AGM Investor Update

30 May 2014

Disclaimer, information sources and pricing assumptions

Disclaimer

The information in this presentation contains certain forward-looking statements including expectations of future production and capital expenditures. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Information concerning reserves or resources may also be deemed to be forward-looking statements, as such estimates involve the implied assessment that the reserves or resources described can be profitably produced in the future. These statements reflect current expectations that involve numerous assumptions and which are subject to a number of risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will prove inaccurate and which could cause actual results to differ from those anticipated by the Company. Although management believes that the expectations reflected in the forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance, or achievements. Actual results and future plans could differ materially from those anticipated in forward-looking statements contained in this presentation as a result of the risks described below.

Certain of the risks and other factors, some of which are beyond the Company's control, which could cause results to differ materially from those expressed in the forward-looking statements contained in this presentation include, but are not limited to those as described in the Company's annual information form for the year ended December 31, 2013 (the "AIF") which is available at www.sedar.com. Those factors should not be considered as exhaustive.

In addition, this presentation may contain forward-looking statements attributed to third-party industry sources. These sources are not endorsed or adopted by the Company explicitly or implicitly. Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur.

The forward-looking statements contained in this presentation are expressly qualified by the foregoing cautionary statement. Financial outlook information contained in this presentation about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that any such financial outlook information contained in this presentation should not be used for purposes other than for which it is disclosed herein.

Nothing contained herein is intended to constitute an offer to sell or a solicitation of an offer to purchase securities. Any such offer or solicitation may only be made by prospectus or otherwise pursuant to an exemption from prospectus and registration requirements applicable to the Company.

Information Sources

Information on reserves and resources in this presentation are drawn from (i) the Company's most recent Statement of Reserves Data and Other Oil and Gas Information on Form 51-101 F1 for the year ended December 31, 2013; (ii) the RPS Energy report "Executive Summary Reserves and Resources Evaluation for the Breagh Gas Field Quad 42 UK North Sea as at December 31, 2013"; and (iii) the RPS Energy report "Executive Summary Reserves and Resources Evaluation for the Cladhan Oil Field Quad 210 License Blocks UK North Sea as at December 31, 2013"; all filed on SEDAR at www.sedar.com. Items (ii) and (iii) are referred to as "RPS Breagh end-2013 report" and "RPS Cladhan end-2013 report" respectively in this presentation; pricing assumptions set out below.

Pricing Assumptions

RPS gas price assumptions: UK NBP $10.81/Mcf 2014; $10.68/Mcf 2015; $10.34/Mcf 2016; $10.13/Mcf 2017, $10.51/Mcf 2018, $10.72/Mcf 2019.
RPS oil price assumptions: Brent $100.6/bbl 2015; $95.8bbl 2016; $95.5/bbl 2017; $97.4/bbl 2018, $99.4/bbl 2019.
Sterling gas price assumptions: UK NBP forward curve as at 21 May 2014 until mid-2015, averaging $XX/Mcf for rest of 2014, $YY/Mcf for first half 2015 then $[9.60]/Mcf flat nominal (55p/therm).
Sterling oil price assumptions: Brent forward curve as at 21 May 2014 until mid-2015, averaging $108.5/bbl for rest of 2014, $104.3/bbl for first half 2015 then $100/bbl flat nominal.
Cladhan crude is assumed to realise a $1/bbl premium to Brent (RPS assumption)

All dollars in this presentation are US.

Vision and strategy

VISION: BECOME A LEADING EUROPE-FOCUSED E&P COMPANY WITH DIVERSIFIED CASH FLOW, DELIVERING SUPERIOR RETURNS TO SHAREHOLDERS

- Strengthen balance sheet by maximising cash flow
  - Focus on Breagh remedial work and development optimisation
  - Reduce equity in Black Sea blocks
  - Ensure exploration and development spend is proportionate to company resources by pursuing farms-outs and sell-downs
- Close gap to fair value through rigorous capital allocation
  - Only commit to projects with return characteristics which create significant equity value
  - Consider divestments and M&A where value is created
  - Restrict activities to geographies where Sterling has superior technical expertise

Overview of Sterling Resources

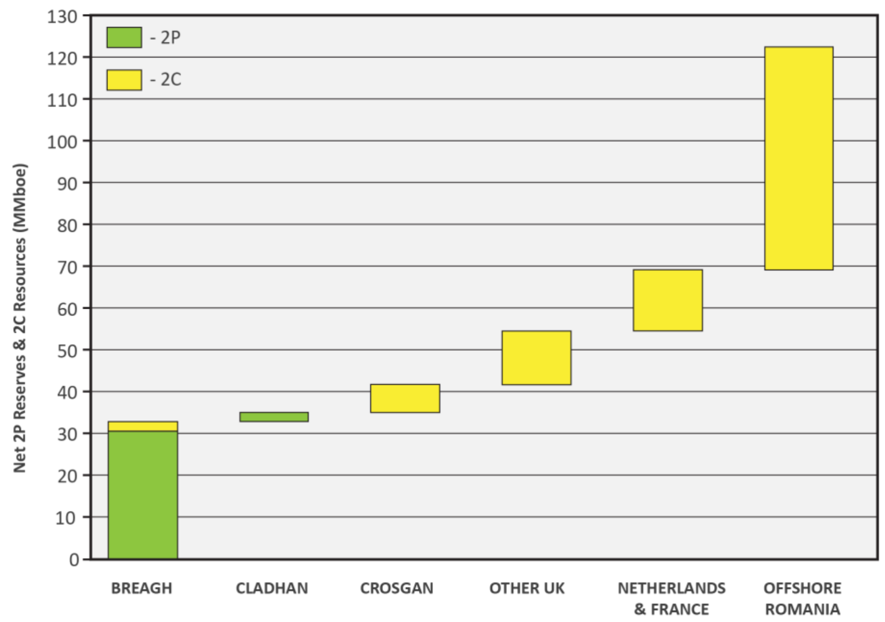
- E&P independent listed on TSX-V (Toronto, ticker SLG)
  - Market cap of $159m (=CAD 173m; 29 May 2014, closing price CAD 0.56/share)
  - Net debt of $172m (31 Mar 2014)
- 4 areas of operations: UK, Romania, France and the Netherlands
- Main asset is Breagh gas field in UK – stable production now established
  - Producing 102 MMscf/d sales gas (100% field) in late May 2014 (net to Sterling 31 MMscf/d; or 5.2 Mboe/d including condensate) from 6 wells
  - Expected average net production rate 27-28.5 MMscf/d (4.6-4.8 Mboe/d, including condensate) in 2014 with expected exit rate of 35 MMscf/d (5.8 Mboe/d)
- 2014 estimated Breagh operating cash flow, plus proceeds of gas price option exercise, ~$70m(1)
- Cladhan field under development with expected first oil Q1 2015; capex carried by Cladhan field operator TAQA
- Large UK tax loss of ~£376m(2): no taxes should be payable until ~2021(3)
- Material asset base: 33 MMboe 2P reserves and 90 MMboe 2C resources(4)

(1) Assuming midpoint of net production, actual cash flow to end April, forward curve pricing as at May 23, 2014 for rest of 2014, net of Sterling estimate of operating costs and Gemini entitlement; remaining gas price put options at 55p/therm
(2) Management estimate at 31 Mar 2014 for Ring Fence CT loss, including RFES for the quarter (SCT loss is approx. £351m)
(3) Management estimate assuming committed E&A costs and forecast G&A
(4) Sterling end 2013 NI51-101F1
(5) Breagh photographs courtesy of RWE Dea

Material Reserves, Contingent & Prospective Resources

ASSET	WORKING INTEREST	NET RESERVES & RESOURCES MMboe (1)(2)	DESCRIPTION
CURRENT PRODUCTION / DEVELOPMENT		2P (1)	
BREAGH	30%	30.5	Phase 1 producing; Phase 2 first production 2017
CLADHAN	13.8% (3)	1.8	First oil targeted for 1Q 2015
PLANNED DEVELOPMENT		2C (1)	
ANA & DOINA	65%	36.0	Gas discoveries
CROSGAN & BREAGH	30%	6.8+2.1	Crosgan appraisal in H2 2014; Breagh in-field resources in 2017/18
F17a / F18	35%	12.0	3 oil discoveries
APPRAISAL		2C (1)	
GRENADE	33.4%	2.7	Heavy oil
UK NORTH SEA	VARIOUS	12.6	Other discoveries
EUGENIA	65%	6.3	Gas discovery
LUCEAFARUL	50%	8.7	Gas discovery
EXPLORATION		PR Best (1)	
OFFSHORE ROMANIA	40-65%	375	Various prospects
UK NORTH SEA	VARIOUS	58	Various prospects
ONSHORE FRANCE	33.4%	24	Audignon prospect only
OFFSHORE NETHERLANDS	30-35%	46	Various prospects

Significant exploration and appraisal activity over next few years aimed at firming up a large part of contingent/ prospective resources



(1) *2P = Proved plus Probable Reserves, 2C = P50 Contingent Resources, PR Best = Best Estimate Prospective Resources (the definitions of Contingent and Prospective Resources can be found on Page 21 of Sterling's end 2013 NI 51-101F1)*

(2) *Source: Sterling end 2013 NI 51-101F1*

(3) *Final equity interest upon pay-out of second carry arrangement with TAQA*

OPERATIONS UPDATE

2013 / 14 highlights

- Excellent HSE performance
- Breagh first gas production achieved
- Cladhan Development progressing - on schedule
- Significant progress on
  - Offshore Romanian assets
  - UK & NL exploration assets

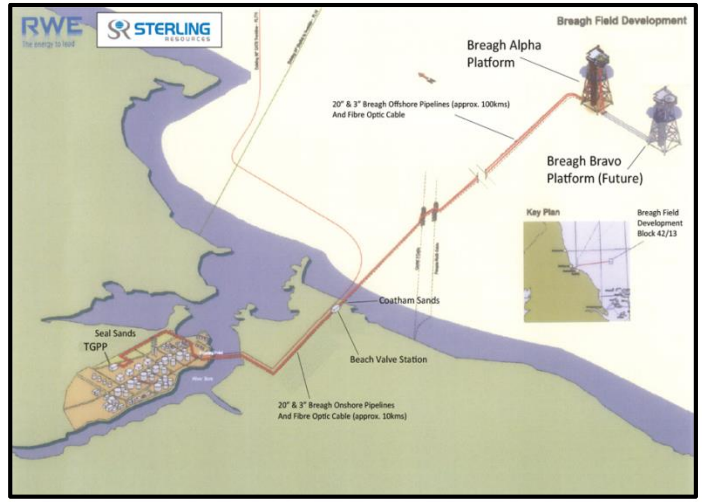
HSE review

- HSE 2013/2014
  - **Zero** Lost Time Accidents
  - **Zero** Environmental Incidents

- ISO 14001 accreditation
  - 2012 for UK operations,
  - extended to Romanian operations in 2014.

Breagh - overview

Participants	Sterling (30%), RWE Dea (70%, op.)
Field 2P Reserves(1)	596 Bcf sales gas, 2.4 MMbbl condensate
Net 2P Reserves(1)	179 Bcf, 0.7 MMbbl cond. (30.5 MMboe)
Net 2C Resources(1)	13 Bcf (2.2 MMboe)
First Production	October 2013
Expected 2014 prod.	90-95 MMscf/d field, 27-28.5 MMscf/d net



Producing Southern North Sea gas field

- First production October 2013
- Located approx. 100km offshore England in 60 meter water depth

Phase 1 development – historic investments

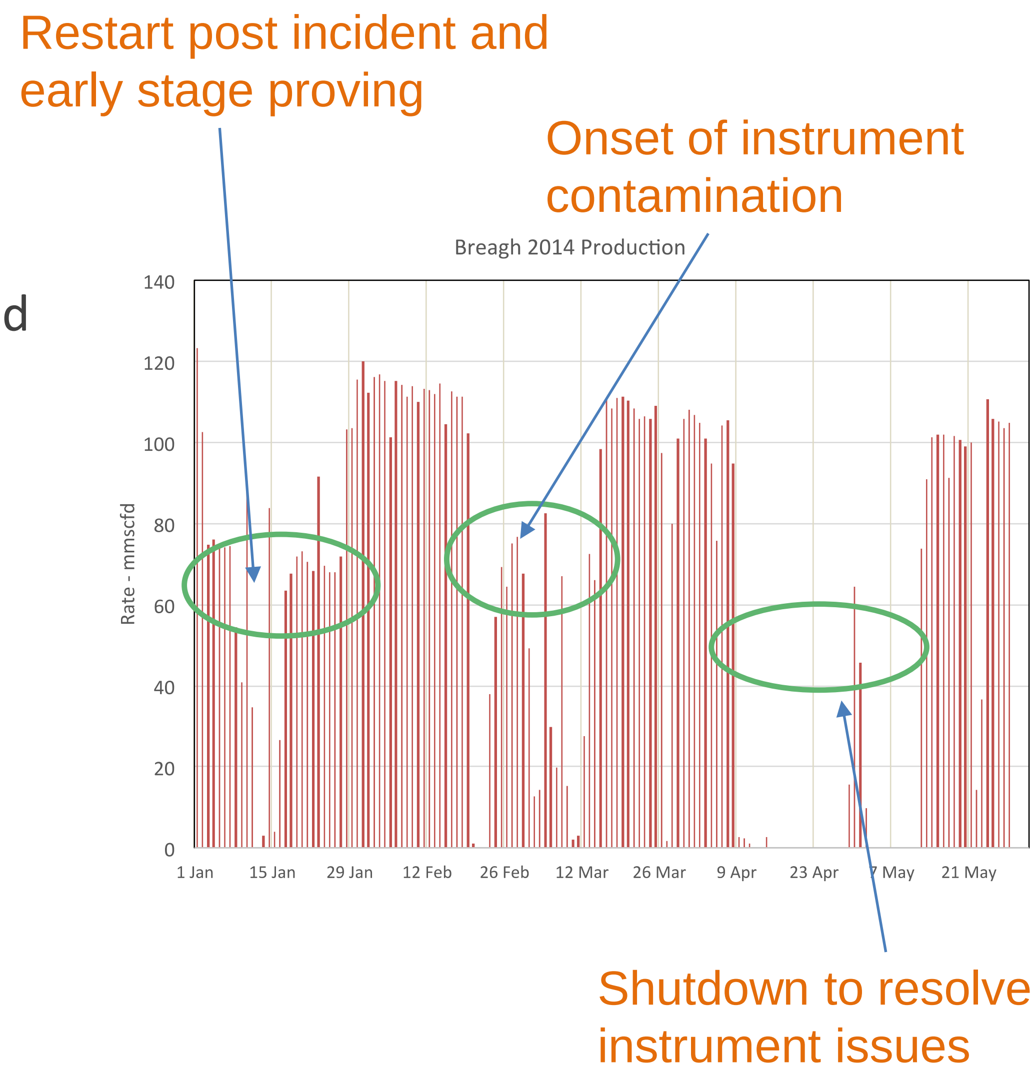
- A total of $853m invested so far ($256m net to Sterling), end Q1 2014
  - Breagh Alpha platform – fixed wellhead platform
  - A total of ten wells to be drilled, of which seven now drilled and six wells currently available for production
  - Dedicated 100km gas export pipeline to onshore Teesside Gas Processing Plant (TGPP)
  - Control of the facilities centered at the TGPP control room onshore

Teesside Gas Processing Plant

(1) *Sterling end-2013 NI 51-101F1; Phases 1 & 2*

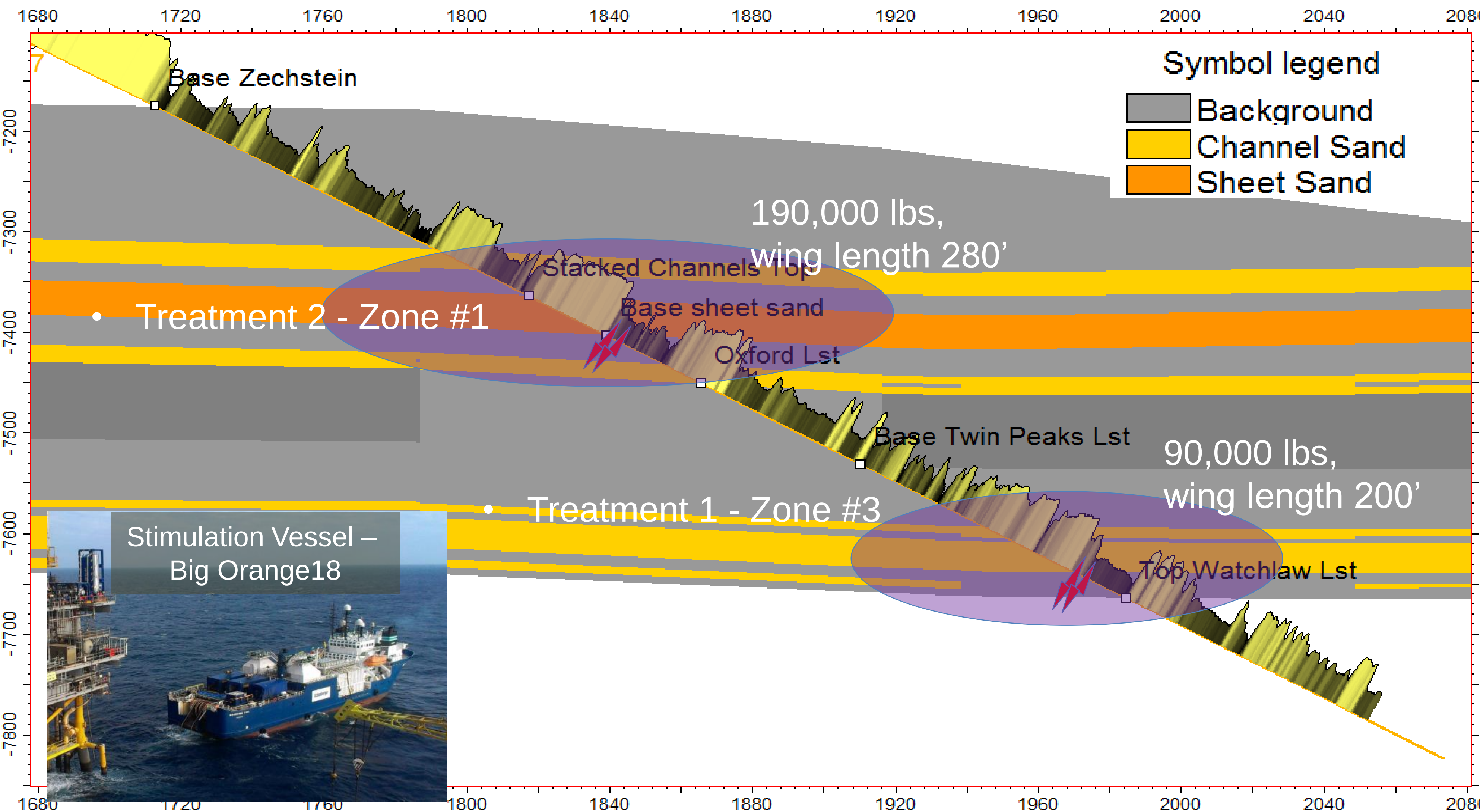
Breagh field – recent events summary

- First gas - October 2013
  - A01 – A06 wells in production,
  - A07 frac ongoing
- Facilities commissioned and de-bugged
  - Some issues
  - Recent good performance
- Production forecast revised
  - Early operational performance issues
  - Reservoir deliverability
    - ✧ *Gas permeability lower than expected*
  - Frac performance (A07)
  - Well performance (A08)



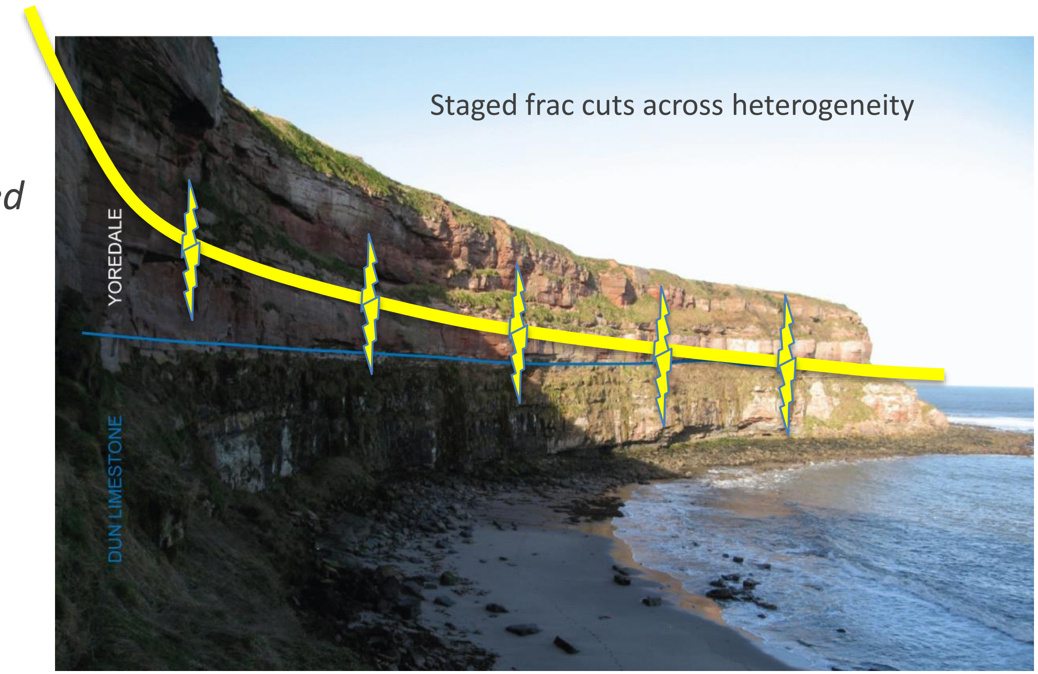
Breagh Field total wet gas production

Breagh – well A07 fracking plans



Breagh - outlook

- Increase field gas deliveries
  - A07 Hydraulic Stimulation to increase rate
  - Breagh Alpha Infill wells
    - ✓ *A08 Committed*
    - ✓ *A09 & A10 proposed*
    - ✓ *Other wells and stimulations to be considered*



- Phase 2
  - Development optimization in progress
    - ✓ *Considering 3 main options*
      - Subsea development (2 clusters)
      - Larger “Stand-alone” frac capable platform
      - Smaller platform – rig assisted fracking
    - ✓ *FDP submission Q3/4 2014*
    - ✓ *Sanction likely Q1/Q2 2015*

Breagh – reserves

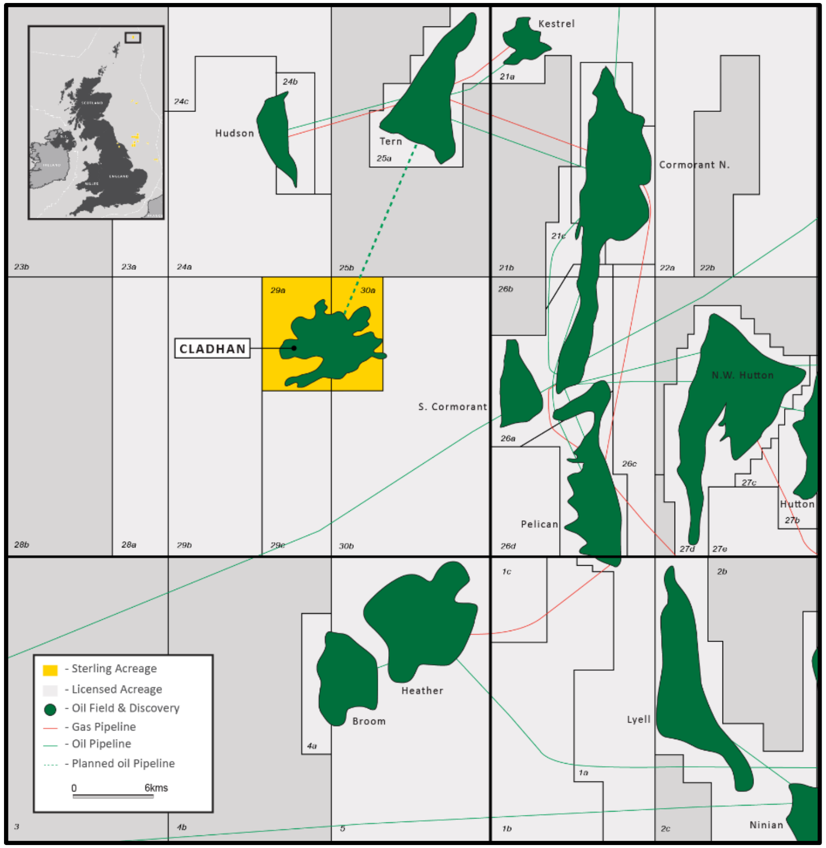
- GIIP for Breagh unchanged
- Recovery improvements
  - Fracture stimulation of wells
  - Increased well count off BA platform

Net MMboe[1]	Phase 1	Phase 1+2
YE 2012 reserves	25.070	30.937
YE 2013 reserves	24.990	30.523
2013 production	0.054	0.054
YE 2013 plus 2013 production	25.044	30.577
Change	-0.1%	-1.2%

(1) Sterling end-2012 and end-2013 NI 51-101F1; 2P reserves

Participants	Sterling 13.8% (post TAQA carry pay-out), TAQA (52.7%, operator), Wintershall (33.5%)
2P Reserves[1]	16.5 MMbbls field, 1.8 MMbbls net (post carry)
P50 Prospective Resources[1]	2 MMbbls field, 0.3 MMbbls net (post carry)
First Production	End Q1 2015: 16.2 Mb/d field, 2.1 Mb/d net post carry in Q4

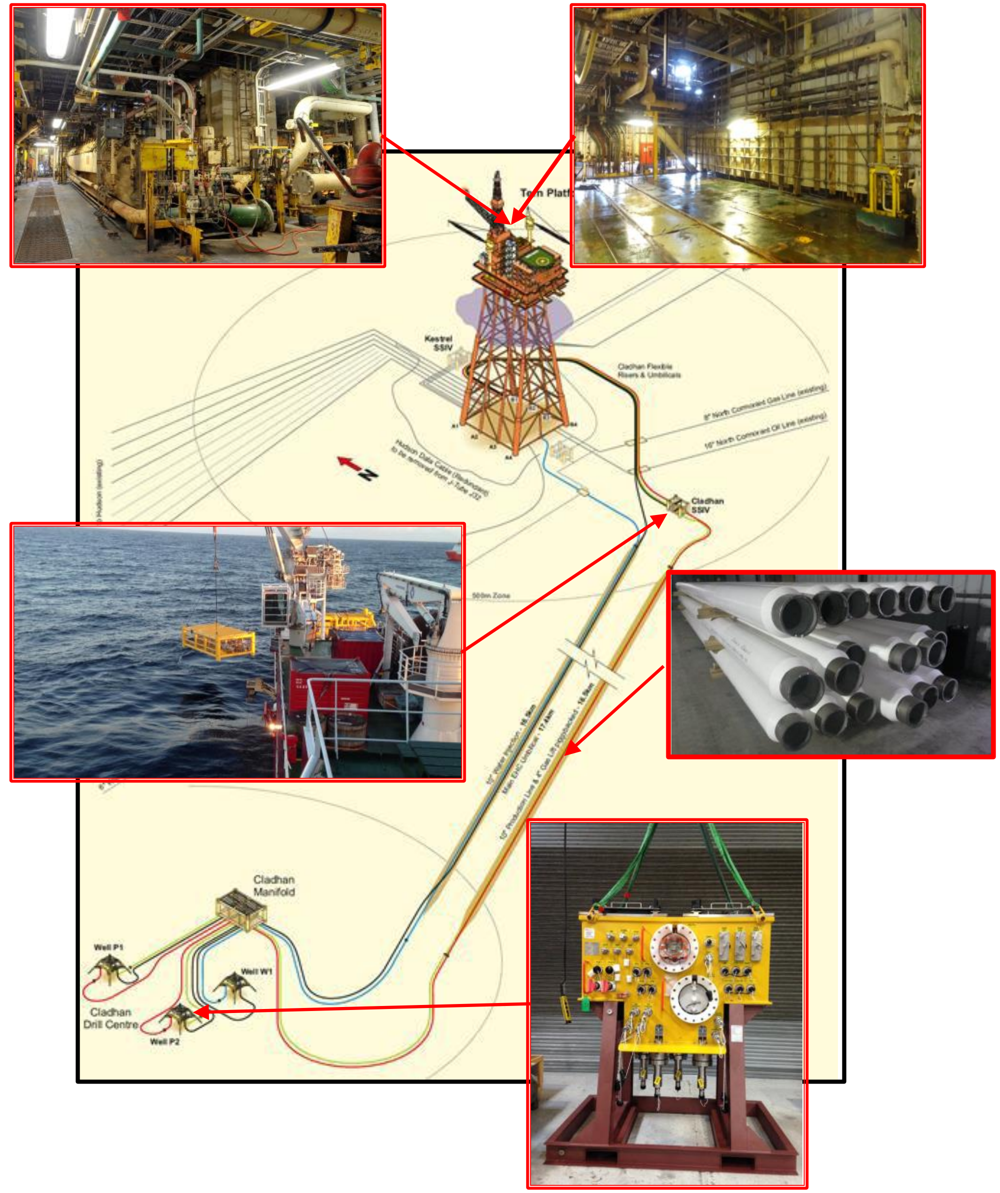
- Development Summary
  - Subsea development via Tern platform (operated by TAQA), 17km NE of Cladhan
  - Initial development with two producers (first currently drilling) and one water injector
  - Sub-sea construction works to tie the wells back to Tern expected to be completed in Q3 2014
  - Topsides modification works at Tern expected to be completed around mid-2015, after first production
  - First production expected around end of Q1 2015



(1) Sterling end-2013 NI 51-101 F1

Cladhan - summary

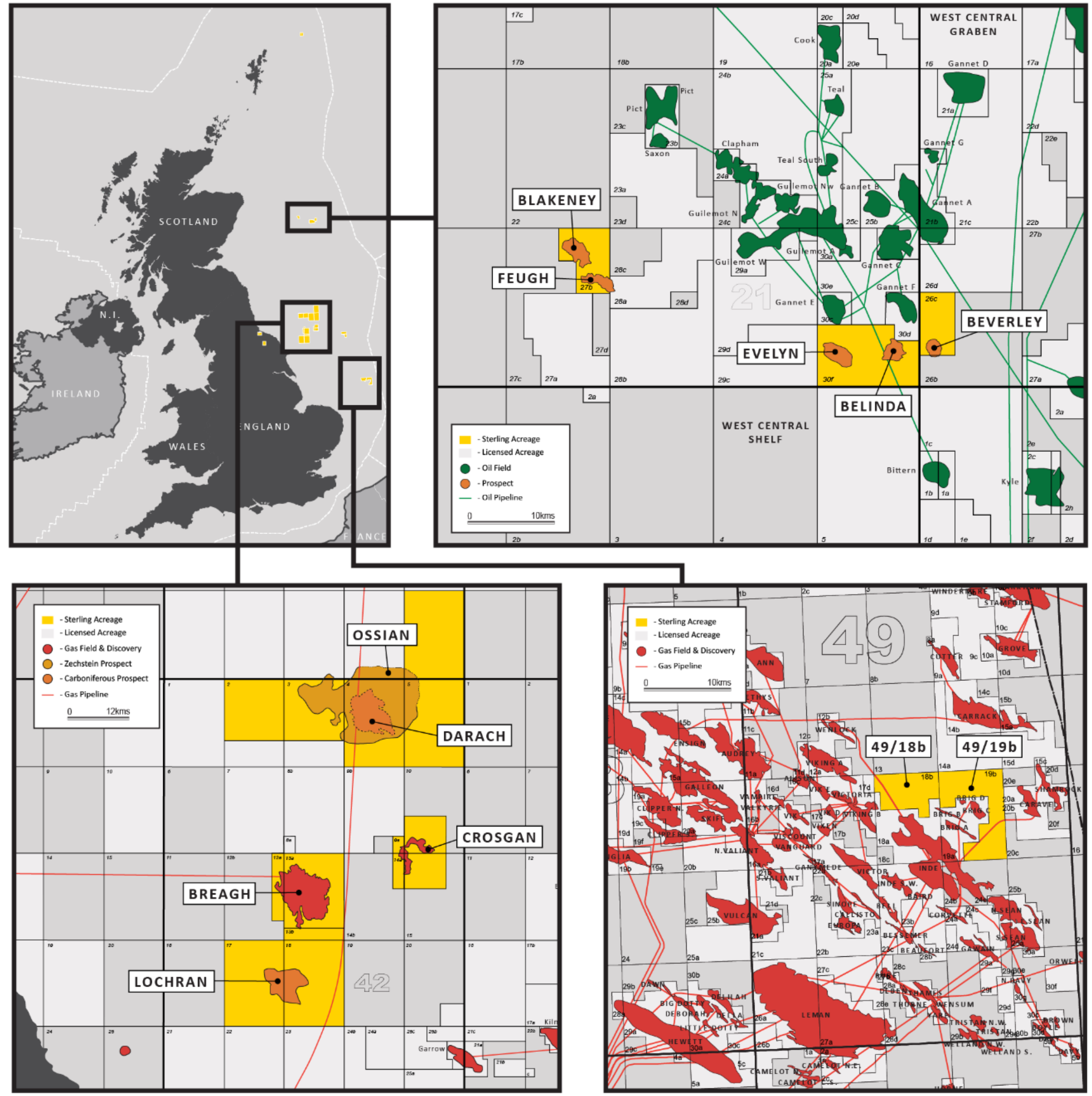
- First Production March 2015
- Project in progress
  - Tern topsides mods commenced
  - 1st subsea campaign nearing completion
  - Drilling P1 producer



UK exploration

STERLING RESOURCES

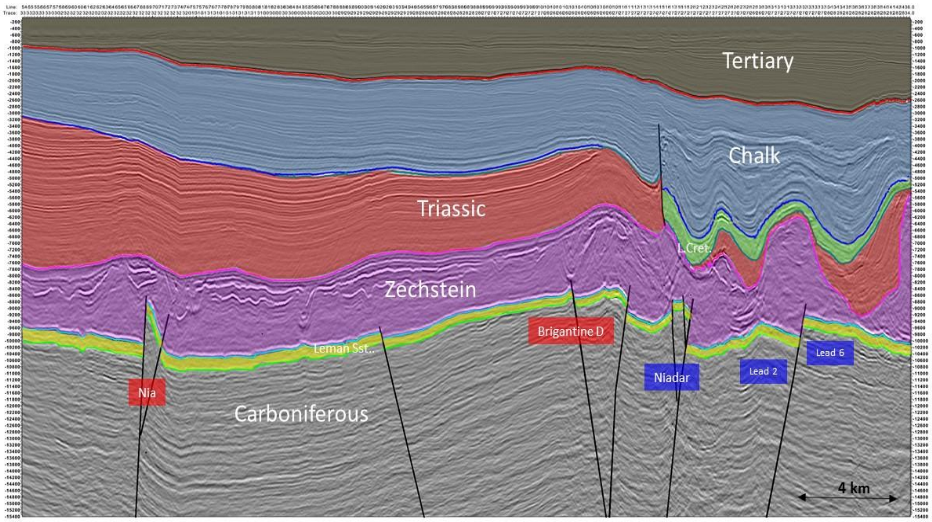
- Central North Sea
  - Beverley area
  - Blakeney & Feugh

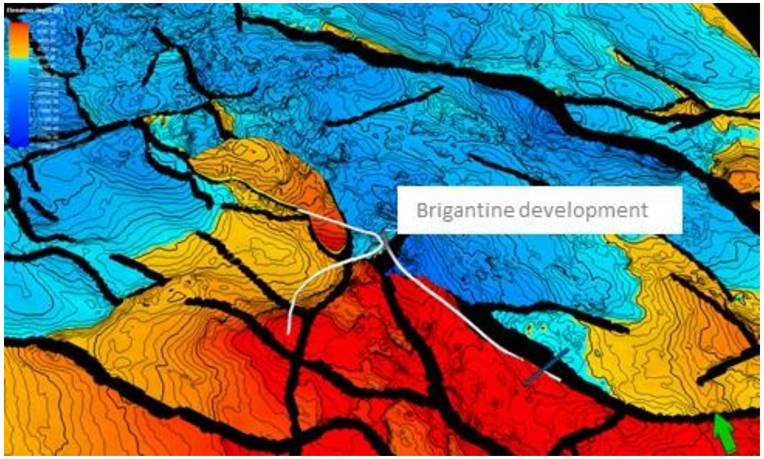


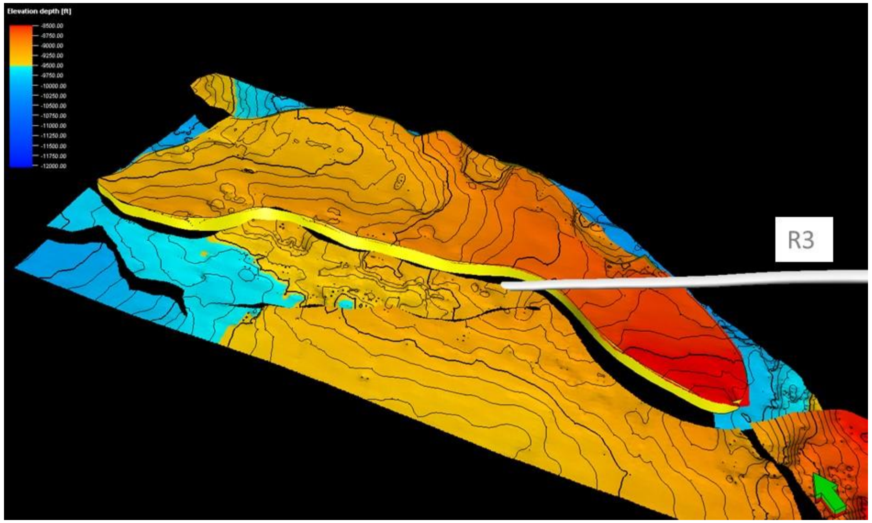
- Southern North Sea
  - Ossian/Darach area
  - Niadar area

UK Exploration – Niadar prospect (49/19b)

- Prospective resources
  - 59 – 118 bcf[1]
- Proven productivity
  - Highly productive Rotliegendes Reservoir
- Infrastructure nearby
- Quick development options



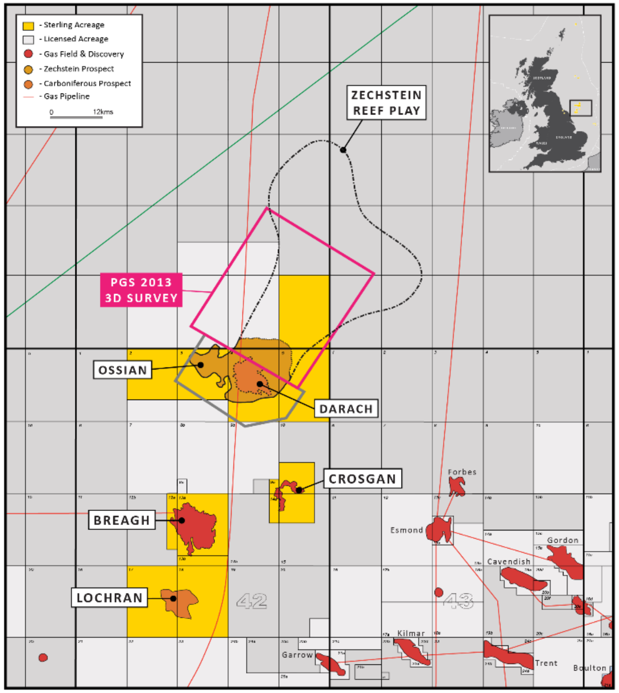


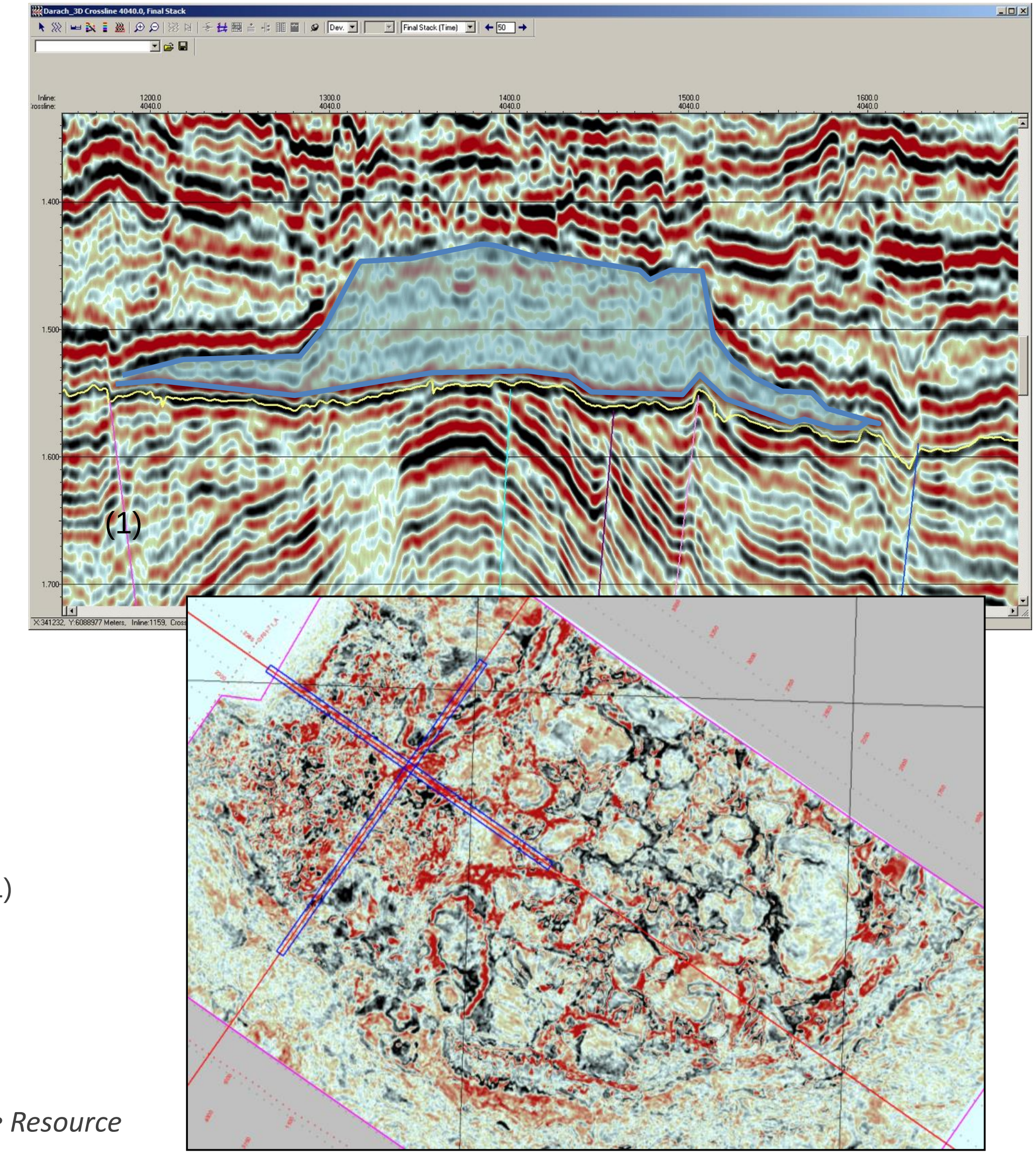


(1) Source: Sterling end 2013 NI 51-101F1, P50 – P10 Prospective Resource

UK Exploration – Ossian prospect (36/30,42/2a,3a,4,& 5)

STERLING RESOURCES





- Industry leading play concept
  - New Play – Mature Basin
  - 168 – 435 Bcf Prospective Resource[1]
- Carboniferous potential

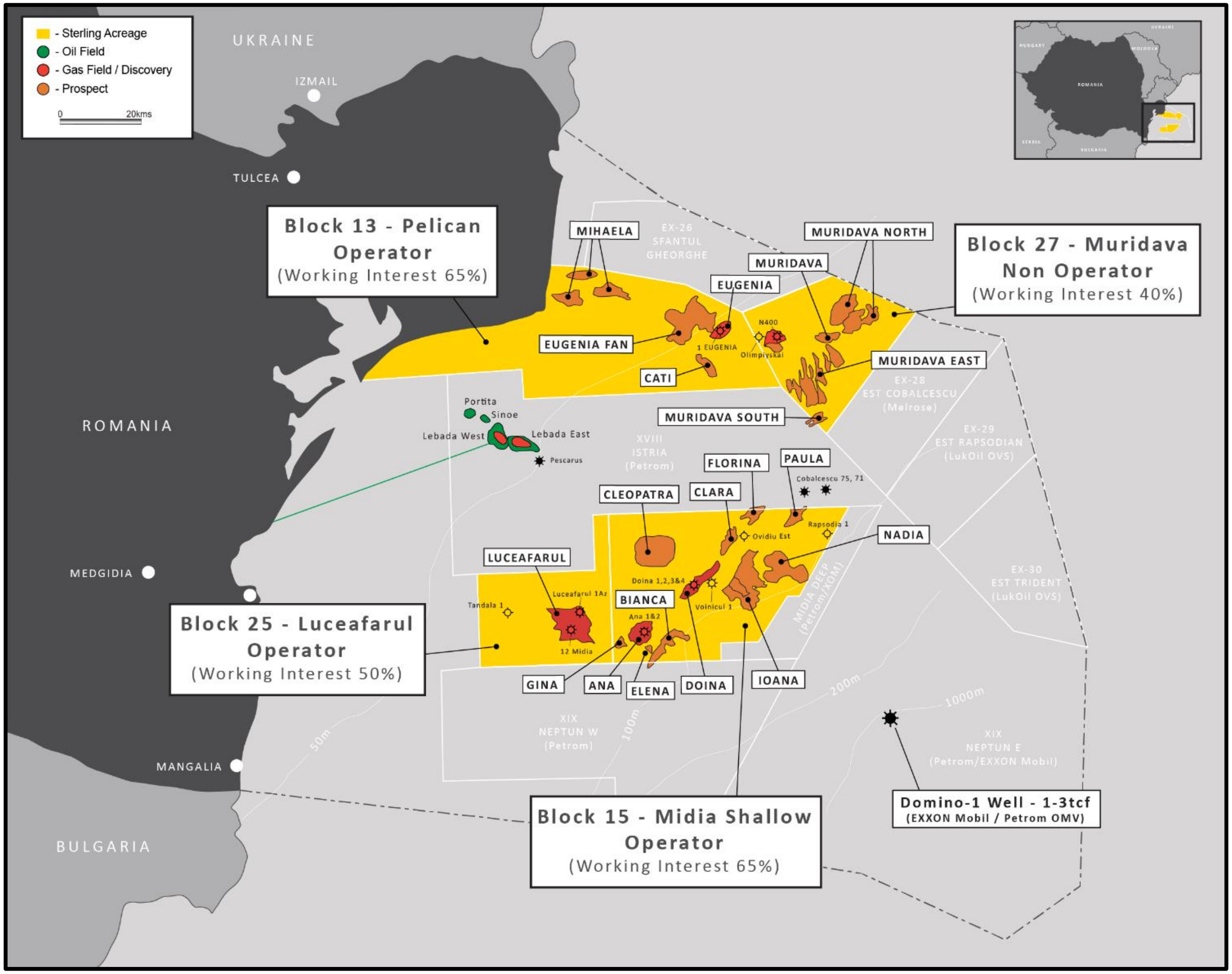
(1) *Source: Sterling end 2013 NI 51-101F1, P50 – P10 Prospective Resource*

Romania - activity highlights

- ExxonMobil/OMV Petrom carve-out completed
- Exploration
  - 1385 km^2 3D seismic acquired
  - Muridava-1 well results
- Equity reduction process for all blocks underway
- Midia Gas Development
  - Secured land for beach crossing, pipeline & gas terminal
  - Progressing terminal and export line studies

Romania - significant acreage position

CONTINGENT AND PROSPECTIVE RESOURCES (1)(2) AS OF DECEMBER, 31 2013 (RPS) Net to Sterling working interest	
GAS	
Contingent (2C) 320 Bcf	Prospective (Best) 1989 Bcf
OIL	
Contingent (2C) 0 MMbbls	Prospective (Best) 32 MMbbls



BLOCK 15 MIDIA SHALLOW & BLOCK 13 PELICAN

- 216 Bcf (net) Contingent Resources (P50) Ana and Doina(1) development opportunity
- 38 Bcf (net) Contingent Resources (P50) Eugenia(1)
- Current period ends in May 2015 with options for Sterling to extend to May 2018 and then May 2020

BLOCK 25 LUCEAFARUL

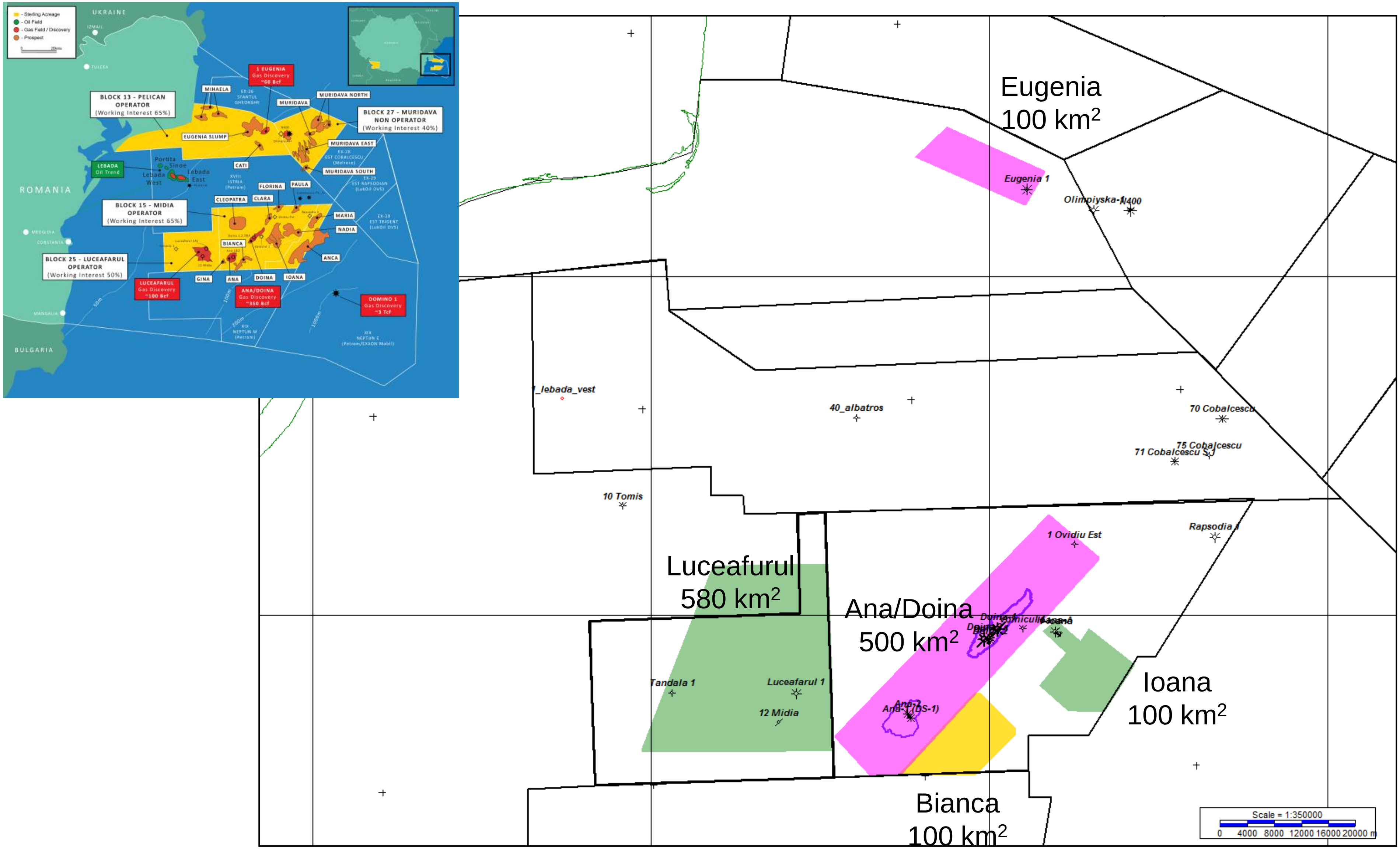
- Contingent Resources P50 (net) 52 Bcf(1)
- Current period ends in October 2014 with option for Sterling to extend to October 2017

BLOCK 27 - MURIDAVA

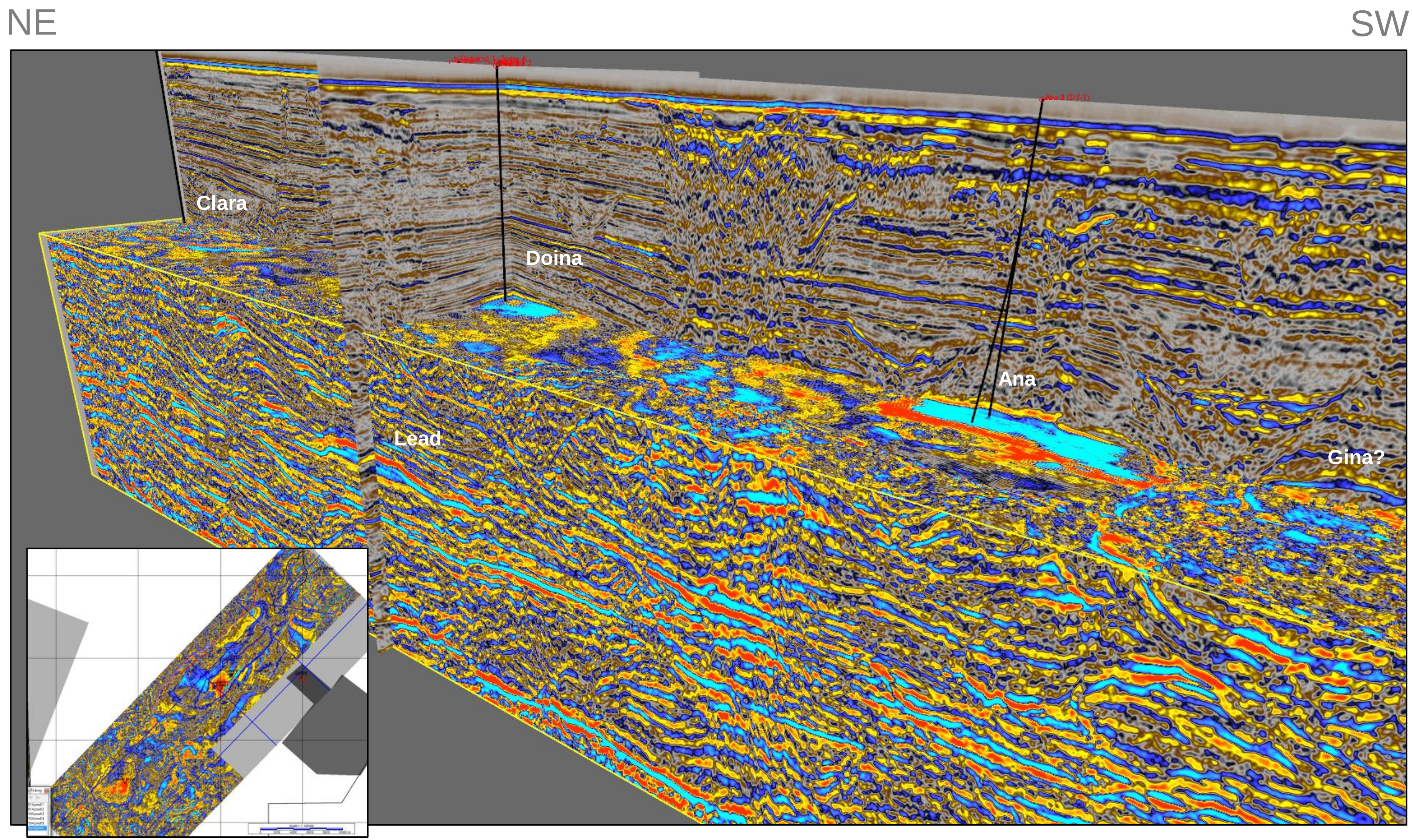
- Current period ends in October 2014 with option for Sterling to extend to October 2017

(1) *Sterling end 2013 NI 51-101F1*

Romania - seismic acquisition areas

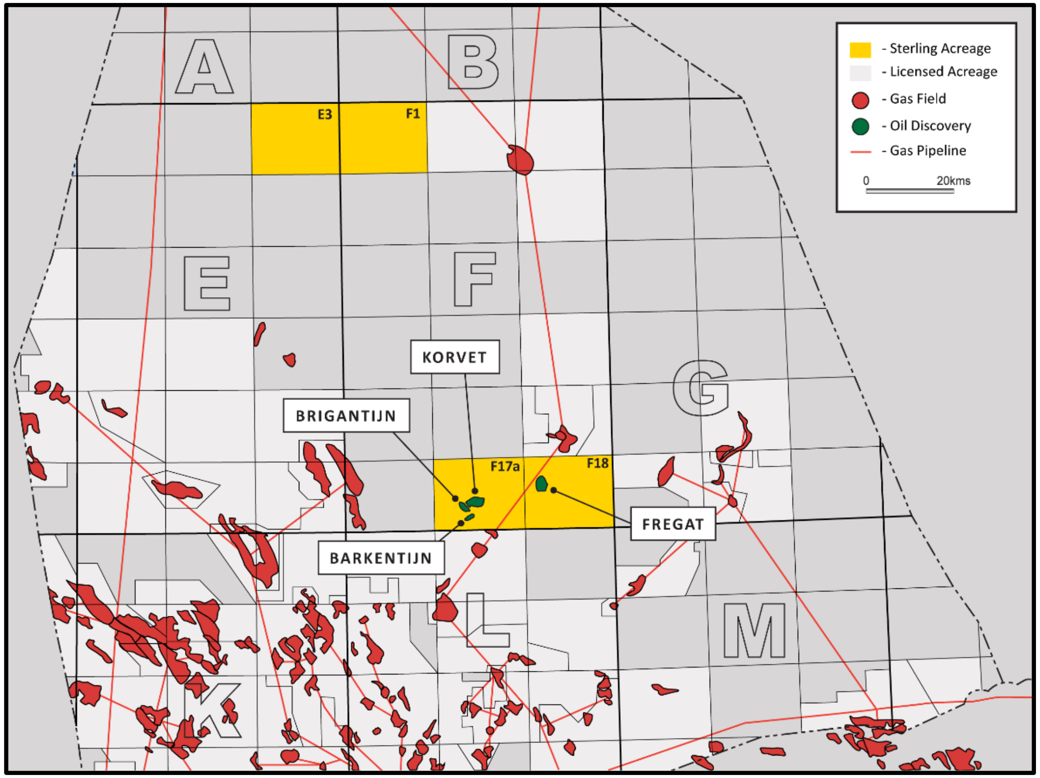


Romania - Doina Trend 3D seismic



Netherlands

CONTINGENT AND PROSPECTIVE RESOURCES (1) AS OF DECEMBER, 31 2012 (RPS) Net to Sterling working interest	
GAS	
Contingent (2C) **0 Bcf**	Prospective (Best) **163 Bcf**
OIL	
Contingent (2C) **12 MMbbls**	Prospective (Best) **19 MMbbls**



Probable oil development

- Operator of Jurassic and Early Cretaceous horizons in licences F17a, F18 (Sterling 35%)
- Wintershall 30MMbbls+ discovery in shallower horizon with well F17-10[2] in late 2012
- *"The F17-10 discovery makes an oil development in this area feasible", "Total reserves [in F17/18 & L05] are estimated to be over 16 mln Sm3 (100MMbo)"* – EBN statements, 2013[3]
- Wintershall is understood to be planning 3 wells in the area with the first one appraising the F17-10 discovery, expected to spud in June
- Sterling is currently acquiring 3D seismic acquisition over F17a/ F18 to improve reservoir understanding and assist in evaluating development options

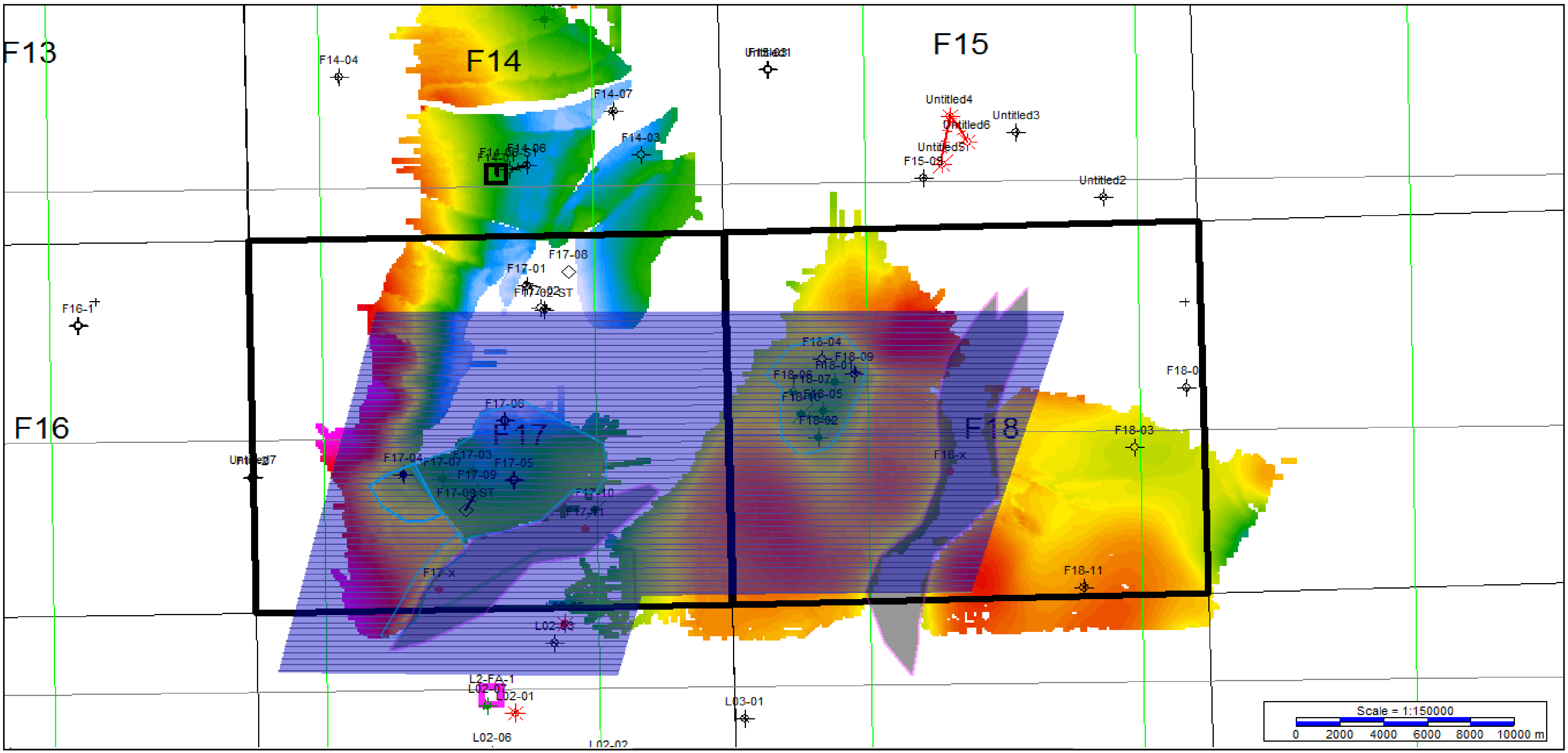
Exploration potential

- 30% working interest in the Wintershall operated E3/F1
- Additional Jurassic salt diapir prospectivity identified in F17a/F18 blocks from recent 3D analysis

(1) Sterling end 2013 NI 51-101 F1
(2) Wintershall news release December 4, 2012
(3) EBN report "Focus On Dutch Oil & Gas 2013"

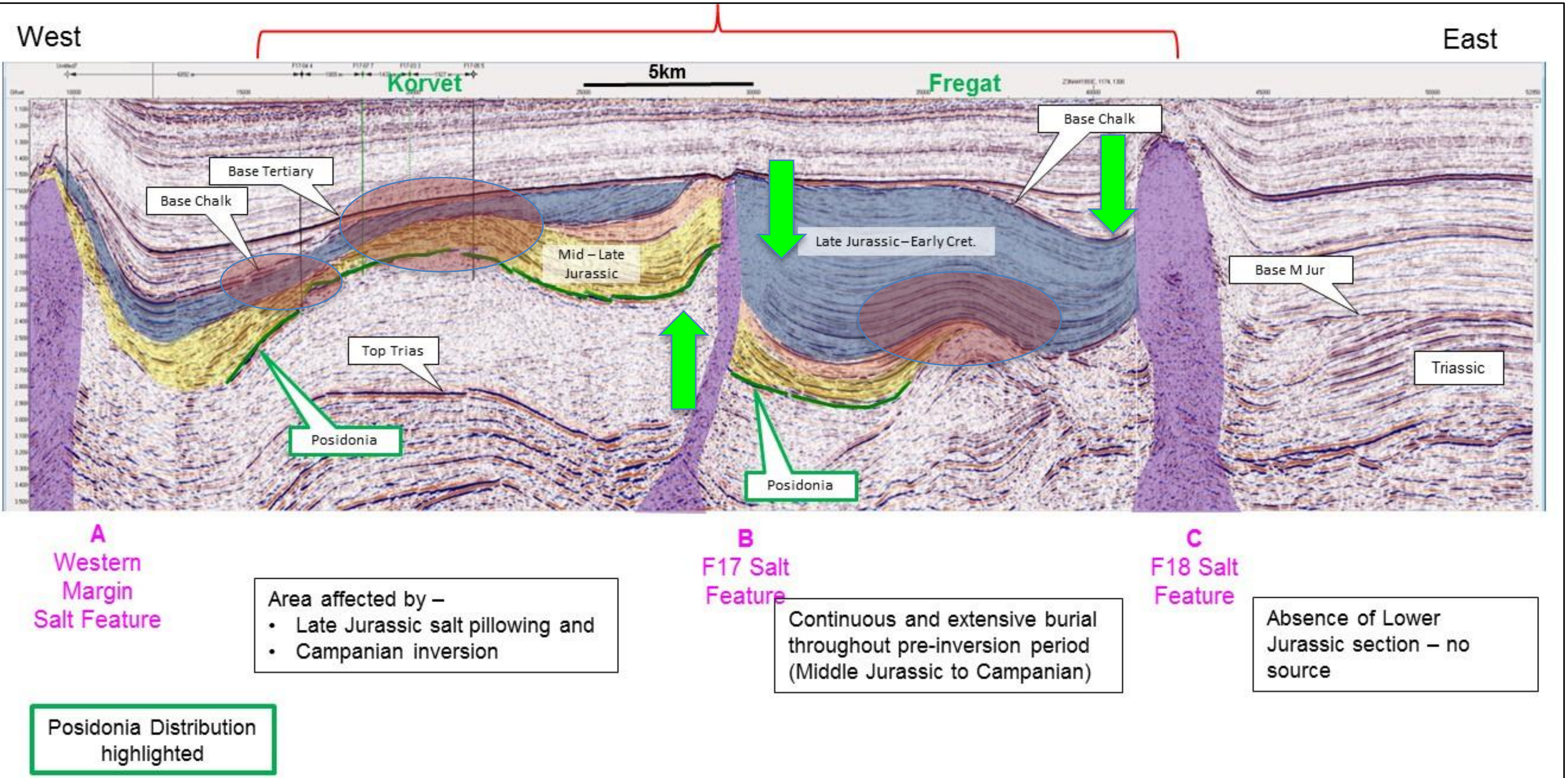
Netherlands – seismic shoot

- 500 km^2 Broadband 3D, due to start before end-May with CGG



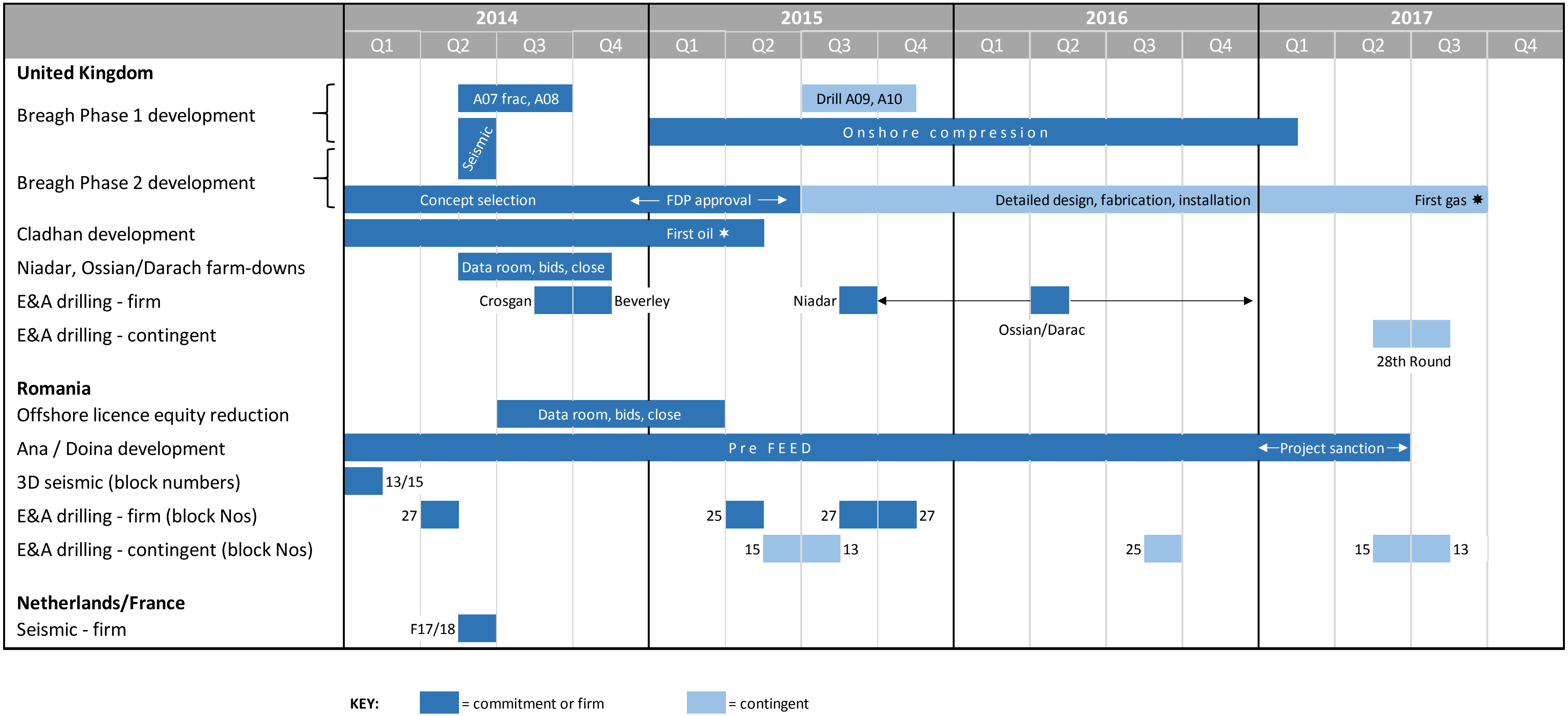
Netherlands - prospectivity

- Better define existing discoveries
- Better define exploration potential near salt features

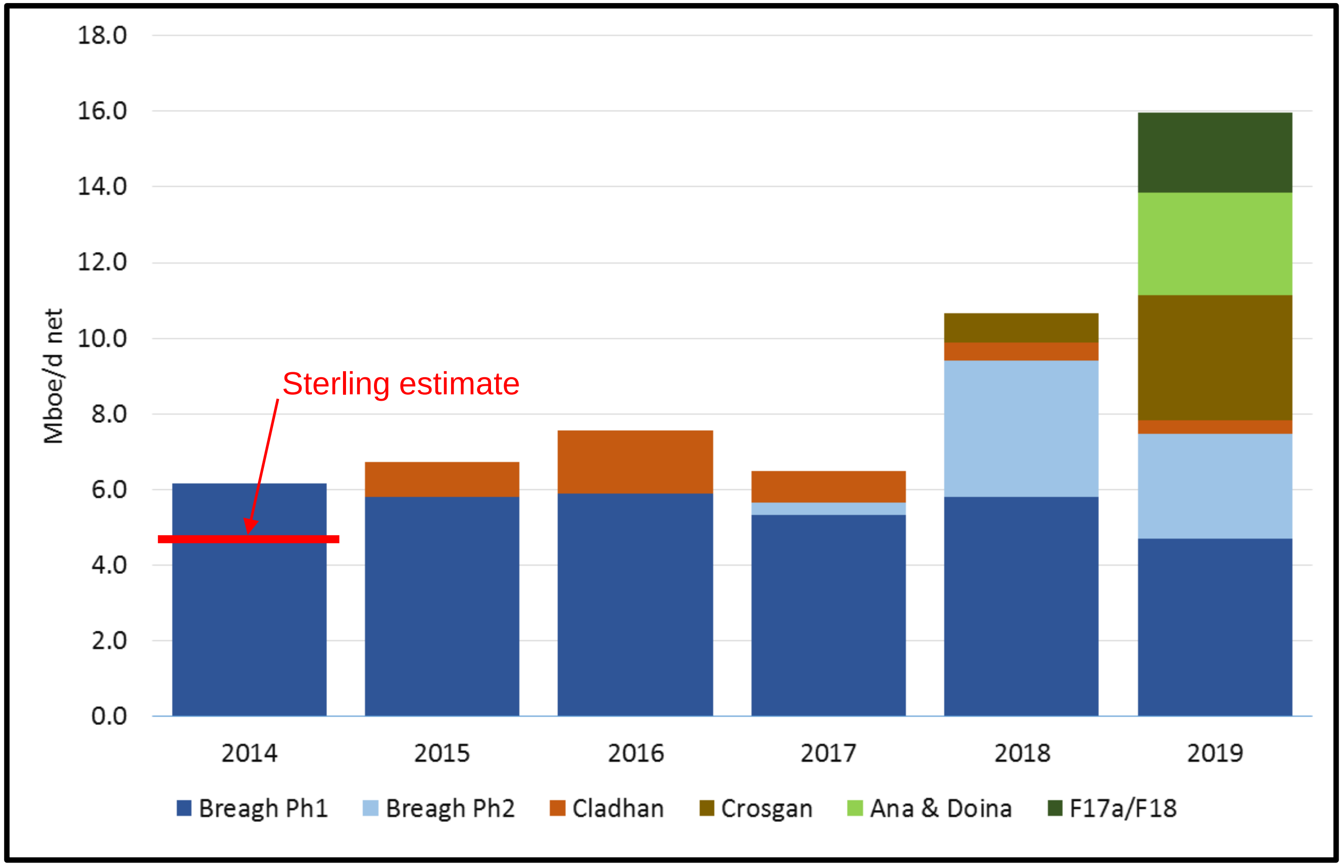


Four year activity schedule

Expected high activity level across existing portfolio



Production growing and diversifying over next 5 years



Sterling's net production increases materially in coming years:

- Cladhan expected on-stream Q1 2015
- Breagh Phase 2 expected on-stream Q3 2017
- Crosgan expected on-stream 2018
- Ana & Doina expected on-stream 2019 (production assumes halving of equity post ongoing farm-down process)
- F17a/18 oil fields on-stream 2019

PRODUCTION RATES SHOWN FOR BREAGH AND CLADHAN ARE RPS

Sources:

Breagh, Cladhan –2P reserves case, RPS Breagh end-2013 report (see p1); Sterling forecast for 2014 is management estimate based on latest field information

Cladhan - 2P reserves case, RPS Breagh end-2013 report (see p1)

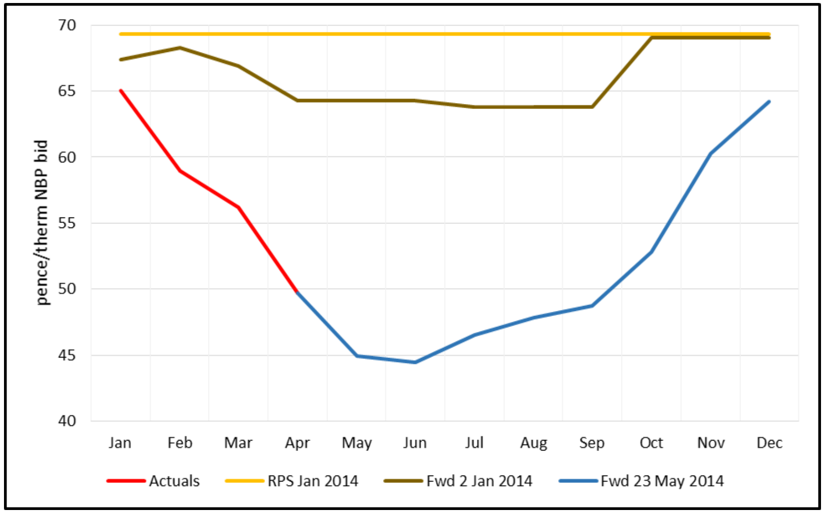
Crosgan – Sterling estimate consistent with RPS 2C contingent resources in end 2013 NI 51-101 F1

Ana & Doina – Sterling estimate consistent with RPS contingent resources in end 2013 NI 51-101 F1, with equity notionally halved to reflect planned equity reduction

F17a/F18 – Sterling estimate assuming first 2 sub-sea wells on-stream in first year, estimate consistent with RPS contingent resources in end 2013 NI 51-101 F1

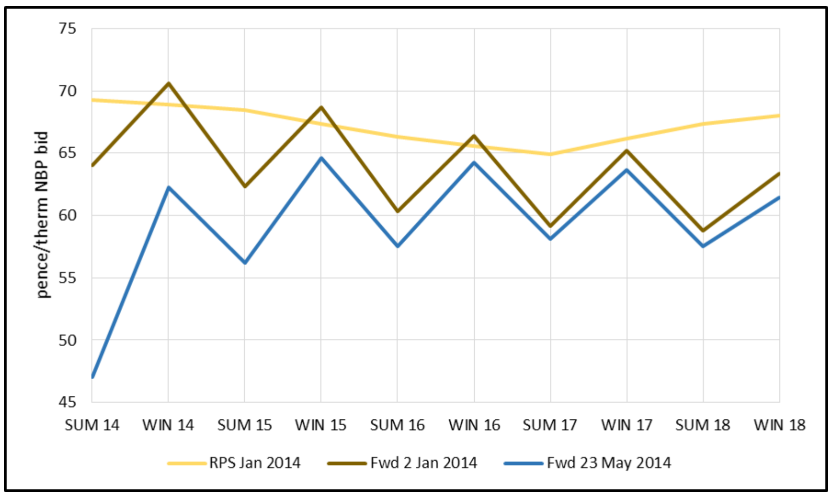
FINANCIAL UPDATE

UK gas prices



Short term weakness

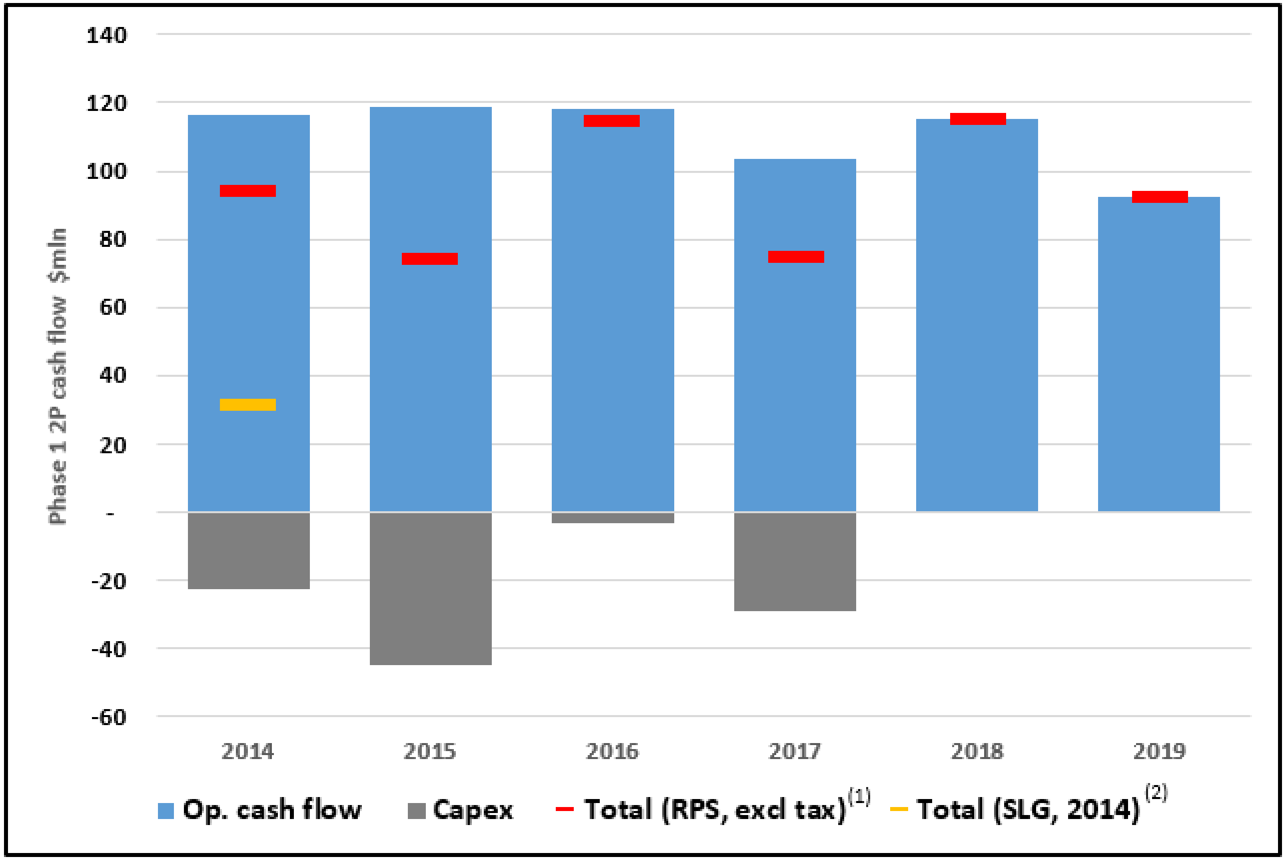
- Since the start of 2014, the average gas price for 2014 has fallen by nearly 20%
  - Very mild winter in UK and Europe
  - UK storage largely full
  - Several LNG cargoes have offloaded recently in UK



Medium term recovery

- Despite recent gas price weakness, forward curve shows future gas prices recovering strongly
- By winter 2016, forward curve at May 23, 2014 is within 2p/therm of forward curve at Jan 2, 2014 (at a price of 64p/therm or $11.5/Mcf)

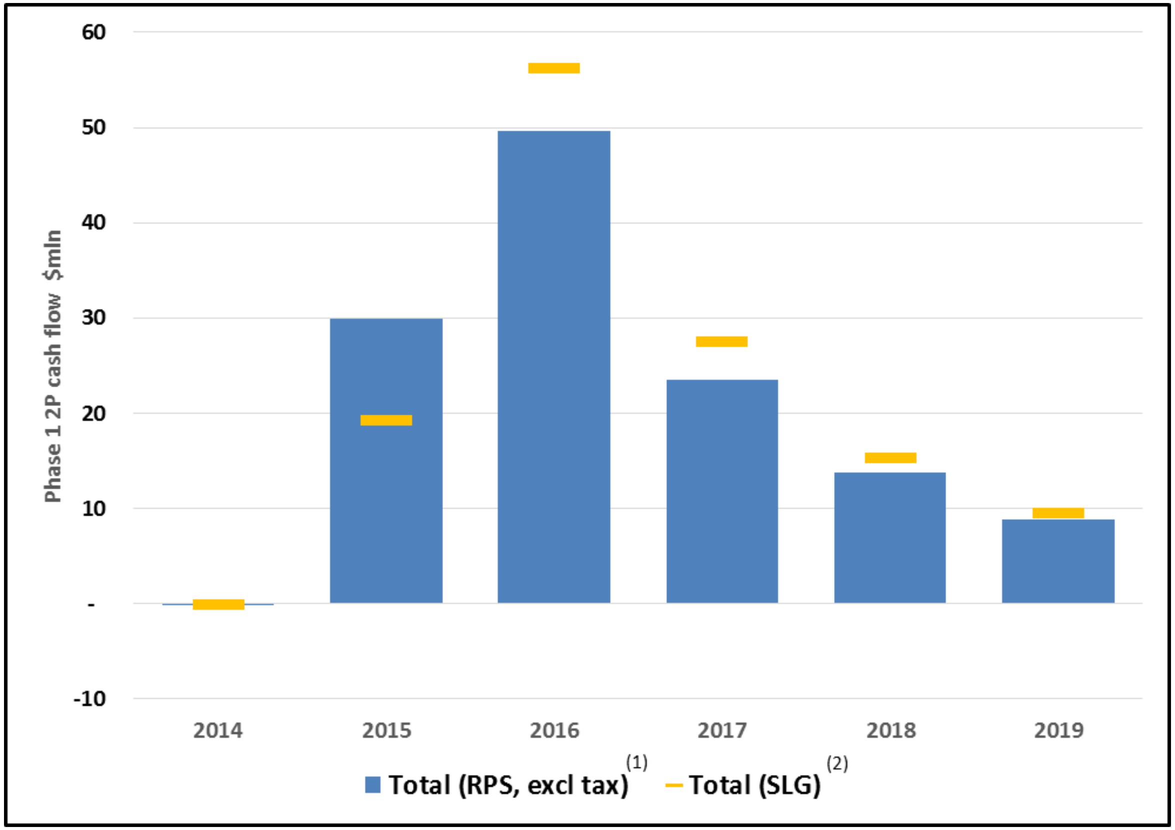
Breagh: cash flow generation (Phase 1)



- RPS 10% NPV, Phase 1, 2P reserves, post tax at end-2013: $437m
- RPS uses £232m of tax losses linked to Breagh licences only at end 2013 - leads to tax payable from 2018
- Utilization of non-Breagh related UK tax losses, committed UK E&A and G&A and future RFES delays tax payment on corporate basis until at least 2021 (management estimate)
- Operating cost averaging $7/boe over 2014-2019

(1) RPS cash flow from RPS Breagh end-2013 report
(2) Sterling cash flow for 2014 based on management estimates
Operating cash flow is post Gemini payments

Cladhan: additional cash flow from 2015



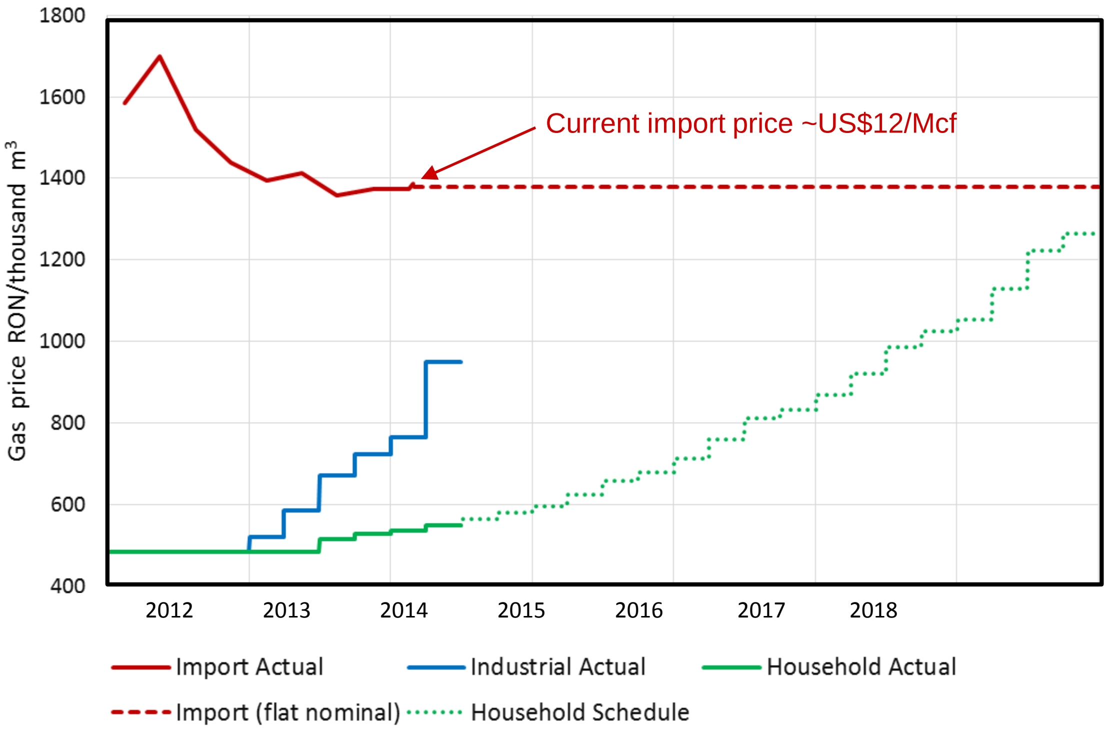
- RPS 10% NPV, Phase 1, 2P reserves, post tax at end-2013: $76m
- RPS uses £34m of tax losses linked to Breagh licences only at end 2013 - leads to tax payable from 2016
- Utilization of non-Cladhan related UK tax losses, committed UK E&A and G&A and future RFES delays tax payment on corporate basis until at least 2021 (management estimate)
- Two separate carry arrangements with TAQA means Sterling is fully carried to first production
  - Saves exposure to ~$100m of development costs
  - Exposure to funding any cost increase on 2% working interest only
- Second carry, after uplift, repayable out of net cash flow expected by end Q3 2015
  - 11.8% will revert to Sterling on top of 2% held throughout carry period (total 13.8%)
- Sterling retains past capital allowances and benefits from Small Field Allowance
- Operating cost averaging $18/bbl over 2015-2019
- Potential upside payments of up to US$10m linked to future reserves, from 2012 sale to TAQA

(1) RPS cash flow from RPS Cladhan end-2013 report

(2) As (1) but adjusted by Sterling to reflect first production end Q1 2015, not start Q1 2015

Romania: attractive economics

- Low royalty rate at 3-13.5% and corporate tax at 16%
- Tax/royalty system being revised to reflect higher gas prices
- Gas prices have been liberalized in accordance with published schedule (see chart) but government has recently announced intention to drop further liberalization of industrial sector prices
- Import prices currently ~US$12/Mcf[(1)])



(1) *Average import price for Q1 2014 assumed by gas regulator ANRE*

Financial: balance sheet and tax

Group Consolidated Balance Sheet at Mar 31, 2014	
	US$m
Cash & Cash Eqvts – unrestricted	46.2
Cash & Cash Eqvts – restricted	10.1
Total Cash & Cash Equivalents	56.3
Short Term + Long Term Debt	227.8
Net Debt(4)	171.5
Shareholders' Equity	424.3
Total Assets	691.3
Gearing (ND/(ND+SE)	29%
Equity ratio (SE/TA)	61%

Required to be >US$10m in UK (Bond covenant)

Comprises Breagh capex escrow account and Debt Service Retention Account (DSRA)

Required to be >40% on group basis (Bond covenant)

(1) Ring Fence Expenditure Supplement
(2) Assumes 100% of tax losses, with 2 years' remaining RFES, utilised in 2021
(3) RPS Breagh end-2013 report and RPS Cladhan end-2013 report
(4) Net debt = short term & long term debt minus cash & cash equivalents (restrietced + unrestricted)

Tax

- Very significant UK tax losses:
  - £376m RFCT loss at Mar 31, 2014, £351m SCT loss (Sterling estimates) including accrual of RFES(1) for Q1 2014
  - RFES still available to claim for 2013-2015
  - No UK tax expected to be paid until at least 2021
  - Value of loss at end March 2014, including future RFES benefit, estimated by Sterling as $204m(2) – more than current market cap
  - Additional value $110m (Sterling estimate) at start 2014 for tax losses not associated with Breagh and Cladhan and hence included in RPS valuations(3)
- Deferred Tax Asset of $144 million recognised for first time at Mar 31, 2014, in respect of existing UK losses than can be used against profits from Breagh
- C$103m of losses available to shelter future Romanian profits in Canada at end 2013

Bond

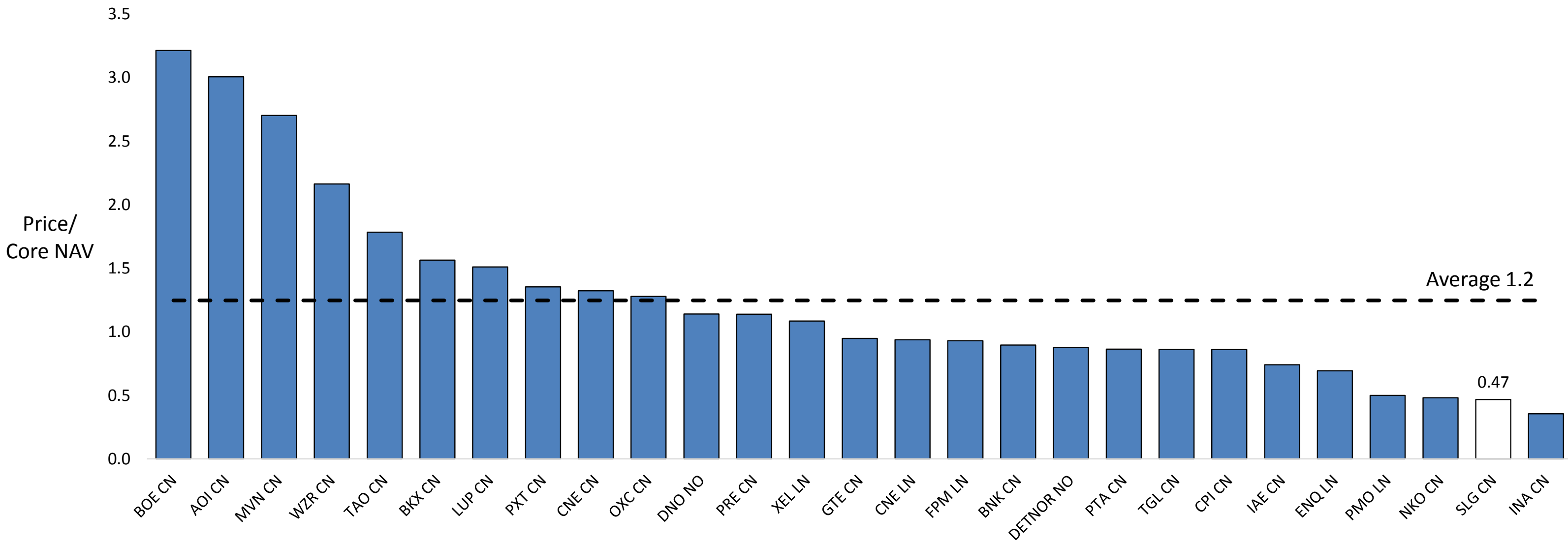
- At expected production rates and forward curve gas prices, expect not to be able to meet minimum cash covenant around end Q3 2014
- Bond amortization starts on 30 October 2014; 10 equal semi-annual payments of which all but last paid at 105%
- No separate restrictions on cash movements within group – bondholders are protected by amortization schedule

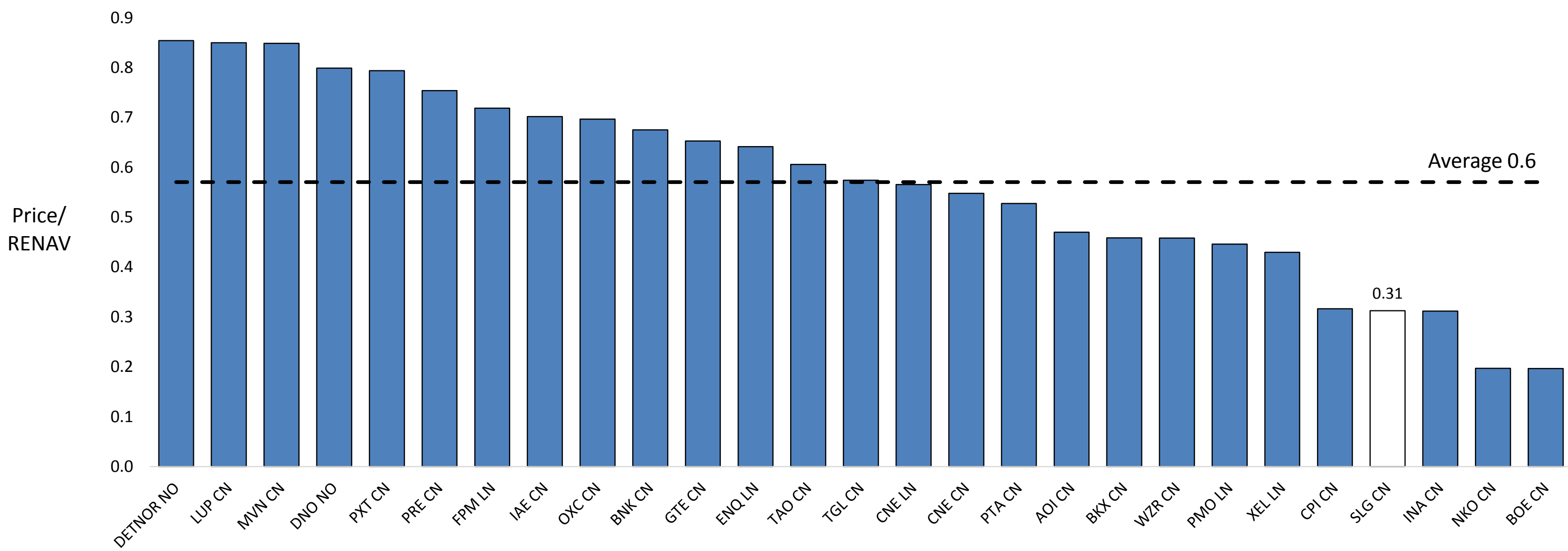
Financial: cash and cash flow

- Total Cash & Cash Equivalents (including restricted) at Mar 31, 2014 $56m
- Expected Q2-Q4 2014 Breagh operating cash flow plus proceeds of option exercise $57m (ref. p2)
- Equity reduction offshore Romania should result in upfront cash, promoted exploration farm-down and future development carry (completion proceeds expected Q1 2015)
- Fracture stimulation of Breagh A07 (and possibly of other wells) and drilling of new A08 well should achieve cash payback in <1 year
- Projected Q2-Q4 2014 sources of cash ($m): 56 + 57 = 113
- Projected Q2-Q4 2014 uses of cash ($m): 111
- Cash deficit (in relation to minimum $10m UK unrestricted cash covenant) will arise around Q3 2014
- By end 2014, restricted DSRA needs to have $16m of funds as accrual of next interest and amortization payment
- Additional financing focused on debt capital markets being planned

Estimated Q2-Q4 2014 expenditures (prior to planned farm-outs)	$m
Breagh Phase 1	24
Pre-development Breagh Ph2	5
UK exploration & appraisal	15
Romania/Netherlands/France exploration & appraisal	15
General & Administrative (net)	8
Bond interest	20
Bond amortization	24
TOTAL	**111**

Low valuation compared to peer group





Source: average of most recent published valuations of RBC, TD Securities, First Energy and Dundee Securities; share prices as of March 11, 2014

Note: peer group defined as E&Ps with market cap > $100m, listed in Canada with primarily international operations, or UK listed and focused

Summary

- Cash generative, full-cycle E&P company
- Significant UK tax losses with no tax payable until ~2021; value exceeds current market cap
- Significant exploration and appraisal activity over next few years
- Small additional debt capital markets financing planned
- Active program of sell-down/farm-outs in Romania and UK; other M&A transactions would be considered
- Very low price/NAV compared to peer group