STERLING ENERGY PLC

29 April 2015

INTERIM MANAGEMENT STATEMENT

Sterling Energy plc (the 'Company') together with its subsidiary undertakings (the 'Group') is today issuing its Interim Management Statement and financial results (unaudited) for the quarter ended 31 March 2015.

HIGHLIGHTS

- Production in the period, net to the Company (including Royalty barrels) from the Chinguetti field, averaged 382 barrels of oil per day ('bopd') (Q1 2014: 400 bopd).
- Secured 40.5% working interest position with Tullow Mauritania Limited in the 9,800km² PSC C-3 block, shallow water Mauritania.
- Adjusted EBITDA (see below) for the Group in the period of $878k loss (Q1 2014: $2.1 million earnings).
- Loss after tax for the Group in the period of $815k (Q1 2014: profit after tax of $489k).
- Cash at the end of the period of $117.0 million, including JV partner funds of $10.9 million.

Mauritania

In February 2015, the Company's wholly owned subsidiary, Sterling Energy Mauritania Limited ('SEML') signed an agreement with Tullow Mauritania Limited ('Tullow' and Operator) for the acquisition of a 40.5% working interest in PSC C-3. The transaction is subject to Mauritanian governmental approval and completion with Tullow.

PSC C-3 is located in shallow water within the Nouakchott sub-basin, offshore Mauritania and covers some 9,800km². The PSC is in the first phase of the exploration period, which runs to June 2016, with a minimum work commitment of acquiring 1,600km of 2D seismic data which has been acquired in late 2014 and is currently in house and being interpreted. Société Mauritanienne Des Hydrocarbures et du Patrimoine Minier ('SMHPM') is carried by both SEML and Tullow, pro-rata to their working interest, during the exploration phases.

Extensive re-evaluation of exploration data along the margin, following the 2014 Cairn SNE-1 discovery in Senegal to the south, has highlighted the possible extension of an Albian clastic play into PSC C-3. In addition Kosmos announced on April 27, that the Tortue-1 well, drilled a significant play opening gas discovery on the Tortue West prospect in block C-8 Mauritania, in 2700m WD, west and down dip of the C-3 block. Based on the preliminary Operator analysis of drilling results and intermediate logging to a depth of 4,630 meters, Tortue-1 intersected 107 meters of net hydrocarbon pay. A single gas pool was encountered in the primary Lower Cenomanian objective, discovering a large scale gas resource.

Following receipt of new 2D data, the joint venture will focus on the interpretation and continued integration of regional data in 2015.These new data and evaluation thereof will inform a decision on entry into Phase 2 with a commitment to acquire 700km² of 3D seismic and drill one exploration well.

Chinguetti

Chinguetti field production, net barrels of oil ('bbls') to the Group (including Royalty bbls), in the period totalled 34,362 bbls (Q1 2014: 35,957 bbls), an average of 382 barrels of oil per day ('bopd'), compared to 400 bopd for the equivalent period in Q1 2014. The reduction in production is consistent with the Chinguetti field decline curve.

Production from the Chinguetti field is stored on location in a floating, production storage and offloading vessel ('FPSO'). One cargo lifting was undertaken during the period totalling 30,258 bbls net to the Company (Q1 2014: one cargo totalling 31,282 bbls net).

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

Cameroon

The Ntem Concession lies adjacent to the southern maritime border of Cameroon. Ntem is a large under-explored block, in water depths ranging from 400m to 2,000m. It is located in the offshore southern Douala - Rio Muni Basin. The block is well positioned with respect to both Tertiary and Upper Cretaceous play potential, both of which have proven commercially successful in Cameroon and Equatorial Guinea.

The Ntem Concession was subject to *force majeure* from June 2005 to January 2014 as a result of the overlapping maritime border claims (the 'Affected Area') by the Republic of Cameroon and the Republic of Equatorial Guinea. Following the lifting of *force majeure*, the current exploration period (the 'First Renewal Period') of the Ntem Concession re-commenced on 22 January 2014. At that date, the remaining term of the First Renewal Period was approximately 15 months (expiring April 2015). The minimum work obligation (one exploration well) was satisfied by the spud of the Bamboo-1 well in February 2014. As announced previously, the Bamboo-1 well failed to find hydrocarbons and was plugged and abandoned on 16 April 2014.

Data from the Bamboo-1 well continues to be evaluated and incorporated into an updated assessment of the Ntem Concession; initial conclusions suggest the most favourable untested potential lies primarily within the Affected Area.

On 6 May 2014, Murphy Cameroon Ntem Oil Co. Ltd ('Murphy'), as Operator and on behalf of the Ntem joint venture partners, notified Société Nationale des Hydrocarbures ('SNH'), the national oil company of Cameroon, of the joint venture's declaration of *force majeure* pending formal resolution of the overlapping maritime border claims.

In February 2015, Sterling Cameroon Limited ('SCL'), a wholly owned subsidiary of the Company, signed an agreement with Murphy whereby Murphy would transfer its 50% interest in, and Operatorship of, the Ntem Concession to SCL. Ministerial approval for the transfer was granted in April 2015.

SCL received written notice, dated 22 April 2015, from SNH that it considers the First Renewal Period of the Ntem Concession to have expired on 22 April 2015 and the Ntem Concession to have lapsed.

Both SCL and the Company, believe that in accordance with the terms of the Ntem Concession, it's declaration of *force majeure* on 6 May 2014 is valid. As such, the First Renewal Period has been suspended since 6 May 2014 and therefore has not expired.

SCL will continue to work with SNH and the Ministry of Industry, Mines and Technological Development of Cameroon to determine a forward plan for the Ntem Concession, given the declaration of *force majeure* and the notice from the Ministry.

Somaliland

The Company's wholly owned subsidiary, Sterling Energy (East Africa) Limited ('SEEAL'), holds a 40% interest in the Production Sharing Contract ("PSC") of the Odewayne Block located onshore Republic of Somaliland. The joint venture partners in the PSC are Genel Energy Somaliland Limited ('Genel') (50% interest and Operator), SEEAL (40%) and Petrosoma (10%). The PSC, awarded in 2005, is in the Third Period and covers block SL6 and part of blocks SL7 and SL10, comprising an area of 22,840km^2.

During 2013, an aero-magnetic and gravity survey confirmed the presence of a large basin over the Odewayne block, believed to be of Jurassic to Cretaceous origin; analogous to productive basins in Yemen. Geological fieldwork highlighted the presence of numerous seeps, giving encouragement that a working hydrocarbon system is present in this undrilled Frontier basin. The data will continue to be analysed to improve the understanding of the Petroleum system potential and drive Exploration activities.

SEEAL's 40% interest will be carried by Genel for the costs of all exploration activities during both the Third Period of the PSC, expiring November 2016, with an outstanding minimum work obligation of 500km of 2D seismic and the Fourth Period of the PSC, expiring May 2018, with a minimum work obligation of 1,000km of 2D seismic and one exploration well. Operational activities in Somaliland have been delayed while the Government of the Republic of Somaliland establishes a trained and equipped Oilfield Protection Unit ('OPU') that can provide the level of security required by in-country Operators to ensure all future seismic and drilling operations can be conducted safely. The joint venture plans to undertake 2D seismic acquisition in 2016 once the OPU is operational.

Madagascar

The Company holds a large offshore acreage position in northwest Madagascar in both the Ampasindava and Ambilobe blocks. These blocks are located within one of the largest and undrilled deep water provinces offshore East Africa, spanning the Majunga and Ambilobe basins.

The Ambilobe block, awarded in 2004, is in Phase 2 of the Exploration Period (expiring July 2016) with all minimum work commitments completed. In December 2013, the Company's wholly owned subsidiary, Sterling Energy (UK) Limited ('SEUKL') signed a Farmout Agreement with Pura Vida Mauritius ('Pura Vida') where all costs associated with the acquisition of a 3D seismic programme, up to a maximum of US$15 million, are carried by Pura Vida. SEUKL and Pura Vida each hold a 50% interest in the Ambilobe block with SEUKL as Operator.

The PSC covers approximately 17,650km^2 of the Ambilobe Basin in 30-3,000m water depths, a large under-explored area where both Tertiary, Cretaceous and Jurassic plays have been identified. In the first half of 2015, activity on the block is focussed on the acquisition of approximately 1250km^2 of 3D broadband seismic data, to help mature the current 2D lead inventory. Seismic acquisition began with the CGG *Geo Celtic* vessel on 25 April 2015, following the award of all necessary permits, with completion expected in ca.45 days, dependent on weather and environmental conditions. It is anticipated that processed time migrated data will be available for interpretation by end 2015 and depth migrated data will follow in 1Q 2016 to inform the "drill or drop" decision required by July 2016.

SEUKL also holds a 30% non-operated working interest in the Ampasindava PSC, covering 7,396km^2 which was awarded in 2004. The PSC is in Phase 3 of the Exploration Period, recently extended to July 2016. As a result of the farm-in to the Ampasindava Block by ExxonMobil Exploration and Production (Northern

Madagascar) Limited ('ExxonMobil') in 2005 (70% working interest and Operator), SEUKL's costs in this block are carried up to a fixed gross amount.

ExxonMobil and SEUKL completed the acquisition of a discretionary 1,314km 2D seismic programme in December 2013 with the aim of improving the subsurface description of the Sifaka prospect and to delineate previously identified prospects and leads on the trend. A detailed subsurface re-assessment of the main Sifaka prospect has led to the view that the technical and commercial risk remains too high for drilling; specifically the high chance of reservoir quality being poor (production concerns) and an increased phase risk for gas over oil. ExxonMobil and SEUKL are not planning to drill an exploration well in 2015 or 2016 and have engaged with the Office des Mines Nationales et des Industries Stratégiques (OMNIS), the Malagasy state regulator, to discuss the forward work programme.

New Ventures & Growth

The Company is actively pursuing Exploration new venture growth options, focusing primarily on sub-Saharan Africa. Additionally, the Company continually evaluates opportunities outside of this core focus area, utilising its full in house capability set.

Financial Position

In the period, the Group reports the following results:

		Q1-2015 (unaudited)	Q1-2014 (unaudited)	FY 2014 (audited)
		$ '000	$ '000	$ '000
Revenue	*(1)*	**1,725**	3,471	15,990
Adjusted EBITDA	*(2)*	**(878)**	2,112	5,075
(Loss)/profit after tax	*(3)*	**(815)**	489	(12,319)
Net to Group - cash and cash equivalents at period end	*(4)*	**106,095**	120,273	107,035
Partner held funds		**10,882**	1,071	1,113

(1) Revenue in the period is derived from income relating to interests in the Chinguetti field.

(2) Adjusted EBITDA is (losses)/earnings before interest (plus other finance income and expense), tax, depreciation, depletion, amortisation, provisions and write-offs of oil & gas assets. Adjusted EBITDA also excludes pre-licence award exploration costs and share based payments; the latter being a non-cash expense charged to the income statement under IFRS 2.

(3) Loss after tax in the period of $815k compares to a profit after tax in 1Q 2014 ($489k) mainly due to a reduced lifting of 30,258 bbls (Q1 2014: 31,282 bbls) with a significantly lower realised oil price.

(4) Cash balances at the end of the period totalled $117.0 million, including $10.9 million of partner funds (Q1 2014: $121.3 million, including $1.1 million of partner funds). Cash receipts in the period include $9.8 million from Pura Vida in advance of the 3D seismic acquisition program. The Group continues to remain debt free.

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