

7 November 2011

STERLING ENERGY PLC
(“Sterling” or the “Company”)

Grant of Options to Directors under Sterling’s Long Term Incentive Plan

Sterling Energy Plc (“Sterling” of the “Company”) (AIM: SEY), the independent oil and gas exploration and production company with interests in the Middle East and Africa, today advises that pursuant to the rules of the All Staff LTIP approved by shareholders on 22 December 2009 (“LTIP”), the following Directors listed below have been granted options over Ordinary Shares in the Company.

<i>Director</i>	<i>Ordinary Shares under option pursuant to the rules of the All Staff LTIP awarded in 2011</i>	<i>Total number of Ordinary Shares under option</i>
Philip Frank	1,097,600	1,097,600
Angus MacAskill	609,800	1,609,800

The number of options over Ordinary Shares in the Company granted to Philip Frank, Exploration Director (appointed on 3 October 2011), includes an uplift awarded on joining the Company.

In addition to the options listed above, a further 2,244,750 options have been issued to Sterling’s staff under the All Staff LTIP rules.

Under the terms of the LTIP, the Company may grant options over Ordinary Shares in the Company under the All Staff LTIP on an annual basis as an incentive to attract, retain and motivate staff by providing an interest aligned with shareholders.

The Performance Conditions for the options recently granted are as follows

1. The quantity of options that vest are based on a comparison of the growth of the Company’s share price (“SESP”) against the growth of the FTSE350 index (“Index”) over the Performance Period 1 October 2011 to 30 September 2014. Under the rules of the LTIP, the initial reference points are calculated from data for the calendar month preceding the Performance Period; therefore SESP is 41.0 pence, being the volume weighted average closing price during September 2011, and the Index is 2,769, being the average closing value of the index during September 2011. The final reference points will be calculated for September 2014 and used to determine the extent the LTIPs vest.
2. If the SESP under-performs the Index performance by 10% or more, then no share options will be earned and the share options will lapse.
3. If the SESP performance matches the Index performance, then 25% of the share options will be earned.

4. If the SESP performance is between matching the Index and under-performing by 10%, the amount of the share options that will be earned will be determined by extrapolating on a straight line basis.
5. If the SESP performance is between matching the Index and out-performing by 50%, the amount of the share options that will be earned will be determined by extrapolating on a straight line basis.
6. If the SESP out performs the Index performance by 50% or more, then 100% of the share options will be earned.

Further information:

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