

SDX Energy Inc. ("SDX" or the "Company") - Grant of awards under a new long term incentive plan ("LTIP") to the Executive Directors and certain other key employees of the Company

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LONDON, Aug. 1, 2017 /CNW/ - SDX Energy Inc. (TSXV, AIM: SDX), the North Africa focused oil and gas company, announces that on 31 July the Company issued awards under its long term incentive plan ("LTIP" or the "Plan") to its Executive Directors and certain other key employees.

SDX sought third party advice and used PriceWaterhouseCoopers and, in respect of Canadian legal matters, Borden Ladner Gervais LLP to advise on the new LTIP scheme. It is important to note that stretching strategic, operational, financial and shareholder return performance criteria must be met for the options to vest. The Company recognizes the need to ensure that Executive Directors and key employees from its operational, commercial, technical and financial divisions, who are critical to executing SDX's strategy over the next phase of its development, are retained and incentivized to generate long term value for shareholders. Furthermore, the Board believes that the three year vesting period and the requirement for a further two year holding period for Executive Directors, will act as strong retention factors.

As a result, in relation to its Executive Directors, the Company announces the following grants under the LTIP ("LTIP Awards") over the Company's common shares as shown in column 3 of the table below. These grants equate to 100% of each of the Executive Directors' salaries on 31 July 2017.

The number of shares subject to the LTIP Awards has been determined by reference to the mid-market price of a share on 28 July 2017 (£0.45 pence per share). In order to optimize the post-tax value of the LTIP for participants, the Company has granted market value options as defined under UK tax legislation ("CSOP Options") to the Executive Directors, over the number of Shares as shown in column 4 of the table below. The exercise price of each CSOP Option is £0.45 pence per share, being the closing mid-market price of a share on 28 July 2017.

1. Name	2. Status	3. Number of common shares subject to LTIP Award ⁽¹⁾	4. Number of common shares subject to CSOP Option ⁽¹⁾
Paul Welch	Director	770,500	66,666
Mark Reid	Director	555,555	66,666

1) The number of shares that can be exercised under each LTIP Award in column 3 will be reduced by the number of shares equating to the market value (at date of exercise of the linked CSOP Option) of any gain made on the exercise of the CSOP Option in column 4. This means the exercise of the CSOP option has no impact on a participant's pre-tax economic position but it improves the post-tax economic position.

The LTIP Awards and CSOP Options granted under the Plan take the form of a base award over the number of common shares specified above. These awards will normally vest on the third anniversary of the date of grant of the awards, subject to meeting certain strategic, operational, financial and shareholder return performance criteria and the continued employment of the participant. The awards for the Executive Directors are subject to a further 2 year holding period from the date of vesting with clawback provisions contained in the rules of the Plan which can be applied to awards made to all participants.

The above number of common shares granted to Executive Directors, over which the LTIP Awards and CSOP Options may vest, can be increased by a multiple of up to one times depending on the level of share price growth over the three year period from date of grant. The potential level of increased share awards is calculated as follows;

- If the share price growth in the three year period is less than 11% pa, there will be no increase in the base award number of shares set out above; and
- If the share price growth in the three year period is between a range of 11% pa and 20% pa, the additional number of shares which vest will increase proportionately within this range up to a cap of a multiple of one times the base award number of shares. This cap will be triggered at share price growth of 20% pa or more.

For the avoidance of doubt, the maximum number of shares which can vest for the CEO and CFO respectively is 1,541,000 and 1,111,111 respectively.

Based upon the grant at 31 July 2017, the maximum potential number of common shares that can vest to the Executive Directors and other selected employees under the LTIP was in aggregate 3,390,815.

The LTIP will be presented to the Company's shareholders for approval at the next annual general meeting of shareholders. The number of ordinary shares that may be issued or reserved for issuance under the awards granted pursuant to the LTIP, together with all common shares which may be issued under options granted pursuant to the Company's stock option plan, may not exceed 10% of the Company's issued and outstanding common shares at the time of grant. No ordinary shares of the Company will be issued pursuant to awards granted under the LTIP until such time as such shareholder approval is received.

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 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. It also has a 55% operated working interest in the South Disouq concession, located in the Nile Delta, where a gas discovery was made by the SD-1X well in 2017. In Morocco, SDX has a 75% working interest in the Sebou concession situated in the Rharr Basin. These producing assets are characterised by exceptionally low operating costs making them particularly resilient in a low oil price environment. SDX's portfolio also includes high impact exploration opportunities in both 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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