Sterling Energy Plc

19 April 2013

INTERIM MANAGEMENT STATEMENT

Sterling Energy Plc ("Sterling" or the "Company") is today issuing its Interim Management Statement for the period beginning 1 January 2013.

HIGHLIGHTS

- Production, net to Sterling from the Chinguetti field, averaged 568 bopd for the first quarter 2013 (Q1 2012: 401 bopd).
- Adjusted EBITDA in first quarter of $2.4 million (Q1 2012: $4.9 million) (unaudited).
- Profit after tax in first quarter of $0.1 million (Q1 2012: profit $3.1 million) (unaudited).
- Cash as at 31 March 2013 of $117.0 million (unaudited), including partner funds of $1.4 million.

Angus MacAskill, Sterling's Chief Executive, said:

"The Company has large working interests in high materiality exploration and is well placed to build the portfolio using existing resources. Progress continues to be made towards the drilling of exploration wells in our blocks in Cameroon and Madagascar, and we remain focused on acquiring only those ventures we believe will deliver real growth and value for our shareholders."

Cameroon

The Ntem concession area is a deep water block situated in the southern Douala/Rio Muni Basin, offshore Cameroon, in water depths range from 400m to 2,000m.

The Company holds a 50% non-operated working interest in the Ntem licence, following the introduction in 2011 of Murphy Cameroon Ntem Oil Co. Ltd, a wholly-owned subsidiary of Murphy Oil Corporation, a successful deep-water operator, as a 50 per cent working interest partner and operator.

During the period, Murphy Oil Corporation announced the acquisition, through another wholly owned subsidiary, of a 50% non-operated working interest in the adjacent Elombo block which borders the Ntem Block to the east and was previously held by Perenco with 100% working interest. Murphy Oil and Perenco plan to drill a deep water well in the Elombo block in mid-2013. This well may evaluate prospective targets that extend into the Ntem block and may also provide data to further de-risk the main prospects in Ntem.

The Ntem block remains in force majeure and the Company believes progress continues towards a resolution of the border dispute between the governments of Cameroon and Equatorial Guinea, but no specific timetable can be forecast. When force majeure is lifted, there will be 15 months remaining in the current exploration period during which time one exploration well must be drilled. The Company considers that a stacked series of submarine fans are ready to drill, offering the potential for multiple targets being intersected by one exploration well. Current work confirms the significant potential of these prospects, with each having gross un-risked prospective recoverable resources of several hundred million barrels.

Madagascar

The Ampasindava and Ambilobe blocks are highly prospective blocks located, respectively, in the Majunga and Ambilobe deep water basins offshore northwest Madagascar. The Company holds a 30% working interest in the Ampasindava licence, containing the Sifaka prospect which is independently estimated to have gross un-risked best estimate prospective recoverable resources of 1.2 billion barrels, and 100% working interest in the Ambilobe licence.

The transitional government has made considerable progress along the "roadmap", developed in co-operation with their African neighbours and signed in September 2011, towards the holding of democratic elections, now due to take place in mid-2013.

Formal agreement has been reached with OMNIS, the state regulator, to prolong the current exploration period of both the Ambilobe and Ampasindava production sharing contracts with each licence having the same remaining duration and obligations in the current exploration periods as existed in March 2009; in effect, the exploration periods will have been suspended from March 2009 to when they resume. These agreements now await formal ratification by the Government.

Following the farm-in to the Ampasindava block by ExxonMobil in 2005, Sterling's costs in this block are carried up to a fixed amount. The cost to drill the Sifaka prospect is estimated to exceed the remaining carry and the Company has started a farm-out process to introduce an additional partner, and reduce its current working interest, to cover these costs. It is currently unlikely that an exploration well will commence drilling before mid-2014

In the Ambilobe block, the Company has started a farm-out process to introduce a partner to carry the costs of the next stage of exploration which is likely to include the acquisition of additional seismic data to define the leads that have been identified.

Kurdistan

The Sangaw North block lies in the foothills region of the Zagros fold belt, approximately 140km south east of Erbil, the capital of the Kurdistan region of Iraq.

During 2012, Sterling completed its exploration of the Sangaw North block and, on 29 January 2013, Sterling notified the Kurdistan Regional Government of the joint venture partnership decision not to drill a second exploration well in the contract area. The work commitments have been satisfied and the Production Sharing Contract automatically terminated on that date. The Company has ceased operations relating to Sangaw North and has no remaining interests in Kurdistan.

Mauritania

First quarter 2013 production from the Chinguetti field net to Sterling totalled 51,082 barrels, an average of 568 barrels of oil per day, compared to 401 bopd for the same period in 2012, with the higher level of production due to the absence of the two operational interruptions which occurred in the equivalent period in 2012.

Production is stored on location in the floating production storage and offloading vessel (FPSO) until a suitable volume is accumulated which is then sold and transported away by sea tanker. There was one cargo sold in the period.

There are no approved plans for further development of the Chinguetti field.

New Ventures

The Company's technical and commercial team continues to screen many exploration opportunities, having extended the area of interest from sub-Saharan Africa to other geographical areas, and to evaluate a number of interesting opportunities in more detail.

Financial Position

In the first quarter of this financial year, Sterling reports the following unaudited results:

		Q1-2013 (Unaudited) $ '000	Q1-2012 (Unaudited) $ '000	FY 2012 (Audited) $ '000
Revenue	*(1)*	**5,597**	6,575	22,496
Adjusted EBITDA	*(2)*	**2,361**	4,906	11,126
Profit/(Loss) after tax	*(3)*	**130**	3,099	(12,920)

Cash and cash equivalents at period end	*(4)*	**116,966**	117,971	120,348

(1) Revenue for Q1 is derived from incomes relating to interests in the Chinguetti field.

(2) EBITDA is earnings before interest (and other finance income and costs), tax, depreciation, depletion, amortisation and write-offs of oil & gas assets. Adjusted EBITDA is calculated before share based payments, charged to the income statement under IFRS 2 and pre-licence costs.

(3) Profit after tax reduced compared to the equivalent period in 2012 due to lower revenue resulting from a smaller Chinguetti oil lifting, higher depletion costs resulting from higher production during the period, a lower oil inventory valuation at period end, and a reduction in the reporting currency value of working capital deposits held in pounds Sterling following a weakening of the US dollar exchange rate.

(4) Cash balances at the end of Q1 2013 totalled $117.0 million, including $1.4 million of partner funds, (Q4 2012: $120.3 million, including $1.7 million partner funds). The Group continues to remain debt free.

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