Sterling Resources Ltd. Announces 2018 Capital Budget

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CALGARY, ALBERTA--(Marketwired - Jan 30, 2018) - Sterling Resources Ltd. (the "Company") (TSX VENTURE:SLG) to announce that its Board of Directors (the "Board") has approved the development budget of $30.6 million for fiscal 20 budget is focused towards bringing the Bretana oil field online in Block 95, in Northeast Peru. In this press release, all c amounts are in United States ("U.S.") dollars.

2018 Capital Budget

Capital expenditures are expected to be allocated as follows:

Facilities and civil works/installation	$ 17.8 million
Well Workovers	$ 2.0 million
Permitting/Social	$ 2.1 million
Capitalized G&A	$ 2.7 million
New Bretana Oil Well (Spud)	$ 5.4 million
Osheki Prospect Block 107	$ 0.6 million
Total	$ 30.6 million

The Bretana oil field will require approximately $24.6 million to be put on production before year end. As highlighted in t above, $17.8 million are in facilities and civil works to start production from the existing discovery well that tested oil dur short-term test prior to being shut in, as well as some maintenance work on the other projects. The remaining $4.8 milli to complete the ongoing Bretana full field development environmental permit and for capitalized general and administra expenses. The Company also plans to invest $2.0 million to work over the existing oil well and the existing water reinje The Company expects to spud Bretana's second oil producing well before year end at a cost of $5.4 million, representi third of the total cost of this well that is expected to be completed in early 2019. The Company will also invest $0.6 milli Osheki's logistics, with the expectation of bringing a joint venture partner to drill this important prospect the following ye

"Our team continues to execute the strategy laid out in our fundraising activities at the end of 2017," stated Manolo Zun President and Chief Executive Officer. "We continue to make progress for installation of facilities at the field to bring pro online by year-end. We have also engaged third-party engineering firm Netherland, Sewell & Associates, Inc. ("NSAI") the year end 2017 reserves report. At June 30, 2016, NSAI estimated the field to most likely have 330 million barrels of resulting in contingent 2C resources of 39.8 million barrels of recoverable oil. With the financing in place and the approv budget, we expect that the 2C contingent resources will convert to 2P (proved + probable) reserves. Additionally, the ye 2017 NSAI reserves report will also provide estimates for 1P (proved) and 3P (proved + probable + possible) reserves."

The Company completed an arrangement (the "Transaction") on December 18, 2017 which included PetroTal Ltd., a pr exploration and production company based in Houston, and Gran Tierra Energy Inc. of Calgary, Canada (NYSE:GTE)(The Transaction brought Peruvian assets of Gran Tierra Energy Inc. under Sterling Resources Ltd. for $35 million of eq consideration, and the PetroTal Ltd. management and Board of Directors assumed control of the Company. Concurrent Ltd. completed a $34 million brokered private placement, which along with $17 million held by the Company, brought to proceeds to over $50 million.

"With liquidity at year-end 2017 of approximately $47 million, and no debt, this capital budget is fully funded," Greg Smi Executive Vice President and Chief Financial Officer, commented. "With oil coming online at year-end 2018 and providi from operations, this project should remain self-funding going into 2019. G&A costs for fiscal 2018, excluding capitalize expected to approximate $4 million."

Aiming to focus its capital on the Bretana oil field and finding a partner to drill the Osheki prospect, the Company has re Blocks 123 and 129 back to the Peruvian government. Both blocks had completed their current exploration phase and t

Company believes that relinquishing these blocks will allow the Company to reallocate close to USD $1 million to the B Osheki projects. The Company will therefore now have three blocks in Peru, Blocks 95 (Bretana oil field), Block 107 (O prospect), and Block 133 (adjacent to Block 107 and whose leads follow the Osheki geologic trend).

About Sterling Resources Ltd.

Sterling is a publicly-traded junior oil and gas development and production company domiciled in Calgary, Alberta, focu development of oil assets in Peru. The Company assumed control of the assets in Peru on December 18, 2017. The C management team has significant experience in developing oil fields in Northern Peru and is led by an independent Bo Directors, focused on safely and cost effectively developing and exploiting the Bretana oil field.

Forward-Looking Statements

This press release contains opinions, forecasts, projections, and other statements about future events or results that co forward-looking statements. More particularly, this press release contains statements concerning, but not limited to: the program of the Company, including, the drilling program, the reactivation program and other capital expenditures; the a and sufficiency of the 2018 capital budget and the Company's expectation to be self-funding in 2019; the reserves repo prepared by NSAI and the ability of the Company to convert contingent resources to reserves; the ability to put the Bret on production and the timing and cost thereof; and identifying a joint venture partner for the Osheki prospect and the po drill that prospect in 2019. In addition, the use of any of the words "anticipate", "believe", "expect", "plan", "intend", "esti "propose", "project", "can", "will", "should", "continue", "may", and similar expressions are intended to identify forward-lo statements. The forward-looking statements contained herein are based on certain key expectations and assumptions Company, including but not limited to expectations and assumptions concerning the availability of capital, current legisl of required regulatory approval, the success of future drilling and development activities, the performance of existing we performance of new wells, the Company's growth strategy, general economic conditions, availability of required equipm services and prevailing commodity prices.
Although the Company believes that the expectations and assumptions on which the forward-looking statements are ba reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a n factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., op risks in development, exploration and production; delays or changes in plans with respect to exploration or developmen capital expenditures; as the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to pr costs and expenses, and health, safety and environmental risks), commodity price and exchange rate fluctuations, cha legislation affecting the oil and gas industry, uncertainties resulting from potential delays or changes in plans with respe exploration or development projects or capital expenditures as well as additional risks associated with operating in a de country. Please refer to the risk factors identified in the filing statement of the Company which is available on SEDAR a www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and the Company unde obligation to update publicly or revise any forward-looking statements or information, whether as a result of new informa events or otherwise, unless so required by applicable securities laws.

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

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