

# SDX Energy

## KSR-16 flow exceeds expectations

Well spud

Oil & gas

11 January 2018

**Price** **52.0p**

**Market cap** **£106m**

US\$:£0.8

Estimated net cash (\$m) at December 2017 23.3

Shares in issue 187m

Free float 59%

Code SDX

Primary exchange AIM

Secondary exchange TSX Venture

SDX Energy has announced the completion of the KSR-16 well on the Sebou permit in Morocco (SDX 75%) with the well delivering a restricted flow rate of 8.43mmscfd, exceeding management expectations, and the highest flow rate to date from the three successful wells drilled to date. **KSR-16 is now on production.**

Year end	Revenue (\$m)	PBT* (\$m)	Cash from operations (\$m)	Net cash (\$m)	Capex (\$m)
12/15	11.4	11.1	(5.2)	8.2	(5.1)
12/16	12.9	(26.7)	(1.9)	4.7	(11.9)
12/17e	35.8	4.8	22.8	23.3	(22.7)
12/18e	54.9	20.2	34.5	16.1	(44.9)

Note: Figures are as reported.

The KSR-16 well encountered 14.2m of net gas pay in the Hoot formation, exceeding management estimates of net pay by over 50%. Confirmation of strong flow rates could provide the basis for a gas reserve upgrade and, importantly, provides confidence in the company's ability to deliver on a forecast gas sales rate of 10-11mmscfd in 2018. Three producers are individually capable of meeting current daily sales commitments of 6mmscfd (KSR-14 flow tested at 6.4mmscfd, KSR-15 at 7.52mmscfd and KSR-16 at 8.43mmscfd). Moroccan gas sales attract an average sales price of c \$9/mcf with high netbacks.

On 4 January the ELQ-1 well in the Gharb Centre permit was drilled to total depth of 1,484m encountering 2m of net gas pay in the Hoot formation, which was deemed to be uncommercial. It is important to note that this well was drilled on legacy low-resolution seismic, rather than high-resolution 3D as per the three discoveries that have been made to date. All future wells in the current campaign are delineated on high-resolution seismic, providing confidence in the potential to add further productive capacity in 2018.

### Share price performance



### Business description

SDX Energy is a North African onshore player listed in Toronto and London. It has plans to increase net production in Egypt (primarily through workovers and waterflood) while 2017 should see a carried exploration well. It has recently added high-value gas production in Morocco.

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