

Serica Energy plc
("Serica" or the "Company")

Operations Update

London, 9 December 2021 - Serica Energy plc (AIM: SQZ), a British independent upstream oil and gas company with operations centred on the UK North Sea and over 85% gas production, is pleased to provide the following operations update.

Mitch Flegg, Chief Executive of Serica Energy, commented:

"Serica has made significant progress during the second half of 2021. The impact of the substantial investment programmes undertaken in 2020 and 2021 has been increased production levels providing responsibly sourced gas to the UK domestic market, protecting security of supply, and reducing reliance on imports as part of the transition to a lower carbon future.

Commodity prices have been exceptionally strong during the period with a resulting positive impact on income. Additionally, from 1 January 2022 Serica will retain 100% of the cashflow from its BKR assets (2021: 60%) and so will benefit further from the increased production levels. Serica has no debt, limited decommissioning liabilities, growing cash reserves and so is well positioned to continue to invest in further projects (including North Eigg) and other opportunities to add shareholder value."

Columbus

As previously announced, hydrocarbons from the C1z development well started flowing into the Arran subsea system on 24 November. The commingled Arran and Columbus production streams are now being exported to the Shearwater platform for processing and onward export to the gas and liquid sales points.

Early production has been constrained due to a temporary unavailability of full capacity in the export system however during the first 14 days of production, average gross Columbus production rates of 6,300 boe/d have been achieved of which over 80% is gas. Full capacity in the export system is expected to be available to Columbus by mid-January 2022.

Production

Production performance in the second half of 2021 is benefitting from the investment in the Rhum R3 well reintervention and the Columbus development project which were undertaken during 2020 and 2021. Serica's net production is as follows:

		Jul 21	Aug 21	Sep 21	Oct 21	Nov 21
Bruce / Keith	(boe/d)	9,700	7,600	4,500	6,400	5,600
Rhum	(boe/d)	10,400	13,700	19,300	17,700	20,100
Erskine	(boe/d)	-	1,800	2,100	2,100	2,100
Columbus	(boe/d)	-	-	-	-	700 ¹
Total	(boe/d)	20,100	23,100	25,900	26,200	28,500

Since the R3 well has come online, Rhum production makes up a larger proportion of Serica's total production and so now over 85% of group net production is gas.

¹ Only 7 days production from Columbus in November

Commodity Prices and Hedging

Commodity prices, particularly gas, have reached increasingly high levels over the second half of 2021. Market prices have been as follows:

		Jul 21	Aug 21	Sep 21	Oct 21	Nov 21
Gas	(p/th)	89.5	108.1	151.4	199.6	196.1
Oil	(\$/bbl)	75.2	70.7	74.5	83.5	81.0

Serica continues to maintain a modest gas price hedging programme with approximately 20% of retained gas and liquids production covered in the second half of 2021, thereby allowing the company to benefit from full market prices on around 80% of its production. A similar percentage of gas hedging is projected for 2022.

Forward Programme

The BKR net cash flow sharing arrangements come to an end on 31 December 2021. From 1 January 2022, we enter a new phase for the Company where we will be retaining 100% (2021: 60%) of the net cash flow from the BKR fields, benefitting fully from the increase in production levels.

Serica intends to continue with its programme of investing in its portfolio of assets. A rig has now been contracted for the drilling of the high-impact North Eigg exploration well in the summer of 2022. North Eigg is a gas prospect located close to Serica's BKR fields and it is expected that a successful discovery could be tied back to existing infrastructure in a carbon neutral manner.

Plans are also in place for a Well Intervention campaign to take place in 2022 to improve the production potential of several Bruce and Keith wells during subsequent years.

Growing cash balances offer increasing options for further investment, acquisition, and distributions. Serica's Board continues to evaluate the optimum balance between these elements to deliver further shareholder returns.

Regulatory

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014, as retained in the UK pursuant to S3 of the European Union (Withdrawal) Act 2018.

The technical information contained in the announcement has been reviewed and approved by Fergus Jenkins, VP Technical at Serica Energy plc. Mr. Jenkins (MEng in Petroleum Engineering from Heriot-Watt University, Edinburgh) is a Chartered Engineer with over 25 years of experience in oil & gas exploration, development and production and is a member of the Institute of Materials, Minerals and Mining (IOM3) and the Society of Petroleum Engineers (SPE).

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NOTES TO EDITORS

Serica Energy is a British independent oil and gas exploration and production company with a portfolio of exploration, development and production assets.

Serica is the operator of the producing Bruce, Keith and Rhum fields in the UK Northern North Sea, holding interests of 98%, 100% and 50% respectively, and holds a 50% operated interest in the producing Columbus field in the UK Central North Sea. Serica also holds an 18% non-operated interest in the producing Erskine field in the UK Central North Sea.

Over 85% of Serica's production is natural gas, a key element in the UK's energy transition.

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.