



30 March 2017

STERLING ENERGY PLC

Posting of Annual Report, Notice of Annual General Meeting and Proposed Reduction of Capital

Sterling Energy Plc (“Sterling” or the “Company”), the AIM listed oil and gas exploration and production company with interests in Africa, advises that it has published its Report and Financial Statements for the year ended 31 December 2016.

The Report and Financial Statements have been posted to shareholders along with the Notice for the Company’s Annual General Meeting (“AGM”) which, in addition to ordinary business, seeks shareholder approval to reduce the nominal value of the Company’s ordinary shares and cancel the Company’s share premium account (the “Reduction of Capital”). Further details are provided below.

The AGM is due to be held at 11 a.m. on 25 April 2017 at The Law Society, 113 Chancery Lane, London, WC2A 1PL.

Both documents are now available to download from the Company’s website, www.sterlingenergyplc.com.

Proposed Reduction of Capital

At the forthcoming AGM, the Company will, in addition to the ordinary business conducted therein, be seeking shareholder approval to carry out a Reduction of Capital.

The Reduction of Capital is a proposal recommended by the Board to reduce the nominal value of the Ordinary Shares, cancel the balance standing to the credit of the Company’s share premium account and to create distributable reserves of the Company.

The Company is proposing to carry out the Reduction of Capital in order to:

- create distributable reserves, which would allow the Company to eliminate its retained deficit of approximately US\$449.9 million as at 31st December 2016;
- give the Company the flexibility to make returns of capital to the Shareholders, should it be considered desirable to do so in the future; and
- give the Company the flexibility to issue new capital, should it be considered desirable to do so in the future.

It should be noted that the Company has no current intention of making a return of capital or issuing new capital. However, the Board believes it is prudent to plan for the future and the Reduction of Capital would permit a return of capital or an issue of new capital should it be considered desirable to do so.

Accordingly, shareholder approval is being sought to carry out a reduction of the Company's capital by way of:

- cancellation of paid-up capital of 30 pence on each issued Ordinary Share of 40 pence; and
- the cancellation of the amount standing to the credit of the Company's share premium account.

The Reduction of Capital is also subject to the confirmation of the High Court of Justice in England and Wales.

Following the implementation of the proposed Reduction of Capital, there will be no change to the number of Ordinary Shares in issue and the Ordinary Shares will have the same rights under the Articles as prior to the Reduction of Capital.

Expected timetable of events

Publication and posting to Shareholders of this Notice of AGM and Proposed Reduction of Capital and Forms of Proxy	30 March 2017
Latest time for receipt of completed Forms of Proxy	11 a.m. 23 April 2017
Annual General Meeting	11 a.m. 25 April 2017
Initial Directions Hearing	15 May 2017 *
Court Hearing to confirm the Reduction of Capital	14 June 2017 *
Effective date for Reduction of Capital	15 June 2017 *

** These dates may be subject to change. Any change will be notified by the announcement on a Regulatory Information Service.*

Further information:

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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