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SDX ENERGY

17 November 2022

SDX ENERGY PLC ("SDX", the "Company" or the "Group")

FINANCIAL AND OPERATING RESULTS FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2022

SDX Energy Plc (AIM: SDX), announces its unaudited financial and operating results for the three and nine months ended 30 September 2022. All monetary values are expressed in United States dollars net to the Company unless otherwise stated.

YTD 9 months 2022 key highlights:

- Production of 512 bbls/d and 19.3mmscf/d (3,729 boe/d), 3% higher than mid-point full year guidance of 3,480 – 3,795 boe/d.
- EBITDAX of US$21.6 million and operating cash flow (before capex) of US$15.0 million.
- Out of the 14 wells completed across SDX's portfolio in the year to date, eight were producing as at 30 September 2022, two were connected to production post period-end and another two will be connected by the end of November 2022.
- Capex US$22.4 million compared to revised full year guidance of US$26.5 – 28.0 million.
- Net Cash position of US$9.4 million (unaudited) as at 30 September 2022.
- Aleph Commodities and a group of investors acquired a strategic stake in the Company with a view to provide support and financing for growth initiatives.
- Carbon intensity of 3.8kg CO_2e/boe YTD'22 at operated assets.

Mark Reid, CEO of SDX, commented:

"SDX's business continued to generate strong EBITDAX and operating cash flow for the nine months to date. We have also successfully drilled thirteen development and exploration wells across our three assets and are delivering on our production guidance. Due to higher than expected standby costs for equipment needed to maintain facility operations, we have increased our Capex guidance for the year.

During the quarter Aleph Commodities along with a group of strategic investors were warmly welcomed into our Company. Aleph has stated that it is their intention to further support the Company with its growth initiatives and at a time of difficult capital markets, this provides the Company with a significant differentiator versus its peers. SDX also underwent some changes to our Board and Senior Management structure during the period with Krzysztof Zielicki joining as a Non-Executive Director and Yvon Quillien joining as our new Chief Operating Officer and, post-period, Jay Bhattacherjee joined as Non-Executive Chairman. I welcome our new Board members and look forward to the upcoming period in what is an exciting time for the Company's future growth"

Three and nine months to 30 September 2022 Operations Highlights

- Entitlement production for the nine months ended 30 September 2022 of 3,729 boe/d was 3% higher than 2022 mid-point guidance of 3,638 boe/d, driven by strong performances in Morocco and at South Disouq, with West Gharib's production lower than expected due to drilling delays and higher water and sand production from some wells drilled on the flanks of the Meseda field.

- The Company's operated assets recorded a carbon intensity of 3.8kg CO_2e/boe during the first nine months of 2022.

- In South Disouq, the planned three-well drilling campaign has been successfully completed. The SD-5X and SD-12_East discoveries have been brought online ahead of schedule, delivering production and cash flow. The MA-1X gas discovery well is in the process of being evaluated to determine a commercialisation strategy.

- In West Gharib, six wells have been successfully completed and are on production. Post period-end the next two wells in the campaign, MSD-28 and MSD-22, were drilled and reached TD on 14 October 2022 and 25 October 2022 respectively. MSD-28 encountered 161ft of net oil pay and MSD-22 103ft of net oil pay. Both wells are expected to be on production in Q4 2022.

- In Morocco, both wells (SAK-1 and KSR-20) in the two-well drilling campaign during Q3 2022 discovered gas. SAK-1 was subsequently tied into the Company infrastructure with production commenced post period-end. KSR-20 is currently undergoing testing and will be brought on production in Q4 2022. During Q3, several workovers were performed to access behind-pipe reserves.

Three and nine months to 30 September 2022 Corporate Highlights

- During the quarter a number of Board changes were announced. The Board is now led by Jay Bhattacherjee as Non-Executive Chairman, with his fellow directors being Tim Linacre, Mark Reid and Krzysztof Zielicki.

Three and nine months to 30 September 2022 Financial Highlights

	Three months ended 30 September		Nine months ended 30 September	
US$ million, except per unit amounts	**2022**	**2021**	**2022**	**2021**
Net revenues(1)	11.1	12.9	33.4	40.0
Netback(1)(3)	8.5	10.5	26.4	32.6
Net realised average oil service fees – US$/barrel	77.81	57.90	81.42	52.98
Net realised average Morocco gas price – US$/Mcf	9.91	11.39	10.56	11.40
Net realised South Disouq gas price – US$/Mcf(2)	2.85	2.85	2.85	2.85
Netback – US$/boe	18.15	19.53	19.97	20.25
EBITDAX(1)(3)	6.4	9.8	21.6	29.7
Exploration & evaluation expense (“E&E”)	(0.3)	(1.8)	(0.8)	(12.7)
Depletion, depreciation, and amortisation (“DD&A”)	(4.9)	(8.4)	(15.3)	(23.3)
Total comprehensive loss(4)	(1.2)	(2.0)	(2.4)	(12.1)
Capital expenditure	10.3	3.8	22.4	19.6
Net cash generated from operating activities	4.6	7.7	15.0	22.6
Net cash and cash equivalents	9.4	9.8	9.4	9.8

(1) Net revenues, Netback and EBITDAX for nine months ended 30 September 2022 and 2021 includes US$3.6 million and US$3.9 million respectively of non-cash revenue relating to the grossing up of Egyptian corporate tax on the South Disouq PSC which is paid by the Egyptian State on behalf of the Company (respectively US$1.2 million and US$1.3 million for the three months ended 30 September 2022 and 2021).

(2) South Disouq gas is sold to the Egyptian State at a fixed price of US$2.65 Mmbtu, which equates to approximately US$2.85/Mcf.

(3) Refer to the “Non-IFRS Measures” section of this release below for details of Netback and EBITDAX.

(4) For the three and nine months ended 30 September 2022 total comprehensive loss is stated before minority interest. Total comprehensive loss attributable to SDX shareholders for the three and nine months ended 30 September 2022 is US$1.3 million and US$2.0 million, respectively.

- Netback for the nine months to 30 September 2022 was US$26.4 million, 19% lower than the same period in 2021. Netback contribution from South Disouq was US$11.2 million (YTD’21: US$12.1 million) due to lower gas and condensate production owing to natural decline being partly offset by higher realised price for condensate and lower opex. West Gharib Netback increased by US$1.8 million compared to the same period in 2021 due to the increase in the realised oil service fee, partly offset by lower production. Morocco Netback was lower in the nine months to 30 September 2022 by US$7.1 million compared to the same period in 2021 due to lower production. Morocco Netback was further impacted by lower realised pricing due to the weakening of the Moroccan Dirham against the US Dollar.

- EBITDAX for the nine months to 30 September 2022 of US$21.6 million was 27% lower than the same period in 2021 of US$29.7 million due to lower Netback, as described above.

- YTD’22 the depletion, depreciation and amortisation (“DD&A”) charge of US$15.3 million was lower than the US$23.3 million for the same period in 2021 due to lower production in Morocco and a lower depreciable asset base in South Disouq, following the accelerated depreciation of the SD-12X borehole costs during H2 2021 and impairment recognised at year-end 2021.

- YTD’22 operating cash flow (before capex) of US$15.0 million, was lower than the same period in 2021 of US$22.6 million, mainly due to lower EBITDAX as explained above.

- Capex of US$22.4 million, reflects:

    - US$8.7 million for the three-well drilling campaign at South Disouq split between: US$1.9 million for the drilling, completion, testing and tie in of the SD-5X well, US$3.0 million for the drilling, completion and tie in of the SD-12_East well and US$2.7 million for the drilling, completion and testing of the MA-1X well. In addition, US$0.8 million has been spent on several workovers and US$0.2 million on other exploration costs;
    - US$11.5 million in Morocco covering; pre-drilling and standby expenditure for the recommencement of the Morocco drilling campaign (US$2.5 million), the drilling and completion costs for SAK-1 (US$4.3 million) and KSR-20 (US$2.1 million), US$1.5 million of additional expenditure on the KSR-19 well and US$1.1 million on various workovers and infrastructure works; and
    - US$2.2 million of West Gharib drilling costs across the eight wells drilled.

- Liquidity: The Company's net cash position as at 30 September 2022 was US$9.4 million, with cash balances of US$14.9 million offset by US$5.5 million drawn debt from the European Bank of Reconstruction and Development ("EBRD") credit facility. As a result of various geopolitical factors, US dollar transfers by the Central Bank of Egypt have been delayed resulting in the need to draw the EBRD facility to pay head office general and administrative costs and certain US$ denominated operational expenses. It has been possible recently to repatriate funds, albeit this has incurred FX trading costs. Under the existing facility with the EBRD, US$0.2 million of additional undrawn lines remain available to the Company.

YTD'22 Performance vs 2022 Guidance

Production

- Average entitlement production as at 30 September 2022 of 3,729 boe/d, which was 3% higher than mid-point 2022 market guidance of 3,638 boe/d.

Gross production			SDX entitlement production (boe/d)		
Asset	**Guidance – 12 months ended 31 December 2022**	**Actual – 9 months ended 30 September 2022**	**Guidance – 12 months ended 31 December 2022**	**Actual – 9 months ended 30 September 2022**	**Actual - 9 months ended 30 September 2021**
Core assets					
South Disouq – WI 36.9% & 67.0%(1)	38 – 40 MMscfe/d	38.7 MMscfe/d	2,500 – 2,700(2)	2,724	4,477(3)
West Gharib – WI 50%	2,000 – 2,450 bbl/d	2,032 bbl/d	380 – 470	389	473
Morocco – WI 75%	4.8 – 5.0 MMscf/d	4.9 MMscf/d	600 – 625	616	951
Total			**3,480 – 3,795**	**3,729**	**5,901**

(1) After completion of the South Disouq disposal with effect from 1 February 2022.
(2) Net of minority interest. Gross of minority interest, production guidance is expected to be 3,500 - 3,700 boe/d.
(3) 30 September 2021 South Disouq entitlement production is shown at pre-disposal working interest of 55%/100%.

    - *South Disouq*: During the first nine months of 2022, the existing wells continued to exhibit natural decline and expected sand and water production, albeit this was partly offset by contribution from the two wells (SD-5X and SD-12_East) that came into production after 30 September 2021. Production guidance for 2022 reflects the disposal of 33% of SDX's interest in the asset, 2-3% CPF and compressor downtime due to planned maintenance, the successful drilling of SD-12_East and SD-5X and several well workovers. The MA-1X gas discovery well is in the process of being evaluated to determine a commercialisation strategy.

- *West Gharib:* The existing wellstock at the asset continued to produce steadily, albeit exhibiting natural decline as expected, partly offset by contribution from the recently drilled eight wells of which six wells were on production as at 30 September 2022 and successful well workovers. Some of the new wells that were drilled on the flanks of the Meseda field have exhibited higher water and sand production than previously expected. The development drilling campaign will arrest the asset's natural decline, with new wells beginning to grow production into 2023.

- *Morocco:* The first nine months of 2022 saw strong demand from the customer portfolio, although consumption in the third quarter was lower compared to consumption during the first six months of the year due to summer/EID demand slowdown. 2022 production guidance is lower than 2021 production as the Company evaluates its ability to deliver to new and existing consumers based on its current reserves base and pricing environment.

Capex

- The Company is updating its 2022 capex guidance to US$26.5-28.0 million (previously US$25.5-27.0 million) as it has incurred higher than anticipated standby charges for drilling equipment in Morocco. It was necessary to incur these charges to ensure appropriate operational flexibility for the two-well campaign.
- 2022 capex is fully-funded and predominantly relates to one appraisal and two exploration wells in South Disouq, up to eight new wells and facilities upgrades in West Gharib, and two new wells and a number of workovers in Morocco.
- The remaining capex activities for 2022 includes two wells in West Gharib, a well workover in South Disouq and completion and the connection of one well in Morocco.

Asset	Guidance - 12 months ended 31 December 2022	Actual - 9 months ended 30 September 2022
South Disouq – WI 36.9% & 67.0%(1)	US$9.0 – 9.5 million(2)	US$8.7 million(3)
West Gharib – WI 50%	US$4.5 – 5.0 million	US$2.2 million
Morocco – WI 75%	US$13.5 – 14.0 million	US$11.5 million
Total	**US$26.5 – 28.0 million**	**US$22.4 million**

(1) After completion of the South Disouq disposal with effect from 1 February 2022.
(2) As the legal entity that holds the South Disouq asset is 100% consolidated in the financial statements of the Company, capex guidance is gross of minority interest. Net of minority interest, capex guidance is US$7.5 - 8.0 million.
(3) Includes US$0.7 million of decommissioning provisions. Net of minority interest, SDX's share of capex for the 9 months ended 30 September 2022 was US$6.3 million.

- *South Disouq*: One appraisal well, SD-12_East, and two exploration wells, SD-5X (Warda) and MA-1X (Mohsen), have been drilled during the first nine months to 30 September 2022. The SD-5X well discovered gas in the basal Kafr El Sheikh sand, with EUR similar to the pre-drill expectation. SD-5X was tied-in and started production 13 May 2022 and is currently producing at around 10 MMscf/d of dry gas and c.100 bbl/d of condensate. The second well in the campaign, SD-12_East (Ibn Yunus North development lease) was successfully drilled and brought onto production on 1 July 2022 and is currently producing at around 7 MMscf/d, with no condensate. The third and final well of the 2022 South Disouq drilling campaign, MA-1X on the Mohsen prospect in the Exploration Extension Area, is a gas discovery in the primary Kafr El Sheikh Fm reservoir target finding 56.3ft of high-quality net gas pay. A well-test was conducted on MA-1X and is currently being evaluated to determine a commercialisation strategy. Following the disposal transaction, all three wells have been drilled with partner participation. In addition to the drilling activity, several well workovers will be undertaken to maximise recovery from the fields.

- *West Gharib:* The development drilling campaign which saw three wells being drilled completed, tied-in and brought on-line during the first half of the year continued throughout the third quarter. The MSD-23 well, which spudded in Q2, reached TD on 11 July 2022 and encountered 131.5ft of good quality net-oil pay. MSD-23 also found an undepleted oil sand above the main Meseda reservoir interval, which represents a new reservoir that will be exploited at a future date. MSD-27, spudded on 22 July 2022 and reached TD on 7 August 2022, encountering 137.3ft of good-quality, net oil pay sandstone. The MSD-20 well, which spud 5 April 2022 but encountered technical difficulties, was side-tracked and ultimately reached TD on 23 August 2022, finding 58.5ft of good quality net-oil pay. The Rabul Field exploration well, Rabul Deep-1, spud 21 August 2022 and reached TD in the Matulla Formation on 17 September 2022. The well did not encounter hydrocarbons and is likely to be completed as a water injector. A total of 10 well workovers across the concession were undertaken during the third quarter of 2022, relating to a variety of operations (sand clean-out, tubing replacement, pump replacement, and recompletions to shallower reservoir sections).

- *Morocco:* The Company concentrated on maximising recovery from its existing well stock, utilising its two compressors. During the third quarter, the 2022 drilling campaign commenced with the spudding of the SAK-1 well on 6 August 2022. The SAK-1 well reached TD of 1,196m MD on 24 August 2022 and encountered a gas sand at the primary target interval at 1,107m MD finding 3.7m of net pay with an average porosity of 31%. A secondary gas sand was found at 1,079.6m MD, with a net pay thickness of 1.1m and an average porosity of 28%. The well was subsequently tied into the Company's infrastructure and production commended post period-end. The second well in the campaign, KSR-20, spud 12 September 2022 and reached TD of 1,410m MD post period-end on 1 October 2022, finding the primary target gas sands at 1,265m MD. The well is currently undergoing testing and will be brought on production in Q4 2022. In addition to the drilling campaign, workovers were performed to access behind-pipe reserves in a number of wells.

YTD'22 ESG metrics

- The Company's operated assets recorded a carbon intensity of 3.8kg CO2e/boe in 2022.
- Scope 1 greenhouse gas emissions at operated assets were 7,500 tons of CO_2e. Scope 3 greenhouse gas emissions in Morocco were 70,800 tons of CO_2e, which is approximately 35,900 tons of CO_2e less than using alternative heavy fuel oil.
- There were no Lost Time Injuries at any of the Company's assets YTD'22.
- No produced water was discharged into the environment in Morocco (100% contained and evaporated) or at South Disouq (100% recycled).
- There were no hydrocarbon spills at operated assets.
- The Company continues to adopt high standards of Governance through its adherence to the QCA Code on Corporate Governance.

Nine months to 30 September 2022 Financial Update

- Netback for the nine months to 30 September 2022 was US$26.4 million, US$6.2 million (19%) lower than the Netback of US$32.6 million for the nine months to 30 September 2021, driven by:
  - Net revenue decrease of US$6.6 million compared to the same period in 2021 due to:
    - US$7.0 million lower revenue in Morocco compared to 2021 due to the non-renewal of an expired customer contract and lower realised pricing due to adverse FX movement;
    - US$1.4 million lower South Disouq revenue compared to 2021, due to lower production partly offset by improved condensate pricing; and
    - US$1.8 million higher revenue at West Gharib compared to 2021 due to higher realised service fees (2022: US$81.42/bbl, 2021: US$52.98/bbl), partly offset by lower production (2022: 389 bbl/d, 2021: 473 bbl/d).
  - Operating costs decreased by US$0.4 million from the prior year due to lower production at South Disouq and West Gharib.

- EBITDAX for the nine months to 30 September 2022 was US$21.6 million, US$8.1 million (27%) lower than EBITDAX of US$29.7 million for H1 2021, mainly as a result of the decrease in Netback described above.

- The main components of SDX's comprehensive loss (before minority interest) of US$2.4 million for YTD'22 are:
  - US$26.4 million Netback
  - US$0.8 million of E&E expense which relates to ongoing new venture activity (predominantly internal management time)
  - US$15.3 million of DD&A expense
  - US$3.4 million of ongoing G&A expense
  - US$1.7 million of transaction costs
  - US$2.8 million of FX loss mainly due to the devaluation of the Egyptian Pound during the first nine months of the year; and
  - US$4.9 million of corporate tax, being Egyptian corporate income tax (South Disouq: US$3.6 million, West Gharib: US$1.2 million) and corporate social tax in Morocco (US$0.1 million).

- Operating cash flow (before capex) for the nine months to 30 September 2022 of US$15.0 million, was lower than the same period in 2021 of US$22.6 million, primarily due to a decline in EBITDAX and income taxes paid during 2022.

KEY FINANCIAL & OPERATING HIGHLIGHTS

	Prior Quarter	Three months ended 30 September[3]		Nine months ended 30 September	
$000s except per unit amounts		**2022 (unaudited)**	2021 (unaudited)	**2022 (unaudited)**	2021 (unaudited)
FINANCIAL					
Net revenues	11,098	11,059	12,867	33,392	39,975
Operating costs	(2,321)	(2,554)	(2,378)	(6,946)	(7,357)
Netback [1]	8,777	8,505	10,489	26,446	32,618
EBITDAX [1]	7,062	6,356	9,826	21,630	29,740
Total comprehensive loss	(624)	(1,227)	(2,060)	(2,430)	(12,146)
Total comprehensive loss attributable to SDX shareholders	(612)	(1,257)	$(0.010)	(2,018)	$(0.059)
Net loss per share - basic	$(0.003)	$(0.006)	$(0.010)	$(0.010)	$(0.059)
Cash, end of period	15,272	14,889	9,789	14,889	9,789
Capital expenditures	8,929	10,250	3,806	22,423	19,645
Total assets	103,607	108,585	108,706	108,585	108,706
Shareholders' equity	77,073	74,951	84,450	74,951	84,450
Common shares outstanding (000's)	204,563	204,563	205,378	204,563	205,378
OPERATIONAL					
West Gharib production service fee (bbl/d)	363	414	387	389	473
South Disouq gas sales (boe/d) [2]	3,460	3,944	4,360	3,672	4,257
Morocco gas sales (boe/d)	635	574	867	616	951
Other products sales (boe/d) [2]	175	162	223	173	220
Total sales volumes (boe/d) [2]	4,633	5,094	5,837	4,850	5,901
Realised West Gharib service fee (US$/bbl)	$88.66	$77.81	$57.90	$81.42	$52.98
Realised South Disouq gas price (US$/Mcf)	$2.85	$2.85	$2.85	$2.85	$2.85
Realised Morocco gas price (US$/Mcf)	$10.60	$9.91	$11.39	$10.56	$11.40
Royalties ($/boe)	$6.17	$5.66	$5.41	$5.79	$5.09
Operating costs ($/boe)	$5.50	$5.45	$4.43	$5.25	$4.57
Netback ($/boe) [1]	$20.82	$18.15	$19.53	$19.97	$20.25

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

(2) Sales volumes from the South Disouq concession have been presented gross of minority interest. For the period 1 February (transaction effective date) to 30 September 2022, the share of volumes assigned to the Company's minority interest holder equals 1,122 boe/d and therefore the Company's share of South Disouq volumes (incl. other products) equals 2,723 boe/d. Net of minority interest total sales volumes are 3,728 boe/d.

Consolidated Balance Sheet (unaudited)

(US$'000s)	As at 30 September 2022	As at 31 December 2021
Assets		
Cash and cash equivalents	14,889	10,562
Trade and other receivables	18,076	19,942
Inventory	7,549	6,747
Current assets	40,514	37,251
Investments	3,483	3,593
Property, plant and equipment	28,784	34,593
Exploration and evaluation assets	34,925	21,611
Right-of-use assets	1,279	1,367
Non-current assets	68,071	61,164
Total assets	108,985	98,415
Liabilities		
Trade and other payables	18,852	17,157
Decommissioning liability	-	22
Current income taxes	1,194	1,150
Borrowings	5,560	-
Lease liability	464	439
Current liabilities	26,070	18,768
Decommissioning liability	6,825	5,747
Deferred income taxes	290	290
Lease liability	849	956
Non-current liabilities	7,964	6,993
Total liabilities	34,034	25,761
Equity		
Share capital	2,601	2,601
Share premium	130	130
Share-based payment reserve	7,654	7,536
Accumulated other comprehensive loss	(917)	(917)
Merger reserve	37,034	37,034
Retained earnings	21,516	26,270
Non-controlling interest	6,933	-
Total equity	74,951	72,654
Equity and liabilities	108,985	98,415

Consolidated Statement of Comprehensive Income (unaudited)

(US$'000s)	Three months ended 30 September 2022	Three months ended 30 September 2021	Nine months ended 30 September 2022	Nine months ended 30 September 2021
Revenue, net of royalties	11,059	12,867	33,392	39,975
Direct operating expense	(2,554)	(2,378)	(6,946)	(7,357)
Gross profit	8,505	10,489	26,446	32,618
Exploration and evaluation expense	(307)	(1,820)	(841)	(12,700)
Depletion, depreciation and amortisation	(4,900)	(8,350)	(15,266)	(23,295)
Share-based compensation	4	(80)	(118)	(254)
Share of profit from joint venture	135	186	397	409
General and administrative expenses				
- Ongoing general and administrative expenses	(1,336)	(769)	(3,378)	(3,033)
- Transaction costs	(951)	-	(1,716)	-
Operating income/(loss)	1,150	(344)	5,524	(6,255)
Finance costs	(94)	(170)	(282)	(504)
Foreign exchange loss	(565)	116	(2,803)	(46)
Income/(loss)e before income taxes	491	(398)	2,439	(6,805)
Current income tax expense	(1,718)	(1,662)	(4,869)	(5,341)
Loss and total comprehensive loss for the period	(1,227)	(2,060)	(2,430)	(12,146)
Attributable to				
SDX shareholders	(1,257)	(2,060)	(2,018)	(12,146)
Non-controlling interests	30	-	(412)	-
Net loss, attributable to SDX shareholders, per share				
Basic	$(0.006)	$(0.010)	$(0.010)	$(0.059)
Diluted	$(0.006)	$(0.010)	$(0.010)	$(0.059)

Consolidated Statement of Changes in Equity (unaudited)

(US$'000s)	Nine months ended 30 September 2022	2021
Share capital		
Balance, beginning of period	2,601	2,601
Balance, end of period	2,601	2,601
Share premium		
Balance, beginning of period	130	130
Balance, end of period	130	130
Share-based payment reserve		
Balance, beginning of period	7,536	7,269
Share-based compensation for the period	118	254
Balance, end of period	7,654	7,253
Accumulated other comprehensive loss		
Balance, beginning of period	(917)	(917)
Balance, end of period	(917)	(917)
Merger reserve		
Balance, beginning of period	37,034	37,034
Balance, end of period	37,034	37,034
Retained earnings		
Balance, beginning of period	26,270	50,225
Part disposal of subsidiary	(2,736)	-
Total comprehensive loss	(2,018)	(12,146)
Balance, end of period	21,516	38,079
NCI		
Balance, beginning of period	-	-
Part disposal of subsidiary	8,236	-
Dividends paid	(891)	
Loss for the period	(412)	-
Balance, end of period	6,933	-
Total equity	74,951	84,450

Consolidated Statement of Cash Flows (unaudited)

(US$'000s)	Three months ended 30 September 2022	Three months ended 30 September 2021	Nine months ended 30 September 2022	Nine months ended 30 September 2021
Cash flows generated from/(used in) operating activities				
Income/(loss) before income taxes	491	(389)	2,439	(6,805)
Adjustments for:				
Depletion, depreciation and amortisation	4,900	8,350	15,266	23,295
Exploration and evaluation expense	-	1,299	-	11,612
Finance expense	94	170	282	504
Share-based compensation charge	(4)	80	118	254
Foreign exchange loss	565	160	2,803	86
Tax paid by state	(1,249)	(1,383)	(3,551)	(3,949)
Share of profit from joint venture	(135)	(186)	(397)	(409)
Operating cash flow before working capital movements	4,662	8,092	16,960	24,588
(Increase)/decrease in trade and other receivables	(69)	80	2,021	(193)
Increase/(decrease) in trade and other payables	1,020	(468)	(1,033)	(1,231)
Payments for inventory	(1,009)	(48)	(2,106)	(560)
Payments for decommissioning	-	-	(35)	-
Cash generated from operating activities	4,604	7,656	15,807	22,604
Income taxes paid	-	-	(841)	-
Net cash generated from operating activities	4,604	7,656	14,966	22,604
Cash flows generated from/(used in) investing activities:				
Property, plant and equipment expenditures	(3,298)	(6,699)	(9,473)	(16,793)
Exploration and evaluation expenditures	(3,157)	(372)	(8,526)	(5,654)
Proceeds on part disposal of subsidiary	(891)	-	4,609	-
Dividends received	-	522	311	522
Net cash used in investing activities	(7,346)	(6,549)	(13,079)	(21,925)
Cash flows generated from/(used in) financing activities:				
Net proceeds from loans and borrowings	3,000	-	5,500	-
Payments of lease liabilities	(137)	(195)	(398)	(698)
Finance income/(expense)	27	(68)	10	(163)
Net cash generated from/(used in) financing activities	2,890	(263)	5,112	(861)
Increase/(decrease) in cash and cash equivalents	148	844	6,999	(182)
Effect of foreign exchange on cash and cash equivalents	(531)	(163)	(2,672)	(85)
Cash and cash equivalents, beginning of period	15,272	9,108	10,562	10,056
Cash and cash equivalents, end of period	14,889	9,789	14,889	9,789

About SDX

SDX is an international oil and gas exploration, production, and development company, headquartered in London, United Kingdom.. In Egypt, SDX has a working interest in two producing assets: a 36.9% operated interest in the South Disouq and Ibn Yunus gas fields and a 67.0% operated interest in the Ibn Yunus North gas field in the Nile Delta and a 50% non-operated interest in the West Gharib concession, which is located onshore in the Eastern Desert, adjacent to the Gulf of Suez. In Morocco, SDX has a 75% working interest in four development/production concessions, all situated in the Gharb Basin. The producing assets in Morocco are characterised by attractive gas prices and exceptionally low operating costs. SDX has a strong weighting of fixed price gas assets in its portfolio with low operating costs and attractive margins throughout, providing resilience in a low commodity 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.sdxenergygroup.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 Dr Rob Cook, VP Subsurface of SDX. Dr. Cook has 30 years of oil and gas industry experience and is the qualified person as defined in the London Stock Exchange's Guidance Note for Mining and Oil and Gas companies. Dr. Cook holds a BSc in Geochemistry and a PhD in Sedimentology from the University of Reading, UK. He is a Chartered Geologist with the Geological Society of London (Geol Soc) and a Certified Professional Geologist (CPG-11983) with the American Institute of Professional Geologists (AIPG).

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Glossary

“bbl”	stock tank barrel
“bbl/d”	barrels of oil per day
“bcf”	billion cubic feet
“boe/d”	barrels of oil equivalent per day
“CO_2e/boe”	carbon dioxide equivalent per barrels of oil equivalent
“EUR”	estimated ultimate recovery
“Mcf”	thousands of cubic feet
“MD”	measured depth
“MMscf/d”	million standard cubic feet per day
“MMscfe/d”	million standard cubic feet equivalent per day
“P50”	means that there is at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate.
“TD”	total depth
“TVDSS”	Total vertical depth sub-sea
“2P Reserves”	proved plus probable reserves

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 formulation of the Company's strategic review and expansion plans, the Company's production and capex guidance; liquidity and sources of cash flows for the remainder of 2022, and the Company's future drilling developments and results, should 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; currency control risks; 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 the Principal Risks & Uncertainties section of SDX's Annual Report for the year ended 31 December 2021, 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.

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.

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 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.

Oil and Gas Advisory

Certain disclosures in this news release constitute “anticipated results” for the purposes of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) 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.

Use of a Standard

Reserve and resource estimates disclosed or referenced herein have been prepared in accordance with the SPE's Canadian Oil and Gas Evaluation (COGE) Handbook and in accordance with NI 51-101.

Prospective Resources Data

The prospective resources estimates disclosed or referenced herein have been prepared by Dr. Rob Cook, a qualified reserves evaluator, in accordance with the SPE’s Canadian Oil and Gas Evaluation Handbook (COGE) and in accordance with NI 51-101. The prospective resources disclosed herein have an effective date of 1 January 2022. 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.

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.