



## **STERLING RESOURCES LTD. ANNOUNCES AGREEMENT TO SELL UK OPERATING SUBSIDIARY TO ORANJE-NASSAU ENERGIE B.V.**

**Calgary, Alberta, Canada, March 3, 2017** - Sterling Resources Ltd. (TSX-V:SLG) ("**Sterling**" or the "**Company**") announces that it, together with its wholly-owned subsidiary SRUK Holdings Ltd. ("**SRUK Holdings**"), has entered into a definitive agreement (the "**Share Purchase Agreement**") with Oranje-Nassau Energie B.V. ("**ONE**"), the largest privately owned Dutch exploration and production company, pursuant to which ONE has agreed to acquire (the "**Transaction**") from SRUK Holdings the entire issued share capital of Sterling Resources (UK) Ltd. ("**SRUK**") for an amount equal to US\$163 million, less: (a) amounts necessary to redeem the outstanding US\$40 million principal amount of bonds issued by SRUK; (b) amounts necessary to cancel the super senior revolving credit facility entered into by SRUK, SRUK Holdings and the Company with a syndicate of lenders; and (c) certain completion adjustments based on actual change of control and interim period costs relative to targeted amounts. Following all such adjustments, and other associated expenses, the Company anticipates net proceeds from the sale of SRUK of approximately US\$113 million, assuming a completion date of the Transaction of May 15, 2017.

As previously announced, following the completion of Sterling's recapitalization on May 30, 2016, the board of directors of Sterling continued its pursuit of potential M&A opportunities, though from a strengthened financial position. Sterling considered a number of alternatives from a variety of potential counterparties to maximize shareholder value over the nearly 9 months that followed. Ultimately, this process culminated with the board of directors of Sterling recommending the Transaction with ONE, which was determined to offer Sterling's shareholders the greatest value.

"Following a careful review of the Transaction by the board of directors, in consultation with our financial and legal advisors, we believe that this Transaction represents excellent value and is in the best interests of the Sterling shareholders," said Jake Ulrich, the Chairman of the board of directors of Sterling.

Alexander Berger, CEO of Oranje-Nassau Energie said: "I am very pleased to announce that ONE has reached an agreement with Sterling which, as with the SEAN acquisition from Shell and Esso, will substantially grow our UK footprint and adds another high quality long term gas asset to our portfolio. Since ONE was acquired in 2009, production has increased fourfold and this deal makes a significant step towards reaching our longer term 150 million barrels of oil equivalent reserves target. The transaction will be funded with support from ONE's two lender groups. ONE continues to build upon the strong relationship with its lenders, both under the \$340 million RBL facility arranged in 2014 and through a £20 million increase under the £50 million NIBC Mezzanine & Equity Partners arranged second lien facility."

## **The Share Purchase Agreement**

The Share Purchase Agreement provides for the implementation of the Transaction and contains customary representations and warranties of each party, non-solicitation covenants by Sterling and right to match provision in favour of ONE. Pursuant to the Share Purchase Agreement, a termination fee of US\$5,000,000 will be payable by SRUK Holdings in certain circumstances, including if Sterling enters into an agreement with respect to a superior proposal or if the board of directors of Sterling withdraws or modifies its recommendation in respect of the Transaction.

Completion of the Transaction is subject to the satisfaction or waiver of a number of conditions, including the receipt of requisite shareholder, TSX Venture Exchange (“**TSX-V**”) and regulatory approvals. The Transaction requires approval by not less than sixty six and two thirds per cent of the votes cast by Sterling’s shareholders, voting in person or by proxy, at a special meeting of Sterling to be held to, among other things, approve the Transaction (the “**Meeting**”).

An information circular regarding the Transaction (the “**Circular**”) is expected to be mailed to shareholders of Sterling no later than April 10, 2017 with the Meeting expected to take place on or about May 8, 2017. Closing of the Transaction is expected to occur shortly thereafter.

A copy of the Share Purchase Agreement will be filed on Sterling’s SEDAR profile and will be available for viewing at [www.sedar.com](http://www.sedar.com).

## **Advisors and Fairness Opinion**

Jefferies International Limited (“**Jefferies**”) is acting as financial advisor to Sterling. Jefferies has provided a formal opinion that, subject to the assumptions and limitations upon which the opinion is based, the consideration to be received by SRUK Holdings pursuant to the terms of the Transaction is fair, from a financial point of view, to SRUK Holdings (the “**Fairness Opinion**”).

Burness Paull LLP is acting as UK counsel to Sterling and SRUK Holdings, Schjodt is acting as Norwegian counsel to Sterling and SRUK Holdings and Stikeman Elliott LLP is acting as Canadian counsel to Sterling.

## **Recommendation of the Board of Directors and Voting Support**

After considering, among other things, the Fairness Opinion and other relevant matters, the board of directors of Sterling has unanimously determined that the Transaction is in the best interests of Sterling and unanimously recommends that the shareholders of Sterling vote in favour of the Transaction.

All of the directors and officers, who hold stock or stock options of Sterling, have entered into voting support agreements with ONE pursuant to which they have agreed, among other things, to vote their shares of Sterling in favour of the Transaction, subject to certain permitted exceptions. Similarly, certain shareholders holding in aggregate in excess of 79 per cent of the shares of Sterling have entered into voting support agreements with ONE on similar terms. In aggregate, shareholders holding in excess of 79 per cent of the shares of Sterling have agreed, among other things, to vote their shares of Sterling in favour of the Transaction, subject to certain permitted exceptions.

## **Winding-Up of Sterling**

In the event that the Transaction is ultimately approved by shareholders of Sterling, all other conditions to closing are satisfied or waived and the Transaction is completed in accordance with the terms of the Share Purchase Agreement, Sterling will not have any active business operations or assets other than cash, including indirectly the cash consideration received by SRUK Holdings from ONE as consideration for the shares of SRUK. As a result, it is the current intention of Sterling to undertake a voluntary winding-up and dissolution following completion of the Transaction (the “**Winding-up**”).

Pursuant to the Winding-up, Sterling intends to distribute all net proceeds of the Transaction (after the payment or discharge of all obligations, including those associated with each of the Transaction and Winding-up itself (collectively, the “**Obligations**”)) to the shareholders of Sterling in the form of reductions of paid-up capital and in one or more instalments.

The Winding-up requires approval by not less than sixty six and two thirds per cent of the votes cast by Sterling’s shareholders, voting in person or by proxy, at a meeting duly called for that purpose. As a result, shareholders will be asked to approve the Winding-up at the Meeting.

There are a number of variables, known and unknown, that may impact the ultimate amount of the distributions payable to Sterling’s shareholders in connection with the Winding-up, including the quantum of the Obligations. While the distributions made to Sterling’s shareholders may therefore be materially lower than the amount currently anticipated, based on the information available to Sterling at the date hereof, it is anticipated that the cumulative distributions to be paid to the Sterling shareholders subsequent to the completion of the Transaction are likely, based on today’s exchange rate, to be in the range of approximately CDN\$0.97 to CDN\$1.02 per share.

The common shares of Sterling are expected to cease trading and be delisted from the TSX-V on or about the time of the final distribution to Sterling shareholders.

Details of the Transaction and the Winding-up and the risks, processes and procedures associated therewith and subsequent to the completion thereof, will be disclosed in greater detail in the Circular.

## **ABOUT STERLING**

Sterling is a Canadian-listed international oil and gas company whose registered office is in Calgary, Alberta with assets in the United Kingdom and the Netherlands. The shares are listed and posted for trading on the TSX-V under the symbol “SLG”.

## **ABOUT ONE**

ONE is a privately owned Amsterdam based oil and gas company, with a long history and a proven track record of successful upstream investments. Since the June 2015 acquisition of the operated SEAN gas field and delisting of Netherlands based operator Cirrus in 2011, ONE now has an extensive North Sea portfolio. Together with this transaction and its non-operated position in Gabon, overall ONE’s longer term production will increase to over 25,000 barrels of oil per day. ONE’s growth strategy is backed by a strong financial position with dedicated private shareholders and a US\$340 million reserve based lending facility with ING, ABN AMRO, BNP Paribas, Crédit Agricole – CIB and Commonwealth Bank of Australia as well as a £50 million Term Facility arranged by NIBC Bank.

For further ONE information, please go to: [www.onebv.com](http://www.onebv.com)

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

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**Forward-Looking Statements**

All statements included in this news release that address activities, events or developments that Sterling expects, believes or anticipates will or may occur in the future are forward-looking statements. In particular, this news release contains forward-looking statements with respect to the anticipated completion of the Transaction and Winding-up, the approval of Sterling's common shareholders at the Meeting to the Transaction and Winding-up, expectations with respect to the range of cumulative distributions to shareholders in connection with the Winding-up, expectations for delisting the common shares from the TSX-V.

These forward-looking statements involve numerous assumptions made by Sterling based on its experience, perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. In addition, these statements involve substantial known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward looking statements will prove inaccurate, certain of which are beyond Sterling's control, including: the impact of general economic conditions in the areas in which Sterling operates, civil unrest, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in commodity prices, foreign exchange or interest rates, stock market volatility and obtaining required approvals of regulatory authorities. In addition, there are risks and uncertainties associated with oil and gas operations. Readers should also carefully consider the matters discussed under the heading "Risk Factors" in the Company's Annual Information Form.

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. Sterling's actual results, performance or achievements could differ materially from those expressed in, or

implied by, these forward-looking statements. These statements speak only as of the date of the news release. Sterling does not intend and does not assume any obligation to update these forward-looking statements except as required by law.