



14 June 2017

COMPLETION OF CAPITAL REDUCTION

Sterling Energy Plc ("Sterling" or the "Company"), the AIM listed oil and gas exploration and production company (AIM: SEY), is pleased to announce that the reduction of capital described in the circular to shareholders published on 30 March 2017 (the "Reduction of Capital") was, on 14 June 2017, approved by the High Court of Justice of England and Wales (the "Court"). The Court order approving the Reduction of Capital has now been registered with the Registrar of Companies and accordingly the Reduction of Capital has now become effective.

The nominal value of each of the ordinary shares in the capital of Sterling (the "Ordinary Shares") has been reduced from 40 pence to 10 pence, the amount standing to the credit of the Company's share premium account has been cancelled and the Reduction of Capital has created distributable reserves of approximately US\$36.8 million for Sterling.

The Reduction of Capital is a legal and accounting adjustment and is not expected to have any direct impact on the market value of the Ordinary Shares.

Sterling carried out the Reduction of Capital in order to:

- create distributable reserves, to 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.

There will be no change in the number of Ordinary Shares in issue. The Ordinary Shares will be traded on AIM in the same way as prior to the Reduction of Capital and will remain the same in all respects except the nominal value. Existing share certificates and the ISIN for Ordinary Shares will remain valid following the Reduction of Capital and no new certificates will be issued.

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