SERICA ENERGY

Corporate Update

January 2020

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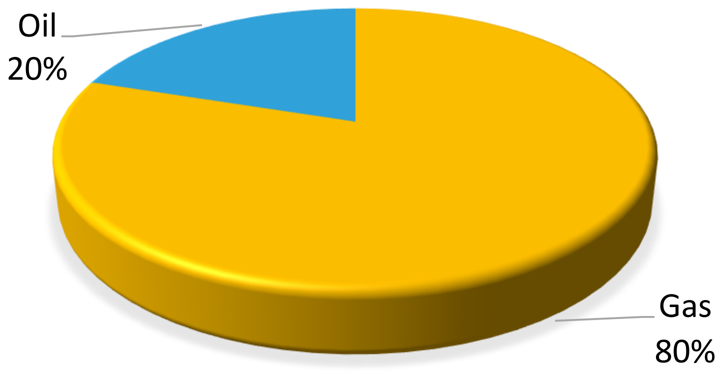
Summary



- Serica has established itself as a leading mid-tier oil and gas producer
- We have created a strong corporate culture committed to safe and environmentally conscious operations whilst also driving increased operating efficiencies
- Production has been increased on Bruce, Keith and Rhum while simultaneously reducing operating costs
- Serica has a very healthy balance sheet with strong cash build, no borrowings and limited decommissioning liabilities
- Over 80% of our production is natural gas, which has significant environmental advantages over other fossil fuels and so is a key element of the Energy Transition

2019 – A Year of Achievement

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

NET PRODUCTION

30,000boe/d

Estimated FY 2019 from Bruce, Keith, Rhum & Erskine

GROSS OPERATED PRODUCTION

>41,000boe/d

Estimated FY 2019 from Bruce, Keith & Rhum

OPEX

~$13/boe

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

6 MONTH OPERATING PROFIT

£52.5million

H1 2019 operating profit from continuing operations

CASH AT HAND

£101.8million

Unaudited 31 December 2019

NO BORROWINGS AND LOW DECOMMISSIONING LIABILITIES

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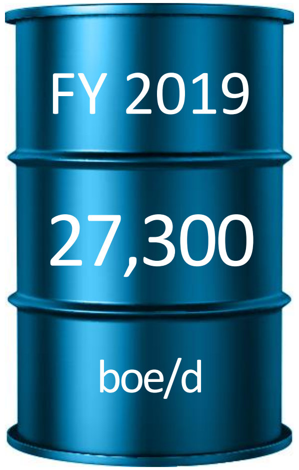
2019 Production Increased by 13%

Continued strong production (all figures net to Serica)

BKR



ERSKINE

Total Net FY 2019 daily production is 13% higher than FY 2018 results
(FY 2018: 26,600 boe/d on a like-for-like basis)

Daily production FY 2019: 30,000 boe/d

(vs. FY 2019 guidance of 26,000-30,700 boe/d)

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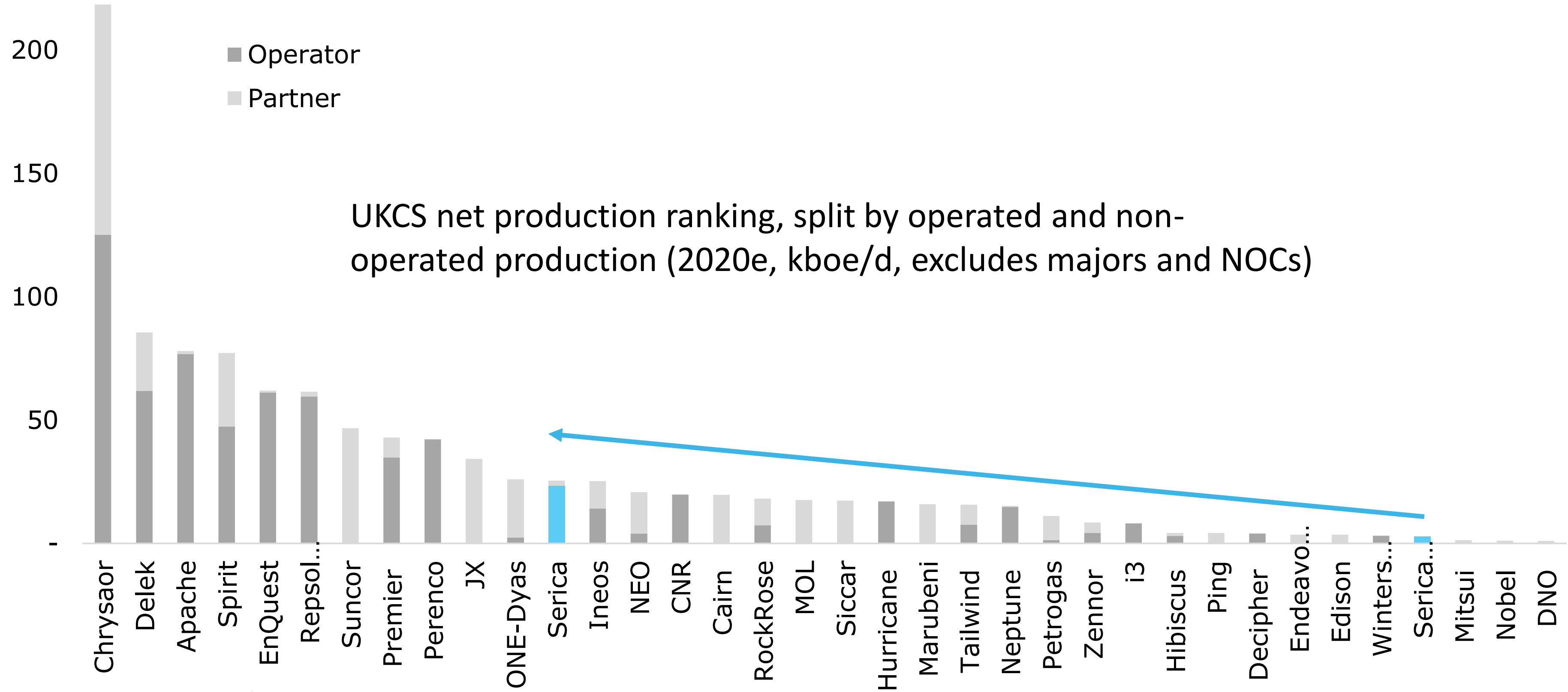
Serica is now a Leading Independent Producer on the UKCS

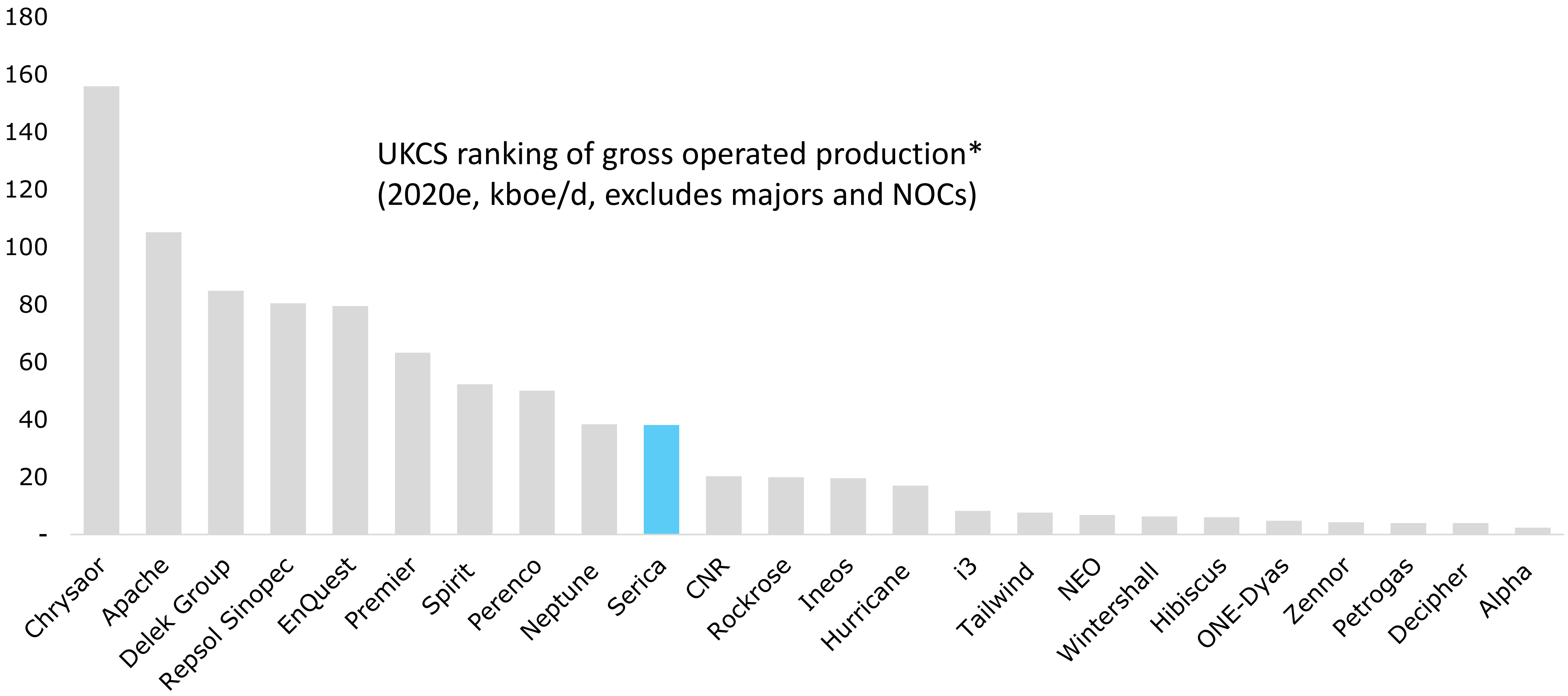
- Following its acquisitions of various interests in the Bruce, Keith and Rhum fields, Serica has become a major player in the UKCS with average net production of ~30 kboe/d, compared with 2 kboe/d prior to the acquisitions



* Source: Wood Mackenzie / Serica

Serica is the 10th Largest Independent Operator on the UKCS

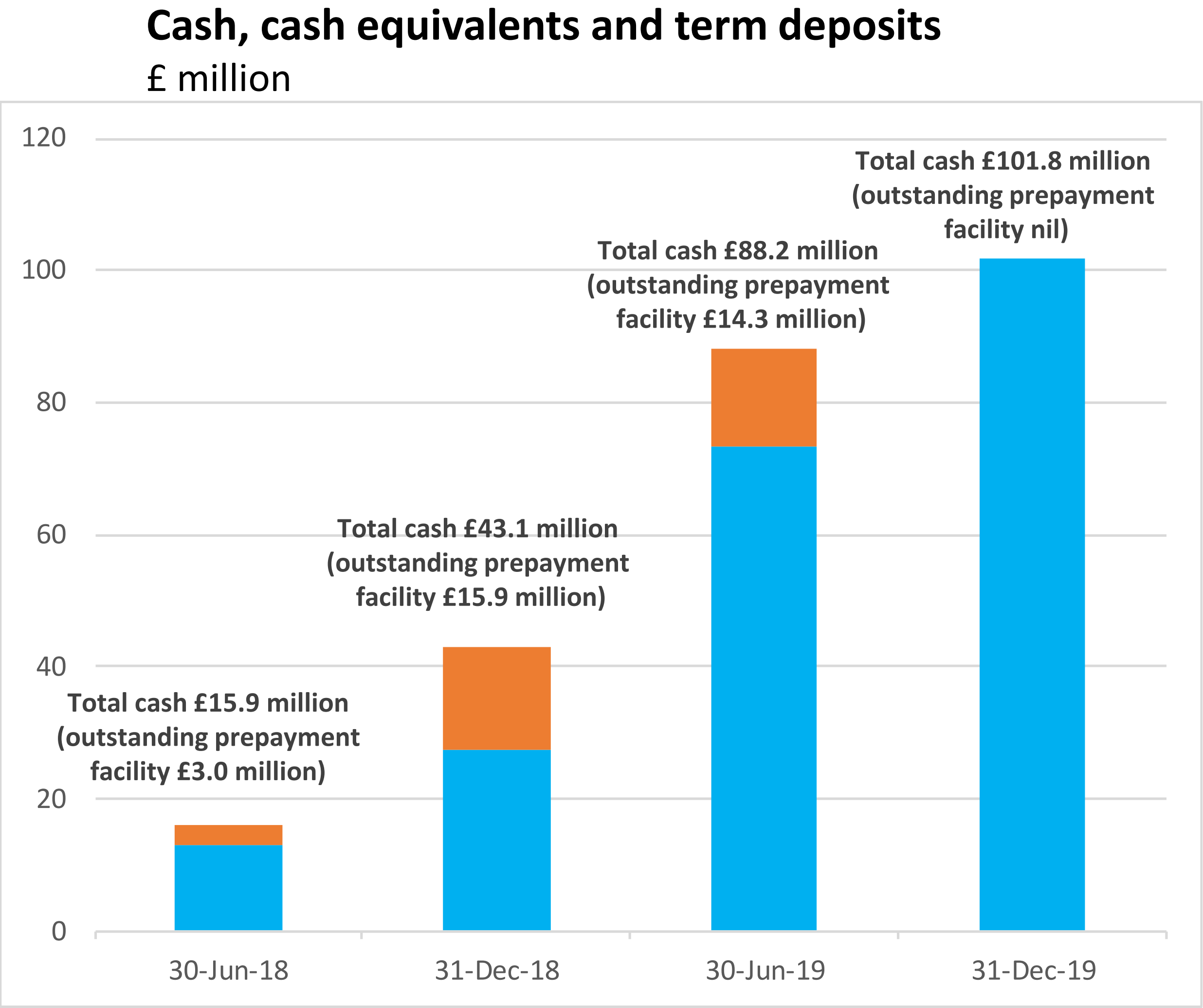
- As operator of BKR, Serica was responsible for operating over 40,000 boe/d of gross production in 2019



* Source: Wood Mackenzie / Serica

Cash Position

Continuing cash build



- Unaudited 31 December 2019 cash, cash equivalents and term deposits totalled £101.8 million (this compares with £43.1 million at 31 December 2018)
- During 2019 **the entire gas prepayment facility of £16.5 million has been repaid** as well as the second $5 million deferred 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 in 2018 was 40%, will be 60% in 2021 and 100% thereafter
- £57 million of Net Cash Flow Sharing payments settled in 2019 with remaining liabilities settled by end 2021

* 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

Financial Responsibility

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
- In November 2019 and January 2020, Serica put in place the following additional gas 'swaps'**

Period	Dec 19	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Swap Price (p/th)	44.5	46.6	40.8	37.6	45.4	46.0
Approx. volume of gas covered	21%	16%	24%	12%	11%	15%

*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

Dividend Policy

- Our prime objective is to increase shareholder value both through technical excellence and through acquisition in order to diversify risk, replenish our basket of assets and fully utilise the Company's operational, fiscal and financial strengths
- We enter 2020 in an extremely robust financial position
- Against this background the Board expects that this year we announce a dividend policy with the 2019 Annual Results. It is expected that the initial dividend will be set at a sustainable level which also gives us the flexibility to meet our objective to seek further growth

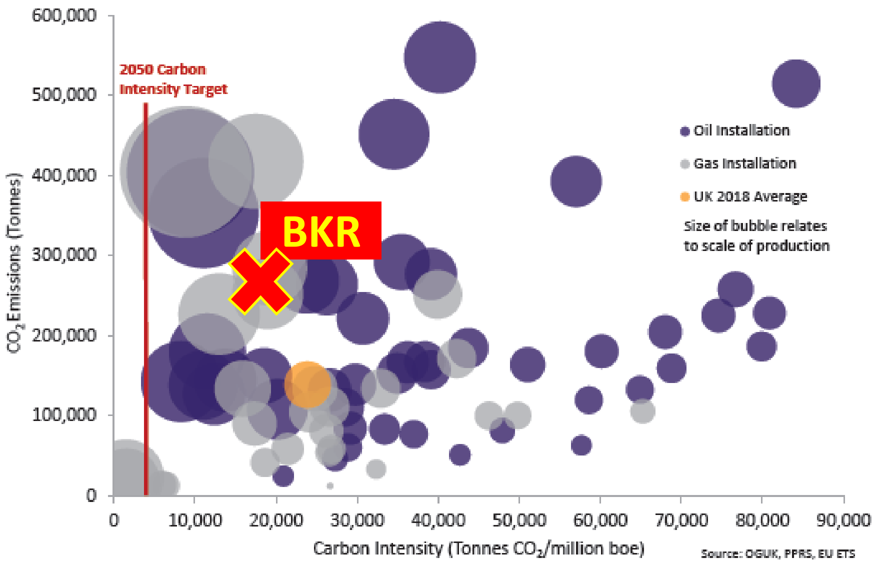
Environment

Gas Production

Over 80% of our production is natural gas, which has significant environmental advantages over other fossil fuels and so is a key element of the UK's Energy Transition

Carbon Intensity

Preliminary data shows a FY 2019 BKR Carbon Intensity of around 18,000 Tonnes CO_2/million boe (vs. the 2018 UK average of around 22,000 Tonnes CO_2/million boe)



Flaring

Initial data indicates 2019 BKR flaring to be 30% lower than 2018 levels due to increased operational efficiencies

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What's next operationally?

2019 has been a year of strong performance which has established Serica as one of the leading independent UKCS operators

- BKR production levels increased due to improved uptime
- Erskine production levels at highest level since Serica acquisition due to increased uptime
- BKR unit costs reduced due to increased focus and simplification

In 2020 Serica intends to build on the operational success of 2019 alongside planning and executing three high-impact capital projects

- The Rhum R3 well intervention
- The Columbus development well and hook up
- Preparation for the North Eigg prospect exploration well

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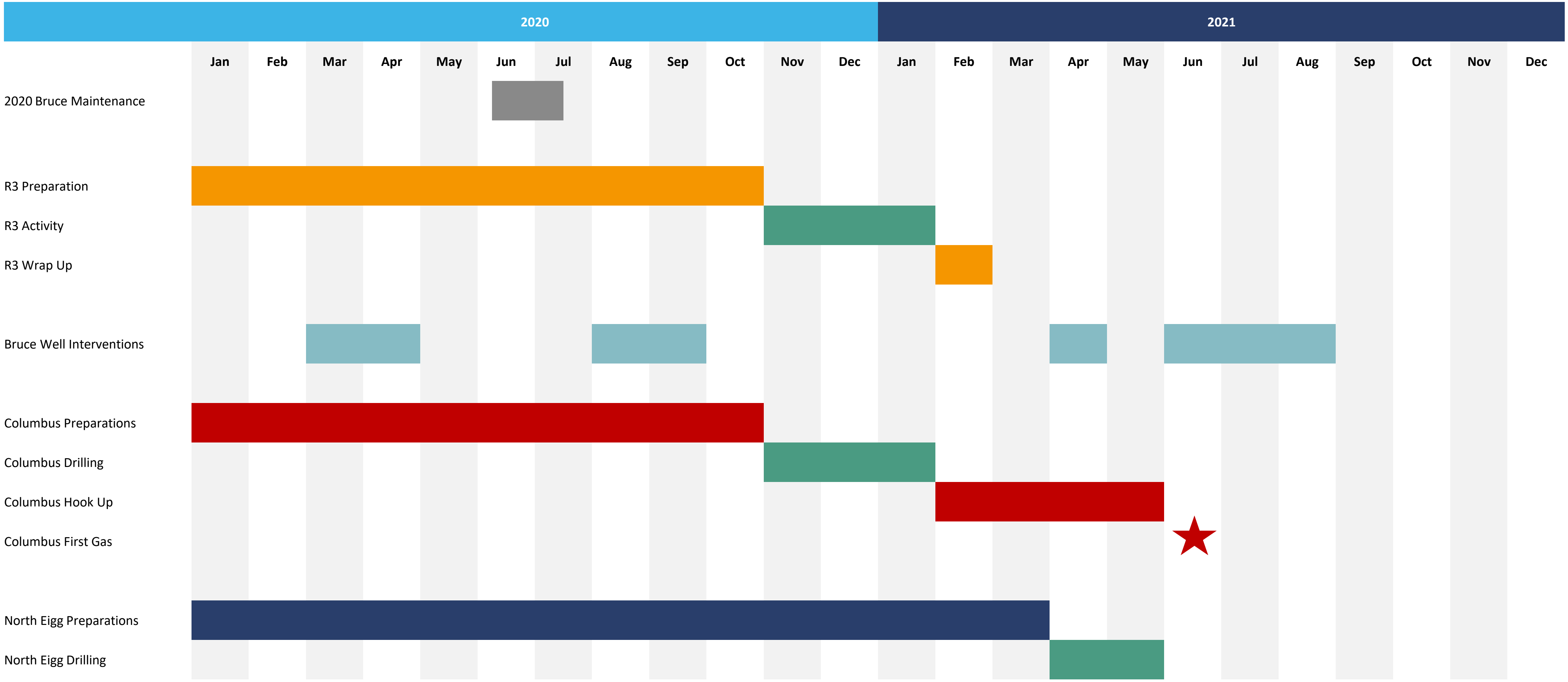
Operational Timeline 2020 – 21



North Sea Portfolio

PRODUCE

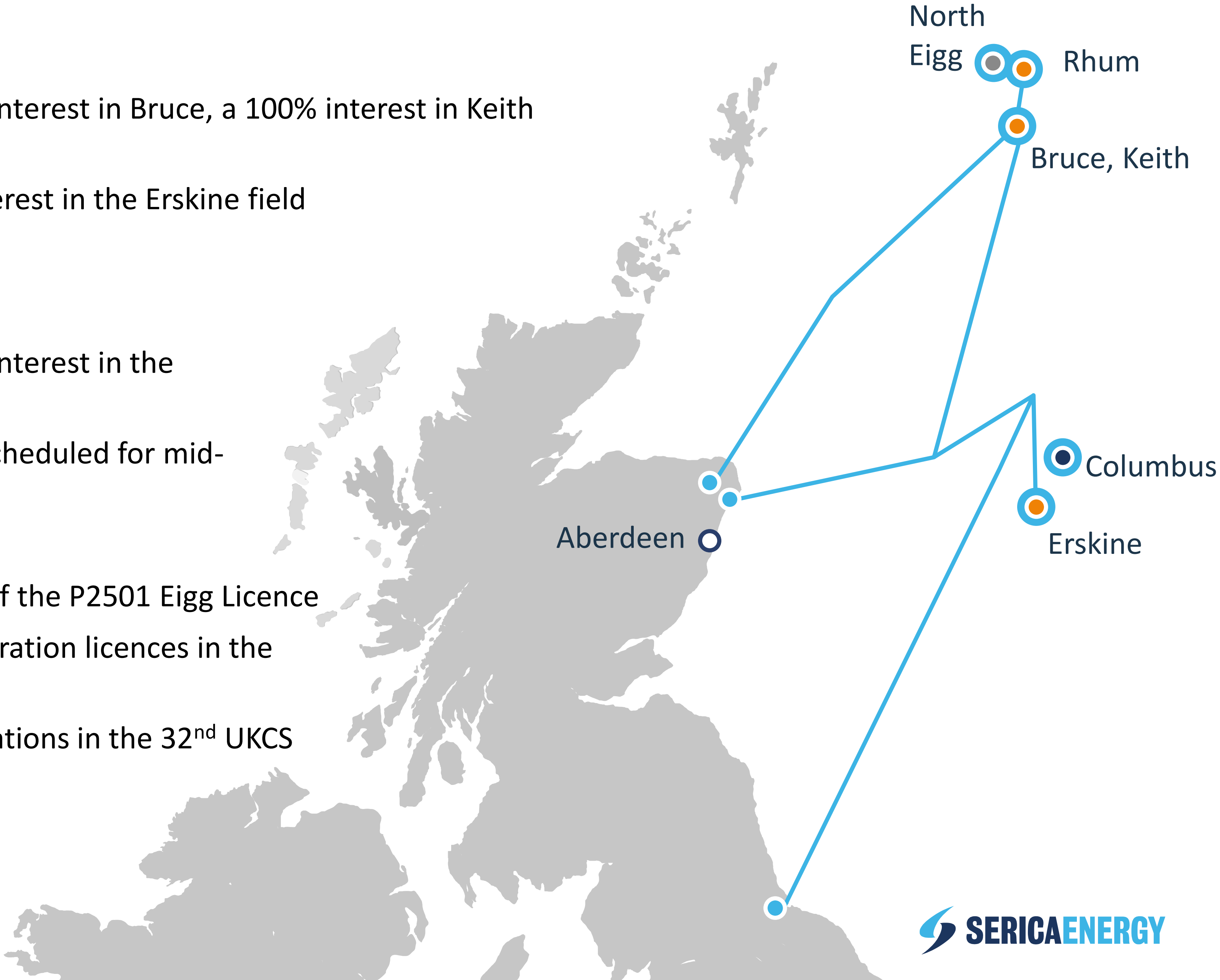
- Serica is operator of and has a 98% interest in Bruce, a 100% interest in Keith and a 50% interest in Rhum
- Serica has an 18% non-operated interest in the Erskine field

DEVELOP

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

EXPLORE

- Serica was recently awarded 100% of the P2501 Eigg Licence
- Serica was also awarded three exploration licences in the 30th UKCS licensing round
- Serica has made a number of applications in the 32nd UKCS licensing round



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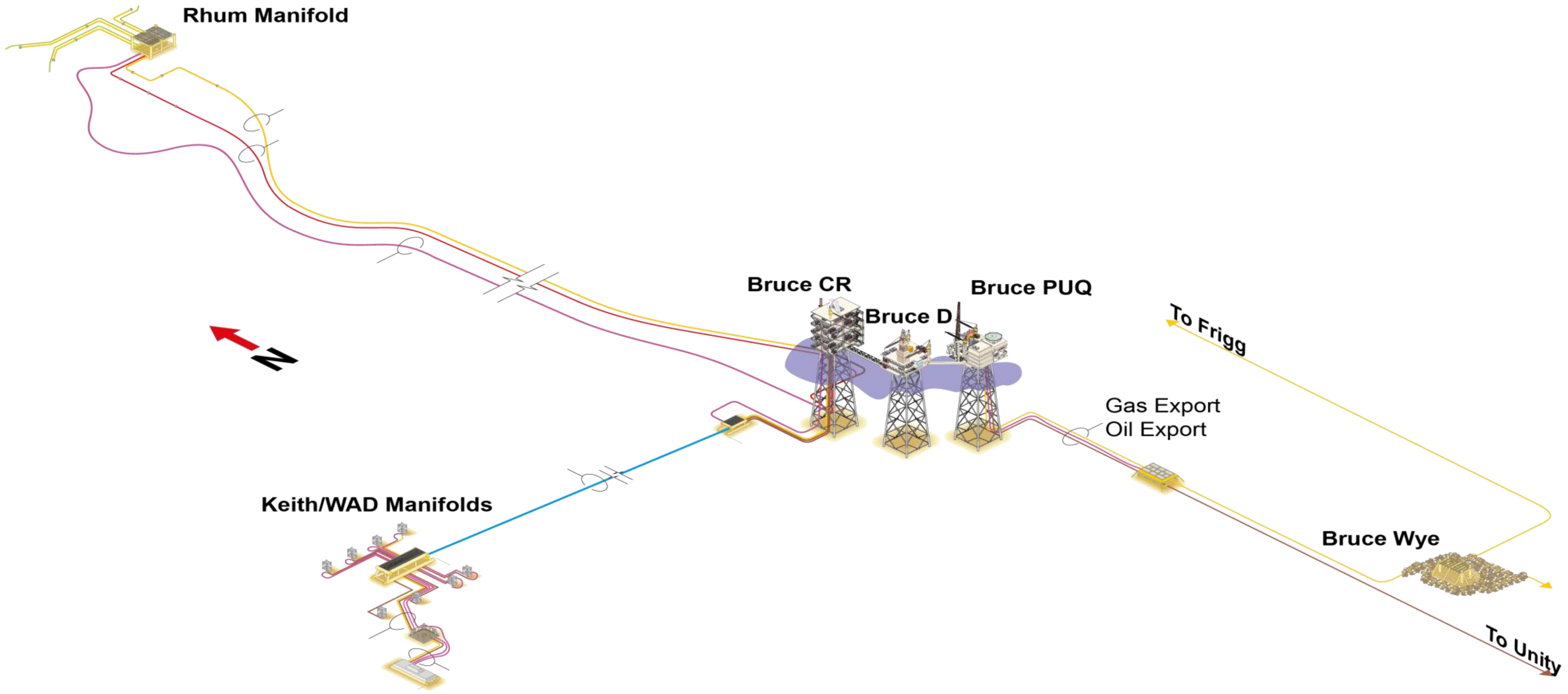
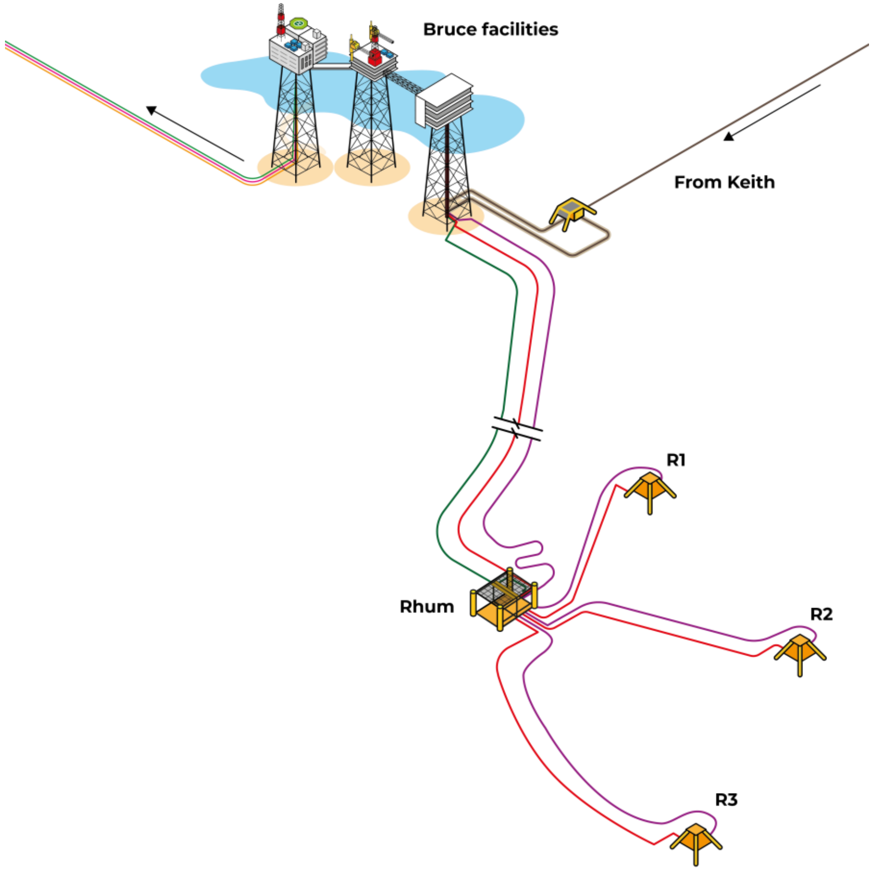
Bruce, Keith and Rhum

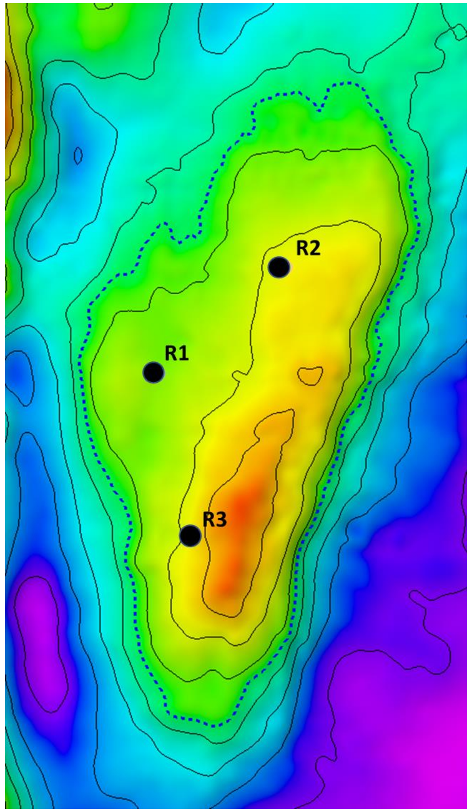


- Keith and Rhum fields are subsea tie-backs to the Bruce platform
- By reducing costs and increasing uptime, Serica intends to prolong the life of the Bruce facilities
- The extensive infrastructure associated with Bruce offers significant capacity for third party tieback opportunities

The Rhum Field - Summary

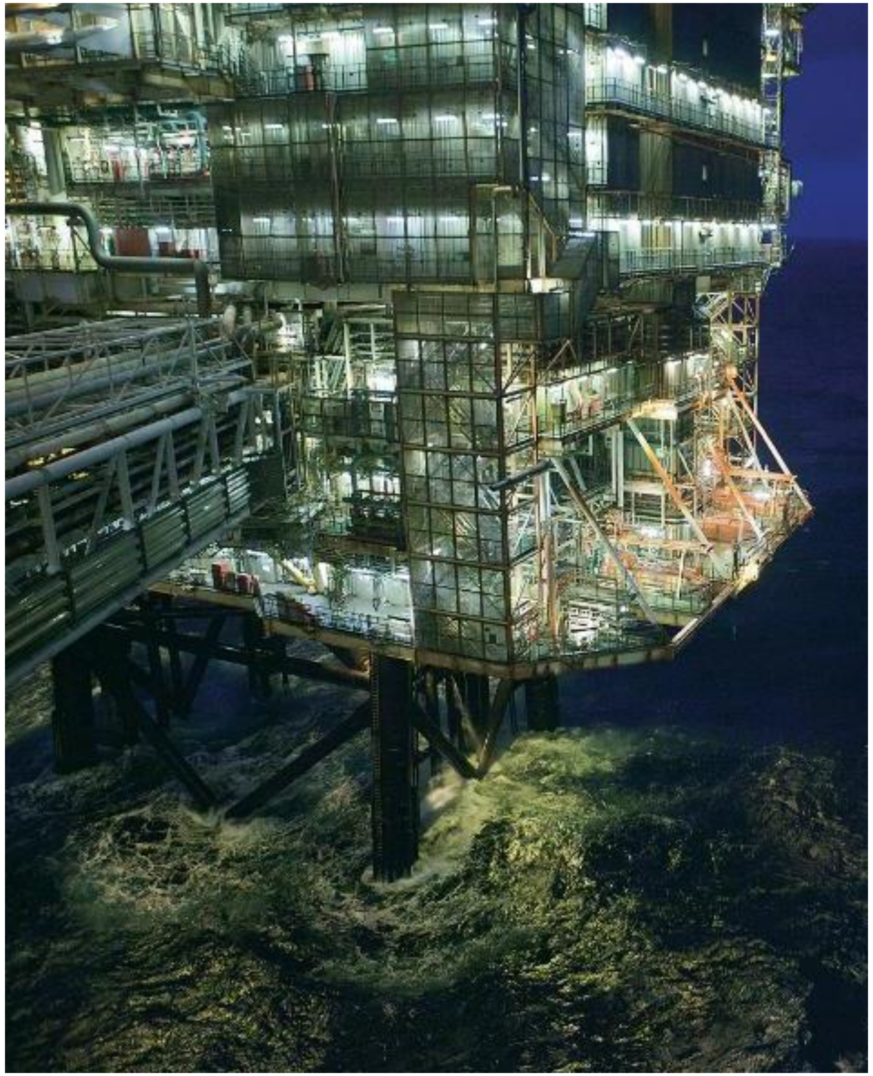


- Serica acquired BP's 50% interest and operatorship in November 2018 following the removal of Iranian ownership and involvement
- Arrangements permitting the continuation of field operations were agreed with both UK and US governments
- Rhum gas field was developed as a 45 km subsea tieback to the Bruce field and started producing in December 2005
- Serica's net share of production was 13,700 boe/d in 2019 from two subsea wells (R1 and R2)
- A third well (R3) was drilled when the field was originally developed but was not put into production due to mechanical problems with 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
- The R3 project is expected to be carried out in the second half of 2020



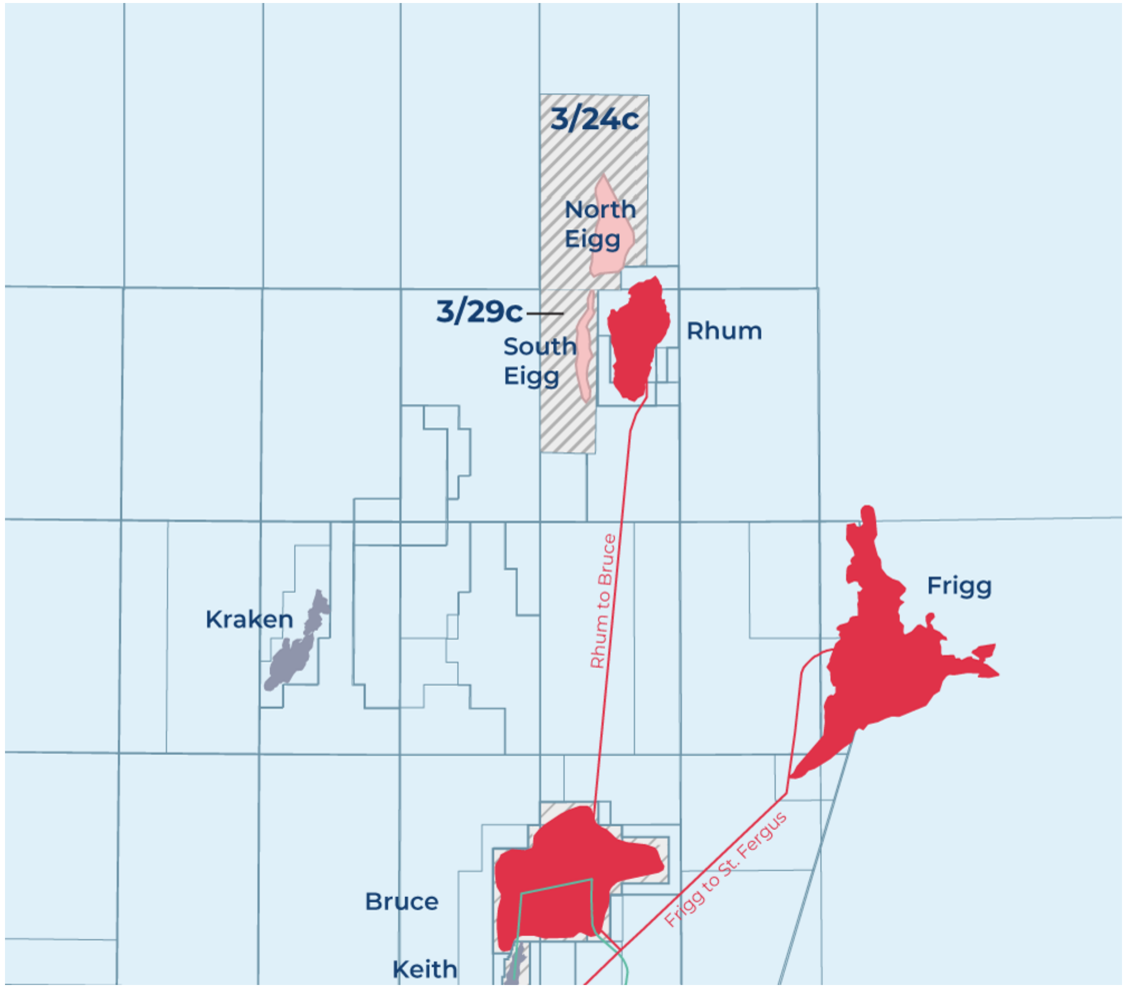
Multiple Growth Opportunities in the Bruce Catchment Area

- Existing fields
  - Well work: planning commenced for R3 project in late 2019
  - Optimising the management of Bruce facilities: lowering suction pressures for Bruce and Keith wells has increased gas production
  - Infill drilling: Serica is evaluating infill wells for the Bruce reservoir
- Third party business
  - Bruce is open for business (https://www.serica-energy.com/bruce-area-ICOP)
  - As Bruce operator, Serica engaged in preliminary discussions with potential third party shippers
  - Utilisation of existing infrastructure is a key part of the UK Government's North Sea policy
- Exploration
  - Already awarded out of round Eigg Licence
  - Actively seeking further prospects to drill that might lead to new tie-backs to the Bruce platform



Eigg Licence Award (Serica 100%)

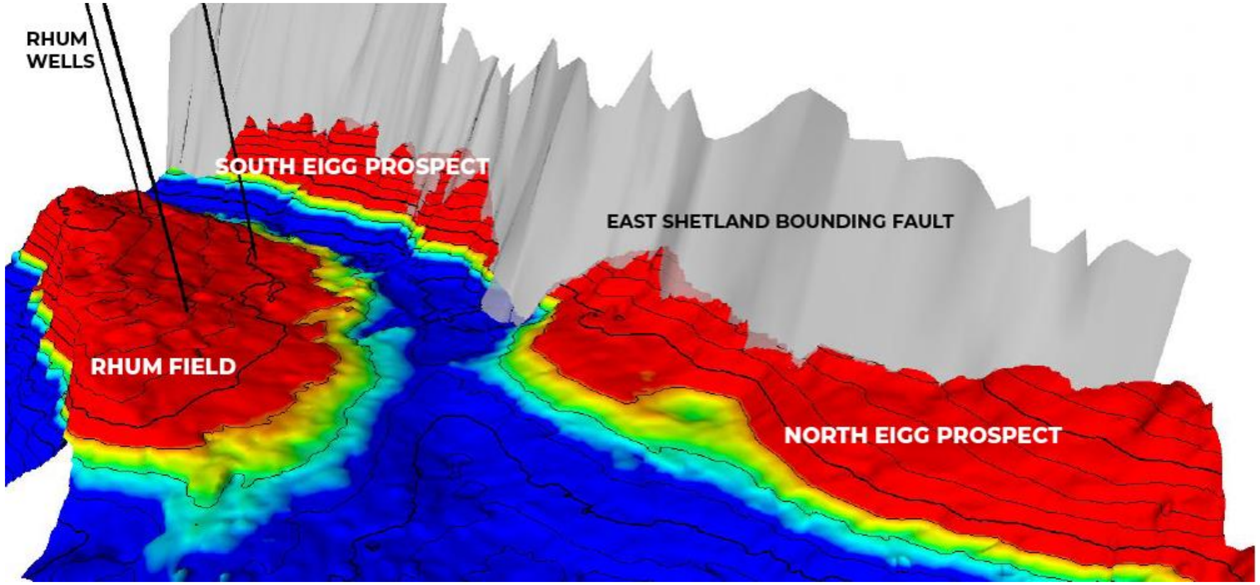
- In December 2019, Serica Energy (UK) Limited, received an out of round award of a 100% interest in the UK petroleum licence P2501, blocks 3/24c and 3/29c. These are located in the area adjacent to the Serica operated Rhum field
- The award contains the HPHT North Eigg and South Eigg prospects
- Serica has committed to drilling an exploration well on the North Eigg prospect
- In the event of a discovery on these blocks, Serica will investigate options for HPHT subsea tie-backs to the Bruce facilities and topsides modifications to ensure a low cost, efficient design to enable early development, maximise recovery and optimise production. Serica anticipates that there will be ample capacity within the Bruce facilities to handle North and South Eigg production
- As well as providing Serica with potentially significant additional reserves, a tie-back to the Bruce platform would reduce unit operating costs and extend the economic life of this strategic North Sea infrastructure



Eigg Prospects

- The primary prospect is North Eigg which is estimated to contain 360 bcf (P50) and potentially over 1Tcf (P10) of recoverable gas
- The North Eigg prospect is interpreted to share many geological similarities with the Rhum field. It is clearly defined on 3D seismic and forms a structural trap sealed against the East Shetland bounding fault
- Serica has committed to drilling an exploration well and has already started on the planning and procurement processes
- It is expected that the well will be drilled in early 2021 but studies are underway to investigate possible synergies with other Serica well operations in order to accelerate the process
- Optimum placement of a North Eigg well will benefit from the latest seismic processing techniques
- Well design will focus on the latest HPHT drilling methods

	Unrisked Prospective Resources (Recoverable) Serica Internal Estimates					
	Dry Gas (bcf)			Condensate (mmbbls)		
	P90	P50	P10	P90	P50	P10
North Eigg	105	367	1,216	0.6	2.2	7.3
South Eigg	68	259	929	0.4	1.6	5.6



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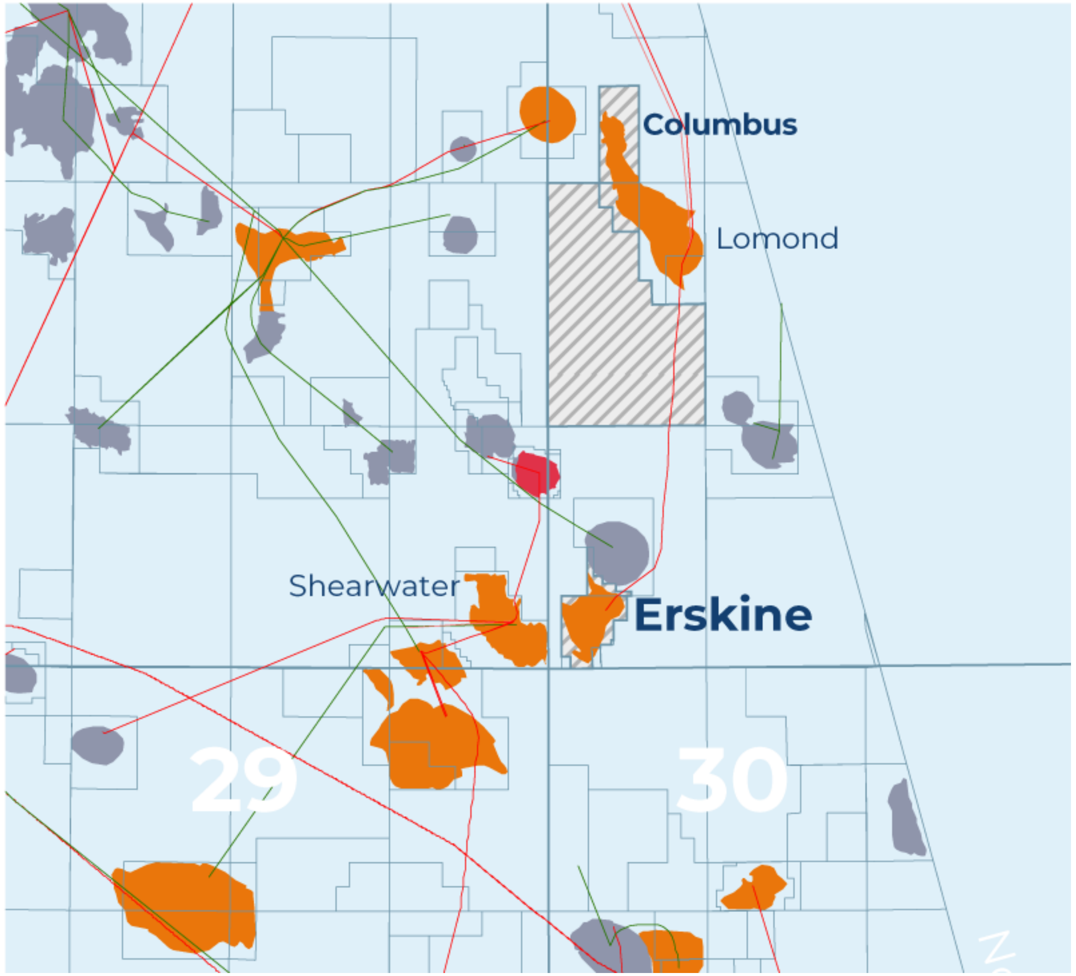
Erskine (Serica 18%) – Continued Improved Performance

Demonstrates the ability of focused operators to add value to mid & late life assets

- The independent CPR evaluation of Serica net 2P reserves at the effective date of purchase (1 Jan 14) was 3.6 million boe
- In the six years since then, net Serica production from Erskine has been over 3.5 million boe
- In 2019 average production was over 2,700 boe/day net to Serica
- The last independent CPR (1-Jan-19) indicated that Serica net 2P reserves had **increased** to 5.7 million boe at that date
- The increase is due to improved efficiency (in this case improved uptime due to the bypass pipeline) which has been achieved without drilling any new wells or any intervention in existing wells



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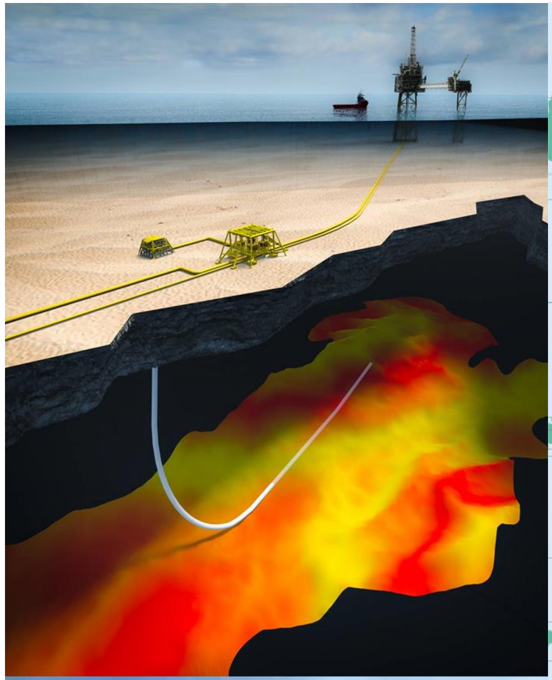
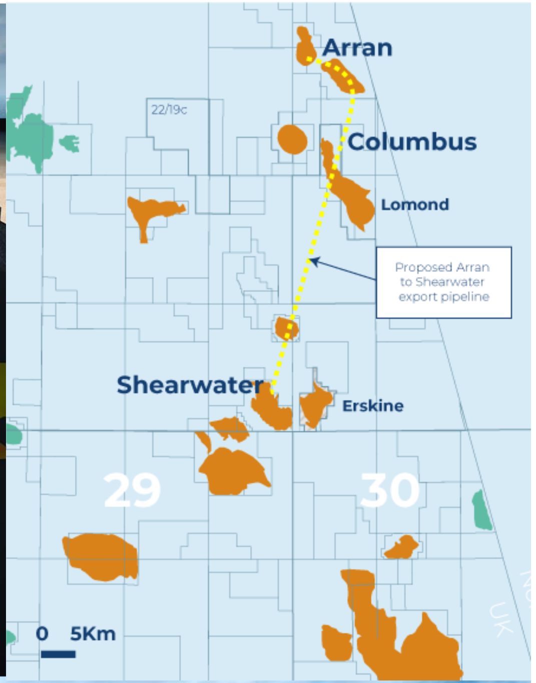
Columbus Development (Serica 50%)

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 via the SEGAL line to St Fergus and Forties Pipeline System to Cruden Bay respectively
- 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 Resilient Jack-Up rig)
- Target Dates:
  - Q4 20: Development well drilling
  - Mid 21: First production





Financial Strength

Diversified portfolio with low decommissioning liability

- Serica's diverse 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 £109.4 million at 31-Dec-18 and are expected to **provide cover until mid 2020**

Corporate Activity

ONGOING STRATEGY

Serica's continuing strategy is to identify asset acquisitions or corporate opportunities where we can add value. This started with the Erskine acquisition completed in 2015 and continued with the 2018 BKR transactions

Serica has demonstrated the ability to unlock value by addressing complex commercial and political challenges. We have now developed a sizable operating capability and will be able to use this to solve operational and subsurface problems

Despite the crowded marketplace, we still believe that there are opportunities to add to our portfolio

Serica has no borrowings and so the cashflow from ongoing operations (Erskine and BKR) can be deployed for future projects

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CHARACTERISTICS OF FUTURE TARGETS

Our operating expertise is Central & Northern North Sea based and, coupled with potential tax synergies, this means that the search for new opportunities is focused primarily on the UKCS

Serica will not overpay in order to quickly grow our portfolio. We are focused on identifying value rather than volume and will continue to look for the right opportunities (preferably operated rather than non-operated) where Serica can utilize its multi-skilled operating team to add value when the current operator may be unable to do so

We are primarily concentrating on production and near-term production opportunities but we aim to expand the portfolio at all stages – exploration, appraisal and development

Continuing Strategy to Deliver Growth

Maximise production and reduce costs

- Talented, motivated team in place and delivering results
- Focus on maximising economic recovery of oil & gas
- Harness technology and creativity to extend life of fields
- Establish hub strategy for Bruce facilities, attract third-party business and identify exploration opportunities

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

Generate Value

Focus on Delivery of Total Shareholder Return

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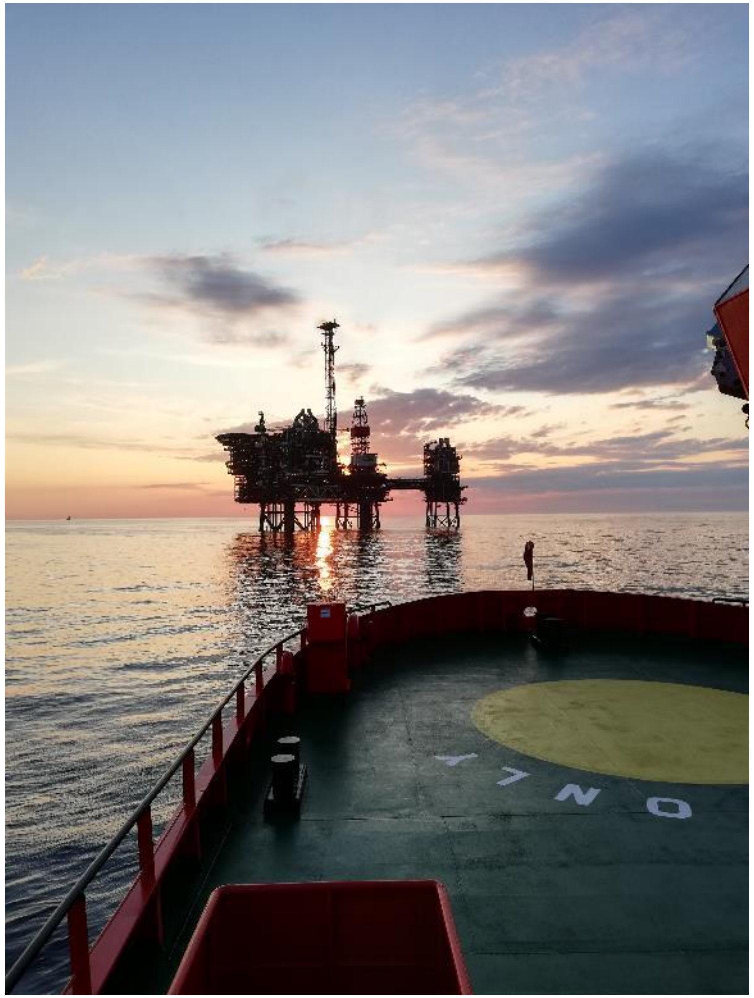
Appendix



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Our Board

Tony Craven Walker
Executive Chairman

- A leading figure in the British independent oil industry since the early 1970s, having started his career at BP in 1966
- Founded two British independent oil companies: Charterhouse Petroleum, where he held the post of Chief Executive; and Monument Oil and Gas, where he was Chief Executive and later Chairman
- Founder member of BRINDEX (Association of British Independent Oil Exploration Companies)
- Appointed non-executive Chairman of Serica in 2004. Became Executive Chairman in June 2015

Mitch Flegg
Chief Executive

- Over 35 years' experience in the upstream oil and gas industry, including positions at Shell and Enterprise Oil
- First joined Serica in 2006
- Left Serica to become Chief Executive Officer of AIM-listed Circle Oil plc in 2015
- Re-joined Serica as CEO in November 2017

Neil Pike
Non-executive Director

- Involved in the global petroleum business as a financier since joining the energy department at Citibank in 1975
- An industry specialist with Citibank throughout his career, he was closely involved in the development of specialised oil field finance
- Latterly, he was responsible for Citibank's relationships with the oil and gas industry worldwide
- Appointed to the Board of Serica in 2004

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Our Board

Ian Vann
Non-executive Director

- Joined BP in 1976
- Directed and led BP's global exploration efforts from 1996 until his retirement in January 2007
- Appointed to the executive leadership team of the Exploration & Production Division of BP in 2001, initially as Group Vice President, Technology and later as Group Vice President, Exploration and Business Development
- Appointed to the Board of Serica in 2007

Trevor Garlick
Non-executive Director

- Over 35 years' experience in North Sea Upstream operations and development
- BP Head of Country in Norway 2007 and Regional President for UK and Norway 2010-2016
- Operator's Co-Chair of the industry association Oil and Gas UK 2014 – 2016
- Director of Opportunity North East Limited and Vice Chairman of the Oil & Gas Technology Centre
- Appointed to the Board of Serica in 2018

Malcolm Webb
Non-executive Director

- Joined Burmah Oil in 1974 as a legal adviser
- Held senior legal and management roles at the British National Oil Corporation, Charterhouse Petroleum Plc and PetroFina SA
- From 2000 to 2004, Director General of the UK Petroleum Industry Association
- From 2004 until his retirement in 2015, Chief Executive of Oil & Gas UK (formerly UKOOA)
- Appointed to the Board of Serica in 2018

Senior Management Team

Andy Bell
VP Finance

Stephen Lambert
VP Commercial

Clara Altobell
VP Technical

Mike Killeen
VP Operations

Danny Fewkes
Group Treasurer

Carol Stewart
Business Manager

Fergus Jenkins
Manager of Projects

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Major Shareholders

As at 23 December 2019

	Number of Shares	% of issued Share Capital
GRG UK Oil LLC	46,090,576	17.25%
AXA Investment Management	30,802,875	11.53%
Mr David Hardy	28,622,418	10.71%
Canaccord Genuity Wealth Management	17,800,000	6.66%
BP Exploration Operating Company	13,500,000	5.05%
Polar Capital	11,104,380	4.16%
Hargreaves Lansdown Asset Management	9,600,969	3.59%
Serica Energy plc Director & Related Holdings	8,359,755	3.13%
Janus Henderson Investors	8,208,611	3.07%

- Information correct as at 23 December 2019
  As at 31 December 2019 the Company had 267,230,217 ordinary shares in issue of which 42.61% is not held in public hands
- The shareholdings shown are the latest notifications made to the Company by shareholders pursuant to the Disclosure Rules and Transparency Rules of the Financial Services Authority acting in its capacity as the UK Listing Authority
- Serica Energy plc holds no shares in treasury

For further information visit

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