project will result in a discovery is referred to as the "chance of discovery" as defined by the management of the Company.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development
But which are not currently considered to be commercially recoverable due to one or more contingencies. The specific contingency which prevent the classification of contingent resources as reserves is that the development plan for the drilling of the wells required to convert contingent resources to 2P reserves is yet to be approved. There is no certainty that it will be commercially viable to produce any portion of the resources discussed herein; though any discovery that is commercially viable would be tied back to the Company’s pipeline in Morocco and then connected to customers’ facilities within 9 to 12 months of discovery. Based upon the economic analysis undertaken on any discovery, management has attributed an associated chance of development of 100%.

There are uncertainties associated with the volume estimates of the prospective resources disclosed herein, due to the level of information available on prospective resources, but ranges are defined based on data from the Company’s nearby existing analogous wells. Some of the risks 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);
Reservoir drive mechanism;
Potential well deliverability; and
The thickness and lateral extent of the reservoir section, currently based on 3D seismic data.

“P50” means that there is at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate