SDX Energy Plc
2024 Interim Report & Financial Statements

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

SDX
ENERGY

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Chairman's Review

The first half of 2024 saw SDX continue to build on its strategy to be a best-in-class energy producer.

The first half of 2024 saw SDX continue to build on its strategy to be a best-in-class energy producer. With the sale of the Company's West Gharib assets in Egypt, the continuation of our trade-based financing and (post-period end) the re-negotiation of the convertible loan, we have taken large steps in turning the prospects of the business around.

The focus during 1H 2024 was predominantly the sale of the West Gharib assets, which represented a milestone in the execution of SDX's growth strategy in Morocco, where the Company is the sole independent gas producer. The Executive team and board of directors are focused on delivering long term sustainable value for shareholders.

FINANCE

In April 2024, SDX received the first instalment of the West Gharib sales proceeds and repaid in full the outstanding secured EBRD reserves-based lending facility amounting to $2.7 million.

The Company's syndicated unsecured convertible loan agreement with Aleph Finance Ltd (the "Lender") was amended in April 2024 to extend the draw down period. This granted the Company access to further gross funding of $0.75 million, which was drawn down in April 2024 to pay service providers in relation to Moroccan drilling activities and general corporate expenses. Post-period end, in September 2024, the Lender and the Company agreed to amend the terms of the existing convertible loan (the "Amended Facility Agreement").

Under the terms of the Amended Facility Agreement, the Lender will provide a term loan facility in the amount of up to $6,500,000, such total amount to be confirmed by the Lender (the "Loan"), to the Company to be repaid by 23 July 2025. Following repayment of the existing convertible loan, the Company intends to draw on approximately $2.0 million of the remaining balance of the Loan. Following the repayment of existing financial indebtedness owed by the Company to the Lender under the existing convertible loan and other agreements, the Company will apply the balance of the monies borrowed under the Amended Facility Agreement towards capital expenditure in Morocco and general corporate creditors. The Loan will be secured against the Company's shares in SDX Energy Morocco (Jersey) Ltd and Sea Dragon Energy (Nile) B.V. and a debenture over the Company, including assignment of intercompany loans and security over HSBC bank accounts in England and various receivables. On 14 October 2024, the Company plans to convene a general meeting to ask shareholders to vote on the Amended Facility Agreement (the "General Meeting"). The completion of the Amended Facility Agreement is conditional upon the Company's shareholders voting in favour of the resolutions at the General Meeting.

Additionally, CITIC Dicastal subsidiary, DIKA MOROCCO AFRICA ("DMA"), continued to prepay each quarter for gas deliveries during Q1, Q2 and Q3 in Morocco.

OPERATIONS

During the first half of 2024, in Morocco, the Company produced approximately 407 million cubic feet (68,000 barrels of oil equivalent), averaging 2.3 MMscf/d (1H 2023: 581 million cubic feet averaging 3.2 MMscf/d).

In January 2024, we tied-in the Ksiri-21 ("KSR-21") well in Sebou Central of the Gharb Basin, Morocco and, in April 2024, we received the necessary approvals to commence production of gas. In April 2024, we also commenced drilling the Beni Malek–2 well ("BMK-2") in the Rharb Basin, Morocco, approximately 1.5 km from the BMK-1 discovery well. In May 2024, we completed operations at BMK-2, encountering a 9-metre interval that demonstrated strong gas shows of up to approximately 100 times background gas readings. The well has been left temporarily suspended with a plug set to allow the well to be sidetracked.

Despite challenging capital market conditions and the Board's focus on completing complex transactions, SDX has successfully delivered on the aims of its drilling campaign, with a new well, KSR-21, entering production at the beginning of the year and a new well at BMK-2. The Company is making solid progress towards its goal of transitioning into a hybrid energy producer and infrastructure operator, providing gas to a region with an urgent need to fuel its continued growth.

The Atlantic Free Zone and Kenitra industrial region are of strategic importance not only for SDX, but also for Morocco's long-term growth plans. As the sole independent gas producer in Morocco, and the operator of local pipeline infrastructure, the Board believes SDX is uniquely positioned to power a region that has experienced double-digit growth year-on-year and a commensurate increase in energy demand. We continue to work closely with our partners in the region, including CITIC Dicastal's Moroccan subsidiary, part of a trillion-dollar global group.

To conclude, we thank our shareholders and all our stakeholders for their continued support over this period of transformation and transition for the Company. We maintain our promise to work diligently and energetically to revitalise SDX and leverage the unique position in which the Company finds itself to create significant, sustainable value for our shareholders.

Jay Bhattacherjee
Non-Executive Chairman
27 September 2024

Review of Operations

MOROCCO

The Company's Moroccan acreage (where SDX has a 75% working interest and is operator) consists of three petroleum agreements in the Rharb Basin in northern Morocco: Sebou Central, Rharb Occidental and Lalla Mimouna Sud.

The Sebou Central petroleum agreement is a 105 km^2 exploration permit with several exploitation concessions contained within it. The exploitation concessions that remain active under the Sebou and Sebou Central petroleum agreement are:

- Ksiri Central, expiry January 2025
- Sidi Al Harati Ouest, expiry October 2024
- Sidi Al Harati Nord, expiry September 2025
- Gaddari Nord, expiry October 2025
- Oulad N'Zala Central, expiry May 2025
- Ksiri Ouest, expiry October 2026

In September 2021, according to the regulations governing petroleum agreements, SDX relinquished 25% of the original Sebou Central acreage and entered into a 2.5 year extension period of the exploration permit. In March 2024, SDX relinquished an additional 10% of the permit area and entered into a Second Extension Period of 1.5 years with expiry in September 2025.

The Rharb Occidental petroleum agreement is an 806 km^2 exploration permit with numerous prospects and leads already identified on the existing 3D seismic. The exploitation concessions that remain active under the Rharb Occidental petroleum agreement are:

- Beni Malek Sud-Est, expiry January 2026
- Oulad Youssef Central, expiry August 2025
- Gueddari Sud Ouest, expiry December 2024
- Sidi Al Harati Sud, expiry December 2024

The Company has held the Lalla Mimouna Sud permit since February 2019. A one year force majeure extension to the "Initial Period" of 2.5 years was granted by the Ministry of Energy, which expired in September 2022. SDX has entered into the "First Extension Period" of 2.5 years, expiring in March 2025. The Lalla Mimouna Sud concession is now a 629.9 km^2 permit.

All of the Petroleum Agreements remain valid until expiration of the last exploitation concession granted under the relevant Petroleum Agreement.

The Company was awarded the Moulay Bouchta Ouest exploration permit in February 2019 for a total period of eight years. A one-year force majeure extension to the "Initial Period" of the permit was granted by the Ministry of Energy, which expired in September 2023. An extension of 6 months to this period was granted by the Ministry of Energy, which expired in March 2024. We have not sought a further extension and therefore the concession is in process of being relinquished.

1H 2024 Activity

Testing and completion was concluded on the new BMK-1 well in January 2024, combined with the successful connection of the ONHYM pipeline, which connects this well and the surrounding area to our existing infrastructure. BMK-1 commenced production in late January 2024.

By late April 2024, KSR-21 commenced production and the BMK-2 well had been drilled to its total depth of 1,412 metres. BMK-2 has been left temporarily suspended with a plug set to allow the well to be sidetracked, to the target formation at 1,265 metres, once the required equipment has been mobilised. No workovers were conducted in 1H 2024.

For the six months period ended 30 June 2024, Morocco gross production was approximately 407 million cubic feet (68,000 barrels of oil equivalent), averaging 2.3 MMscf/d (1H 2023: 581 million cubic feet averaging 3.2 MMscf/d).

2H 2024 Outlook

SDX has identified two new drilling locations and is in the final stages of securing land permits for each. The newly processed seismic data has been integrated into the original interpretations, further de-risking both prospects, designated as KSR-22 and OLME-A. SDX plans to commence its next drilling campaign during Q4 2024. Gas from these wells will supply our existing customers to serve their expanding needs.

We are currently in discussion with ONHYM in relation to agreeing future permit requirements, which include undertaking new 3D seismic work either in late 2024 or early 2025.

SDX is preparing a tender process to select a partner for the acquisition of over 150 km^2 of 3D seismic data. The area selected for this new seismic acquisition campaign is to the north-west of the existing newly merged seismic surveys and has been strategically placed to allow SDX to tie-in to its existing pipeline infrastructure, merge into the newly merged data set while covering a thicker and prospective portion of the basin. SDX anticipates finalising the tender and commencing the seismic acquisition in Q1 2025. The EIA for this project commenced in July and is expected to be completed during Q4 2024

EGYPT (HELD FOR SALE)

South Disouq

South Disouq is a 115 km^2 concession located 65 km north of Cairo in the Nile Delta region. It is on trend with several other prolific gas fields in the Abu Madi Formation.

Development leases have been granted for South Disouq (18 km^2), Ibn Yunus (24 km^2), and Ibn Yunus North (32 km^2), and all development leases are operated by SDX. Production is currently from the Messinian-aged Abu Madi and Pliocene-aged Kafr El Sheikh formations. In addition, SDX operates the Amendment Concession Agreement Area, which is an exploration permit of 41 km^2.

At the beginning of 2022, SDX held a 55% interest in the South Disouq and Ibn Yunus development leases and a 100% interest in the Ibn Yunus North development lease. Its partner, IPR, holds a 45% interest in the South Disouq and Ibn Yunus development leases. In February 2022, it was announced that SDX sold 33% of the shares in the entity that holds its interests across its South Disouq concession to Energy Flow Global ("EFG"), a private company with upstream and oilfield services activities in Egypt, the Middle East and Asia. In February 2023, SDX re-acquired these shares in exchange for a 33% direct share of the leases. After this transaction, SDX Energy still had an effective 36.9% working interest in the South Disouq and Ibn Yunus development leases and a 67.0% working interest in the Ibn Yunus North development lease. In April 2024, a receivable due from EGAS (on behalf of EFG) was part-settled through the repurchase of EFG's 33% direct share of SDX's original leases in South Disouq (equating to an effective 18.15% working interest in the South Disouq and Ibn Yunus development leases and a 33.0% working interest in the Ibn Yunus North development lease) and, since April 2024, SDX has owned a 55% interest in the South Disouq and Ibn Yunus development leases and a 100% interest in the Ibn Yunus North development lease.

Review of Operations continued

EGYPT (HELD FOR SALE) CONTINUED

South Disouq continued

1H 2024 Activity

Analysis of the exploration MA-1X well on Mohsen has been completed and the Company is evaluating next steps.

West Gharib

West Gharib is 22 km^2 in area and is producing from the Meseda and Rabul fields, both of which are included in the Block-H development lease. The concession is covered by a production service agreement, which allows for lower cost operations than the traditional joint venture structure. SDX had a 50% working interest in the operation, with Dublin International Petroleum, the operator, holding the remaining 50% working interest.

The Meseda field produces 18° API oil from the high-quality Miocene-aged Asl sands of the Rudeis formation. The Rabul field produces 16° API oil from the Miocene-aged Yusr and Bakr sands, which are also part of the Rudeis formation.

In 2021, a 10-year extension for both Meseda and Rabul was agreed with GPC, extending the licence to 9 November 2031. As part of the agreement, the contractors have a minimum commitment to drill six infill development wells (four in Meseda and two in Rabul) and one water-injection well in Rabul by 31 December 2022, and up to another six wells across the concession depending on the prevailing oil price. To take advantage of low drilling costs and the current oil price environment, however, the partnership planned to drill 13 infill development wells from 2022 onwards.

1H 2024 Activity

The infill campaign has continued in 2024.

Workovers of the existing wells have continued in 2024 to maximise production and recovery from the Meseda and Rabul Fields.

2024 Outlook (EGYPT)

Due to issues in relation to currency controls and ongoing devaluations of the Egyptian Pound, it was determined during 2023 that it would be better to focus our resources on our Morocco operations. Therefore, offers for our interests in South Disouq and West Gharib were entertained, and by 31 December 2023 we had entered into advanced negotiations on both assets.

On 19 April 2024, the sale of our interest in West Gharib had been finalised, and we continue to evaluate options to maximise shareholder value for South Disouq, including a sale of the asset or potentially developing it. As part of the West Gharib sale, our investment in Brentford Oil Tools has also been sold. All revenues and costs in relation to these operations have been treated as discontinuing activities in the accounts for the six months period ended 30 June 2024 – the Balance Sheet impact is that the relevant Group Assets and Group liabilities have been reclassified as being Held for Sale.

1H 2024 ESG Metrics

- The Company's operated assets recorded a carbon intensity of 8.8kg CO2e/boe in 1H 2024 (1H 2023: 4.5kg CO2e/boe).
- Scope 1 greenhouse gas emissions from all operated assets were 4,800 tons of CO2e (1H 2023: 5,400 tons of CO2e). Scope 3 greenhouse gas emissions in Morocco were 24,800 tons of CO2e (1H 2023: 30,100 tons of CO2e), which is approximately 11,300 tons of CO2e (1H 2023: 13,800 tons of CO2e) less than using alternative heavy fuel oil.
- There were no Lost Time Injuries at any of the Company's assets during 1H 2024 (1H 2023: none).
- No produced water was discharged into the environment in Morocco or at South Disouq (100% processed or evaporated).
- There were no hydrocarbon spills at operated assets (1H 2023: nil).
- The Company continues to adopt high standards of Governance through its adherence to the QCA Code on Corporate Governance.

Financial Review
For the six months ended 30 June 2024

DISCONTINUED ACTIVITIES

As at 31 December 2023, the Group had committed itself to the sale of its Egyptian operations. This has translated into the completion of the sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession on 19 April 2024 and a commitment to sell its interest in the South Disouq concession later in 2024 or 2025.

In effect, this renders the Group's entire Egyptian operations as discontinued as at 30 June 2024, and requires their results to be treated as such in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows for the period ending 30 June 2024 and related comparatives under IFRS 5 "Disposal of subsidiaries, business and non-current assets".

Further details, including the results of these discontinued operations, can be found in note 23 to the Consolidated Financial Statements.

OPERATIONAL AND FINANCIAL HIGHLIGHTS

Unless specified, all matters discussed going forward in this Financial Review will refer to the Group's continuing operations (in Morocco) only. In accordance with industry practice, production volumes and revenues are reported on a Group interest basis, before the deduction of royalties.

	Six months ended 30 June	
$'000s	**2024**	2023
Morocco gas sales revenue	**4,767**	4,901
Royalties	**541**	(51)
Net Morocco gas sales revenue	**5,308**	4,850
Total net revenue	**5,308**	4,850
Direct operating expense	**(491)**	(1,169)
Netback: Morocco gas	**4,817**	3,681
Netback (pre-tax) (1)	**4,817**	3,681
EBITDAX (1)	**2,651**	1,673
Morocco gas sales (boe/d)	**254**	383
Total sales volumes (boe/d)	**254**	383
Morocco gas sales (boe)	**46,171**	69,249
Total sales volumes (boe)	**46,171**	69,249
Realised Morocco gas price (US$/mcf)	**$17.21**	$11.80
Realised Morocco gas price (US$/boe)	**$103.24**	$70.77
Royalties (US$/boe)	**$(11.71)**	$0.74
Operating costs (US$/boe)	**$10.63**	$16.88
Netback (US$/boe) (1)	**$104.32**	$53.15
Capital expenditures	**7,625**	2,870

(1) Netback and EBITDAX are non-IFRS measures and are defined on page 8.

Financial Review continued
For the six months ended 30 June 2024

MOROCCO GAS SALES REVENUE

The Group currently sells natural gas to seven industrial customers in Kenitra, northern Morocco.

MOROCCO GAS SALES VARIANCE FROM PRIOR PERIOD

For the six months ending 30 June 2024 (compared to the six months ending 30 June 2023), the decrease in Morocco gas sales revenue of $0.1 million was mainly as a result of a $1.6 million decrease in production due to our producing wells getting older in general despite new wells (BMK-1 and KSR-21) commencing production during the period. The group is seeking to accelerate the number of wells being brought into production in 2024. This was partially offset by a favourable price variance of $1.5 million, which was caused by increases in gas prices and increased sales to higher-priced contracts.

$'000s	
Six months ended 30 June 2023	4,901
Price variance	1,499
Production variance	(1,633)
Six months ended 30 June 2024	**4,767**

ROYALTIES

In Morocco, sales-based royalties become payable when certain inception-to-date production thresholds are reached, according to the terms of each exploitation concession. Royalties were a net credit of $0.5 million in the six months ending 30 June 2024 due to a reassessment of the historic liability, which was also impacted by favourable foreign exchange rate movements during the period.

DIRECT OPERATING COSTS

Direct operating costs for the six months ending 30 June 2024 were $0.5 million, compared to $1.2 million for the comparative period.

The direct operating costs for concessions that are continued operations were:

	Six months ended 30 June	
$'000s	**2024**	2023
Morocco	**491**	1,169
Total direct operating expense	**491**	1,169

The direct operating costs per unit for concessions that are continued operations were:

	Six months ended 30 June	
US$/boe	**2024**	2023
Morocco	**10.63**	16.88
Total direct operating costs per boe	**10.63**	16.88

Morocco

Operational expenditure in Morocco is less dependent on production than in many other hydrocarbon-producing countries, as much Moroccan operational expenditure is fixed in nature, e.g. headcount and compressor/separator rentals, and might be impacted by expenditure that is one-off in nature.

Direct operating costs for the six months ended 30 June 2024 were $0.7 million lower compared to the comparative period due to newer wells (requiring less maintenance) entering into production during the current period. This has caused the direct operating costs per boe to decrease by 37% to $10.63/boe for the six months ended 30 June 2024 (in comparison to $16.88/boe for the comparative period).

Financial Review continued
For the six months ended 30 June 2024

GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
$'000s	2024	2023
Wages and employee costs	836	1,388
Consultants - inc. PR/IR	218	156
Legal fees	60	57
Audit, tax and accounting services	103	140
Public company fees	178	319
Travel	103	90
Office expenses	404	208
IT expenses	56	54
Service recharges	(32)	(349)
Ongoing general and administrative expenses	1,926	2,063
Transaction costs	202	55
Total net G&A	2,128	2,118

Ongoing general and administrative ("G&A") costs for the six months ended 30 June 2024 were $0.1 million lower compared to the comparative period mainly due to a reduction in employee-related expenditure primarily due to significantly reduced headcount in the corporate part of the business, partially offset by a lower G&A recharge much of which is due to these savings and other operational efficiencies across the group.

Transaction costs increased by $0.1 million compared to the comparative period mainly due to professional services associated with the sale in 19 April 2024 of the Group's working interest in West Gharib being incurred from late 2023 onwards.

CAPITAL EXPENDITURES
The following table shows the capital expenditure for the Group overall. It agrees with notes 7, 8 and 23 to the Consolidated Financial Statements for the period ended 30 June 2024, which include discussion therein.

	Six months ended 30 June	
$'000s	2024	2023
Property, plant and equipment expenditures ("PP&E")	2,150	505
Exploration and evaluation expenditures ("E&E")	5,475	2,358
Office furniture and fixtures	-	7
Total capital expenditures [1]	7,625	2,870

(1) For continuing operations, capital expenditure was US$5.9 million for the six months ended 30 June 2024 (six months ended 30 June 2023: US$2.2 million).

The Group has future capital commitments associated with its oil and gas assets, details of which can be found in note 20 to the Consolidated Financial Statements.

EXPLORATION AND EVALUATION EXPENSE
For the six months ended 30 June 2024, exploration and evaluation expenses stood at $4.4 million, compared to $0.1 million in the comparative period.

The current period expense relates mainly to:
- $4.5 million non-cash write off of exploration expenditure incurred in continuing activities (Morocco) predominantly relating to the BMK-2 well, representing the total of their book value exceeding their recoverable amount.
- $0.1 million credit related to refunded overpayments for business evaluation activities and reductions in provisions for obsolete drilling inventory in Morocco.

The prior period expense relates mainly to:
- $0.1 million incurred for new business evaluation activities in Morocco.

Financial Review continued
For the six months ended 30 June 2024

DEPLETION, DEPRECIATION AND AMORTISATION

For the six months ended 30 June 2024, depletion, depreciation, and amortisation ("DD&A") amounted to $1.2 million, compared to the $2.6 million in the comparative period, a reduction of $1.4 million.

	Six months ended 30 June	
$'000s	**2024**	2023
Morocco	**994**	2,409
Right of use assets - Continuing	**165**	192
Other (F&F, Computer, Office Equip) - Continuing	**4**	8
Total DD&A	**1,163**	2,609

The DD&A movement is primarily due to a $1.4 million decrease in DD&A for Morocco mainly due to lower production as a proportion of reserves in comparison to the comparative period, which is a consequence of lower production in the current period and an upward revision in reserves at 31 December 2023.

FOREIGN EXCHANGE LOSS

The $0.3 million foreign exchange loss during the period is due to losses arising from the strengthening of the Moroccan Dirham ($0.4 million) partially offset by gains on currency conversion ($0.1 million).

IMPAIRMENT EXPENSE

At the reporting date, management performed an impairment indicator assessment of the Morocco Rharb Basin Cash Generating Unit ("CGU"), and concluded that property, plant and equipment ("PP&E") drilling costs of $5.0 million in relation to the "2021 drilling campaign" as at 30 June 2024 should be tested for impairment. As a result, it determined that a $5.0 million impairment needed to be recognised within "impairment expense" within the Consolidated Statement of Comprehensive Income. Please see note 7 to the Consolidated Financial Statements for further details.

No such impairment of PP&E assets occurred in the comparative period.

SOURCES AND USES OF CASH

The Group's net cash position as at 30 June 2024 was $1.4 million, with cash balances of $5.2 million offset by $3.3 million drawn debt and $0.5 million accrued interest from the convertible loan.

The following table sets out the Group's sources and uses of cash for the six months ended 30 June 2024 and 30 June 2023:

	Six months ended 30 June	
$'000s	**2024**	2023
Sources		
Operating cash flow before working capital movements	**2,739**	1,492
Changes in non-cash working capital	**5,085**	(2,130)
Cash generated from discontinued operations	**824**	1,421
Cash used in investing activities of discontinued operations	**9**	-
Issues of Borrowings	**750**	-
Total sources	**9,407**	783
Uses		
Income taxes paid	**(365)**	131
Property, plant and equipment expenditures	**(630)**	(255)
Exploration and evaluation expenditures	**(3,969)**	(1,390)
Repayments of Borrowings	**(2,564)**	(2,200)
Payments of lease liabilities	**(148)**	(227)
Finance income received/(costs paid)	**(632)**	36
Cash used in financing activities of discontinued operations	**(5)**	(31)
Effect of foreign exchange on cash and cash equivalents	**(410)**	(738)
Total uses	**(8,723)**	(4,674)
Increase/(Decrease) in cash and cash equivalents	**684**	(3,891)
Cash and cash equivalents at beginning of period	**4,476**	10,613
Cash and cash equivalents at end of period	**5,160**	6,722

Financial Review continued
For the six months ended 30 June 2024

GOING CONCERN

Accounting standards in the UK require the directors to assess the Group's ability to continue to operate as a going concern for the foreseeable future, which covers a period of at least 12 months from the date of approval of the Consolidated Financial Statements.

The directors reviewed the cash flow projections prepared by management for the period ending 31 December 2025. The capital expenditure and operating costs used in these forecasted cash flows are based on the board's best estimate.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- The Group expects to be able to meet its licence commitments in Morocco and Egypt. This includes drilling several wells in Morocco to ensure continued gas supply to offtakers. The Group may need to negotiate with the Moroccan and Egyptian authorities to revise work programmes or licence commitments. Based on previous successful renegotiations of licence commitments, the directors believe that this is likely to be achieved, but it is not guaranteed.
- An offtaker prepays for gas to be supplied in Morocco during 2H 2024 (amounting to approximately $2.0 million).
- The Moroccan state confirms the release of a cash-backed guarantee, which would enable $0.4 million of restricted cash held as security to become unrestricted, due to the Company having completed the land reclamation work on three wells on a licence in Morocco that has been relinquished.
- The Group sells its remaining asset in Egypt (South Disouq) - for sales proceeds of at least $3.0 million.
- The Group agrees a farm-in deal over its assets in Morocco whereby a joint venture partner pays a contribution towards past costs and funds future capital expenditure in order to earn an interest in the assets.
- The Group will continue to negotiate and reach agreements with creditors to spread the payment of liabilities over time.
- The Group will continue to make payments to creditors in line with agreed payment plans.
- At the General Meeting to be held on 14 October 2024, shareholders will vote for the resolutions, which is a condition of the existing convertible loan being renewed until July 2025 and not becoming immediately repayable.
- The holders of the Loan will exercise their right to convert the amount owed into Ordinary Shares in the Company instead of the Loan amount being repaid in cash when it matures in 2025.

In reviewing the cash flow forecast and the principal assumptions above, the Directors have also considered other alternative measures available to the Group, including the deferral of planned expenditure, the reduction of overhead costs and an alternative method of raising capital or debt. These alterative measures give the Directors a reasonable expectation that the Group will have sufficient funds to enable it to discharge its liabilities when they fall due.

However there exists a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern. The Board believes it has options to raise external capital, but cannot guarantee the amount and timing of any proposed financing. The Board would also note that there are no guarantees that current discussions with the potential buyers of the South Disouq asset in Egypt and potential farm-in partners in Morocco will be favourably concluded and that arrangement with creditors will remain negotiable.

Notwithstanding the material uncertainty identified, the Directors have concluded that the Group will have sufficient resources to continue as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared in a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate.

NON-IFRS MEASURES

The Financial Review contains the terms "Netback" and "EBITDAX", which are not recognised measures under IFRS. The Group uses these measures to help evaluate its performance. Please see note 18 to the Consolidated Financial Statements for a reconciliation of these non-IFRS measures to Operating loss, which is an IFRS recognised measure.

NETBACK

Netback is a non-IFRS measure that represents sales net of all operating expenses and government royalties. Management believes netback to be a useful supplemental measure to analyse operating performance and provide an indication of the results generated by the Group's principal business activities prior to the consideration of other income and expenses. Management considers Netback an important measure because it demonstrates the Group's profitability relative to current commodity prices. Netback may not be comparable to similar measures other companies use.

EBITDAX

EBITDAX is a non-IFRS measure that represents earnings before interest, tax, depreciation, amortisation, exploration expense, and impairment, which is operating income/(loss) adjusted for the add-back of depreciation and amortisation, exploration expense, and impairment of property, plant, and equipment (if applicable). EBITDAX is presented so that users of the financial statements can understand the cash profitability of the Group, excluding the impact of costs attributable to exploration activity, which tend to be one-off in nature, and the non-cash costs relating to depreciation, amortisation, and impairments. EBITDAX may not be comparable to similar measures other companies use.

Jay Bhattacherjee
Non-Executive Chairman
27 September 2024

Financial Statements

Consolidated Balance Sheet
As at 30 June 2024

$'000s	Notes	As at 30 June 2024	As at 31 December 2023
Assets			
Cash and cash equivalents	5	**5,160**	4,476
Trade and other receivables	5	**12,333**	15,458
Inventory	6	**6,210**	7,426
Assets held for sale	23	**4,206**	10,194
Current assets		**27,909**	37,554
Investments	9,23	**-**	-
Property, plant and equipment	7,23	**1,442**	3,174
Exploration and evaluation assets	8,23	**6,906**	9,688
Right-of-use assets	19	**456**	649
Non-current assets		**8,804**	13,511
Total assets		**36,713**	51,065
Liabilities			
Trade and other payables	10	**18,962**	23,288
Decommissioning liability	11,23	**2,337**	-
Current income taxes	12	**723**	913
Borrowings	5	**3,769**	5,273
Lease liability	19	**335**	364
Liabilities held for sale	23	**2,367**	1,501
Current liabilities		**28,493**	31,339
Decommissioning liability	11,23	**2,397**	4,640
Current income taxes	12	**882**	1,202
Deferred income taxes	12	**-**	-
Lease liability	19	**103**	266
Non-current liabilities		**3,382**	6,108
Total liabilities		**31,875**	37,448
Equity			
Share capital	13	**2,601**	2,601
Share premium		**130**	130
Share-based payment reserve		**60**	22
Accumulated other comprehensive loss		**(917)**	(917)
Merger reserve		**37,034**	37,034
(Accumulated loss)/retained earnings		**(34,070)**	(25,253)
Non-controlling interest	21	**-**	-
Total equity		**4,838**	13,617
Equity and liabilities		**36,713**	51,065

The notes are an integral part of these Consolidated Financial Statements.
The financial statements on pages 10 to 36 were approved by the board of directors on 27 September 2024 and signed on its behalf by:

Jay Bhattacherjee
Non-Executive Chairman

William McAvock
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

$'000s	Notes	Six months ended 30 June 2024	2023
Revenue, net of royalties	15	**5,308**	4,850
Direct operating expense		**(491)**	(1,169)
Gross profit		**4,817**	3,681
Exploration and evaluation expense	8	**(4,426)**	(72)
Depletion, depreciation and amortisation	7,19	**(1,163)**	(2,609)
Impairment expense	7,9	**(4,966)**	-
Share-based compensation	14	**(37)**	(72)
General and administrative expenses			
- Ongoing general and administrative expenses	16	**(1,926)**	(2,063)
- Transaction costs	16	**(202)**	(55)
Operating loss		**(7,903)**	(1,190)
Finance costs		**(1,037)**	(497)
Foreign exchange loss	22	**(330)**	(409)
Loss before income taxes		**(9,270)**	(2,097)
Current income tax expense	12	**(1)**	(34)
Profit/(loss) from discontinuing operations	23	**454**	(359)
Loss and total comprehensive loss for the period		**(8,817)**	(2,490)
Attributable to			
SDX shareholders		**(8,817)**	(2,490)
Non-controlling interests	21	**-**	-
Net profit/(loss), attributable to SDX shareholders, per share:			
Basic and diluted - Continuing	17	**$(0.045)**	$(0.010)
Basic and diluted - Discontinuing	17	**$0.002**	$(0.002)
Basic and diluted - Total	17	**$(0.043)**	$(0.012)

The notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity
For the six months ended 30 June 2024

		Six months ended 30 June	
$'000s	Notes	**2024**	2023
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		**22**	7,174
Share-based compensation for the period	14	**38**	72
Share-based options expired	14	**-**	(351)
Balance, end of period		**60**	6,895
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		**(25,253)**	(10,872)
Part repurchase/disposal of subsidiary	21	**-**	(842)
Share-based options expired	14	**-**	351
Total comprehensive loss		**(8,817)**	(2,490)
Balance, end of period		**(34,070)**	(13,853)
Non-controlling interest			
Balance, beginning of period		**-**	6,258
Part repurchase/disposal of subsidiary	21	**-**	(6,258)
Profit/(loss) for the period	21	**-**	-
Balance, end of period		**-**	-
Total equity		**4,838**	31,890

The notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows
For the six months ended 30 June 2024

		Six months ended 30 June	
$'000s	Notes	2024	2023
Cash flows generated from operating activities			
Loss before income taxes		**(9,270)**	(2,097)
Adjustments for:			
Depletion, depreciation and amortisation	7,19	**1,163**	2,610
Exploration and evaluation expense	8	**4,476**	-
Impairment expense	7	**4,966**	-
Share-based compensation charge	14	**37**	72
Foreign exchange loss	22	**330**	410
Finance expense		**1,037**	497
Operating cash flow before working capital movements		**2,739**	1,492
(Increase)/Decrease in trade and other receivables	5	**(3,198)**	550
Increase/(Decrease) in trade payables	10	**8,395**	(1,692)
Payments for inventory	6	**(112)**	(325)
Payments for decommissioning		**-**	(663)
Cash generated from/(used in) operating activities		**7,824**	(638)
Income taxes (paid)/refunded	12	**(365)**	131
Net cash generated from/(used in) operating activities		**7,459**	(507)
Cash generated from discontinued operations		**824**	1,421
Cash flows generated from/(used in) investing activities:			
Property, plant and equipment expenditures	7	**(630)**	(255)
Exploration and evaluation expenditures	8	**(3,969)**	(1,390)
Net cash used in investing activities		**(4,599)**	(1,645)
Cash generated from investing activities of discontinued operations		**9**	-
Cash flows generated from/(used in) financing activities:			
Proceeds in respect of new loans and borrowings	5	**750**	-
Repayments in respect of loans and borrowings	5	**(2,564)**	(2,200)
Payments of lease liabilities	19	**(148)**	(227)
Finance income received/(costs paid)	22	**(632)**	36
Net cash used in financing activities		**(2,594)**	(2,391)
Cash used in financing activities of discontinued operations		**(5)**	(31)
Increase/(Decrease) in cash and cash equivalents		**1,094**	(3,153)
Effect of foreign exchange on cash and cash equivalents	22	**(410)**	(738)
Cash and cash equivalents, beginning of period		**4,476**	10,613
Cash and cash equivalents, end of period		**5,160**	6,722

The notes are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements
For the six months ended 30 June 2024

1. REPORTING ENTITY
SDX Energy Plc ("SDX" or "the Company") is a public limited company incorporated and domiciled in England and Wales. The address of the Company's registered office is 38 Welbeck Street, London, United Kingdom, W1G 8DP. The Consolidated Financial Statements of the Company as at and for the period ended 30 June 2024 and 2023 ("Consolidated Financial Statements") comprise the Company and its controlled subsidiaries and include the Company's share of joint arrangements (together the "Group").

The Company's shares trade on the London Stock Exchange's Alternative Investment Market ("AIM") in the United Kingdom under the symbol "SDX".

The Company is engaged in the exploration for and development and production of oil and natural gas. The Company's principal properties are in the Arab Republic of Egypt and the Kingdom of Morocco.

2. BASIS OF PREPARATION
a) Statement of compliance
The Consolidated Financial Statements of SDX Energy Plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

In preparing the Consolidated Financial Statements, the directors have also elected to comply with the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

These Consolidated Financial Statements of SDX Energy Plc were approved by the board of directors on 27 September 2024.

b) Basis of measurement
The Consolidated Financial Statements have been prepared on the historical cost basis.

c) Functional and presentation currency
The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates. Transactions denominated in other currencies are converted to the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at period-end exchange rates, with foreign exchange gains and losses arising recognised as profit or loss within the income statement.

The Group's financial statements are presented in US dollars, as that presentation currency most reliably reflects the business performance of the Group as a whole. On consolidation, income statement items for each entity are translated from the functional currency into US dollars at average rates of exchange, where the average is a reasonable approximation of rates prevailing on the transaction date. Balance sheet items are translated into US dollars at period-end exchange rates. Foreign exchange gains and losses arising are recognised as other comprehensive income.

d) Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates and affect the results reported in these Consolidated Financial Statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

Accounting judgements
Purchase price allocations, depletion, depreciation and amortisation, and amounts used in impairment calculations are based on estimates of crude oil and natural gas reserves. Reserve estimates are based on engineering data, estimated future prices, expected future rates of production, and the timing of future capital expenditures, all of which are subject to many uncertainties, interpretations, and judgements. The Company and Group expect that, over time, its reserve estimates will be revised upward or downward, based on updated information such as the results of future drilling, testing, and production levels, and may be affected by changes in commodity prices.

The Company and Group have also had to make judgements on the assets and liabilities that are deemed as held for sale under IFRS 5, and the allocation of the estimated recoverable value in relation to those assets and liabilities deemed as held for sale in relation to its interest in the South Disouq concession.

Matters with estimation uncertainty
In accounting for property, plant, and equipment during the drilling of oil and gas wells, at period end it is necessary to estimate the value of work done for any unbilled goods and services provided by contractors.

The invoicing of produced crude oil, natural gas, and natural gas liquids is, for non-operated concessions, performed by the Group's joint venture partners. In certain concessions, the operator relies on production and/or price information from other third parties, which may not be consistently prepared and received on a timely basis. In such instances, the Group may be required to estimate production volumes and/or prices based on the most robust available data.

Provisions recognised for decommissioning costs and related accretion expense, and current/deferred tax provisions are also based on estimates.

Impairments and write-offs are possible in relation to Trade and other receivables (note 5); Inventory (note 6); Property, plant and equipment (note 7); Exploration and evaluation assets (note 8); Investments (note 9) – please refer to these notes to see the impairment judgements that have been applied.

Nonetheless, management has determined that the above have a limited level of estimation uncertainty.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

2. BASIS OF PREPARATION CONTINUED

e) Going concern

Accounting standards in the UK require the directors to assess the Group's ability to continue to operate as a going concern for the foreseeable future, which covers a period of at least 12 months from the date of approval of the Consolidated Financial Statements.

The directors reviewed the cash flow projections prepared by management for the period ending 31 December 2025. The capital expenditure and operating costs used in these forecasted cash flows are based on the board's best estimate.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- The Group expects to be able to meet its licence commitments in Morocco and Egypt. This includes drilling several wells in Morocco to ensure continued gas supply to offtakers. The Group may need to negotiate with the Moroccan and Egyptian authorities to revise work programmes or licence commitments. Based on previous successful renegotiations of licence commitments, the directors believe that this is likely to be achieved, but it is not guaranteed.
- An offtaker prepays for gas to be supplied in Morocco during 2H 2024 (amounting to approximately $2.0 million).
- The Moroccan state confirms the release of a cash-backed guarantee, which would enable $0.4 million of restricted cash held as security to become unrestricted, due to the Company having completed the land reclamation work on three wells on a licence in Morocco that has been relinquished.
- The Group sells its remaining asset in Egypt (South Disouq) - for sales proceeds of at least $3.0 million.
- The Group agrees a farm-in deal over its assets in Morocco whereby a joint venture partner pays a contribution towards past costs and funds future capital expenditure in order to earn an interest in the assets.
- The Group will continue to negotiate and reach agreements with creditors to spread the payment of liabilities over time.
- The Group will continue to make payments to creditors in line with agreed payment plans.
- At the General Meeting to be held on 14 October 2024, shareholders will vote for the resolutions, which is a condition of the existing convertible loan being renewed until July 2025 and not becoming immediately repayable.
- The holders of the Loan will exercise their right to convert the amount owed into Ordinary Shares in the Company instead of the Loan amount being repaid in cash when it matures in 2025.

In reviewing the cash flow forecast and the principal assumptions above, the Directors have also considered other alternative measures available to the Group, including the deferral of planned expenditure, the reduction of overhead costs and an alternative method of raising capital or debt. These alterative measures give the Directors a reasonable expectation that the Group will have sufficient funds to enable it to discharge its liabilities when they fall due.

However there exists a material uncertainty that may cast significant doubt over the ability of the Group to continue as a going concern. The Board believes it has options to raise external capital, but cannot guarantee the amount and timing of any proposed financing. The Board would also note that there are no guarantees that current discussions with the potential buyers of the South Disouq asset in Egypt and potential farm-in partners in Morocco will be favourably concluded and that arrangement with creditors will remain negotiable.

Notwithstanding the material uncertainty identified, the Directors have concluded that the Group will have sufficient resources to continue as a going concern for the period of assessment, that is for a period of not less than 12 months from the date of approval of the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared in a going concern basis and do not reflect any adjustments that would be necessary if this basis were inappropriate.

3. NEW STANDARDS AND INTERPRETATION NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting periods and have not been early adopted by the Group. None of these are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these Consolidated Financial Statements and have been applied consistently by the Company and its subsidiaries.

a) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company has power over the entities. This means that the Company has existing rights that give it the ability to direct the current relevant activities of the entities (those that significantly affect the companies' returns); exposure, or rights, to variable returns from its involvement with the entities; and the ability to use its power to affect those returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

ii) Joint arrangements

A joint arrangement is an arrangement by which two or more parties have joint control. Joint control is the contractually agreed sharing of control such that decisions about the relevant activities of the arrangement (those that significantly affect the companies' returns) require the unanimous consent of the parties sharing control. The Group has one joint arrangement, which is its 50% equity interest in Brentford Oil Tools LLC ("Brentford"). Because the parties have joint control of this entity, they have rights to its net assets. The arrangement constitutes a joint venture and is accounted for using the equity accounting method. Under the equity method of accounting, the investment in Brentford was initially recognised at cost and adjusted thereafter for the post-acquisition change in the net assets. The Group's Consolidated Statement of Comprehensive Income includes its share of Brentford's profit or loss. The Group's other comprehensive income includes its share of Brentford's other comprehensive income. Dividends received or receivable from Brentford are recognised as a reduction in the carrying amount of the investment.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

4. MATERIAL ACCOUNTING POLICIES CONTINUED

a) Basis of consolidation continued

iii) Investments in associates

An associate is an entity over which the Company has significant influence, and is equity accounted for.

iv) Transactions eliminated on consolidation

Intercompany balances and transactions, and any unrealised income and expenses arising from intercompany transactions, are eliminated in preparing the Consolidated Financial Statements.

b) Foreign currency

Transactions in foreign currencies are translated into United States dollars at exchange rates available on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the period-end exchange rate.

Foreign exchange gains and losses resulting from the settlement of such transactions and the translation at exchange rates ruling at the period-end date of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c) Financial instruments

i) Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value.

Following initial recognition, financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits with banks, term deposits, and other short-term highly liquid investments with original maturities of three months or less.

Financial assets at fair value through the Consolidated Statement of Comprehensive Income

An instrument is classified at fair value through the Consolidated Statement of Comprehensive Income if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through the Consolidated Statement of Comprehensive Income if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in the Consolidated Statement of Comprehensive Income when incurred. Financial instruments are measured at fair value and changes therein are recognised in the Consolidated Statement of Comprehensive Income.

Financial liabilities

Financial liabilities at amortised cost include trade payables. Trade payables are initially recognised at the amount required to be paid, less (when material) a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method.

Financial assets

Trade and other receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market and are measured at amortised cost. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

ii) Equity instruments

Equity instruments are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity, net of any tax effects, if any.

d) Inventory

Inventories consist of tangible drilling materials and other consumables. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less applicable selling expenses.

e) Leases

Agreements that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases. The right to control is conveyed if the Group has both the right to obtain substantially all of the economic benefits from, and the right to direct the use of, the identified asset throughout the period of use. An asset is identified if it is explicitly or implicitly specified by the agreement and any substitution rights held by the lessor over the asset are not considered substantive.

A lease liability is recognised on the balance sheet on the lease commencement date at the present value of future lease payments over the lease term. The discount rate applied is the rate implicit in the lease if readily determinable, otherwise an incremental borrowing rate is used. The incremental borrowing rate is determined based on factors such as the Group's cost of borrowing, lessee legal entity credit risk, currency and lease term. The lease term is the non-cancellable period of a lease together with any periods covered by an extension option that the Group is reasonably certain to exercise, or periods covered by a termination option that the Group is reasonably certain not to exercise. The future lease payments included in the present value calculation are any fixed payments, payments that vary depending on an index or rate, payments due for the reasonably certain exercise of options and expected residual value guarantee payments. Repayments of principal are presented as financing cash flows and payments of interest are presented as operating cash flows.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

4. MATERIAL ACCOUNTING POLICIES CONTINUED

e) Leases continued

The right-of-use asset is recognised on the balance sheet as property, plant and equipment at a value equivalent to the initial measurement of the lease liability adjusted for lease prepayments, lease incentives, initial direct costs and any restoration obligations. Right-of-use assets are assessed for impairment in line with the accounting policy for impairment of property, plant and equipment.

If the lease term at commencement of the agreement is less than 12 months, a lease liability and right-of-use asset are not recognised, and a lease expense is recognised in the income statement on a straight-line basis.

f) Property, plant and equipment, and intangible exploration and evaluation expenses

i) Recognition and measurement

Development and production costs

Property, plant and equipment are stated at cost, less accumulated depletion and depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs. The purchase price or the construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Expenditures on major maintenance, inspections, or overhauls are capitalised when the item enhances the life or performance of an asset above its original standard. Such capitalised oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves. They are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognised. The costs of the day-to-day servicing of property, plant, and equipment are recognised in the Consolidated Statement of Comprehensive Income as incurred. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the item will flow to the Group, the expenditure is capitalised and the carrying amount of the replaced asset is derecognised. Inspection costs associated with major maintenance programs are capitalised and amortised over the period to the next inspection. All other maintenance expenditures are expensed as incurred.

Exploration and evaluation expenditures

Pre-licence costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

Exploration and evaluation expenditures, including the costs of acquiring licences and directly attributable general and administrative costs, geological and geophysical costs, the acquisition of mineral and surface rights, technical studies, and other direct costs of exploration (drilling, trenching, sampling, and evaluating the technical feasibility and commercial viability of extraction) and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets.

A review of any areas classified and accounted for as E&E is performed at each reporting period end to determine whether enough information exists to assess the technical feasibility and commercial viability of the area. Where appropriate, the review may indicate that an area should be further subdivided because a significant portion has already been explored, while a significant undeveloped portion with different traits (e.g. a different zone, technical approach, play type, etc.) remains that requires additional E&E activities to assess it for technical feasibility and commercial viability.

The assessment of technical feasibility and commercial viability is performed on an area level basis unless further subdivision is recommended. Depending on the extent and complexity of the prospective play, several wells may need to be drilled and potentially significant E&E costs accumulated prior to obtaining enough information to assess technical feasibility and commercial viability.

E&E costs are not amortised prior to the conclusion of appraisal activities. At the completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then the carrying value of the relevant E&E asset will be reclassified as a development and production asset ("D&P") into the cash generating unit ("CGU") to which it relates, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. Typically, the technical feasibility and commercial viability of extracting a mineral resource is demonstrable when proven or probable reserves are deemed to exist. However, if the Group determines that the area is not technically feasible and commercially viable, accumulated E&E costs are expensed in the period in which the determination is made.

ii) Depletion and depreciation

The net carrying value of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account the estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers at least annually.

For other assets (see below), a straight-line basis is used over the assets' estimated useful lives, as follows:

Fixtures and fittings	1–5 years
Office equipment	1-5 years
Vehicles	1–5 years
Software licences	1–3 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date.

Right-of-use assets are depreciated typically on a straight-line basis over the lease term. The depreciation charge is recognised in the income statement.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

4. MATERIAL ACCOUNTING POLICIES CONTINUED

g) Impairment

i) Financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit losses ("ECL") model. The ECL model is applicable to financial assets classified at amortised costs and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is available without undue cost or effort at the reporting date, about past events, current conditions, and forecasts of future economic conditions.

The Group applied the simplified approach to determine impairment of its trade and other receivables. The simplified approach requires expected lifetime losses to be recognised from the initial recognition of the receivables. It involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates, which have been observed over the expected life of the receivables and adjusted forward looking estimates. It is then applied to the gross carrying amount of the receivables to arrive at the loss allowance for the period.

ii) Non-financial assets

Exploration and evaluation assets are tested for impairment when reclassified as D&P assets or whenever facts and circumstances indicate potential impairment. Exploration and evaluation assets are tested separately for impairment. An impairment loss is recognised for the amount by which the exploration and evaluation expenditure's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation expenditure's fair value less the cost of disposal and its value in use.

Values of oil and gas properties and other property, plant, and equipment are reviewed for impairment when indicators of such impairment exist. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. Assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets (the CGU). The recoverable amount of a CGU is the greater of its fair value less the cost of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. An impairment loss is charged to the income statement. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the CGU and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

h) Share-based payments

The grant date fair value of options granted to employees is recognised as stock-based compensation expense, with a corresponding increase in equity over the vesting period. Each tranche of options granted is considered a separate grant with its own vesting period and grant date fair value.

If options are cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) then the Group will account for the cancellation as an acceleration of vesting and shall therefore recognise immediately the amount that would have been recognised for services received over the remainder of the vesting period.

i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers ("CODMs"). These are the executive directors who, as a group, make strategic decisions regarding the Company and Group.

j) Provisions

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

4. MATERIAL ACCOUNTING POLICIES CONTINUED

k) Decommissioning obligations
The Group's activities can give rise to dismantling, decommissioning and site disturbance remediation activities. Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as a central processing facility ("CPF"), this liability will be recognised on construction or installation. Similarly, where an obligation exists for a well, this liability is recognised when it is drilled.

Decommissioning obligations are measured at the present value of Group management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Following the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognised as finance costs, whereas increases/decreases occurring because of changes to the estimated future cash flows are capitalised. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision is established.

l) Convertible loans
Convertible loans are initially recognised at their fair value, which includes any directly attributable transaction costs. The loans can be settled in cash, with interest accruing on the principal, or converted into new Ordinary Shares of the Company at a pre-determined conversion price.

Should the loans be settled through conversion to shares, the carrying amount of the convertible loans will be derecognised and shares arising on conversion of the notes shall be issued and allotted by the Company on the conversion date.

m) Revenue
Revenue is measured at the fair value of the consideration received or receivable for goods in the normal course of business.

i) Sale of goods
Revenue from the sale of hydrocarbons is recognised when the Group has passed control of the hydrocarbons to the buyer, it is probable that economic benefits associated with the transaction will flow to the Group, the price can be measured reliably, and the Group has no significant continuing involvement and the costs incurred or to be incurred in the transaction can be measured reliably. This is the point at which insurance risk has passed to the buyer and the goods have been collected at the agreed location.

The performance obligation is satisfied when the hydrocarbons are delivered to the agreed location with the appropriate required documentation and the customer accepts control of the shipment by signature. Prices are contractually agreed or based on published indices, with agreed contractual adjustments for quality, marketing fees, and other variables.

ii) Royalties
In the Arab Republic of Egypt, under the terms of the Group's Production Sharing Contracts ("PSCs"), the state is entitled to a percentage in kind of hydrocarbons produced. The Group accounts for this production share as a royalty, netted against gross revenues.

In the Kingdom of Morocco, under the terms of the Group's Petroleum Agreement with the Moroccan state, sales-based royalties become payable when certain inception-to-date production thresholds are reached, according to the terms of each exploitation concession. The Group nets these royalties against gross revenues.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

4. MATERIAL ACCOUNTING POLICIES CONTINUED

n) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Pursuant to the terms of the Group's Egyptian concession agreements, the corporate tax liability of the joint venture partners is paid by the government-controlled corporations ("Corporations") out of the profit oil attributable to the Corporations, and not by the Group. For accounting purposes, the corporate taxes paid by the Corporations are treated as a benefit earned by the Group. The amount is included in net oil revenues and in income tax expense, and therefore has a net neutral impact on reported net income. Income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year.

The Group also had a production service agreement in Egypt relating to West Gharib. The Company's subsidiary, SDX Energy Egypt (Meseda) Limited, an Egyptian registered entity, is the SDX contracting party in this production service agreement. This entity pays corporate tax for the year based on its taxable income, according to this production service agreement, using tax rates enacted or substantively enacted at the reporting date.

The Group's Moroccan operations benefit from a 10-year corporation tax holiday on each well from commencement of production, with the corporation tax holidays on the Group's earliest wells in Morocco having expired from 2022 onwards - hence some corporation tax, as well as the minimum contribution tax (due regardless of the corporation tax holidays), was due on Moroccan operations as at 30 June 2024. The Group is also subject to a social solidarity contribution which is at the discretion of the annually released Moroccan Finance Act; this contribution is accounted for under the accounting principles of IAS 12.

Deferred tax is recognised using the balance sheet method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is also not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they are intended to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be used.

o) Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, such as options granted to employees.

p) Discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that decisions to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed or, is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are instead presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Comprehensive Income in both the current year and the comparatives, with the comparatives re-presented only for the comparative results of operations determined as discontinued operations in the current year. All other notes in the financial statements include amounts for continuing operations, unless otherwise mentioned.

The Board considered that from mid-2023, the Group had actively sought buyers for its Egyptian operations, and had marketed the availability for immediate sale of those operations accordingly. By 31 December 2023, the Group had agreed to the sale of its Egyptian operations in principle to a particular buyer, and therefore the Board determined it was highly probable that a sale would be completed within 12 months of 31 December 2023 – thus the Board determined that the related assets and liabilities met the criteria to be treated as held for sale at 31 December 2023, and the related operations met the criteria to be treated as discontinued operations.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

5. FINANCIAL RISK MANAGEMENT

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer, partner, or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from joint venture partners, oil and natural gas customers, and cash held with banks. The maximum exposure to credit risk at the end of the period is as follows:

	Carrying amount	
$'000s	30 June 2024	31 December 2023
Cash and bank balances	4,791	2,977
Restricted cash [(1)]	370	1,499
Cash and cash equivalents	5,160	4,476
Trade and other receivables [(2)]	11,923	14,788
Total	**17,083**	19,264

(1) Cash collateral of US$0.3 million (31 December 2023: US$1.5 million) which is held at the bank to cover bank guarantees for minimum work commitments on the Group's Moroccan concessions. These guarantees are subject to forfeiture in certain circumstances if the Group does not fulfil its minimum work obligations, $1.2 million was released as unrestricted cash on 15 January 2024.

(2) Excludes prepayments of US$0.4 million which are included in the Consolidated Balance Sheet as trade and other receivables but which are not categorised as financial assets as summarised above (31 December 2023: US$0.7 million).

Net debt

	Carrying amount	
$'000s	30 June 2024	31 December 2023
Cash and cash equivalents	5,160	4,476
Borrowings	(3,250)	(3,998)
Accrued interest on borrowings	(519)	(1,275)
Net debt/(cash)	**1,391**	797

The Group's net cash position as at 30 June 2024 was $1.4 million, with cash balances of $5.2 million offset by $3.3 million drawn debt and $0.5 million accrued interest from the convertible loan.

The Group's facility with the European Bank for Reconstruction and Development ("EBRD") was fully repaid on 22 April 2024.

As at 30 June 2024, the Group had an outstanding balance on the convertible loan of $3.8 million (inclusive of $0.5 million accrued interest). This was repayable by 24 July 2024, but post-period end the Group has entered into an agreement with the Lender to extend the repayment date to 23 July 2025 (see note 25).

Trade and other receivables

All the Group's operations are conducted in Egypt and Morocco. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counter party.

The Group applies the IFRS 9 simplified model for measuring the expected credit losses, which uses a lifetime expected loss allowance and are measured on the days past due criterion. Having reviewed past payments, combined with the credit profile of its existing trade debtors, to assess the potential for impairment, the Group has concluded that this is insignificant for its continuing operations (Morocco) because there has been no history of default or disputes arising on invoiced amounts since inception. As a result, the credit loss percentage on trade receivables from continuing operations (Morocco) is assumed to be almost zero, and therefore no provision for doubtful accounts against these sales has been recorded as at 30 June 2024 (31 December 2023: no provision), a similar assessment on discontinuing operations (Egypt) has also resulted in no provision (31 December 2023: no provision).

The maximum exposure to credit risk for loans and receivables at the reporting date by type of customer was:

	Carrying amount	
$'000s	30 June 2024	31 December 2023
Government of Egypt-controlled corporations [(1)]	1,329	5,949
Government of Morocco-controlled corporations	5,437	6,009
Third-party gas customers	502	335
Joint venture partners	274	682
Other [(2)]	4,381	1,813
Total	**11,923**	14,788

(1) Excludes EGPC receivables of nil (31 December 2023: US$2.7 million) which were included in the Consolidated Balance Sheet as Assets Held for Sale.

(2) Excludes prepayments of US$0.4 million which are included in the Consolidated Balance Sheet as trade and other receivables but which are not categorised as financial assets as summarised above (31 December 2023: US$0.7 million).

$1.3 million of current receivables relates to gas, condensate sales and production service fees that are due from GPC and EGAS (31 December 2023: $5.9 million), both of which are Government of Egypt-controlled corporations, but this $1.3 million is in relation to South Disouq only as all such receivables in relation to West Gharib have now been sold (31 December 2023: $2.7 million such receivables were classified within assets held for sale (see note 23)). The Group has so far collected $1.2 million of the outstanding GPC/EGAS receivables for South Disouq.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

5. FINANCIAL RISK MANAGEMENT CONTINUED
a) Credit risk continued

Trade and other receivables continued

ONHYM, a Government of Morocco-controlled corporation, owes $5.4 million (31 December 2023: $6.0 million), which relates to its outstanding share of well completion and connection costs, and production costs. The $5.4 million receivable balance as at 30 June 2024 includes a $2.0 million accrued receivable for ONHYM's share of historic well completion and connection costs. Of the $5.4 million, $4.3 million is dated older than one year. To date, the Group has not suffered cash losses for validly issued and accepted invoices and management has determined that no further risk provision is required. A payable of $5.7 million (31 December 2023: $5.5 million) to ONHYM is also held on the Consolidated Balance Sheet.

$0.5 million (31 December 2023: $0.3 million) is owing from third-party gas customers in Morocco and is expected to be collected within agreed credit terms.

Subsequent to 30 June 2024, the Group collected $1.2 million of trade receivables from those outstanding at 30 June 2024, all of it from EGAS.

Joint venture partners comprise partner current accounts of $0.3 million in total (31 December 2023: $0.7 million). The $0.3 million is all from Energy Flow Global Limited (31 December 2023: $0.4 million), with $1.1 million of customer credit balances (Payments on Account) in respect of IPR South Disouq Limited (see note 10) having being transferred to Joint venture payables (31 December 2023: $0.3 million debit).

The other receivables of $4.4 million (31 December 2023: $1.8 million) consist of $1.2 million for Goods and Services Tax ("GST")/Value Added Tax ("VAT") in London and Morocco, $0.5 million for Corporation and other taxes paid in advance in Morocco (see note 12), $0.2 million for deposits, and $2.5 million (see note 10) is in respect of supplier debit balances (Payments on Account) transferred from Trade payables ($1.6 million) and Other payables ($0.9 million).

$0.4 million (31 December 2023: $0.7 million) related to prepayments, predominantly due to spare parts for South Disouq and G&A expenditure across the rest of the Group, is recorded in the Consolidated Balance Sheet.

As at 30 June 2024 and 31 December 2023, the Group's trade and other receivables, other than prepayments, are aged as follows:

	Carrying amount	
$'000s	**30 June 2024**	31 December 2023
Current (less than 90 days)	**2,794**	4,208
Past due (more than 90 days)	**9,129**	10,580
Total	**11,923**	14,788

Current trade and other receivables are unsecured and non-interest-bearing. The balances that are past due as at 30 June 2024 are not considered impaired.

b) Foreign currency risk

Currency risk is the risk that the fair value of future cash flows will fluctuate because of changes in foreign exchange rates. The reporting and functional currency of the Company and Group is United States dollars ("USD"). Most of the Group's operations are in foreign jurisdictions and, as a result, the Group is exposed to foreign currency exchange rate risk on some of its activities, primarily on exchange fluctuations between the Egyptian pound ("EGP") and the USD, the Moroccan dirham ("MAD") and the USD, and the British pound ("GBP") and the USD. Most capital expenditures are incurred in USD, EGP, and MAD, and natural gas, condensate and service fee revenues are received in USD, EGP and MAD. The Group can use EGP and MAD to fund its Egyptian and Moroccan general and administrative expenses and to part-pay cash requirements for both capital and operating expenditure, thereby reducing the Group's exposure to foreign exchange risk during the year.

The table below shows the Group's exposure to foreign currencies for its financial instruments:

	Total per FS (1)	**US$**	**EGP**	**MAD**	**GBP**	**Other**
As at 30 June 2024			**$ equivalent**			
Cash and cash equivalents	5,160	2,199	2,460	44	457	-
Trade and other receivables (2)	11,923	3,335	275	7,980	323	10
Trade and other payables	(18,962)	(6,741)	(1,310)	(9,003)	(1,834)	(74)
Current income taxes	(1,605)	-	-	(1,605)	-	-
Balance sheet exposure	**(3,484)**	**(1,207)**	**1,425**	**(2,584)**	**(1,054)**	**(64)**

(1) FS denotes financial statements

(2) Excludes prepayments

The average exchange rates during the 6 months ended 30 June 2023 and 2024 were:

Average: 1 January 2024 to 30 June 2024

	USD/EGP	USD/GBP	USD/MAD
Period average	51.5491	0.7942	12.1369

Average: 1 January 2023 to 30 June 2023

	USD/EGP	USD/GBP	USD/MAD
Period average	30.2534	0.8118	10.1978

The exchange rates as at 30 June 2024 and 31 December 2023 were:

Period end: 30 June 2024

	USD/EGP	USD/GBP	USD/MAD
Period end	47.3500	0.7925	10.0940

Year end: 31 December 2023

	USD/EGP	USD/GBP	USD/MAD
Period end	30.75	0.7855	10.9445

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

5. FINANCIAL RISK MANAGEMENT CONTINUED

b) Foreign currency risk continued

Sensitivity analysis

At 30 June 2024, if the US dollar had strengthened by 10% against the below currencies with all other variables held constant, loss before tax for the period would have been approximately:

- CAD – < USD 0.1 million higher (2023: < USD 0.1 million higher)
- EGP – USD 0.1 million higher (2023: USD 0.2 million higher)
- EUR – < USD 0.1 million higher (2023: < USD 0.1 million higher)
- GBP – USD 0.2 million higher (2023: USD 0.3 million higher)
- MAD – USD 0.4 million lower (2023: USD 0.3 million lower)

Conversely if the US dollar had weakened by 10% against the below currencies with all other variables held constant, loss before tax for the period would have been approximately:

- CAD – < USD 0.1 million lower (2023: < USD 0.1 million lower)
- EGP – USD 0.1 million lower (2023: USD 0.2 million lower)
- EUR – < USD 0.1 million lower (2023: < USD 0.1 million lower)
- GBP – USD 0.2 million lower (2023: USD 0.2 million lower)
- MAD – USD 0.4 million higher (2023: USD 0.3 million higher)

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations, and excluding the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political unrest. To achieve this objective, the Group prepares annual capital expenditure budgets, which are regularly monitored and updated as needed. The Group uses authorisations for expenditures on projects to further manage capital expenditure and has a board of directors approved signing authority matrix.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months $'000s	6 to 12 months $'000s	Between 1 and 2 years $'000s	Between 2 and 5 years $'000s	Over 5 years $'000s	Total contractual cash flows $'000s	Carrying amount liabilities $'000s
At 30 June 2024							
Trade and other payables	18,960	-	-	-	-	18,960	18,962
Decommissioning liability	-	-	2,384	2,545	-	4,929	4,733
Lease liability	186	168	104	-	-	458	438
Borrowings	3,769	-	-	-	-	3,769	3,769
Total financial liabilities	**22,915**	**168**	**2,488**	**2,545**	**-**	**28,116**	**27,902**
At 31 December 2023							
Trade and other payables	23,288	-	-	-	-	23,288	23,288
Decommissioning liability	-	-	1,675	4,928	-	6,604	4,640
Lease liability	209	186	262	11	-	668	630
Borrowings	5,273	-	-	-	-	5,273	5,273
Total financial liabilities	**28,770**	**186**	**1,937**	**4,940**	**-**	**35,832**	**33,831**

6. INVENTORY

During the period ended 30 June 2024, the inventory balance decreased by $1.2 million from $7.4 million as at 31 December 2023 to $6.2 million as at 30 June 2024 due to additions of materials to be used in drilling campaigns in Morocco ($0.1 million), which was partially offset by $1.4 million inventory consumed in the Morocco drilling campaign, and a decrease in inventory provisions of $0.1 million, reflecting reduced obsolete drilling inventory in Morocco.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

7. PROPERTY, PLANT AND EQUIPMENT

$'000s	Oil and gas properties	Other	Total
Cost:			
Balance at 1 January 2023	**205,624**	**1,880**	**207,504**
Additions	2,839	20	2,859
Asset part disposal	(4,660)	-	(4,660)
Transfer from exploration and evaluation assets	403	-	403
Transfer to assets held for sale	(96,942)	-	(96,942)
Balance at 31 December 2023	**107,264**	**1,900**	**109,164**
Additions	650	-	650
Disposals	-	-	-
Transfer from exploration and evaluation assets	3,599	-	3,599
Reclassifications	278	(278)	-
Balance at 30 June 2024	**111,791**	**1,622**	**113,413**
Accumulated depletion, depreciation, amortisation and impairment:			
Balance at 1 January 2023	**(181,076)**	**(1,223)**	**(182,299)**
Depletion, depreciation and amortisation for the period	(11,152)	(29)	(11,181)
Impairment expense	(4,313)	-	(4,313)
Transfer to assets held for sale	91,803	-	91,803
Balance at 31 December 2023	**(104,738)**	**(1,252)**	**(105,990)**
Depletion, depreciation and amortisation for the period	(994)	(21)	(1,015)
Impairment expense	(4,966)	-	(4,966)
Balance at 30 June 2024	**(110,698)**	**(1,273)**	**(111,971)**
NBV Property, plant and equipment as at 31 December 2023	**2,526**	**648**	**3,174**
NBV Property, plant and equipment as at 30 June 2024	**1,093**	**349**	**1,442**

During the period ended 30 June 2024, additions of $0.7 million were related to capital expenditure due to completion and testing work on the CGD and SAH wells in Morocco.

During the period ended 30 June 2024, $3.6 million has been transferred from exploration and evaluation assets to property, plant and equipment. This relates to the KSR -21 and BMK-1 Moroccan wells, which were both brought into production in early 2024.

The Depletion, depreciation and amortisation ("DD&A") amount above, relates solely to continuing activities (Morocco), as the discontinuing activities (Morocco) the discontinuing activities (Egypt) have not been depreciated since being designated on 31 December 2023 as being held for sale. The $1.2 million disclosed as DD&A per the Consolidated Statement of Comprehensive Income also includes a charge of $0.2 million relating to the right-of-use assets in relation to continuing activities (Morocco).

The difference between the $0.7 million additions in relation to continuing activities (Morocco) disclosed above and the $0.6 million cash outflow from property, plant, and equipment expenditure in the Consolidated Statement of Cash Flows is the result of some capex additions arising as a result of transfers from inventory, normal timing differences of recognising additions on an accruals basis, and the timing of the actual payment of capital expenditure creditors.

Impairment assessment:
At the reporting date, management performed an impairment indicator assessment of the Morocco Rharb Basin Cash Generating Unit ("CGU"), and concluded that drilling costs of $5.0 million in relation to the "2021 drilling campaign" as at 30 June 2024 should be tested for impairment. This impairment test was carried out in accordance with the Group's accounting policy stated in note 4, and it was determined that as there were no longer economically producible reserves to recover these costs, that a $5.0 million impairment needed to be recognised within "impairment expense" within the Consolidated Statement of Comprehensive Income.

Following the impairment/write offs noted above the remaining PP&E assets within the Morocco Rharb Basin CGU were assessed for impairment under the criteria in IFRS 6 – Exploration for and Evaluation of Mineral Resources, no further impairment indicators were noted.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

8. EXPLORATION AND EVALUATION ASSETS

$'000s	
Balance at 1 January 2023	**11,618**
Additions	7,725
Transfer to property, plant and equipment	(403)
Exploration and evaluation expense	(8,482)
Transfer to assets held for sale	(770)
Balance at 31 December 2023	**9,688**
Additions	5,348
Transfer to property, plant and equipment	(3,599)
Exploration and evaluation expense	(4,531)
Balance at 30 June 2024	**6,906**

During the period ended 30 June 2024, E&E additions totalled $5.3 million - these relate to Morocco in respect of drilling, completion, testing and tie in costs for BMK-D ($4.9 million), KSR-21 ($0.3 million) and BMK-1 ($0.1 million).

BMK-1 and KSR-21 commenced production in early 2024, resulting in their share of recoverable costs ($3.6 million) being transferred to property, plant and equipment during the period ended 30 June 2024 (see note 7).

For the period ended 30 June 2024, exploration and evaluation expenses in the Consolidated Statement of Comprehensive Income stood at $4.4 million for continuing activities (Morocco), comprising:

- $4.5 million non-cash write-off of exploration expenditure incurred in continuing activities (Morocco) predominantly relating to the BMK-2 well, representing the total of their book value exceeding their recoverable amount (see table above); and
- credit of $0.1 million related to refunded overpayments for business evaluation activities and reductions in provisions for obsolete drilling inventory in Morocco.

The remaining exploration and evaluation credit in the Consolidated Statement of Comprehensive Income of $0.1 million related to refunded overpayments for business evaluation activities and reductions in provisions for obsolete drilling inventory in Morocco.

The difference between the $4.5 million additions in relation to continuing activities (Morocco) disclosed above and the $4.0 million cash outflow from property, plant, and equipment expenditure in the Consolidated Statement of Cash Flows is the result of some capex additions arising as a result of transfers from inventory, normal timing differences of recognising additions on an accruals basis, and the timing of the actual payment of capital expenditure creditors.

Impairment assessment:
At the reporting date, management performed an impairment indicator assessment of the Morocco Rharb Basin Cash Generating Unit ("CGU"), and concluded that following the results of the initial BMK-2 drilling (ie. that an additional sidetrack would be required to access target reserves) that the recoverable reserves corresponding to the carrying value of the E&E wells within the CGU as at 30 June 2024 should be tested for impairment.

This impairment test was carried out in accordance with the Group's accounting policy stated in note 4. Due to the absence of an active market in Morocco and the lack of comparability there would be a lower reliability on the estimates required for a fair value less cost of disposal calculation. Therefore, management determined that the recoverable amount of the CGU should be based on a value-in-use ("VIU") calculation. The VIU calculation also requires the use of estimates.

Management assessed that as there remains uncertainty over the quantity of reserves that will be accessed by additional sidetrack drilling on the BMK-2 well, that it would be prudent to treat the drilling costs incurred so far on that well as being irrecoverable, necessitating a net $4.5 million impairment ($4.9 million in relation to BMK-2, net of a $0.4 million carrying value credit balance in relation to the KSR-19 discontinued well) to be recognised within "exploration and evaluation expense" within the Consolidated Statement of Comprehensive Income.

Following the impairment/write offs noted above, management assessed that based on SDX's Year End 2023 2P Reserves net present VIU valuation for the remainder of the E&E wells within the Morocco Rharb Basin CGU (as estimated by the Group's reserve auditors), that no further impairments/write offs were necessitated.

SDX's Year End 2023 2P Reserves net present VIU valuation for the Morocco Rharb Basin CGU was estimated by the Group's reserves auditors under the Petroleum Resources Management System Framework ("PMRS framework"). The present value of future cash flows were computed by applying forecast prices of average $16.65/mscf, as per market data, to estimate future production of proved and probable reserves. The present value of estimated future revenues was computed using a discount factor of 15% ("NPV15"). The discount rate used reflects the specific risks relating to the underlying CGU.

The remaining E&E assets within the Morocco Rharb Basin CGU (ie. The carrying value of costs not allocated to specific wells – mainly in relation to the Seismic data over the Group's exploration area in Morocco) were assessed for impairment under the criteria in IFRS 6 – Exploration for and Evaluation of Mineral Resources, no further impairment indicators were noted.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

9. INVESTMENTS
The Group owns a 50% equity interest in Brentford Oil Tools LLC ("Brentford"), an oilfield services business incorporated in Egypt, over which it exercises joint control. Brentford owns all the assets it uses to provide its services and is legally responsible for settling its liabilities. In the current and comparative year, Brentford has provided services only to its shareholders, but it is not contractually obliged to do so. In the past, it has contracted with third parties and continues to seek future opportunities. On the balance of facts, the Group has concluded that Brentford is a joint venture under IFRS 11 – "Joint Arrangements" and the Group's interest is equity accounted for.

The following table summarises the changes in investments for the period ended 30 June 2024 and 31 December 2023:

	Carrying amount	
$'000s	**30 June 2024**	31 December 2023
Investments, beginning of period	-	3,390
Dividends received	**(320)**	(17)
Share of operating income	**50**	457
Foreign exchange gain	**13**	(125)
Impairment	-	(2,138)
Transfer to assets held for sale	**257**	(1,568)
Investments, end of period	**-**	-

The following table summarises the assets, liabilities, revenue, and operating income of Brentford as at 30 June 2024 and 31 December 2023:

$'000s	**30 June 2024**	31 December 2023
Total assets	**1,066**	3,736
Total liabilities	**59**	221
Revenue	**137**	1,722
Net income	**64**	664

During the period ended 30 June 2024 and 31 December 2023, 50% of Brentford's revenue was earned from fees charged to the Group and 50% to the Group's partner in the West Gharib concession.

10. TRADE AND OTHER PAYABLES

	Carrying amount	
$'000s	**30 June 2024**	31 December 2023
Trade payables	**10,295**	12,659
Accruals	**1,016**	4,416
Joint venture partners	**6,788**	5,632
Other payables	**863**	581
Total trade and other payables	**18,962**	23,288

Trade payables comprise billed services and goods. As at 30 June 2024, they consisted predominantly of costs relating to the Morocco 2024 drilling campaign and G&A creditors, including transaction costs. The $2.4 million decrease in trade payables as at 30 June 2024 from 31 December 2023 is mainly the result of (a) payments at the corporate level in 2024 exceeding billed costs by $1.5 million, (b) payments to the Morocco trade creditors exceeding billed costs by $2.5 million, and (c) $1.6 million in respect of supplier debit balances (payments on account) being transferred to Trade receivables (see note 5a).

Accruals include amounts for products and services received that have yet to be invoiced. The decrease of $3.4 million from 31 December 2023 is mainly due to $2.4 million deferred consideration due to EGAS (on behalf of Energy Flow Global Limited, see note 21 and note 23) being cancelled by both of them in April 2024 as part of a settlement of a $2.9 million receivable due from EGAS (also on behalf of Energy Flow Global Energy Limited). The remainder of the movement can be attributed to invoicing timing differences from the Group's suppliers at 30 June 2024 in comparison to 31 December 2023.

Joint venture partners comprise partners current accounts of $1.1 million in Egypt (31 December 2023: $0.2 million) as a result of $1.1 million of customer credit balances (Payments on Account) in respect of IPR South Disouq Limited having being transferred from Joint venture receivables (see note 5a), and $5.7 million from ONHYM for the Morocco concessions (31 December 2023: $5.4 million). The joint venture partner current accounts represent the net of monthly cash calls paid less billings received.

Other payables of $0.9 million (31 December 2023: $0.6 million) comprise of period end payroll liabilities and other sundry creditors across the group, with $0.9 million in respect of supplier debit balances (Payments on Account) having been transferred to Trade receivables (see note 5a).

The difference between the $2.9 million decrease in relation to continuing activities (Morocco and Corporate) included in the $4.3 million decrease in Trade and other payables disclosed above, and the $8.4 million cash inflow from the line item in the Consolidated Statement of Cash Flows pertaining to an increase in trade and other payables in relation to continuing activities, is due to intercompany balance write-offs between continuing and discontinued activities, normal timing differences of recognising payables on an accruals basis and the timing of the actual payment of payables, and also the fact that trade and other payables in the Consolidated Balance Sheets include capital expenditure items whereas the movement in the Consolidated Statement of Cash Flows relates only to the movement in operational expenditure and G&A creditors.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

11. DECOMMISSIONING LIABILITY
As at 30 June 2024, the total future undiscounted cash flows relating to the decommissioning of the Moroccan assets amounted to $4.9 million (SDX's share), to be incurred up to December 2025, and the liability was discounted using a risk-free rate of 4% (31 December 2023: 4%). No decommissioning obligations arose from the new wells drilled during the period ended 30 June 2024.

In reviewing the discount rates above, management have determined that no material adjustment to the discounted future value of cash flows is mandated. Management have also determined that the timing and estimates of the undiscounted amounts have not changed sufficiently to materially impact the discounted future value of cash flows either.

The discounted value of the cash flows above amounts to $4.7 million as at 30 June 2024 and is shown below:

	Carrying amount	
$'000s	**30 June 2024**	31 December 2023
Decommissioning liability, beginning of period	**4,640**	6,349
Recognition of provision	-	123
Reduce provision due to asset part disposal	-	(669)
Accretion	**94**	338
Transfer to liabilities held for sale	-	(1,501)
Decommissioning liability, end of period	**4,734**	4,640
Of which:		
Current	**2,337**	-
Non-current	**2,397**	4,640

Some of the older Morocco wells are due to be decommissioned from January 2025, with the discounted value of the decommissioning cash flows of wells due for decommissioning over the next 12 months being classified as current, with the remainder of the liability classified as non-current.

12. INCOME TAX
According to the terms of the Group's Egyptian Production Sharing Contracts ("PSCs"), the corporate tax liability of the joint venture partners is paid by the government-controlled corporations ("Corporations") that participate in these PSCs, out of the profit oil and gas attributable to the Corporations, and not by the Group. For accounting purposes however, the corporate taxes paid by the Corporations are treated as a benefit earned by the Group, with the amount being "grossed up" and included in net oil and gas revenues and the income tax expense of the Group.

Until 19 April 2024 (see note 23), the Group also had a Production Services Agreement ("PSA") related to West Gharib, with the legal title held by SDX Energy Egypt (Meseda) Ltd ("SDX West Gharib"), an Egyptian incorporated entity. The Group is governed by the laws and tax regulations of the Arab Republic of Egypt and would have paid corporate taxes annually on the adjusted profit of SDX West Gharib.

There is virtually no current income tax expense relating to continuing activities in the Consolidated Statement of Comprehensive Income for the period ended 30 June 2024.

The Group's Moroccan operations benefit from a 10-year corporation tax holiday from first production, by concession. From 1 January 2022, profits generated from the oldest concessions are to be subject to corporation tax, however most of these older concessions are no longer economically producible after 10 years, and so are expected to be loss making after the expiry of their 10-year corporation tax holiday, resulting in no corporation tax. However in the current period, all concessions are required to settle their minimum contribution tax (which is due even in the absence of profit), but is calculated overall to be less than $0.1 million for the current fiscal year. The Group would also normally account for a social contribution tax levied, on an annual discretionary basis by the Moroccan government - however the levied rate, on taxable profits, varies between 1.5% and 3.5% on an annual basis, and as such, the Group has provided for a charge of virtually nil for the current fiscal period - in accordance with the requirements of IAS 12 "Income taxes" this charge has been classified as a corporate income tax in the Consolidated Statement of Comprehensive Income.

A long running investigation by the Moroccan tax authorities that was concluded on 29 May 2024 determined a historic corporate and other taxes liability of $1.9 million (of which $0.3 million has been paid, another $0.7 million is to be settled by June 2025, and $0.9 million to be settled by December 2025) netted off by $0.5 million in Corporation and other taxes that can be set-off against future tax liabilities (see note 5a). The remainder of the current income tax liability in the Consolidated Balance Sheet is virtually nil and related to the now-extant Group's PSA in West Gharib.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

12. INCOME TAX CONTINUED

The analysis of the expense for the period is as follows:

	Six months ended 30 June	
$'000s	2024	2023
Current tax		
Income tax charge for the period	1	34
Total current tax	1	34
Deferred tax		
Origination and reversal of temporary differences	-	-
Total deferred tax	-	-
Total tax expense	1	34

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is detailed below. For the current period the standard rate of corporation tax in the United Kingdom is 25% (2023: 22%). The UK Government increased the rate of corporation tax will from 19% to 25% with effect from 1 April 2023.

	Six months ended 30 June	
$'000s	2024	2023
Loss before income taxes	(9,270)	(2,097)
Standard rate of corporation tax	25%	22%
Expected income taxes	(2,318)	(461)
Adjustments:		
Non-deductible items	(42)	49
Deferred tax not recognised	619	385
Foreign tax differential	1,742	(17)
Total current and deferred income tax	1	(45)

The components of the deferred income tax assets and liabilities at 30 June 2024 and 31 December 2023 include the following:

$000s	30 June 2024	31 December 2023
Deferred tax assets/(liabilities):		
Investments	-	-
Property, plant and equipment	-	-
Other	-	-
Deferred income tax liability	-	-

The Group has $73.6 million of non-capital losses available at 30 June 2024 (31 December 2023: $73.6 million) to shelter future taxable income, the majority of which were incurred in Canada and expire between 2026 and 2035. The Group has not recognised any deferred tax assets as at 30 June 2024 and 31 December 2023 primarily relating to its Canadian business as it has determined that its deferred tax assets are not probable to be realised from current operations.

13. SHARE CAPITAL

The share capital of the Group is represented by the share capital of the parent company, SDX Energy Plc. The Company was incorporated on 20 March 2019 to act as the holding company of the Group.

The table below shows the number and stated value of the common shares issued as at 30 June 2024 and 31 December 2023.

	30 June 2024		31 December 2023	
	Number of shares ('000s)	Stated value ($'000s)	Number of shares ('000s)	Stated value ($'000s)
Balance, beginning of period	204,563	2,601	204,563	2,601
Balance, end of period	204,563	2,601	204,563	2,601
Weighted average shares outstanding LTM	204,563		204,563	

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

14. STOCK-BASED COMPENSATION

During the period, the Company operated a Long-Term Incentive Plan Share Option scheme. This is to ensure executive directors and key employees, who are critical to executing the Company and Group's strategy over the next phase of its development, are retained and incentivised to generate long-term value for shareholders.

The awards granted take the form of a base award over a number of common shares, which vest only upon the achievement of pre-agreed performance criteria and continued employment of the participant, however there are also clawback provisions contained in the rules of the scheme that can be applied to awards made to all participants.

Under IFRS 2 "Share-based payment", an expense is recognised in the statement of comprehensive income for share-based payments to recognise their fair value at the date of grant.

The application of IFRS 2 gave rise to a charge of $0.1 million (2023: $0.1 million) in the income statement, whilst nil (2023: $0.4 million) was released from the share options reserve to retained earnings due to the expiry of options granted in earlier periods. All total expenses recognised related to equity settled share-based payment transactions.

Long Term Incentive Plan Share Option scheme ("LTIP")

The vesting period varies from 0 days to 5 years. The options expire if they remain unexercised after the exercise period has lapsed and have been valued mainly using the Black Scholes model.

The following table sets out details of all outstanding options granted under the LTIP:

	30 June 2024 Options	**30 June 2024 Weighted average exercise price (USD)**	**30 June 2024 Weighted average exercise price (GBP)**	31 December 2023 Options	31 December 2023 Weighted average exercise price (USD)	31 December 2023 Weighted average exercise price (GBP)
Weighted average exercise price (GBP)						
Outstanding at the beginning of the period	**80,209,533**	**0.31**	**0.26**	3,345,199	0.00	0.00
Granted during the period	**-**	**-**	**-**	80,209,533	0.31	0.26
Exercised during the period	**-**	**-**	**-**	-	-	-
Expired during the period	**(17,750,000)**	**0.37**	**0.29**	(3,345,199)	0.00	0.00
Outstanding at the end of the period	**62,459,533**	**0.34**	**0.27**	80,209,533	0.31	0.26
Exercisable at the end of the period	**-**	**-**	**-**	-	-	-

The weighted average contractual life of the share based payments outstanding at 30 June 2024 is 9.4 years (31 December 2023: 9.9 years).

The estimated fair values of options, which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those fair values are as follows:

Date of grant	Number of options	Estimated value (USD)	Share price at grant (USD)	Exercise price (USD)	Expected volatility	Expected life (years)	Risk free rate	Expected dividends
November 2023	8,459,533	0.01	0.05	0.00	80%	2.5	5.00%	0.00%
November 2023	750,000	0.01	0.05	0.06	58%	1	5.00%	0.00%
November 2023	1,250,000	0.01	0.05	0.06	58%	1	5.00%	0.00%
November 2023	3,000,000	0.02	0.05	0.06	71%	2	5.00%	0.00%
November 2023	7,000,000	0.01	0.05	0.13	71%	2	4.93%	0.00%
November 2023	10,000,000	0.01	0.05	0.19	80%	3	4.64%	0.00%
November 2023	14,000,000	0.01	0.05	0.38	96%	4	4.64%	0.00%
November 2023	18,000,000	0.01	0.05	0.64	114%	5	4.64%	0.00%

All share based payment charges are calculated using the fair value of options. Expected volatility was determined by reference to the volatility of historic trading prices of the Company's shares.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

15. REVENUE, NET OF ROYALTIES

	Six months ended 30 June	
$'000s	**2024**	2023
Morocco gas sales revenue	**4,767**	4,901
Royalties	**541**	(51)
Net Morocco gas sales revenue	**5,308**	4,850
Total net revenue before tax	**5,308**	4,850

The Moroccan gas sales revenue is derived from a Petroleum Agreement with the Moroccan state. Sales-based royalties become payable when certain inception-to-date production thresholds are reached, according to the terms of each exploitation concession. Royalty payments are made directly to the Government of Morocco.

16. GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
$'000s	**2024**	2023
Wages and employee costs	**836**	1,388
Consultants - inc. PR/IR	**218**	156
Legal fees	**60**	57
Audit, tax and accounting services	**103**	140
Public company fees	**178**	319
Travel	**103**	90
Office expenses	**404**	208
IT expenses	**56**	54
Service recharges	**(32)**	(349)
Ongoing general and administrative expenses	**1,926**	2,063
Transaction costs	**202**	55
Total net G&A	**2,128**	2,118

Ongoing general and administrative ("G&A") costs for the six months ended 30 June 2024 were $0.1 million lower compared to the comparative period mainly due to a reduction in employee-related expenditure primarily due to significantly reduced headcount in the corporate part of the business, partially offset by a lower G&A recharge much of which is due to these savings and other operational efficiencies across the group.

Transaction costs increased $0.1 million compared to the comparative period mainly due to professional services associated with the sale in 19 April 2024 of the Group's working interest in West Gharib being incurred from only from late 2023 onwards.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

17. LOSS PER SHARE

$'000s	Continuing 2024	Discontinuing 2024	Total 2024	Continuing 2023	Discontinuing 2023	Total 2023
	Six months ended 30 June			Six months ended 30 June		
Profit/(Loss) and total comprehensive profit/(loss) for the period attributable to SDX shareholders	(9,271)	454	(8,817)	(2,131)	(359)	(2,490)
Weighted average amount of shares						
- Basic	204,563	204,563	204,563	204,563	204,563	204,563
- Diluted	204,563	204,563	204,563	204,563	204,563	204,563
Per share amount						
- Basic	$(0.045)	$0.002	$(0.043)	$(0.010)	$(0.002)	$(0.012)
- Diluted	$(0.045)	$0.002	$(0.043)	$(0.010)	$(0.002)	$(0.012)

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted per share information is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. No such dilution took place during the period ended 30 June 2024.

18. SEGMENTAL REPORTING

The Group's operations are managed on a geographic basis, by country. The Group is engaged in the business of upstream oil and gas exploration and production. The executive officers of the Company are the Company and Group's chief operating decision-makers within the meaning of IFRS 8.

	Six months ended 30 June 2024			Six months ended 30 June 2023		
$'000s	Morocco	Unallocated [1]	Continued	Morocco	Unallocated [1]	Continued
Revenue	5,308	-	5,308	4,850	-	4,850
Direct operating expense	(491)	-	(491)	(1,169)	-	(1,169)
Netback (pre tax) [2]	4,817	-	4,817	3,681	-	3,681
General and administrative expenses	(505)	(1,622)	(2,128)	(693)	(1,425)	(2,118)
Stock-based compensation	-	(37)	(37)	-	(72)	(72)
EBITDAX [2]	4,311	(1,660)	2,652	2,987	(1,496)	1,491
Exploration and evaluation expense	(4,476)	50	(4,426)	-	(72)	(72)
Depletion, depreciation and amortisation	(1,090)	(73)	(1,163)	(2,548)	(61)	(2,609)
Impairment expense	(4,966)	-	(4,966)	-	-	-
Operating income/(loss)	(6,221)	(1,683)	(7,903)	440	(1,629)	(1,190)

(1) Unallocated expenditure, assets and liabilities include amounts of a corporate nature and not specifically attributable to a geographical segment.

(2) Netback and EBITDAX are not recognised measures under IFRS. The Group uses these measures to help evaluate its performance. Please refer to the Financial Review for the definition of these alternative performance measures.

The segment assets and liabilities as at 30 June 2024 and 31 December 2023 are as follows:

	30 June 2024				31 December 2023			
$'000s	Egypt (Discontinued)	Morocco	Unallocated [1]	Total	Egypt (Discontinued)	Morocco	Unallocated [1]	Total
Segment assets	11,818	20,849	4,046	36,713	22,600	26,336	2,129	51,065
Segment liabilities	(4,343)	(19,890)	(7,643)	(31,875)	(3,378)	(24,463)	(9,606)	(37,447)

(1) Unallocated expenditure, assets and liabilities include amounts of a corporate nature and not specifically attributable to a geographical segment.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

19. LEASES
The Group has entered into various fixed-term leases, mainly for properties and vehicles. During the period ended 30 June 2024 the Group has not terminated any lease contracts or entered into any new lease contracts.

a) Amounts recognised in the balance sheet
The analysis of the lease liability as at 30 June 2024 is as follows:

$'000s	30 June 2024	31 December 2023
Current	335	364
Non-current	103	264
Total lease liabilities	**438**	628

The maturity analysis of the lease liability at 30 June 2024 is as follows:

$'000s	30 June 2024	31 December 2023
Less than one year	335	364
Between one and two years	103	259
Between two and three years	-	5
Total lease liability	**438**	628

The right-of-use assets as at 30 June 2024 are as follows:

	Carrying value	
$'000s	30 June 2024	31 December 2023
Properties	444	602
Motor vehicles	12	47
Total	**456**	649

b) Amounts recognised in the statement of profit or loss
The Consolidated Statement of Comprehensive Income includes the following amounts below by underlying class of asset:

$'000s	Depreciation charge Six months ended 30 June 2024	Depreciation charge Six months ended 30 June 2023
Properties	130	151
Motor vehicles	35	42
Total	**165**	192

$'000s	Finance cost Six months ended 30 June 2024	Finance cost Six months ended 30 June 2023
Properties	11	18
Motor vehicles	1	4
Total	**12**	22

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

20. COMMITMENTS AND CONTINGENCIES
Pursuant to the concession and production service fee agreements in Egypt and Morocco, the Group is required to perform certain minimum exploration and development activities that include the drilling of exploration and development wells. These obligations have not been provided for in the Consolidated Financial Statements.

In Morocco, across the three exploration permits SDX holds, the commitments are for eight exploration wells, the acquisition of a total of 150 km^2 of 3D seismic and the reprocessing of 150 km of 2D seismic. All commitments should be completed by September 2025 and the total estimated cost of these commitments is $20.6 million. Local management is currently in discussions to reallocate commitments between concessions.

The Group operates in several countries and, accordingly, it is subject to the various tax and legal regimes in the countries in which it operates. From time to time, the Group is subject to frequent reviews of its related tax filings in each of the countries in which it operates - and in connection with such reviews, disputes can arise with the tax authorities over the interpretation or application of certain rules to the Group's business conducted within the country involved. If the Group is unable to resolve any of these matters favourably, there may be an adverse impact on the Group's financial performance, cash flows or results of operations. This may also be the case for any legal claims that the Group is required to defend. In the event that management's estimate of the future resolution of these matters changes, the Group will recognise the effects of the changes in its Consolidated Financial Statements in the period that such changes occur.

The Company and the non-executive directors of the Company have received a claim for unfair dismissal from a former employee. In September 2024, the hearing held at the Central London Employment Tribunal found in favour of the claimant. The remedies meeting will take place in February 2025 unless earlier settlement can be reached. No provision has been recognised, because the amount can not be estimated reliably.

21. INTERESTS IN SUBSIDIARIES
In February 2022, the Group announced the disposal of 33% of the shares in Sea Dragon Energy (Nile) B.V., the entity that holds its interests across its South Disouq concession for a consideration of $5.5 million. Sea Dragon Energy (Nile) B.V. has its legal seat in The Hague, is a wholly owned subsidiary of Sea Dragon Energy Holding B.V. and SDX Energy Plc is the ultimate parent company. The registered office of the Company is 38 Welbeck Street, London, W1G 8DP, United Kingdom. The Company is engaged in the exploration, development and production of oil and natural gas in Egypt. As from 1 February 2022, the Group owned 67% of Sea Dragon Energy (Nile) B.V. with the remaining 33% held by Energy Flow Global Limited as a non-controlling interest ("NCI").

Under instructions from EGAS, a Government of Egypt-controlled corporation, the Group repurchased this 33% holding on 22 February 2023 in exchange for 33% of the direct working interest that Sea Dragon Energy (Nile) B.V. held in the South Disouq concession (18.15%, being 33% of the 55% direct working interest that Sea Dragon Energy (Nile) B.V previously held) and deferred consideration of $2.4 million – this deferred consideration being compensation for Energy Flow Global no longer holding a 33% in the net current assets of the Sea Dragon Energy (Nile) B.V entity.

As a result of this repurchase of the 33% holding in Sea Dragon Energy (Nile) B.V., the Group cancelled the NCI that had arisen up to 22 February 2023.

22. FOREIGN EXCHANGE GAIN
The $0.3 million foreign exchange loss during the period (2023: $0.4 million) is due to gains on currency conversion ($0.1 million) offset by losses arising from the strengthening of the Moroccan Dirham ($0.4 million).

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

23. DISCONTINUED OPERATIONS

As at 31 December 2023, the Group had committed itself to the sale of its Eqyptian operations. This has translated into the completion of the sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession on 19 April 2024 (and all corresponding assets and liabilities held-for-sale at that date) to New Horizons LLC and NPC Petroleum Services Ltd for a combined consideration of $7.2 million, and a commitment to sell its interest in the South Disouq concession later in 2024 or 2025.

In effect, this renders the Group's entire Egyptian operations as discontinued as at 30 June 2024, and requires their results to be treated as such in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Cash Flows and related comparatives under IFRS 5 "Disposal of subsidiaries, business and non-current assets" for the period ending 30 June 2024.

However, under IFRS 5, only the actual assets and liabilities that the Group intended to dispose of under a sale transaction at 30 June 2024 can be treated as assets and liabilities held for sale as per the Consolidated Balance Sheet as at 30 June 2024. This means that only the Group's investment in Brentford Oil Tools, and the oil and gas assets and liabilities relating to the West Gharib and South Disouq concessions can be treated as such in the Consolidated Balance Sheet as at 30 June 2024, this treatment is not applied retrospectively to the comparatives of the Consolidated Balance Sheet as at 30 June 2024.

The following table provides additional information on the profit/(loss) from the discontinued operations as disclosed in the Consolidated Statement of Comprehensive Income:

		Six months ended 30 June	
$'000s	Notes	**2024**	2023
Revenue, net of royalties	15	**4,460**	10,403
Direct operating expense		**(1,146)**	(3,958)
Gross profit		**3,314**	6,445
Exploration and evaluation expense	8	**(3)**	(365)
Depletion, depreciation and amortisation	7,19	**(19)**	(3,651)
Share of profit from joint venture	9	**50**	268
Bad debt expense		**(1,206)**	-
Gain/(loss) on part disposal of asset	7	**(204)**	357
General and administrative expenses			
- Ongoing general and administrative expenses	16	**(281)**	(442)
Operating profit		**1,651**	2,613
Finance costs/(income)		**(18)**	26
Foreign exchange loss	22	**(395)**	(939)
Profit before income taxes		**1,238**	1,700
Current income tax expense	12	**(784)**	(2,059)
Profit/(loss) and total comprehensive profit/(loss) for the period		**454**	(359)
Attributable to			
SDX shareholders		**454**	(359)
Non-controlling interests	21	**-**	-

The following table provides additional information on the assets and liabilities held for sale as disclosed in the Consolidated Balance Sheet:

$'000s Note		**30 June 2024**	31 December 2023
PP&E - Oil & Gas Assets Cost	7	**71,695**	96,942
PP&E - Oil & Gas Assets Acc Depn	7	**(68,386)**	(91,803)
Intangible - E&E Assets Cost	8	**897**	770
Trade & other receivables	5	**-**	2,717
Investments - Brentford Oil Tools	9	**-**	1,568
Assets held for sale		**4,206**	10,194

$'000s	Note	**30 June 2024**	31 December 2023
Decommissioning Liability	11	**2,367**	1,501
Liabilities held for sale		**2,367**	1,501

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

23. DISCONTINUED OPERATIONS CONTINUED

The carrying value of the assets and liabilities held for sale (as disclosed in the above table) on 31 December 2023 was reflected by the actual consideration for the Group's sale of its 50% holding in Brentford Oil Tools and its interest in the West Gharib concession on 19 April 2024, which was broken-down as follows:

- $5.6 million – West Gharib total:
  - $2.7 million – EGPC receivable
  - $2.9 million – PP&E asset

- $1.6 million - Investment in Brentford Oil Tools
- **$7.2 million – Total consideration**

In addition, the carrying value of the assets and liabilities held for sale (as disclosed in the above table) on 31 December 2023 was reflected by the recoverable value of the Group's interest in the South Disouq concession, estimated at 31 December 2023 as follows:

- $0.8 million – E&E asset
- $2.0 million – PP&E asset
- $1.5 million – Decommissioning liability
- **$1.3 million – Total valuation**

The basis of this $1.3 million valuation is SDX's Year End 2023 2P Reserves value-in-use valuation for the South Disouq asset, which is estimated by the Group's reserve auditors, under the Petroleum Resources Management System framework ("PMRS framework"). Under the PMRS framework, the reserves auditors are constrained in its evaluation of the asset and so management believes that the value-in-use valuation does not take in to account the full value of the asset, but provides this as its best estimate in the absence of more reliable observable data.

50% holding of Brentford Oil Tools

The carrying value of the investment decreased from $1.6 million on 31 December 2023 to $1.3 million at the date of its sale on 19 April 2024. Per note 9, the $0.3 million decrease can be attributed to $0.3 million received as dividends net of $0.1 million share of profit from joint venture and share of foreign exchange gain combined, with the combined $0.1 million recognised within "profit from discontinued operations" within the Consolidated Statement of Comprehensive Income.

This resulted in a $0.3 million gain on disposal recognised within "profit from discontinued operations" within the Consolidated Statement of Comprehensive Income.

West Gharib concession

The carrying value of the PP&E asset increased from $3.1 million on 31 December 2023 to $3.3 million at the date of its sale on 19 April 2024, due to capitalised inventory during the period. This resulted in a $0.4 million loss on disposal recognised within "profit from discontinued operations" within the Consolidated Statement of Comprehensive Income.

The carrying value of the EGPC receivable increased from $2.7 million on 31 December 2023 to $4.0 million at the date of its sale on 19 April 2024, due to sales during the period. This resulted in a $1.3 million bad debt expense recognised within "profit from discontinued operations" within the Consolidated Statement of Comprehensive Income.

South Disouq concession

The carrying value of the E&E assets increased from $0.8 million on 31 December 2023 to $0.9 million at 30 June 2024, due to work on the MA-1X well. In relation to these E&E assets, management performed an impairment indicator assessment of the South Disouq CGU under the criteria in IFRS 6 – Exploration for and Evaluation of Mineral Resources and concluded that no impairment test would be required for the corresponding E&E assets' recoverable reserves as at 30 June 2024.

In April 2024 a $2.9 million receivable due from EGAS (on behalf of Energy Flow Global Energy Limited), was settled through the return of its 18.15% direct working interest in the South Disouq concession, originally sold to it by the Group in 2023 (see note 21). Based on the assumptions made in estimating the recoverable values of the PP&E asset and Decommissioning liability of the concession at 31 December 2023 (see above), management conservatively estimated the Fair Value of the 18.15% direct working interest at a net $0.7 million ($1.3 million for the PP&E assets represented by this 18.15% direct working interest, net of $0.6 million for Decommissioning Liability also represented by the 18.15% direct working interest). The rest of the $2.9 million receivable was settled by the cancellation of $2.4 million deferred consideration due to EGAS (also on behalf of Energy Flow Global Limited) by corporate on behalf of the South Disouq concession (see note 10). This resulted in a $0.1 million bad debt credit being recognised within "profit from discontinued operations" within the Consolidated Statement of Comprehensive Income.

The carrying value of the PP&E assets increased from $2.0 million on 31 December 2023 to $3.3 million at 30 June 2024, due to the settlement of the EGAS/Energy Flow Global Limited receivable above. In relation to these PP&E assets, management performed an impairment indicator assessment of the South Disouq CGU under the criteria in IFRS 6 – Exploration for and Evaluation of Mineral Resources and concluded that no impairment test would be required for the corresponding E&E assets' recoverable reserves as at 30 June 2024.

Notes to the Consolidated Financial Statements continued
For the six months ended 30 June 2024

23. DISCONTINUED OPERATIONS CONTINUED

South Disouq concession continued

Due to the settlement of the EGAS/Energy Flow Global Limited receivable above, undiscounted cash flows relating to the decommissioning of the South Disouq assets increased from $1.7 million (SDX's share) on 31 December 2023 to $2.5 million (SDX's share) on 30 June 2024, to be incurred in December 2024, and the liability was discounted using a risk-free rate of 15.4% (31 December 2023: 15.4%). No new decommissioning obligations arose from any wells drilled during the period ended 30 June 2024, however the liability increased from $1.5 million on 31 December 2023 to $2.4 million on 30 June 2024 - $0.6 million of this increase was as a result of the settlement of the EGAS/Energy Flow Global Limited receivable above, with the remaining $0.2 million increase being as a result of accretion due to the unwinding of the discount, which has also been recognised within "profit from discontinued operations" within the Consolidated Statement of Comprehensive Income.

In reviewing the discount rates above, management have determined that no material adjustment to the discounted future value of cash flows is mandated. Management have also determined that the timing and estimates of the undiscounted amounts have not changed sufficiently to materially impact the discounted future value of cash flows either.

24. RELATED PARTY TRANSACTIONS

All subsidiaries are listed below. A list of the investments in subsidiary undertakings (all of whose operations comprise one class of business, being oil and gas exploration, development and production), including the name, proportion of ownership interest, country of operation and country of registration, is given below:

Name	Holding	Percentage ownership	Country of operation	Registered address
SDX Energy Holdings (UK) Limited	Direct	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Inc	Indirect	100%	Canada	1900, 520 - 3rd Avenue SW, Centennial Place, East Tower, Calgary, Alberta T2P 0R3
Sea Dragon Energy (UK) Limited	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Investments (UK) Ltd	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Morocco (UK) Ltd	Indirect	100%	U.K.	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Cooperatieve U.A.	Indirect	100%	Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding B.V.	Indirect	100%	Netherlands	38, Welbeck Street, London W1G 8DP, U.K.
SDX Energy Egypt (Nile Delta) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (GOS) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (Nile) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy (NW Gemsa) B.V.	Indirect	100%	Egypt	38, Welbeck Street, London W1G 8DP, U.K.
Sea Dragon Energy Holding Ltd.	Indirect	100%	British Virgin Islands	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
NPC (Shukheir Marine) Ltd	Indirect	100%	Egypt	Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands
Madison International Oil and Gas Ltd	Indirect	100%	Barbados	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Egypt Oil and Gas Ltd	Indirect	100%	Egypt	Erin Court, Bishop's Court Hill, St. Michael, Barbados
Madison Cameroon Oil and Gas Ltd	Indirect	100%	Cameroon	Erin Court, Bishop's Court Hill, St. Michael, Barbados
SDX Energy Egypt (Meseda) Ltd	Indirect	100%	Egypt	10, Road 261, New Maadi, Cairo, Egypt
SDX Energy Morocco (Jersey) Ltd	Indirect	100%	Morocco	P.O. Box 771, Ground Floor, Colomberie Close, St.Helier, Jersey
Limerick Services SARL	Indirect	100%	Morocco	2 Rue Ghazaoua la pinēde Souissi, Rabat, Morocco

25. SUBSEQUENT EVENTS

Per note 5a, as at 30 June 2024, the Group had an outstanding balance on the convertible loan of $3.8 million (inclusive of $0.5 million accrued interest). This was repayable by 24 July 2024, but post-period end the Group has entered into an agreement with the Lender to extend the repayment date to 23 July 2025, subject to shareholder's voting in favour of the resolutions at the General Meeting to be held on 14 October 2024.

Executive Directors

Daniel Gould
Chief Executive Officer

William McAvock
Chief Financial Officer

Non-Executive Directors

Jay Bhattacherjee
Non-Executive Chairman

Timothy Linacre
Krzysztof Zielicki

Stock Exchange Listing
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Symbol: SDX

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