27 July 2015

Sterling Energy plc

Results for the six months ending 30 June 2015

Sterling Energy plc (the 'Company' – Ticker Symbol: SEY), together with its subsidiary undertakings (the 'Group' or 'Sterling'), the AIM listed upstream oil and gas company with interests in Africa, today announces its results for the six month period ending 30 June 2015.

Financial summary

- Cash as at 30 June 2015 of $112.2 million ($106.2 million net of partner funds), no debt.
- Group turnover of $3.6 million (1H 2014: $9.1 million).
- Loss after tax of $1.5 million (1H 2014: profit $1.7 million).
- Average net Group entitlement to production of 358 bopd (1H 2014: 436 bopd).
- Adjusted EBITDAX loss of $1.5 million (1H 2014: earnings $4.7 million).

Operations summary

- Production performance for the Chinguetti field, offshore Mauritania has been consistent with the operator's projected 2015 decline rate. Production opex is being reviewed and further optimised. The current depressed oil price continues to have an onerous impact on the Chinguetti project and future joint venture economics. Discussions continue amongst respective stakeholders with the objective to achieve an agreed and effective field decommissioning plan.
- In Mauritania, Premier Oil ('Premier') exited in February 2015 from each of PSC A, PSC B (excluding Chinguetti) and PSC C-10 contracts does not affect the royalty currently received from Premier over Premier's interest in the Chinguetti field. Sterling does not expect the Royalty Agreement (initially covering PSC A and PSC B, including Chinguetti) to apply to any future discovery and/or developments related to PSC A, PSC B and PSC C-10.
- Sterling signed an agreement in February 2015 with Tullow Mauritania Limited ('Tullow') to acquire a 40.5% working interest in Production Sharing Contract ('PSC') C-3 offshore, shallow water Mauritania. In June 2015, Sterling signed a further agreement with Tullow to acquire a 13.5% interest in offshore PSC C-10 surrounding the Chinguetti field and which lies in water depths of 50m to 2,400m. The transfer of the assigned interest in C-3 has been formally approved by the Government of Mauritania; the transfer of the assigned interest in C-10 is expected to receive Government approval in the near future.
- In Somaliland, Sterling's interest in the large onshore Odewayne PSC block is carried by Genel Energy Somaliland Limited ('Genel') for all exploration costs during the current third, and subsequent fourth exploration period. On the ground operations have been delayed while the Government of the Republic of Somaliland establishes a trained and equipped Oilfield Protection Unit ('OPU') to provide the level of security required to allow future seismic and drilling operations to be conducted safely. The joint venture plans to acquire 2D seismic data in 2016.
- In the offshore Ntem block Cameroon, Sterling secured a 100% working interest and operatorship from Murphy Cameroon Ntem Oil Company Ltd ('Murphy') in April 2015. Previously, in May 2014, the Ntem joint venture partners, notified Société Nationale des Hydrocarbures ('SNH'), the national oil company of Cameroon, of the joint venture's declaration of force majeure pending formal resolution of overlapping maritime border claims affecting the Ntem concession. SNH has refused to formally recognise the declaration of force majeure and on 22 April 2015 Sterling received written notice from SNH that it considers the First Renewal Period of the Ntem concession to have expired on 22 April 2015 and the Ntem concession had lapsed. Sterling believes that its declaration of force majeure is valid and that in the event force majeure is lifted, approximately 10 months remain in the First Renewal Period.

- In Madagascar, Sterling as operator completed a 1,175km^2 3D seismic acquisition programme on the Ambilobe block in late May 2015, safely, on time and on budget. The costs of the 3D seismic campaign have been carried by Sterling's joint venture partner Pura Vida Mauritius ('Pura Vida'). The Ambilobe PSC, awarded in 2004, is in phase 2 of the Exploration Period. An extension to phase 2 was received in February 2015, with phase 2 expiring in July 2016. Also in Madagascar, in May 2015 Sterling relinquished a 30% working interest position in the Ampasindava block offshore Madagascar.

Corporate summary

- On 18 December 2014 the Company announced that Dr Phil Frank had notified the board of his intention to resign as a Director of the Company; Dr Frank subsequently stood down from the Company on 13 March 2015.

- On 23 March 2015, Mr Eskil Jersing was appointed Chief Executive Officer ('CEO') of the Company with immediate effect. Mr Jersing's clear focused leadership will strengthen Sterling's ability to progress both the existing Group portfolio and identify new business opportunities.

- On 29 April 2015, the Company held its 2015 Annual General Meeting at which all shareholder resolutions were passed.

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CEO Statement

During the first six months of 2015, Sterling has made demonstrable progress in moving forward on our existing assets; successfully completing an operated seismic 3D acquisition program in Madagascar and securing low cost ground floor entries into two Tullow operated exploration blocks in Mauritania.

Detailed technical and commercial evaluations continue across Sterling's licences, as the Group looks to high grade and mature the prospect inventory over its asset base. In addition, Sterling will focus on a disciplined effort to secure additional assets to further bolster our growth options.

This year has seen a prolonged evolution of the oil and gas industry landscape resulting from a slowdown in the global economy and a supply/demand crude oil mismatch that may continue through 2016. In this challenging macro oil price environment, operational (seismic and well) costs have retreated significantly. Thus, even though the subsurface risk remains broadly unchanged, the oil price forecast has put downward pressure on the commercial outcome. More pertinently, however, sector opportunities are increasing for those investors willing to take a contrarian view. With Sterling's strong balance sheet and active growth mandate, the Group sees a clear opportunity to secure quality exploration assets from both distressed players and those re-aligning their portfolios as well as through other entry methods.

With the recent successful discoveries by Cairn Energy in Senegal (SNE-1 and FAN-1) and Kosmos Energy in Mauritania (Tortue-1), the Mauritania-Senegal-Guinea-Bissau-Conakry ('MSGBC') basin is rapidly evolving into a premier emerging oil and gas province on the West African Atlantic margin. The recent Mauritanian farmin acquisitions by Sterling, in February 2015 for the shallow water C-3 block and in June 2015 for the deep water C-10 block, at low entry cost with flexible exit options, represent material 2016-17 drilling options for the Group. Sterling will continue to evaluate and mature the sub-regional 2D and 3D data with focus on maturing new and untested geological plays; as well as work constructively with both the Société Mauritanienne des Hydrocarbures et du Patrimoine Minier ('SMHPM') and Tullow, to ensure an expedient and effective work programme is undertaken on the group's new acreage.

In Somaliland, the Odewayne PSC operator, Genel, continues to work with the Government of Somaliland to plan for a 2D seismic programme over this frontier block. Acquisition is planned for 2016.

In Cameroon, the Ntem Concession has returned to force majeure status; however, SNH has not acknowledged the border dispute with Equatorial Guinea as a valid basis for such force majeure. Sterling continues to actively engage with SNH, in order to ensure the remaining exploration potential on block is effectively valorised.

In Madagascar, in May 2015, Sterling (as operator) has safely and efficiently completed a 1,175km^2 3D seismic acquisition programme on the Ambilobe block, fully carried and paid for by Pura Vida. The 3D data will be processed with final interpretation and processing deliverables due by early 2016 to allow a 'drill or drop' decision ahead of the Phase 2 expiry in July 2016. The Joint Venture is also moving forward with a Corporate Social Responsibility programme in the Ambilobe, Ambanja and Nosy Be region.

In early May 2015, Sterling and ExxonMobil Exploration & Production (Northern Madagascar) Limited ('ExxonMobil') relinquished their interests in the offshore Ampasindava block following an in-depth review of both the technical and commercial merits of the block's prospectivity.

During 1H 2015, the Chinguetti field, offshore Mauritania, produced oil at an average rate of 358 barrels per day, net entitlement to Sterling, however the revenue from oil sales was less than the costs of production. This contributed to the Group incurring a loss of $1.5 million for the period.

Sterling benefits from a strong balance sheet at 30 June 2015, with $112.2 million of cash ($106.2 million net of partner funds) and zero debt. The Group's work programme for 2015 and 2016 is fully funded and funds are available to progress growth activities. Sterling will continue to maintain a disciplined approach to new venture activities, only pursuing and executing those growth options that the Company believes have the best opportunity to ultimately deliver value for our shareholders.

Eskil Jersing
CEO

27 July 2015

Operations Review

Mauritania PSC C-3 and PSC C-10

In February 2015 and June 2015, Sterling signed sale and purchase agreements with Tullow to enter into PSC C-3 and PSC C-10 respectively. It is anticipated that Sterling will complete on both acquisitions during 3Q 2015, with consideration payable at this time.

The MSGBC basin has seen renewed exploration focus following play opening successes by Cairn Energy in Senegal and Kosmos Energy in Mauritania. These discoveries have helped to emphasise the infancy of a number of hydrocarbon plays which Sterling has sought exposure to with the entries into PSC-C3 and PSC-C10. The Mauritanian segment of the basin saw extensive exploration of the Miocene canyon play leading to discoveries at Chinguetti, Banda, Tiof and Tevet, but with very limited exploration of the deeper Cretaceous plays particularly with the benefit of modern 3D seismic data. In PSC-C10, Sterling will seek to evaluate the potential of these plays with the extensive underlying 3D reprocessed seismic coverage; on PSC-C3 the work programme will focus on high grading prospectivity for coverage with 3D acquisition. Continued activity elsewhere in the basin will also help to further the understanding and maturity of these plays in the near term.

Block C-3 offshore Mauritania, is located in shallow water within the Nouakchott sub-basin, and covers 9,800km^2. The PSC is held by the Company's wholly owned subsidiary Sterling Energy Mauritania Limited ('SEML') with a 40.5% working interest. SMHPM, with a participating interest of 10%, is carried by SEML and Tullow, pro-rata to their working interests, during the exploration phase. The PSC is in the first phase of the exploration period, which runs to June 2016, with a minimum work commitment of acquiring 1,600km of 2D seismic data. In 2014, the operator acquired 1,600km of regional 2D seismic data over block C-3. Processing of this new seismic data will satisfy the minimum work obligations for the current phase. Going forward, the joint venture will focus on the interpretation and integration of regional data to inform the decision on entry into Phase 2 and the commitment to acquire 700km^2 of 3D seismic and drill one exploration well.

Block C-10 offshore Mauritania lies in water depths of 50m to 2,400m comprising an area of 10,725km^2. The PSC is in the second phase of the exploration period and is also held by SEML with a 13.5% working interest. SMHPM, with a participating interest of 10%, is carried by SEML and Tullow, pro-rata to their working interests, during the exploration phase. The current phase will expire on 30 November 2017 and has a minimum work obligation of one exploration well. Block C-10 lies within a proven petroleum basin and offers exposure to multiple play types from the under explored Jurassic and lower Cretaceous carbonates to Cretaceous and Tertiary clastic plays. The potential for the extension of the Cenomanian and Albian plays recently established by the Tortue-1 discovery well, drilled by Kosmos Energy in Block C-8, will be investigated on Block C-10. The operator has identified a drill ready Neocomian carbonate prospect in water depth of approximately 100m. Technical work will additionally focus on maturation of the prospect inventory following the receipt of recently merged, reprocessed and depth migrated 3D seismic. Sterling anticipates that an exploration well will be drilled in 2016. Following the completion of Phase 2, the joint venture may elect to enter into Phase 3 (with a 3 year term) with a minimum work obligation of a further 2 wells.

Mauritania Chinguetti Field

The Company has an economic interest in the Chinguetti field via a Funding Agreement with SMHPM and a Royalty Agreement with Premier within the Group, together currently equivalent to 6.7% of production; the average daily production during 1H 2015 was 5,309 bopd gross (358 bopd net entitlement to Sterling). Production during the period has been consistent with recent production profile forecasts and there were no planned shutdowns. Production is stored on location in the FPSO 'Berge Helene' until such point as a requisite volume is accumulated which is then uplifted and transported by sea tanker. Economic rights are transferred to the seller on the completion of each cargo lifting and two cargoes were sold in the period; liftings were completed in both February 2015 and May 2015. There remain no joint venture approved plans for any further development of the Chinguetti field. Discussions continue between the Joint Venture stakeholders with the objective to achieve an agreed and effective field decommissioning plan.

Somaliland – Odewayne

The onshore Odewayne PSC, awarded in 2005, is currently in the third exploration period and covers block SL6 and part of blocks SL7 and SL10, comprising an area of 22,840km^2. During 2013, an aero magnetic and gravity survey confirmed the geometry of a broad basin over the Odewayne block believed to be of Jurassic to Cretaceous origin, analogous to productive basins in Yemen. Fieldwork in the block has highlighted the presence of numerous seeps giving encouragement that a working hydrocarbon system is present in this undrilled basin. Sterling holds a 40% interest in the PSC. Sterling's joint venture partners in the Odewayne PSC are Genel (50% and operator) and Petrosoma (10%). Sterling's 40% interest will be carried by Genel for the costs of all exploration activities during the third and fourth exploration periods of the PSC. The third exploration period expires in November 2016, with an outstanding minimum work obligation of 500km of 2D seismic. The fourth exploration period of the PSC, expiring May 2018, has a minimum work obligation of 1,000km of 2D seismic and one exploration well. Operations in Somaliland have been delayed while the Government of the Republic of Somaliland establishes a trained and equipped OPU that can provide the level of security required by the in-country operators so that future seismic and drilling operations can be conducted safely. The joint venture plans to acquire 2D seismic data in 2016.

Cameroon - Ntem

The Ntem concession area is a large, deep water block in the prospective southern Douala/Rio Muni Basin, offshore Cameroon, and is well placed with respect to both Tertiary and Upper Cretaceous play potential. Following the return, in April 2015, of Murphy's 50% working interest and operatorship, Sterling holds a 100% operated working interest in the Ntem concession. Historically, the Ntem concession was placed under force majeure in June 2005 as a result of overlapping maritime border claims by the Republic of Cameroon and the Republic of Equatorial Guinea. The border issues remain unresolved but Sterling and Murphy agreed, together with SNH, the national oil company of Cameroon, to lift the declaration of force majeure on 22 January 2014 in order to allow the Bamboo-1 exploration well to be drilled in Q1 that year. The Bamboo-1 well failed to find commercial hydrocarbons but has provided significant new geological information in a lightly explored area. The data from the well continues to be analysed and the results are being used to assess the remaining prospectivity of this large deep-water block which covers some 2,319km^2. Given the result of the Bamboo-1 well, on 6 May 2014, the operator of the Ntem Concession notified SNH of the joint venture's declaration of force majeure pending formal resolution of the border claims. SNH advised that "Cameroon does not recognise that any situation of force majeure exists in the Ntem Permit" and SNH has refused to formally recognise the declaration of force majeure. On 22 April 2015 Sterling received notice from SNH that it considers the First Renewal Period of the Ntem Concession to have expired on 22 April 2015 and the Ntem Concession to have lapsed. Sterling believes that, in accordance with the terms of the Ntem Concession, it's declaration of force majeure on 6 May 2014 is valid. As such, the First Renewal Period has been suspended since 6 May 2014 and therefore has not expired. In the event force majeure is lifted, approximately 10 months remain in the First Renewal Period. Sterling has 'reserved its rights' over the Ntem Concession and continues to engage with SNH to seek a positive outcome.

Madagascar – Ampasindava and Ambilobe

Following a detailed subsurface re-assessment of the prospectivity of the Ampasindava Block by the joint venture, and after discussions with the Office des Mines Nationales et des Industries Stratégiques ('OMNIS'), on 7 May 2015 ExxonMobil and Sterling signed the relevant documentation with OMNIS to relinquish the Ampasindava Block. The Company retains the benefit of the ExxonMobil carry and does not expect to have any liabilities associated with such relinquishment. Sterling previously held a 30% non-operated working interest in the Ampasindava Block PSC whereby Sterling's costs in the block were carried by ExxonMobil up to a fixed gross amount.

Sterling, the operator of the Ambilobe PSC has completed a 3D seismic survey of approximately 1,175km^2 over a high-graded portion of the Ambilobe Block. The acquisition was undertaken by CGG Services SA, on behalf of the Ambilobe joint venture partners Sterling and Pura Vida. The 3D survey was acquired on time and on budget. Processing of the data has now commenced and intermediary products will be available during 2H 2015 allowing early interpretation, with the final processed data expected to be completed and delivered in 1H 2016. The Ambilobe PSC, awarded in 2004, is in phase 2 of the Exploration Period with all minimum work commitments for the current phase completed. In December 2013, Sterling completed a farmout agreement with Pura Vida under which all costs associated with the acquisition of the discretionary 3D seismic programme were carried by Pura Vida. Sterling expects that the carry will cover all the costs of the 3D seismic survey. Sterling and Pura Vida each hold a 50% interest in the Ambilobe Block.

New Ventures

Sterling remains focused on expanding its existing exploration portfolio. The Company has, in the period, undertaken a focused screening effort on a number of opportunities and with more detailed due diligence on a subset thereof. To date, those subset projects have not been deemed sufficiently attractive to meet the value accretive hurdles the Company is seeking to deliver to the shareholders. Sterling continues to proactively identify and screen potential opportunities and has recently bolstered the integrated team with a number of highly qualified technical individuals to support its growth mandate.

Qualified person

In accordance with the guidelines of the AIM Market of the London Stock Exchange, Matthew Bowyer, Exploration Manager of the Company, who has been involved in the oil industry for over 19 years, is the qualified person that has reviewed the technical information set out above.

Financial Review

Selected financial data

		1H 2015	1H 2014	Year 2014
Net entitlement from production	bopd	**358**	**436**	**432**
Net cargo liftings / # liftings	bbls	**61,656 / 2**	**81,988 / 2**	**158,286 / 4**
Sales revenues (including royalty)	$ million	**3.6**	**9.1**	**16.0**
Cash (including partner held funds)	$ million	**112.2**	**110.9**	**108.1**
Debt	$ million	**-**	**-**	**-**
G&A cash expenditures	$ million	**2.4**	**2.8**	**5.5**
Adjusted EBITDAX [1]	$ million	**(1.5)**	**4.7**	**5.1**
(Loss)/profit after tax	$ million	**(1.5)**	**1.7**	**(12.3)**
Share price (at period end)	GBP pence	**18**	**29**	**20**

[1] Adjusted EBITDAX is calculated as earnings before interest, taxation, depreciation, amortisation, impairment, pre-licence expenditure, provisions and share-based payments.

Revenues

Net entitlement from Chinguetti field production for the period was 358 bopd, including royalty barrels, a decrease of 18% from the 436 bopd in 1H 2014.

Group turnover for the period decreased by 61% to $3.6 million (1H 2014 $9.1 million) due to both reduced oil price and lifting volumes. During the period, there were 2 liftings from Chinguetti resulting in 61,656 (net to the Company) bbls sold (1H 2014: 81,988 bbls sold, from 2 liftings).

Cost of sales decreased to $4.6 million (1H 2014: $5.1 million) primarily due to cost savings implemented by the Operator.

Profit from operations

The loss from operations for 1H 2015 was $1.3 million (1H 2014: profit $2.0 million). This decrease is due to reduced oil price and lifting volumes from Chinguetti outlined above.

During the period, net administrative expenditure decreased by $1.7 million to $265k (1H 2014: $2.0 million) and includes pre-licence costs of $1.0 million (1H 2014: $1.2 million). This decrease is primarily due to the $1.5 million (1H 2014: nil) partial release of the onerous contract provision. Equivalent net administration expenses i.e. excluding the onerous contract provision, decreased by $295k to $1.7 million.

Adjusted EBITDAX and loss/profit after tax

Adjusted EBITDAX totalled a loss of $1.5 million (1H 2014: earnings $4.7 million).

The loss after tax totalled $1.5 million (1H 2014: profit $1.7 million). Basic loss per share was 0.66 US¢ per share (1H 2014: 0.76 US¢ profit per share).

Finance income totalled $135k (1H 2014: $188k) and represents interest received during the period on cash held by the Group. Finance costs totalled $298k (1H 2014: $470k) and comprise foreign exchange losses of $15k on GBP denominated cash balances, reported in US Dollars (1H 2014: gain $71k), bank and other charges of $7k (1H 2014: $12k) and Chinguetti decommissioning provision movements of $275k (1H 2014: $529k).

No dividend is proposed to be paid for the six months to 30 June 2015 (1H 2014: nil).

Cash flow

Net cash outflow from operating activities pre-working capital movements totalled $1.1 million (1H 2014: $3.5 million inflow). After working capital, net cash flow from operating activities totalled $4.7 million (1H 2014: $3.2 million).

Statement of financial position

At 30 June 2015, Sterling held $112.2 million cash and cash equivalents. Of the $112.2 million (1H 2014: $110.9 million) $6.0 million is held on behalf of partners (1H 2014: $1.1 million), leaving a cash balance of $106.2 million available for Sterling's own use (1H 2014: $109.8 million). Group net assets at 30 June 2015 were $101.1 million (1H 2014: $116.1 million).

Net investments in oil and gas assets in the first half of 2015 totalled $756k (1H 2014: $16.3 million).

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 CEO 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 2015.

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
Adjusted EBITDAX	earnings before interest, taxation, depreciation, amortisation, impairment, pre-licence expenditure, provisions 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 2015

	Six months to 30th June 2015	Six months to 30th June 2014	Year ended 31st December 2014
	$000	$000	$000
	(unaudited)	(unaudited)	(audited)
Revenue	**3,588**	9,104	15,991
Cost of sales	**(4,611)**	(5,130)	(11,873)
Gross (loss)/profit	**(1,023)**	3,974	4,118
Other administrative expenses	**(554)**	(816)	(2,069)
Impairment of oil and gas assets	**(131)**	-	(7,903)
Pre-licence costs	**(1,034)**	(1,198)	(2,196)
Movement in onerous contract	**1,454**	-	(3,390)
Total administrative expenses	**(265)**	(2,014)	(15,558)
(Loss)/profit from operations	**(1,288)**	1,960	(11,440)
Finance income	**135**	188	398
Finance costs and exchange losses	**(298)**	(470)	(1,276)
(Loss)/profit before tax	**(1,451)**	1,678	(12,318)
Tax	**-**	-	-
(Loss)/profit for the period from continuing operations	**(1,451)**	1,678	(12,318)
(Loss)/profit for the period from discontinued operations	**-**	-	-
(Loss)/profit for the period attributable to the owners of the parent	**(1,451)**	1,678	(12,318)
Other comprehensive income			
Currency translation adjustments	**23**	4	24
Total comprehensive income for the period	**23**	4	24
Total comprehensive (expense)/income for the period attributable to the owners of the parent	**(1,428)**	1,682	(12,294)
Basic (loss)/profit per share (USc)			
From continuing operations	**(0.66)**	0.76	(5.60)
From continuing and discontinued operations	**(0.66)**	0.76	(5.60)
Diluted (loss)/profit per share (USc)			
From continuing operations	**(0.66)**	0.76	(5.60)
From continuing and discontinued operations	**(0.66)**	0.76	(5.60)

Sterling Energy plc
Condensed consolidated statement of financial position as at 30 June 2015

	Note	**As at 30th June 2015 $000 (unaudited)**	As at 30th June 2014 $000 (unaudited)	As at 31st December 2014 $000 (audited)
Non-current assets				
Intangible royalty assets		**-**	2,449	-
Intangible exploration and evaluation assets	4	**29,051**	29,464	28,426
Property, plant and equipment		**56**	4,866	72
		29,107	36,779	28,498
Current assets				
Inventories		**2,410**	3,600	2,223
Trade and other receivables		**604**	883	3,294
Cash and cash equivalents		**112,233**	110,882	108,148
		115,247	115,365	113,665
Total assets		**144,354**	152,144	142,163
Equity				
Share capital		**149,014**	149,014	149,014
Share premium		**378,863**	378,863	378,863
Currency translation reserve		**(202)**	(245)	(225)
Retained deficit		**(426,621)**	(411,512)	(425,209)
Total equity		**101,054**	116,120	102,443
Non-current liabilities				
Long-term provisions		**22,943**	22,116	22,667
		22,943	22,116	22,667
Current liabilities				
Trade and other payables		**18,421**	13,908	13,663
Short-term provisions		**1,936**	-	3,390
		20,357	13,908	17,053
Total liabilities		**43,300**	36,024	39,720
Total equity and liabilities		**144,354**	152,144	142,163

Sterling Energy plc
Condensed consolidated statement of changes in equity for the six months ended 30 June 2015

	Share capital $000	Share premium $000	Currency translation reserve $000	Retained deficit[1] $000	Total $000
At 1 January 2014	149,014	378,863	(249)	(413,550)	114,078
Total comprehensive income for the period attributable to the owners of the parent	-	-	4	1,678	1,682
Share option charge for the period	-	-	-	360	360
At 30 June 2014	149,014	378,863	(245)	(411,512)	116,120
Total comprehensive income/(expense) for the period attributable to the owners of the parent	-	-	20	(13,996)	(13,976)
Share option charge for the period	-	-	-	299	299
At 31 December 2014	149,014	378,863	(225)	(425,209)	102,443
Total comprehensive income/(expense) for the period attributable to the owners of the parent	-	-	23	(1,451)	(1,428)
Share option charge for the period	-	-	-	39	39
At 30 June 2015	**149,014**	**378,863**	**(202)**	**(426,621)**	**101,054**

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

Sterling Energy plc
Condensed consolidated statement of cash flows for the six months ended 30 June 2015

	Note	**Six months to 30th June 2015 $000 (unaudited)**	Six months to 30th June 2014 $000 (unaudited)	Year ended 31st December 2014 $000 (audited)
Operating activities:				
(Loss)/profit before tax from continuing operations		**(1,451)**	1,678	(12,318)
(Loss)/profit before tax from discontinued operations		-	-	-
Finance income and gains		**(135)**	(188)	(398)
Finance expense and losses		**288**	463	1,265
Depletion and amortisation		**28**	1,160	2,358
Impairment expense	4	**131**	-	7,903
Onerous provision		-	-	3,390
Share-based payment charge		**39**	361	659
Operating cash flow prior to working capital movements		**(1,100)**	3,474	2,859
(Increase)/decrease in inventories		**(187)**	(854)	523
Decrease/(Increase) in trade and other receivables		**2,690**	2,052	(359)
Increase/(decrease) in trade and other payables		**4,758**	(1,424)	(1,669)
Decrease in provisions		**(1,454)**	(63)	-
		4,707	3,185	1,354
Cash generated from continuing operations		**4,707**	3,185	1,814
Cash outflow from discontinued operations		-	-	(460)
Net cash flow from operating activities		**4,707**	3,185	1,354
Investing activities				
Interest received		**135**	188	398
Purchase of property, plant and equipment		**(11)**	(37)	(32)
Exploration and evaluation costs	4	**(756)**	(13,277)	(14,102)
Net cash used in investing activities		**(632)**	(13,126)	(13,736)
Net increase/(decrease)in cash and cash equivalents		**4,075**	(9,941)	(12,382)
Cash and cash equivalents at beginning of period		**108,148**	120,755	120,755
Effect of foreign exchange rate changes		**10**	68	(225)
Cash and cash equivalents at end of period		**112,233**	110,882	108,148

Sterling Energy plc

Notes to the consolidated results for the six months ended 30 June 2015

1. Basis of preparation

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006.

The financial information for the six months ended 30 June 2015 is unaudited. In the opinion of the directors, the financial information for this period fairly represents the financial position of the Group. Results of operations and cash flows for the period are in compliance with International Financial Reporting Standards as adopted by the EU ('EUIFRS'). The accounting policies, estimates and judgements applied are consistent with those disclosed in the annual financial statements for the year ended 31 December 2014. These financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014.

All financial information is presented in USD, unless otherwise disclosed.

An unqualified audit opinion was expressed for the year ended 31 December 2014, as delivered to the Registrar.

The Directors of the Company approved the financial information included in the results on 24 July 2015.

2. Results & dividends

The Group has a retained deficit at the end of the period of $426.6 million (31 December 2014: $425.2 million) to be carried forward. The directors do not recommend the payment of a dividend (1H 2014: nil).

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

	Total $000 (unaudited)
Net book value at 1 January 2014	13,187
Additions during the period	16,277
Net book value at 30 June 2014	29,464
Additions during the period	825
Impairment for the period	(1,863)
Net book value at 31 December 2014	28,426
Additions during the period	756
Impairment for the period	(131)
Net book value at 30 June 2015	**29,051**

The amount for intangible exploration and evaluation assets represents investments in respect of exploration licences. E&E assets are reviewed for impairment when circumstances arise which indicate that the carrying value of an E&E asset exceeds the recoverable amount.