

2 November 2017

Update on Block C-10, Mauritania

Sterling Energy plc (the '**Company**' - Ticker Symbol: SEY), the AIM listed upstream oil and gas company with interests in Africa, announces that the Operator, Tullow and Sterling through its wholly owned subsidiary Sterling Energy Mauritania Limited ('**SEML**') have submitted a notice to not enter the Third Renewal Period in relation to Block C-10, offshore Mauritania and exit the block on the 29 November 2017.

Block C-10

The PSC, awarded in 2011, is in the second phase of the exploration period ('**Phase 2**') and covers Block C-10, offshore Mauritania, comprising an area of approximately 10,725km². Phase 2 of the PSC will expire on 30 November 2017 and has a minimum work obligation of 1 exploration well.

Block C-10 lies in water depths of 50m to 2,400m with full legacy 3D seismic coverage. On entry in early 2015, Tullow had matured a drill ready Neocomian carbonate prospect in water depth of approximately 100m. The joint venture originally anticipated that an exploration well to test this prospect would be drilled in 2017, this will not be satisfied prior 30 November 2017.

The Operator, on behalf of the joint venture, has been negotiating with the Government to secure a one year extension through a new 3D survey. To date, the Government has stated that this work obligation proposal does not warrant an extension to the second term.

Subsequent, SEML has determined that whilst the acreage is prospective, there is insufficient commercial justification in entering Phase 3 (3 year term), with a minimum work obligation of 2 wells.

Given that the joint venture will not fulfil the minimum work obligation, the gross penalty payment due to the Government will be \$7.5m (\$1.125m net to SEML).

Comment

Eskil Jersing, the Company's Chief Executive Officer commented:

"Our entry into the C-10 block, was prefaced on extensive subsurface work demonstrating potential for both untested inboard Neocomian carbonate and outboard Cenomanian to Albian plays, the latter proven by Kosmos. However, subsequent technical and economic modelling has not matured a viable hub scale opportunity on block.

We entered the acreage in early 2015, at low cost and capital exposure together with exit options that we felt were of the appropriate risk profile for the block potential. It is unfortunate that we have been unable to define commercially viable hub scale opportunities on the block in this exploration period.

As a result our relatively low cost exit of \$1.125m net SEML is in-line with our consistently disciplined approach to exploration asset execution and capital allocation.

We would like to thank Tullow and Société Mauritanienne des Hydrocarbures et de Patrimoine Minier – SMHPM, for their partnership and support on the block."

Qualified Person

In accordance with the guidelines of the AIM Market of the London Stock Exchange, Mr Anish Airi, Subsurface Manager of the Group, who has been involved in the oil industry for over 20 years, is the qualified person that has reviewed the technical information set out above.

Further Information

Further information can be found on the Company's website at www.sterlingenergyplc.com

Sterling Energy plc**Tel: +44 20 7405 4133**

Eskil Jersing (CEO)

Peel Hunt LLP**Tel: +44 20 7418 8900**

Richard Crichton

Ross Allister