

3 April 2017

ODEWAYNE, REPUBLIC OF SOMALILAND

Sterling Energy Plc (“Sterling” or the “Company”), the AIM listed oil and gas exploration and production company (AIM: SEY), is pleased to announce that it has agreed with Petrosoma Limited (“**Petrosoma**”) to revised terms of the Farmout Agreement between Sterling Energy (East Africa) Limited (“**SEEAL**”) and Petrosoma dated October 2013 (the “**Farmout Agreement**”). The revised terms will reduce the amounts due by SEEAL to Petrosoma and reduce SEEAL’s interest in Odewayne by 6%.

Pursuant to the Farmout Agreement, SEEAL purchased a 10% interest in the Odewayne Production Sharing Agreement (“**PSA**”) from Petrosoma. SEEAL purchased an additional 30% in other transactions with Jacka Resources Somaliland Limited.

The Farmout Agreement included future contingent consideration totalling US\$8m from SEEAL to Petrosoma. The Farmout Agreement has been amended so that the parties will cancel the US\$8m contingent consideration in return for: (i) a payment by SEEAL to Petrosoma of US\$3.5m; and (ii) a transfer from SEEAL to Petrosoma of a 6% interest in the PSA.

Completion of the transfer of the participating interest remains subject to approval of the Government of Somaliland. Upon such approval, SEEAL will retain a 34% interest in the Odewayne Block, fully carried by Genel Energy for its share of the costs of all exploration activities during the Third and Fourth Periods of the PSA.

Further to the Company’s statement on 20 March 2017, the Company anticipates that the 2D seismic campaign on the Odewayne Block will commence in Q2 2017.

Sterling Energy Plc.’s CEO, Eskil Jersing, said:

“We are very pleased to have amended the terms of the Farmout Agreement for the Odewayne Block so as to reduce our overall cash exposure. We retain a material stake in the Odewayne Block and look forward to the commencement of the 2D seismic campaign.”

Further information:

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

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