SERICA ENERGY

ANNUAL GENERAL MEETING

Strong performance in a challenging environment

25 June 2020

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Strong Performance in a Challenging Environment

Serica is well-positioned to deal with twin challenges of COVID-19 and commodity price uncertainty

ROBUST FINANCES

- Very strong balance sheet
- Healthy cash balance
- No borrowings
- Limited decommissioning liabilities

EFFICIENT OPERATIONS

- Increased production on BKR
- Reduced 2019 opex costs
- Environmental focus
- Streamlined efficiency

GENERATING OPPORTUNITY

- We have the funds & flexibility to pursue growth opportunities
- We will reward shareholders with the issue of a maiden dividend of 3p/share

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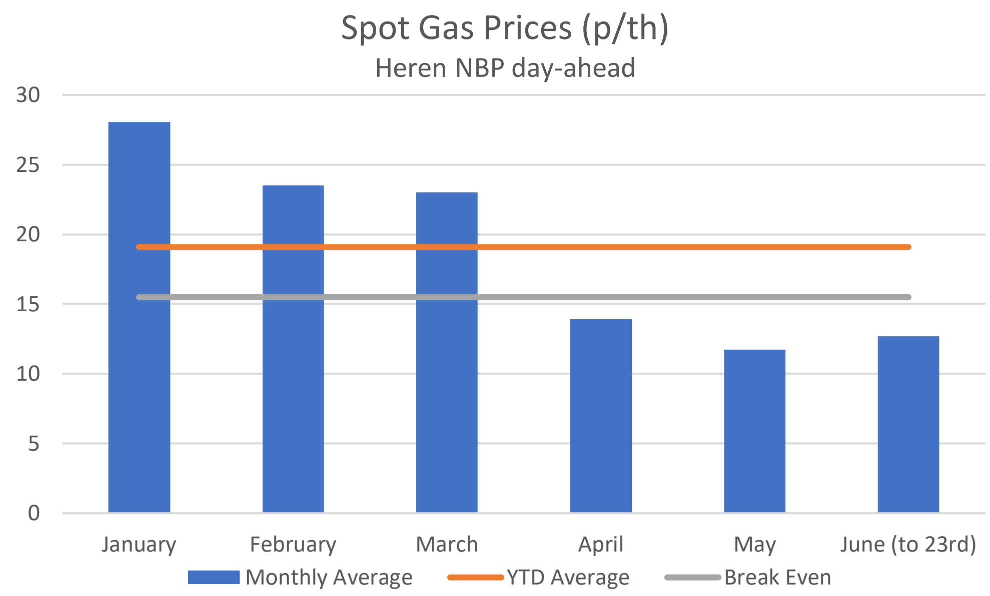
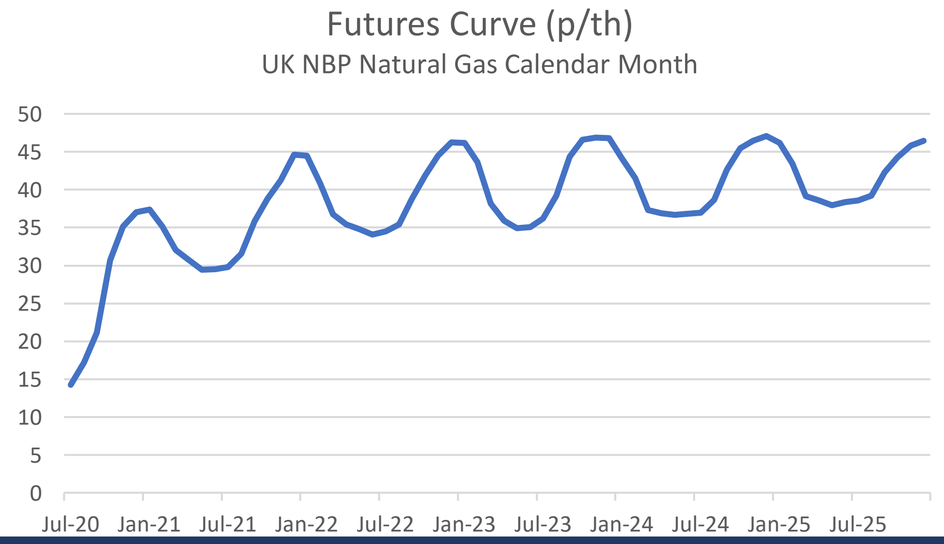
DYNAMIC
INNOVATIVE
INDEPENDENT

BUSINESS ENVIRONMENT

Commodity Prices





- Commodity prices have been depressed during 2020
- Serica's production is over 80% gas; spot gas prices are shown in the upper chart and the futures curve is shown below
- Serica's operating cost in 2019 was $12.60/boe
- As an illustration, if oil prices are assumed to be $40/bbl then Serica needs to achieve a gas price of ~15.5p/th* in order to realise a price of $12.60/boe
- This 'break-even' gas price is reduced further by Serica's gas hedges (see slide 14)
- YTD average gas prices of ~19.1p/th are considerably higher than the 15.5p/th break-even
- Forward gas prices are improving
- **Serica's low cost base enables the company to remain cash positive at low commodity prices**

* includes all operating costs and corporate G&A

No Interruptions in Production due to COVID-19

Bruce crew salute the NHS, carers and other key workers

- Serica is responsible for around 5% of the UK's gas production
- Essential to power UK's critical infrastructure
- We moved quickly to review operational processes and devise safe, workable measures to protect our team and maintain steady production
- Empowered leadership has motivated our teams and inspired high morale

Special Measures

- We continue to work with government and industry bodies to protect our staff and keep their working environment safe

- As a demonstration of transparency, Serica has published its first ever Environmental, Social and Governance ("ESG") Report and created a dedicated role of VP ESG
- In 2019 we reduced flaring and CO_2 emissions compared to 2018
- We have motivated our staff to continue to look to reduce emissions year on year and consider ESG in all business decisions
- We have chosen to structure our report around the UN Sustainable Development Goals, aligning them with the Global Reporting Initiative, Core Option
- We encourage local social and community engagement through education and charity involvement

GRI™ Empowering Sustainable Decisions

The full report can be found at www.serica-energy.com

Oil & Gas: An Essential Industry in the UK

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The UK Oil & Gas industry provides

- **270,000 jobs** across the UK*
- **£24 billion to UK GDP*** (1.2% of the UK total)
- **Intensive training** of next generation skilled workforce
- **Gas** as a low-carbon transition fuel

Serica's contribution to the future of the North Sea is critical:

- The UK's transition to net zero is opening up a critical energy gap - this needs to be bridged if the UK is to avoid that gap becoming a crisis
- It is vital that investment is made in the North Sea, both to bridge the energy gap and to help the UK reach its legally binding commitment of net zero economy by 2050
- Serica's future investment will aim at greater business and environmental efficiency
- Responsible operators require clarity, certainty and consistency around regulatory and fiscal environments and structures to have confidence ahead of committing to significant long-term capital spend

*Source : OGUK Economic Report 2019

Serica fully supports the industry's 'Vision 2035' Net Zero initiative

Oil & Gas Authority

"Current government forecasts suggest that gas will remain a vital part of the UK's energy mix as we move towards Net Zero. As long as this demand exists, managing declining North Sea production to maximise value, minimising greenhouse gas emissions and reducing reliance on hydrocarbon imports are all essential."

59 $kgCO_2e/boe$*
Imported LNG

Imported Liquid Natural Gas (LNG) creates **over twice as much greenhouse gas as production from the UK Continental Shelf (UKCS)**

22 $kgCO_2e/boe$*
UKCS average

Gas extracted from the UKCS has an **average emission intensity of 22 $kgCO_2e/boe$**

<18 $kgCO_2e/boe$
Serica

In its first year as operator, Serica achieved a carbon intensity figure of **<18 $kg/CO_2e/boe$, well below the UK North Sea average***

*Source: OGA

Serica's contribution to the UK's oil and gas industry is critical in providing secure and affordable energy, supporting hundreds of skilled jobs and making a significant contribution to the UK economy

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DYNAMIC INNOVATIVE INDEPENDENT

2019 RESULTS

2019 – Strong Performance in a Challenging Environment

- A British-based independent upstream oil and gas company with operations centred on the UK North Sea with a full range of exploration, development and production assets
- Serica has no borrowings and limited decommissioning liabilities

NET PRODUCTION

30,000boe/d

FY 2019 from Bruce, Keith, Rhum & Erskine

GROSS OPERATED PRODUCTION

>41,000boe/d

FY 2019 from Bruce, Keith & Rhum

OPEX

$12.60/boe

FY 2019 operating costs (including production, processing, transportation and insurance) before non-cash depletion charges

2019 OPERATING PROFIT

£87.7million

FY 2019 operating profit before net finance revenue, tax and transaction costs

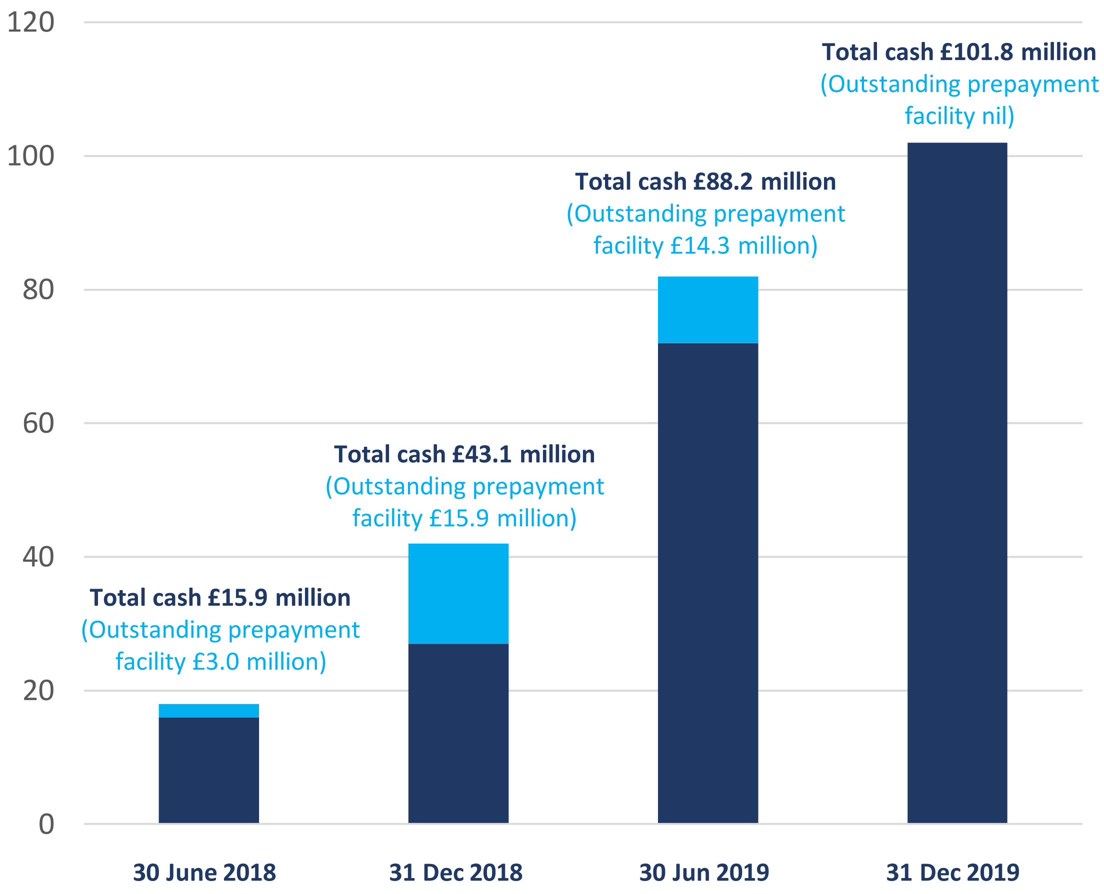
CASH

£101.8million

31 December 2019

Cash Position

Cash, cash equivalents and term deposits / £ million



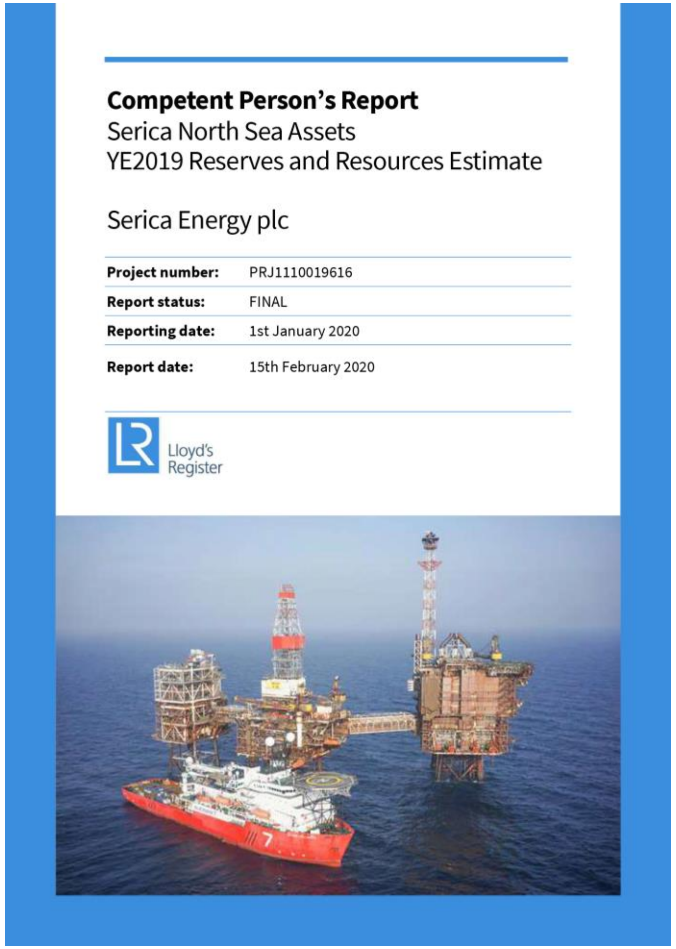
- 31 December 2019 cash, cash equivalents and term deposits totalled £101.8 million (this compares with £27.2 million of net cash at 31 December 2018)
- During 2019 **the entire gas prepayment facility of £16 million was repaid** as well as the second $5 million acquisition instalment to Total E&P
- As of 1 January 2020 Serica's share of BKR Net Cash Flow* increased to 60% from 50% in 2019
- Serica's share was 40% in 2018, was 50% in 2019, is 60% in 2020, will be 60% in 2021 and 100% thereafter
- £57 million of Net Cash Flow Sharing payments were settled in respect of 2019

* Net cash flow under the Net Cash Flow Sharing agreements with BP, Total E&P and BHP for the purchase of interests in Bruce, Keith and Rhum

Reserves Upgrade

- Serica commissioned a new Competent Person's Report ("CPR") effective 1 January 2020
- This has identified several upgrades to 2P Reserves estimates particularly due to the successful efforts to extend the prognosed Cessation of Production ("COP") on Bruce
- The latest CPR estimates Bruce COP (2P case) to occur in 2028 compared to 2026 in the previous CPR

Net 2P Reserves				
Field	**1-Jan-19 (mmboe)**	**2019 Production (mmboe)**	**Revisions (mmboe)**	**1-Jan-20 (mmboe)**
Bruce	21.850	(4.798)	5.136	**22.189**
Keith	0.656	(0.166)	(0.037)	**0.453**
Rhum	34.460	(5.028)	(0.686)	**28.746**
Erskine	5.686	(0.998)	(0.546)	**4.142**
Columbus	6.184	0.000	0.551	**6.735**
TOTAL	68.836	(10.989)	4.418	**62.265**



Commodity Price Hedging

- At the time of entering into the BKR transaction with BP, Serica purchased 'put' options* at 35p to cover 60% of the retained gas production, after net cash flow sharing, purchased from BP for 2018 and 2019 and 40% of retained production for the first half of 2020
- Since then Serica's strategy has been (and continues to be) to monitor the market in order to identify opportunities to increase and extend our hedging cover over our retained share of gas production
- Further to the gas put options, Serica has put in place additional gas 'swaps'**
- At the end of Q1 2020 the total gas hedging position was as follows

		Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Swaps	Weighted Average Price (p/th)	46.6	40.8	37.6	40.3	42.6
	Volume of gas covered (therms/day)	160,000	160,000	80,000	140,000	185,000
Puts	Price (p/th)	35.0	35.0			
	Volume of gas covered (therms/day)	160,000	160,000			
Total	Volume of gas covered (therms/day)	320,000	320,000	80,000	140,000	185,000

- As a reference, Serica Q1 2020 net gas production (after allowing for net cash flow sharing) was approx. 500,000 therms/day

*A 'put' option covers downside at strike price with no restriction on upside. The upfront cost is related to a forward curve benchmark and reflects both the level of discount to the curve and also the time elapsed until the cover period

**A 'swap' is a synthetic product replicating forward sales with counterparties compensating each other for variations between strike price and actual market price. These effectively fix sales price, for no upfront cost, at the agreed forward curve level with either party compensating the other for price deviations, with Serica receiving the differential for prices lower than the swap price and the counterparty receiving the differential for prices higher than the swap price

Maiden Dividend

- Our prime objective is to increase shareholder value both through technical excellence and acquisition in order to diversify risk, replenish our basket of assets and fully utilise the Company's operational and financial strengths
- **We enter 2020 in a very robust financial position**
- 2020 has already presented a number of unexpected challenges (Bruce caisson problems, COVID-19 and commodity price fluctuations) but Serica has demonstrated the resilience to deal with these issues and so the Board recommended the payment of a dividend at this year's AGM
- Serica remains in growth mode as it looks for new investment opportunities but this still leaves room for a measured distribution policy to reward shareholders for their continuing support
- **A dividend of 3p/share was approved at the AGM**
- The Board aims to maintain the best balance between growth, risk management and total shareholder return. If Serica's financial position remains favourable then it is the intention that a regular dividend will be paid

DIVIDEND TIMETABLE	
23-Apr-20	Dividend of 3p/share announced
25-Jun-20	Dividend recommended at AGM
26-Jun -20	Record Date
24-Jul-20	Payment Date

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DYNAMIC INNOVATIVE INDEPENDENT

TECHNICAL & OPERATIONAL

PRODUCE

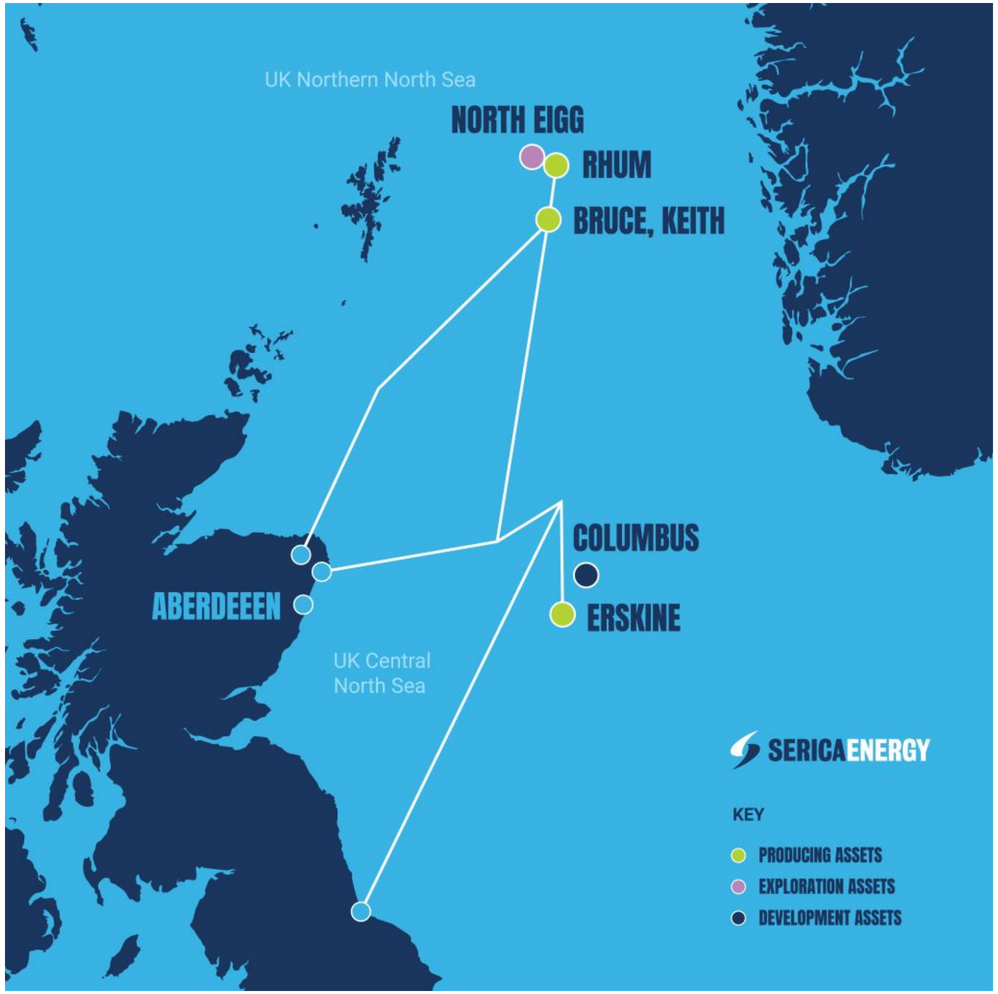
- Serica is operator of and has a 98% interest in Bruce, a 100% interest in Keith and a 50% interest in Rhum
- Serica has an 18% non-operated interest in the Erskine field

DEVELOP

- Serica is operator of and has a 50% interest in the Columbus development
- First production planned for 2021

EXPLORE

- Serica was recently awarded 100% of the P2501 Eigg Licence
- Serica has made a number of applications in the 32nd UKCS licensing round



2020 Expenditure

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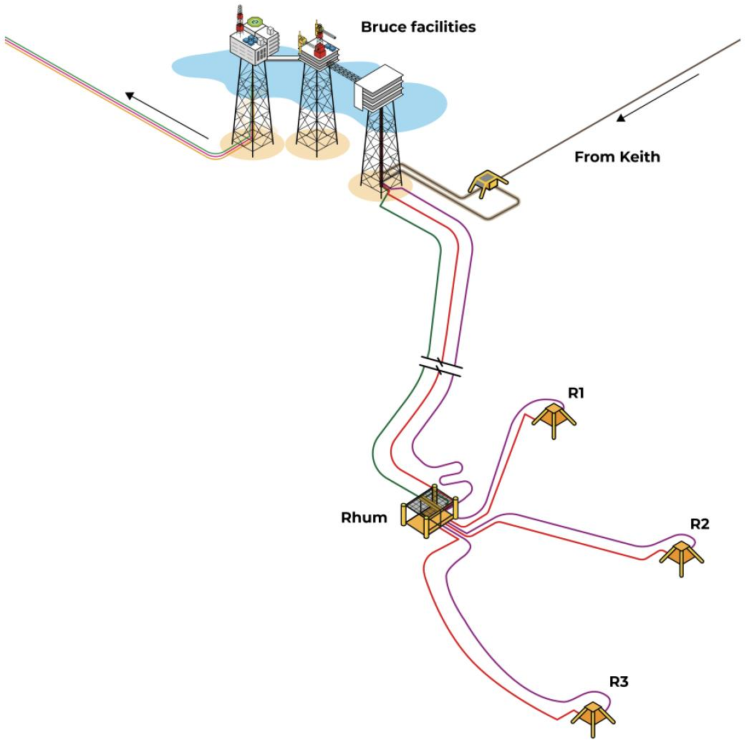
- Serica has no borrowings and healthy cash reserves. However, in light of recent commodity price weakness, a thorough evaluation of operating costs has been undertaken
- Despite the additional costs associated with the Bruce caisson repairs it has been possible to identify significant cost savings associated with ongoing operations
- Reductions in 2020 absolute operating costs of 10% have been identified and are being implemented

- The Columbus partners remain committed to the project but the drilling of the Columbus development well has been deferred to 2021 due to the unexpected delay in the development of the Arran field and modifications of the Shearwater production facilities. This will defer approximately £11.5 million of net CAPEX from 2020 to 2021
- A drilling rig has been contracted for the R3 intervention project (where Serica's net 2020 share of CAPEX is estimated at £11 million) and operations are expected to commence in Q4 this year
- The North Eigg exploration well is still scheduled for 2021. No significant CAPEX is expected on this project in 2020

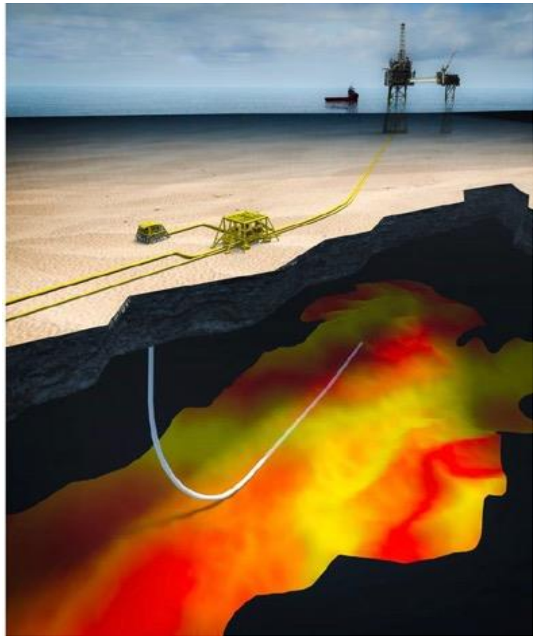
The Rhum Field (Serica 50%) - Summary

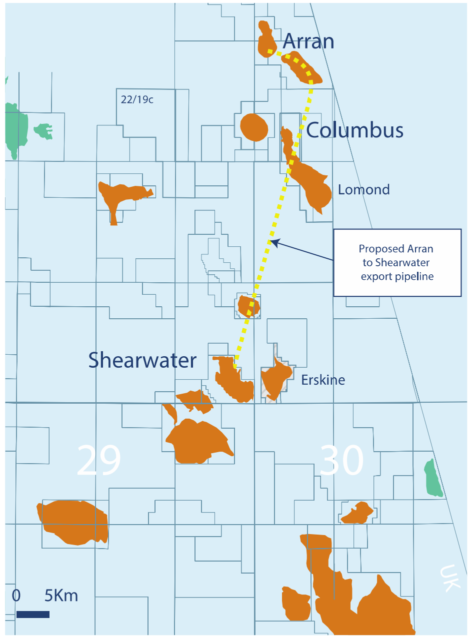


- Rhum produced over 13,700 boe/d (net) from only two wells in 2019
- A third well (R3) was drilled when the field was originally developed but was not put into production due to mechanical problems with equipment in the well
- Serica is working on a project to bring R3 into production for the first time, with the aim of increasing production and overall recovery from the Rhum reservoir
- Serica has contracted Awilco Drilling's WilPhoenix semisubmersible to perform the work
- It is expected that operations will commence in the Q4 2020 and last approximately 70 days

Columbus (Serica 50%) - Operated Development Project

- Columbus will be drained by a single subsea well, which will be connected to the Arran-Shearwater pipeline, through which Columbus production will be exported along with Arran field production
- At Shearwater the production will be separated into gas and liquids and exported to St Fergus and Cruden Bay respectively
- Columbus timing is dependent on the availability of the production facilities on the Shearwater platform. Due to the unexpected delay in the development of the Arran field and modifications of the Shearwater facilities, the start-up of the Columbus field is now expected to be in late 2021





Key Milestones

Achieved:

- Oct 18: Field Development Plan approved
- Dec 18:First major contracts placed
- Jun 19:Major long-lead items ordered
- Oct 19: Rig contract signed (Maersk Jack-Up rig)

Target Date:

- 1H 21: Drill development well
- Late 21: First production

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MOVING FORWARD

Financial Strength

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Full lifecycle portfolio with low decommissioning liability

- **Serica's portfolio has limited decommissioning liability** due to the innovative nature of the Erskine transaction and the various BKR transactions

Increased share of Net Cash Flow in 2020 and beyond

- **Serica's share of BKR Net Cash Flow increased by one-fifth at 1 Jan 2020** Under the BKR Net Cash Flow Sharing arrangements Serica received 40% of the Net Cash Flow in 2018, rising to 50% in 2019, 60% in 2020 & 2021 and 100% thereafter

Balance sheet strength

- **Serica has no borrowings** (having paid off the small pre-payment facility with BP) and has a decreasing cost profile and increasing cash reserves. This provides the flexibility to pursue growth opportunities and introduce a dividend policy in 2020

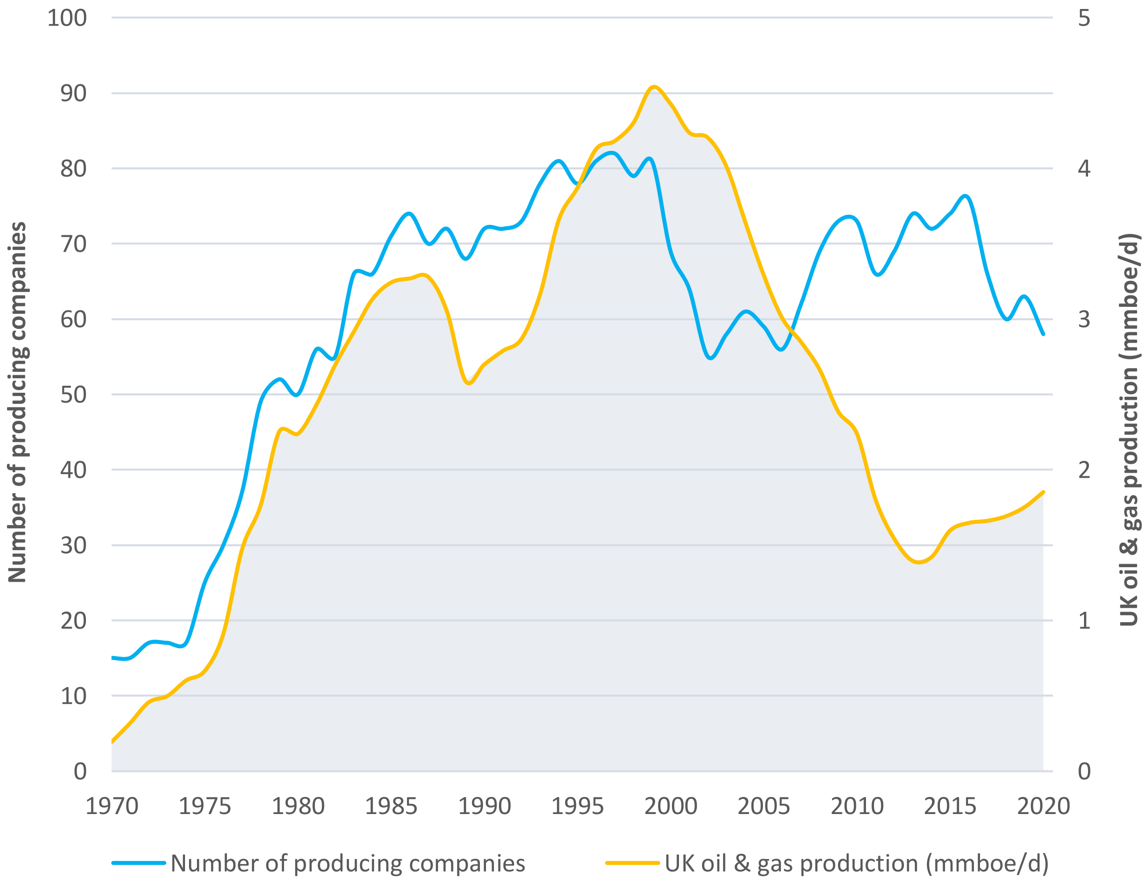
Benefitting from historic tax losses

- Serica is still benefitting from the shelter provided by historic tax losses. These losses stood at £40 million at YE 2019 and are expected to **provide cover for 2020 and into 2021**

Corporate Activity

UK oil & gas production vs. number of producing companies

There are still almost as many producers in the UK as in the 1990's and 2000's when production was double what it is today



Source: Lambert Energy Associates

- There are still nearly as many producers in the UK today as there were twenty years ago when oil & gas production was over twice what it is today
- This leads to a less optimal cost structure and poor operational efficiency
- **Serica is ideally positioned to act as a consolidator in the UKCS**
- We continue to seek new acquisition opportunities to add further value by building on operating efficiencies, reducing cost, exploiting synergies and managing risk
- During 2019 we made proposals in a number of acquisition processes but we were unable to justify offers which met the counterparties' expectation in terms of price and risk
- In the current crisis facing the industry we feel our caution in this respect has been beneficial and has had the effect of strengthening the Company's position
- Our business model looks more to combining corporate capabilities and strengths with others to add value, blending Serica's low cost base, flexibility and operating capabilities with assets which no longer fit the objectives of others

Maximise production and reduce costs with full emphasis on Health, Safety and the Environment

- Talented, motivated team in place and delivering results
- Focus on maximising economic recovery of oil & gas by reducing costs and remaining profitable at lower commodity prices
- Harness technology and creativity to extend life of fields and reduce carbon intensity
- Leverage Serica's position in the Bruce catchment area to increase utilisation of the Bruce facilities through infield investment, attracting third party business and exploration

Identify new growth opportunities

- Positive market credentials of Serica
- Very strong balance sheet
- Enhanced operating capability
- Diversified asset base
- Good standing with regulatory authorities
- Significant scope for organic growth and further acquisitions

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