STERLING ENERGY PLC

22 July 2013

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Results for the 6 months ending 30 June 2013

Sterling Energy Plc (“Sterling”, the “Company” or the “Group”), (Ticker Symbol: SEY), an upstream oil and gas company with interests in Africa, today announces its results for the six month period ending 30 June 2013.

Summary

- Cash as at 30 June 2013 of $119.3 million ($118.0 million net of partner funds), no debt. $4.8 million expected in August from sale of Chinguetti cargo lifted in June.
- Group turnover of $10.6 million (H1 2012: $14.0 million).
- Profit after tax of $1.8 million (H1 2012: $4.7 million).
- Average net Group production increased to 534 bopd (H1 2012: 501 bopd).
- EBITDA of $5.3 million (H1 2012: $8.2 million).

Prospects and Outlook

- In the Ntem concession, a large deep water block offshore Cameroon, Murphy Cameroon Ntem Oil Co. Ltd (‘’Murphy’’) has indicated that the first exploration well in the Ntem block may commence drilling in the first quarter of 2014. The Company notes that an affiliate of Murphy also plans to drill an exploration well in the adjacent Elombo block in the third quarter of 2013; the proposed well will be located close to the boundary with the Ntem block, and may offer an early opportunity to reduce the risk in the identified prospectivity in Ntem
- In Madagascar, Sterling has received government approval of the prolongation of the Ampasindava and Ambilobe licences and awaits the final gazettal of these agreements which is expected to take approximately one month. The Company expects the large Sifaka prospect in the Ampasindava block to be drilled in 2015, subject to the conclusion of the elections process being conducted in the country.
- In the Chinguetti field, offshore Mauritania, production performance was consistent with the recently observed lower decline rate.

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Chairman's Statement

During the first 6 months of 2013, our existing exploration projects have progressed towards the drilling phase and we have made some progress towards potential new ventures; we anticipate building on this progress over the next 6 months with more visible and active exploration activity.

In the Ntem block, offshore Cameroon, exploration activity is suspended as the Ntem contract remains in force majeure due to a maritime border dispute between Cameroon and Equatorial Guinea. Notwithstanding the border dispute, Sterling has continued to work with our partner, Murphy Cameroon Ntem Oil Co. Ltd, a wholly-owned subsidiary of Murphy Oil Corporation (50% working interest and Operator) to determine the best location for the first exploration well. Murphy has indicated that drilling may commence in the Ntem block in the first quarter of 2014. An affiliate of Murphy is a partner in the adjacent Elombo block to the east of Ntem and will participate in the drilling of an exploration well, in the second half of 2013, close to the Ntem block boundary.

Sterling has material interests in two exploration licences offshore Madagascar in East Africa. A change of government in Madagascar in 2009 resulted in Sterling suspending its in-country operations. Madagascar is in the final stages of preparations for elections which are scheduled to take place in the second half of 2013. Sterling has received government approval of the prolongation of both licences and is well placed for a resumption of exploration activities following the conclusion of the imminent elections.

Sterling benefits from a strong balance sheet, with $119.3 million of cash, and no debt. The addition of new ventures remains a high priority and our team of highly talented specialists have screened many new projects but during this period have not found any sufficiently attractive to meet the value accretive hurdle we are seeking to deliver. However, the team continues to work diligently to find the opportunities that will deliver material value for shareholders in the success case.

The Chinguetti field offshore Mauritania continued to produce oil at an average rate of 534 barrels per day, net to Sterling, during the reporting period. The positive cash flow from Sterling's share of production exceeds the Company's general and administration costs and makes a contribution to operations.

The Company has many assets including some excellent exploration acreage, our staff, a strong balance sheet, and a share of production that generates positive cash flows. We shall endeavour to employ all of these to generate value for our shareholders.

Alastair Beardsall
Chairman
22 July 2013

Operations Review

Cameroon - Ntem

The Ntem concession area is a highly prospective offshore block in water depths ranging from 400m to 2,000m, situated in the southern Douala / Rio Muni Basin. Over 2,100km of 2D and 1,500km^2 of 3D seismic data have been acquired, along with the purchase and trade of additional seismic and gravity data.

The Company holds a 50% non-operated working interest in the Ntem licence, following the introduction in 2011 of Murphy Cameroon Ntem Oil Co. Ltd ("Murphy"), a wholly-owned subsidiary of Murphy Oil Corporation, as a 50% working interest partner and Operator. As consideration, Murphy paid a contribution towards Sterling's past costs and is committed to fully fund joint operations in relation to the current phase of exploration.

The Ntem block remains in force majeure as a result of the overlapping maritime border claims between Cameroon and Equatorial Guinea. The Company believes that both countries are actively working to resolve this issue but no specific timetable can be forecast. When force majeure is lifted, there will be 15 months remaining in the current exploration period which includes the drilling of one exploration well.

This large block is undrilled and is well placed with respect to both Cretaceous and Tertiary stratigraphic plays. Sterling has worked up a full prospect inventory for the block, and has mapped a drill-ready, stacked series of Cretaceous submarine fans which offer the potential for multiple objectives to be intersected by a single exploration well. The potential of these objectives, with each having gross un-risked prospective recoverable resources of several hundred million barrels, is significant. Murphy has indicated that the first exploration well may commence drilling as early as the first quarter of 2014, with a potential drilling slot identified in their exploration programme, and that the well will target 600 million barrels of gross un-risked prospective resource.

Another affiliate of Murphy also has a 50% working interest in the Elombo concession area directly to the east of the Ntem block, and has indicated that it expects to drill an exploration well in the Elombo block during the second half of 2013, with the well located close to the boundary with the Ntem block. This well may contribute to reducing the risk in the prospectivity identified in the Ntem block.

Madagascar – Ampasindava and Ambilobe

Sterling's Ambilobe and Ampasindava blocks are located, respectively, in the Majunga and Ambilobe deep water basins offshore northwest Madagascar. The Company holds a 30% working interest in the Ampasindava licence, containing the large Sifaka prospect, and 100% working interest in the Ambilobe licence.

A change of government in Madagascar in 2009 resulted in Sterling suspending its in-country operations. The transitional government of Madagascar is engaged in the final stages of the "roadmap", developed in co-operation with their African neighbours and signed in September 2011, towards the holding of democratic elections later in 2013.

The current exploration periods for both the Ambilobe and Ampasindava licences were due to come to an end in November 2010. Formal agreement has been reached with OMNIS, the state regulator, to prolong the current exploration period of both licences. During the period, these agreements have been approved by the government and now await gazetting, the final stage of the approvals process which is expected to take approximately one month, after which the current exploration periods of the Ambilobe and Ampasindava licences will extend to 2015.

The Ampasindava block contains the drill-ready Sifaka prospect and following the farm-in to the Ampasindava block by ExxonMobil in 2005, Sterling's costs in this block are carried up to a fixed amount. The cost to drill the Sifaka prospect is estimated to exceed the remaining carry of approximately $33 million and the Company has commenced a farm-out process to introduce an additional partner and reduce its current working interest, in order to cover these costs. It is currently unlikely that an exploration well will be drilled before 2015.

In Ambilobe, the work commitments for the current exploration period have been fulfilled. A number of leads have been identified, located in both shallow and deep waters, which will require additional seismic data to develop into potential drillable prospects. The Company has commenced a farm-out process to introduce a partner to carry the costs of the next stage of exploration which is likely to include acquisition of additional seismic data.

Kurdistan, Iraq - Sangaw North

In January 2013, Sterling notified the Kurdistan Regional Government of the joint venture partnership decision not to drill a second exploration well in the contract area and the Sangaw North PSC automatically terminated on 29 January 2013, with the work commitments having been satisfied.

The Company has closed its operations in Kurdistan and is currently concluding the associated formalities.

Mauritania - Chinguetti field

Sterling has an economic interest in production from the Chinguetti field in Mauritania via a Funding Agreement with Société Mauritanienne des Hydrocarbures, equivalent to approximately 8% of production from the field.

The average daily production during the period was approximately 6,254 bopd gross, and 534 bopd net to Sterling. Production in the period was reduced by one planned shutdown of 5 days to replace an anchor chain on the floating production storage and offloading vessel (FPSO).

Production is stored on location in the FPSO until a suitable volume is accumulated which is then sold and transported away by sea tanker. Two cargoes were sold in the period, with loading taking place in March and June 2013. Cash from the second cargo totalling $4.8 million is expected to be received in August 2013.

Currently, there are no approved plans for further development of the Chinguetti field.

New Ventures

Sterling remains focused on expanding the existing exploration portfolio. The Company's technical and commercial team has, in the period, completed a preliminary screening of a number of opportunities and evaluated a smaller number in more detail. The projects evaluated were not sufficiently attractive to meet the value accretive hurdle we are seeking to deliver and were therefore not progressed further. We continue to identify and screen potential opportunities.

Qualified person

In accordance with the guidelines of the AIM Market of the London Stock Exchange, Dr Philip Frank, Ph.D. Geology (1977), Exploration Director of Sterling Energy Plc, who has been involved in the oil industry for over 30 years, is the qualified person that has reviewed the assessment of reserves set out above.

Financial Review

Selected financial data

		H1 2013	H1 2012	Year 2012
Production	bopd	**534**	**501**	**523**
Revenue	$ million	**10.6**	**14.0**	**22.5**
Cash [1]	$ million	**119.3**	**114.4**	**120.3**
Debt	$ million	**-**	**-**	**-**
EBITDA [2]	$ million	**5.3**	**8.2**	**11.1**
Profit/(loss) after tax	$ million	**1.8**	**4.7**	**(12.9)**
Share price (at period end)	pence	**35**	**35**	**39**

[1] Cash excludes $4.8 million on sale of Chinguetti crude in June 2013, due in August 2013.
[2] EBITDA is calculated as earnings before interest, taxation, depreciation, amortisation, impairment, pre-licence expenditure and share-based payments.

Highlights

- Profit after tax of $1.8 million in H1 2013;
- 30 June 2013 cash balances $119.3 million;
- Average Chinguetti production 534 bopd

Revenues

Net Chinguetti field production for the first half of the year was 534 bopd, including royalty barrels, an increase of 7% from the 501 bopd in H1 2012.

Group turnover for the period decreased by 24% to $10.6 million (H1 2012 $14.0 million). During the period, there were 2 liftings from Chinguetti resulting in a net 99,228 barrels sold (H1 2012: 131,941 barrels sold, from 2 liftings). The reduction in the net amount lifted is as a result of a temporary reduction in the oil storage capacity aboard the FPSO whilst repairs to one of the storage tanks are undertaken.

Cost of sales decreased to $5.8 million (H1 2012: $6.9 million) primarily due to the reduced lifting volumes, however, additional costs have been incurred in repairing damage to a broken mooring line in May.

Profit from operations of $2.7 million

The profit from operations for H1 2013 was $2.7 million (H1 2012: profit $4.8 million). This decrease is primarily due to the reduced lifting volumes from Chinguetti outlined above.

During the period, administrative expenditure decreased by $122k to $2.3 million (H1 2012: $2.4 million) and includes pre-licence costs of $1.1 million (H1 2012: $1.9 million).

EBITDA and profit after tax

EBITDA totalled $5.3 million (H1 2012: $8.2 million).

The profit after tax totalled $1.8 million (H1 2012: $4.7 million). Basic profit per share was 0.81 US¢ per share (H1 2013: 2.14 US¢ profit per share). Interest revenue and other finance losses totalled a loss of $884k (H1 2012: net loss $96k) reflect foreign exchange losses of $547k (H1 2012: gain $219k) on Sterling cash balances held at 30 June 2013 which are reported in US Dollars. Interest revenue was $193k (H1 2012: $211k).

No dividend is proposed to be paid for the six months to 30 June 2013.

Cash flow

Net cash flow from operating activities pre-working capital movements totalled $4.3 million (H1 2012: $6.3 million). After working capital, net cash flow from operating activities totalled $371k (H1 2012: $742k). The principal movements in working capital were an increase in trade and other receivables following the June lifting of the Chinguetti cargo totalling approximately $4.8 million.

Statement of financial position

At 30 June 2013, Sterling held $119.3 million cash and cash equivalents. Of the $119.3 million (30 June 2012: $114.4 million) $1.3 million is held on behalf of partners (H1 2012: $1.5 million), leaving a cash balance of $118.0 million available for Sterling's own use (H1 2012: $112.9 million). Group net assets at 30 June 2013 were $106.8 million (H1 2012: $121.5 million).

Net investments in oil and gas assets in the first half of 2013 totalled $975k (H1 2012: $2.9 million) and comprise $370k in Cameroon and $605k in Madagascar.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement, and in the Operations Review above.

The Company has sufficient cash resources for its working capital needs and its committed capital expenditure programme at least for the next 12 months. As a consequence, the Directors believe the Company is well placed to manage its business risks. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the results for the six months ended 30 June 2013.

Disclaimer

This document contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. Whilst the Group believes the expectation reflected herein to be reasonable in light of the information available to it at this time, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control but where, for example, the Group decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward-looking statements.

Definitions

$	US Dollars
2D	two dimensional
3D	three dimensional
bbl	barrel (s) of oil
bopd	barrels of oil per day
EBITDA	earnings before interest, taxation, depreciation, amortisation, impairment, pre-licence expenditure and share based payments
km	kilometre
m	metre
mmbbl	millions of barrels
PSC	production sharing contract
RI	royalty interest
km^2	square kilometre
US¢	US$ cents
WI	working interest

Sterling Energy Plc – Condensed consolidated income statement for the six months to 30 June 2013

	Note	Six months to 30th June 2013 $000 (unaudited)	Six months to 30th June 2012 $000 (unaudited)	Year ended 31st December 2012 $000 (audited)
Revenue		**10,645**	14,028	22,496
Cost of sales		**(5,761)**	(6,881)	(12,028)
Gross profit		**4,884**	7,147	10,468
Other administrative expenses		**(1,170)**	(754)	(2,795)
Reversal of impairment of oil and gas assets		-	324	347
Impairment of oil and gas assets		-	-	-
Pre-licence costs		**(1,057)**	(1,919)	(2,353)
Total administrative expenses		**(2,227)**	(2,349)	(4,801)
Profit from operations		**2,657**	4,798	5,667
Finance income		**193**	211	350
Finance costs and exchange gains/(losses)		**(1,077)**	(307)	(515)
Profit before tax		**1,773**	4,702	5,502
Tax	4	**-**	-	-
Profit for the period from continuing operations		**1,773**	4,702	5,502
Loss for the period from discontinued operations		**-**	-	(18,422)
Profit/(loss) for the period attributable to the owners of the parent			4,702	(12,920)
Other comprehensive income/(expense)				
Currency translation adjustments		**(8)**	(8)	(6)
Total comprehensive expense for the period		**(8)**	(8)	(6)
Total comprehensive income/(expense) for the year attributable to the owners of the parent		**1,765**	4,694	(12,926)
Basic profit/(loss) per share (USc)	5			
From continuing operations		**0.81**	2.14	2.51
From continuing and discontinued operations		**0.81**	2.14	(5.89)
Diluted profit/(loss) per share (USc)	5			
From continuing operations		**0.81**	2.14	2.51
From continuing and discontinued operations		**0.81**	2.14	(5.89)

Sterling Energy Plc – Condensed consolidated statement of financial position as at 30 June 2013

	Note	As at 30th June 2013 $000 (unaudited)	As at 30th June 2012 $000 (unaudited)	As at 31st December 2012 $000 (audited)
Non-current assets				
Intangible royalty assets	6	**2,030**	2,852	2,424
Intangible exploration and evaluation assets	7	**11,220**	25,362	10,245
Property, plant and equipment	8	**3,225**	4,873	4,059
		16,475	33,087	16,728
Current assets				
Inventories		**1,727**	1,724	2,993
Trade and other receivables		**5,799**	8,373	1,210
Cash and cash equivalents		**119,282**	114,376	120,348
		126,808	124,473	124,551
Total assets		**143,283**	157,560	141,279
Equity				
Share capital	10	**149,014**	148,654	149,014
Share premium		**378,863**	378,863	378,863
Currency translation reserve		**(218)**	(212)	(210)
Retained deficit		**(420,899)**	(405,789)	(423,050)
Total equity		**106,760**	121,516	104,617
Non-current liabilities				
Long-term provisions		**21,728**	20,753	21,274
		21,728	20,753	21,274
Current liabilities				
Trade and other payables		**14,795**	15,291	15,388
		14,795	15,291	15,388
Total liabilities		**36,523**	36,044	36,662
Total equity and liabilities		**143,283**	157,560	141,279

Sterling Energy Plc – Condensed consolidated statement of changes in equity for the six months ended 30 June 2013 (unaudited)

	Share capital	Share premium	Currency translation reserve	Retained deficit[1]	Total
	$000	$000	$000	$000	$000
At 1 January 2012	148,589	378,859	(204)	(411,103)	116,141
Total comprehensive income for the period attributable to the owners of the parent	-	-	(8)	4,702	4,694
Issued share capital/premium	65	4	-	-	69
Share option charge for the period	-	-	-	612	612
At 30 June 2012	148,654	378,863	(212)	(405,789)	121,516
Total comprehensive expense for the period attributable to the owners of the parent	-	-	2	(17,622)	(17,620)
Issued share capital/premium	360	-	-	-	360
Share option charge for the period	-	-	-	361	361
At 1 January 2013	149,014	378,863	(210)	(423,050)	104,617
Total comprehensive income for the period attributable to the owners of the parent	**-**	**-**	**(8)**	**1,773**	**1,765**
Share option charge for the period	**-**	**-**	**-**	**378**	**378**
At 30 June 2013	**149,014**	**378,863**	**(218)**	**(420,899)**	**106,760**

[1] The share option reserve has been included within the retained deficit reserve.

Sterling Energy Plc – Condensed consolidated statement of cash flow statement for the six months ended 30 June 2013

	Note	Six months to 30th June 2013 $000 (unaudited)	Six months to 30th June 2012 $000 (unaudited)	Year ended 31st December 2012 $000 (audited)
Operating activities				
Cash generated from operations	9	**371**	742	7,800
Net cash flow from operating activities		**371**	742	7,800
Investing activities				
Interest received		**193**	211	350
Purchase of property, plant and equipment		**(24)**	(31)	(100)
Exploration and evaluation costs		**(975)**	(2,583)	(4,446)
Net cash used in investing activities		**(806)**	(2,403)	(4,196)
Financing activities				
Net proceeds from issue of ordinary shares		-	69	429
Interest paid and banking charges		-	(7)	-
Net cash flow generated in financing activities		-	62	429
Net (decrease)/increase in cash and cash equivalents		**(435)**	(1,599)	4,033
Cash and cash equivalents at beginning of period		**120,348**	115,826	115,826
Effect of foreign exchange rate changes		**(631)**	149	489
Cash and cash equivalents at end of period		**119,282**	114,376	120,348

1. General Information

This consolidated results for the six months ended 30 June 2013 have not been audited or reviewed by the Company's auditors. The Directors of the Company approved the financial information included in the results on 18 July 2013.

2. Accounting Policies

This condensed consolidated financial information for the half-year ended 30 June 2013 has been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with IFRSs.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The accounting policies, estimates and judgements applied are consistent with those of the annual financial statements for the year ended 31 December 2012 and those envisaged for the year ended 31 December 2013 financial statements, except as described below.

(i) New and amended standards adopted by the Group: The following new standards and amendments to standards are mandatory for the first time for the Group for financial year beginning 1 January 2013. Except as noted, the implementation of these standards is not expected to have a material effect on the Group.

- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12): Effective date 1 January 2012 (endorsed by EU 1 January 2013).

Other standards effective for periods beginning 1 July 2013 or after have not been adopted early and are not expected to have any material effect on the Group. These include IFRS 10, IFRS 11 and Amendments to IAS 28 where the mandatory effective date of the EU endorsed version is 1 January 2014.

(ii) Standards, amendments and interpretations to existing standards effective in 2013 but not relevant to the Group:

- Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS 1): Effective date 1 July 2011 (endorsed by EU 1 January 2013).
- IFRS 13 Fair Value Measurement: Effective date 1 January 2013.
- IAS 19 Employee Benefits: Effective date 1 January 2013.
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine: Effective date 1 January 2013.
- Disclosures—Offsetting Financial Assets and Financial Liabilities: (Amendments to IFRS 7): Effective date 1 January 2013.
- Government Loans (Amendments to IFRS 1): Effective date 1 January 2013.
- Annual Improvements to IFRSs (2009–2011 Cycle): Effective date 1 January 2013.

The information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include any references to any matters to which the auditors drew attention by way of emphasis and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

3. Operating segments

The Group's two operating segments are its Africa and Middle East (discontinued) segments. The UK corporate office is a technical and administrative cost centre. The operating results of each of these segments are regularly reviewed by the Group's executive Directors and senior management in order to make decisions about the allocation of resources and to assess their performance.

The following tables present revenue, profit and certain asset and liability information regarding the Group's business segments for the six months ended 30 June 2013, for the year ended 31 December 2012, and for the six months ended 30 June 2012.

	Africa			**Middle East (Discontinued)**			**Total**		
	H1 2013 \$000 (unaudited)	**H1 2012 \$000 (unaudited)**	**FY 2012 \$000 (audited)**	**H1 2013 \$000 (unaudited)**	**H1 2012 \$000 (unaudited)**	**FY 2012 \$000 (audited)**	**H1 2013 \$000 (unaudited)**	**H1 2012 \$000 (unaudited)**	**FY 2012 \$000 (audited)**
Income Statement									
Revenue [1]	**10,645**	14,028	22,496	**-**	**-**	**-**	**10,645**	14,028	22,496
Cost of sales	**(5,761)**	(6,881)	(12,028)	**-**	**-**	**-**	**(5,761)**	(6,881)	(12,028)
Gross profit	**4,884**	7,147	10,468	**-**	**-**	**-**	**4,884**	7,147	10,468
Impairment reversal	**-**	324	347	**-**	**-**	-	**-**	324	347
Impairment provision	**-**	-	-	**-**	**-**	(18,422)	**-**	**-**	(18,422)
Pre-licence costs	**(1,057)**	(1,919)	(2,353)	**-**	**-**	-	**(1,057)**	(1,919)	(2,353)
Segment result	**3,827**	5,552	8,462	**-**	**-**	(18,422)	**3,827**	5,552	(9,960)
Unallocated corporate expenses							**(1,170)**	(754)	(2,795)
Profit/(loss) from operations							**2,657**	4,798	(12,755)
Finance income							**193**	211	350
Finance costs and exchange gains/(losses)							**(1,077)**	(307)	(515)
Profit/(loss) before tax							**1,773**	4,702	(12,920)
Tax							**-**	**-**	**-**
Profit/(loss) attributable to owners of the parent							**1,773**	4,702	(12,920)
Profit from continuing operations							1,773	4,702	5,502
Loss from discontinued operations							-	-	(18,422)
							1,773	4,702	(12,920)

	Corporate		**Africa**		**Middle East (Discontinued)**		**Total**	
	H1 2013 \$000 (unaudited)	**FY 2012 \$000 (audited)**	**H1 2013 \$000 (unaudited)**	**FY 2012 \$000 (audited)**	**H1 2013 \$000 (unaudited)**	**FY 2012 \$000 (audited)**	**H1 2013 \$000 (unaudited)**	**FY 2012 \$000 (audited)**
Other segment information								
Capital additions								
Property, plant and equipment	**24**	100	**-**	**-**	**-**	**-**	**24**	100
Exploration and evaluation	**-**	**-**	**975**	1,313	**-**	4,575 [2]	**975**	5,888
Depreciation & amortisation	**(34)**	(59)	**(1,218)**	(2,422)	**-**	**-**	**(1,252)**	(2,481)
Impairment reversal	**-**	**-**	**-**	347	**-**	**-**	**-**	347
Impairment provision	**-**	**-**	**-**	**-**	**-**	(18,422)	**-**	(18,422)
Statement of financial position								
Non-current assets [3]	**72**	83	**16,403**	16,645	**-**	**-**	**16,475**	16,728
Segment assets [4]	**118,465**	119,409	**6,915**	3,409	**1,428**	1,733	**126,808**	124,551
Segment liabilities [5]	**(750)**	(711)	**(33,928)**	(33,906)	**(1,845)**	(2,045)	**(36,523)**	(36,662)

[1] Revenue from continuing operations includes amounts of $10.0 million from one single customer (2012: $21.2 million). (100% external).

[2] Included within the $4.5 million are accruals totalling $1.4 million and net cash additions of $3.1 million.

[3] Segment non-current assets include $6.8 million in Cameroon (2012: $6.5 million), $5.2 million in Mauritania (2012: $6.4 million) and $4.4 million in Madagascar (2012: $3.8 million).

[4] Carrying amounts of segment assets exclude investments in subsidiaries.

[5] Carrying amounts of segment liabilities exclude intra-group financing.

4. Taxation

At 30 June 2013 there is no current tax amount payable or receivable (31 December 2012: nil).

5. Profit per share

Basic earnings per share is based on the profit after taxation of $1,772,511 (first half 2012: profit for the period, $4,702,090) and the weighted average number of 220,053,520 ordinary shares of 40p each in issue during the period (30 June 2012: 219,446,185, 31 December 2012: 219,530,061). As the Company's share price at the period end was below the exercise price of all share options there is no difference in the basic and diluted profit per share.

6. Intangible royalty assets

	Total $000 (unaudited)
Net book value at 1 January 2012	3,221
Amortisation charge for the period	(369)
Net book value at 30 June 2012	2,852
Amortisation charge for the period	(428)
Net book value at 1 January 2013	2,424
Amortisation charge for the period	**(394)**
Net book value at 30 June 2013	**2,030**

Group net book value at 30 June 2013 comprises the value of rights to future royalties in respect of the Group's agreements covering licences PSC A and PSC B and PSC C-10 in Mauritania. The value of these royalty interests is dependent upon future oil and gas prices and the development and production of the underlying oil and gas reserves.

An impairment assessment and any subsequent charge are calculated on an individual royalty interest basis. Future recoverable amounts are estimated by management based on the present value of future cash flows expected to be derived from the production of commercial reserves in these licences and are compared against the carrying value of these assets.

7. Intangible exploration and evaluation (E&E) assets

	Total $000 (unaudited)
Net book value at 1 January 2012	22,455
Additions during the period	2,907
Net book value at 30 June 2012	25,362
Additions during the period	2,981
Impairment charge for the period	(18,422)
Impairment reversal for the period	324
Net book value at 1 January 2013	10,245
Additions during the period	**975**
Net book value at 30 June 2013	**11,220**

The amount for intangible exploration and evaluation assets represents investments in respect of exploration licences. Impairment tests on E&E assets are conducted on an individual cost pool basis when facts and circumstances suggest that the carrying amount in the pool may exceed its recoverable amount.

8. Property, plant and equipment (PPE)

	Oil and Gas assets	Computer and office equipment	Total
	$000	$000	$000
	(unaudited)	(unaudited)	(unaudited)
Cost			
At 1 January 2012	**185,825**	2,964	188,789
Additions during the period	**-**	31	31
At 30 June 2012	**185,825**	2,995	188,820
Additions during the period	**-**	69	69
Adjustments during the period	**(23)**	-	(23)
At 1 January 2013	**185,802**	3,064	188,866
Additions during the period	**-**	24	24
At 30 June 2013	**185,802**	3,088	188,890
Accumulated depreciation			
At 1 January 2012	**(180,223)**	(2,923)	(183,146)
Charge for the period	**(773)**	(28)	(801)
At 30 June 2012	**(180,996)**	(2,951)	(183,947)
Charge for the period	**(852)**	(31)	(883)
Impairment reversal in the period	**23**	-	23
At 1 January 2013	**(181,825)**	(2,982)	(184,807)
Charge for the period	**(824)**	(34)	(858)
At 30 June 2013	**(182,649)**	(3,016)	(185,665)
Net book value at 30 June 2012	**4,829**	44	4,873
Net book value at 31 December 2012	**3,977**	82	4,059
Net book value at 30 June 2013	**3,153**	72	3,225

9. Cash flow

Cash flows from operating activities:

	Six months to 30th June 2013 $000 (unaudited)	Six months to 30th June 2012 $000 (unaudited)	Year ended 31st December 2012 $000 (audited)
Operating activities:			
Profit before tax from continuing operations	**1,773**	4,702	5,502
Loss before tax from discontinued operations	**-**	-	(18,422)
Finance income and gains	**(193)**	(211)	(350)
Finance expense and losses	**1,077**	307	503
Depletion and amortisation	**1,252**	1,170	2,481
Impairment reversal	**-**	(324)	(347)
Impairment expense	**-**	-	18,422
Share-based payment charge	**378**	612	973
Operating cash flow prior to working capital	**4,287**	6,256	8,762
Decrease/(increase) in inventories	**1,266**	1,148	(121)
Increase in trade and other receivables	**(4,589)**	(7,452)	(287)
(Decrease)/increase in trade and other payables	**(593)**	790	(554)
	371	742	7,800
Cash generated from continuing operations	**371**	742	7,800
Cash generated/(outflow) from discontinued operations	**-**	-	-
	371	742	7,800

10. Share capital

	As at 30th June 2013 $000 (unaudited)	As at 30th June 2012 $000 (unaudited)	As at 31st December 2012 $000 (audited)
Authorised, called up, allotted and fully paid			
220,053,520 (31 December 2012: 220,053,520; 30 June 2012: 219,491,020) ordinary shares of 40p	**149,014**	148,654	149,014

11. Reserves

Reserves within equity are as follows:

Share capital
Amounts subscribed for share capital at nominal value.

Share premium account
The share premium account represents the amounts received by the Company on the issue of its shares which were in excess of the nominal value of the shares.

Currency translation reserve
The foreign currency translation reserve includes movements that relate to the retranslation of the subsidiaries whose functional currencies are not the US$.

Retained deficit
Cumulative net gains and losses recognised in the Statement of Comprehensive Income less any amounts reflected directly in other reserves.

12. Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and in the Operational Review. The financial position of the Group is described in the Financial Review.

The Company has sufficient cash resources for its working capital needs and its committed capital expenditure programme for at least the next 12 months. As a consequence, the Directors believe the Company is well placed to manage its business risks. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the results for the six months ended 30 June 2013.

These results for the six months ended 30 June 2013 are available on the Company's website: www.sterlingenergyplc.com