

Serica Energy plc (“Serica” or the “Company”)

Completion of the acquisition of BP's interests in Bruce, Keith and Rhum fields and Re-Admission to Trading on AIM

London, 30 November 2018 - Serica Energy plc (AIM: SQZ) is pleased to announce the completion of the acquisition of interests in the Bruce, Keith and Rhum fields and associated infrastructure in the UK North Sea from BP (“BKR Acquisition”) by Serica Energy (UK) Limited (“Serica UK”) and the re-admission of its Ordinary Shares to trading on AIM at 08:00 today, 30 November 2018.

Completion of the subsequent acquisitions of interests in Bruce and Keith and associated infrastructure from Total E&P UK Limited (“Total E&P UK”), BHP Billiton Petroleum Great Britain Limited (“BHP”) and Marubeni Oil & Gas (UK) Limited (“Marubeni”) (the “BK Transactions”) are conditional on the completion of the BKR Acquisition and are expected to occur imminently. Serica will make a separate announcement later today in relation to the BK Transactions.

Following completion of the BKR Acquisition and the BK Transactions (together “the Acquisitions”), Serica UK will be the operator of the Bruce, Keith and Rhum fields and hold a 98% interest in the Bruce field, a 100% interest in the Keith field, and 50% interest in the Rhum field.

As the BKR Acquisition constitutes a reverse takeover under the AIM rules, admission of the Ordinary Shares has been cancelled on completion and the Ordinary Shares have been readmitted to trading on AIM from this morning.

Under the net cash-flow sharing arrangements with BP, Total E&P UK and BHP, Serica is due to receive a 40% share of the net cash flow, adjusted for notional tax of 40%, for the period from the effective date of 1 January 2018 to completion on 30 November 2018. Additionally, Serica is due to receive 100% of the net cash flow (also on a notional post-tax basis) from Marubeni for the same period. This amounts to approximately US\$50 million before payment by Serica of initial consideration of approximately US\$22 million.

BKR and BK Transaction Highlights

- **Significant increase in reserves and production post BKR and BK completion**
 - Serica’s pro-forma net 2P Reserves increased over 20-fold to 63.7 mmmboe¹
 - Net production from the assets acquired has averaged in excess of 23,000 boepd YTD of which over 85% is gas
 - Acquisitions expected to be immediately cash flow and value accretive
- **Diversification of production streams and export routes**
 - Serica’s asset and production base expanded from one to four fields, mitigating sole producing asset risk
 - Serica will now be delivering hydrocarbons via three export systems: Frigg, the Central Area Transmission System and the Forties Pipeline System
- **Acquisitions mitigate financial risk and maintain balance sheet strength**
 - Bulk of consideration deferred and contingent
 - Combined initial consideration of US\$22 million exceeded by Serica’s share of net post-tax cash flows from the BKR Assets and, subject to completion, the BK Assets between 1 January 2018 and Completion of approximately US\$50 million
 - Future payments linked to the performance of the BKR Assets and BK Assets, allowing all parties to share the benefits of improving field recoveries and production efficiencies
 - Serica has not raised any equity finance to fund the Acquisitions

¹ As at 1 August 2018 in respect of the BKR Assets and BK Assets and as at 31 October 2018 in respect of Serica’s assets.

- BP, Total E&P UK and BHP are retaining decommissioning liability for existing facilities of the BKR Assets and BK Assets related to the respective interests acquired or, on completion, to be acquired from each of them
- **Operatorship positions Serica to deliver the full potential of the acquired assets**
 - Serica expects to drive value through investment and implementation of operational efficiencies, focusing on the OGA's target of Maximising Economic Recovery
 - 111 employees join Serica from BP with the BKR Assets, together with a further 21 employees externally recruited
 - Serica's management experience and skill sets will be combined with those of existing BP staff, who now become an integral part of Serica's team
 - New Aberdeen office established to house Serica personnel and manage North Sea operations
- **Increased scale to support strategic growth plans**
 - The Acquisitions increase Serica's prominence and profile and improve its ability to attract new investment opportunities and access funding as required
 - The Enlarged Group's diversified asset base, increased scale and operating capabilities will position Serica for both organic growth and further acquisitions
- **Strengthening of Board**
 - We are pleased to welcome Trevor Garlick and Malcolm Webb who have joined the Board today as Independent Non-Executive Directors

Tony Craven Walker, Chairman of Serica Energy, commented:

"The Acquisitions, once complete, are transformational for Serica firmly placing us as one of the leading 'mid-tier' independent exploration and production companies operating in the UK North Sea. They bring a significant production and reserve base from which we can build our position further in the UKCS. For our shareholders it represents the delivery of a real enhancement to their investment with no dilution.

I am incredibly proud of the Serica team that has worked tirelessly in delivering both this and the related Total, BHP and Marubeni acquisitions. Undertaking four simultaneous and interconnected transactions has not been easy and we are grateful for the support from BP, our field partners, the UK Government and the OGA to help us overcome the various challenges and bring this to a successful conclusion. We are firm believers that the independent sector can go a long way to helping the UK maximise the economic recovery of the country's North Sea resources and we aim to be at the forefront of this process."

Mitch Flegg, Chief Executive of Serica Energy, said:

"On completion of these transactions we assume operatorship of the Bruce, Keith and Rhum fields and we fully intend to use our agility and experience to significantly enhance the productivity and efficiency of their respective operations.

We are today warmly welcoming the 111 colleagues who are joining us from BP. We have spent a large part of the last year putting in place a detailed transition programme, of which the health, safety, welfare and future of our staff are the number one priority. We will highly value the knowledge and expertise of the transferring staff and our other new recruits and believe that our strategic vision and plans will provide an exciting operating environment in which to excel."

Ariel Flores, BP North Sea Regional President, said:

"Bruce, Keith and Rhum have been an important part of BP's North Sea story and Serica are taking on a first-class team of people who know these assets well. We wish the team at Serica the very best for the future."

Analyst Conference Call

A conference call for institutional analysts and investors will be held today at 10:00am GMT. If you are an institutional analyst or investor and wish to participate in this call, please contact serica@instinctif.com for registration details.

Technical Information

The technical information contained in this announcement has been reviewed and approved by Clara Altobell, VP Technical at Serica Energy plc. Clara Altobell (MSc in Petroleum Engineering from Imperial College, London) has over 20 years of experience in oil & gas exploration, production and development and is a member of the Society of Petroleum Engineers (SPE) and the Petroleum Exploration Society of Great Britain (PESGB).

Regulatory

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

Enquiries

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Definitions

Save where otherwise provided, defined terms in this announcement have the same meanings as those terms have in the Admission Document and Supplementary Admission Document, both of which can be found on the Company's website – www.serica-energy.com

Notes to Editors

Serica Energy is an oil and gas company with exploration, development and production assets in the UK and exploration interests in the Atlantic margins offshore Ireland and Namibia. Serica holds an 18% non-operated interest in the Erskine field in the UK Central North Sea and a 50% operated interest in the Columbus field scheduled to commence development in 2019. OGA approval of the Columbus FDP was granted in October 2018.

In November 2017 Serica announced the BKR Acquisition under which Serica UK has today acquired interests in the Bruce, Keith and Rhum fields in the North Sea and associated infrastructure from BP. Under the terms of the BKR Acquisition Serica UK has acquired a 36% interest in Bruce, a 34.83% interest in Keith and a 50% interest in Rhum. The deal has an effective date of 1 January 2018.

In August 2018, Serica announced the Total E&P UK Transaction under which further interests in the Bruce and Keith fields and associated infrastructure in the UK North Sea are to be acquired from Total E&P UK. Under the terms of the Total E&P UK Transaction, Serica UK will acquire a 42.25% interest in the Bruce field and a 25% interest in the Keith field and associated infrastructure. The Total E&P UK Transaction also has an effective date of 1 January 2018 and completion is subject to completion of the BKR Acquisition. Completion of the Total E&P UK Transaction is expected to take place later today.

In November 2018, Serica announced the BHP Transaction under which further interests in the Bruce and Keith fields and associated infrastructure in the UK North Sea are to be acquired from BHP. Under the terms of the BHP Transaction, Serica UK will acquire a 16.0% interest in the Bruce field and a 31.83% interest in the Keith field and associated infrastructure. The BHP Transaction also has an effective date of 1 January 2018 and completion is subject to completion of the BKR Acquisition. Completion of the BHP Transaction is expected to take place later today.

Most recently Serica announced the Marubeni Transaction under which Serica will acquire a 3.75% interest in the Bruce field and the 8.33% interest in the Keith field and associated infrastructure from Marubeni. The structure of the Marubeni Transaction differs from the other deals that Serica has entered into with BP, Total E&P UK and BHP, in that Serica will acquire the decommissioning obligations of Marubeni but will receive in turn a cash consideration from Marubeni and there will be no deferred or contingent consideration. The Marubeni Transaction also has an effective date of 1 January 2018 and completion is subject to completion of the BKR Acquisition. Completion of the Marubeni Transaction is expected to take place later today.

Together the BKR Acquisition and the BK Transactions will result in Serica UK holding a 50% interest in the Rhum field, a 98 % interest in the Bruce field and a 100% interest in the Keith field and be operator of all three fields.

Further information on the Company can be found at www.serica-energy.com.

The Company's shares are traded on the AIM market of the London Stock Exchange under the ticker SQZ and the Company is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.