

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

Acquisition of Interest in Greater Buchan Area

London, 23 November 2023 – Serica Energy plc (AIM: SQZ) is pleased to announce the execution of agreements for the acquisition by its wholly owned subsidiary, Serica Energy (UK) Limited, of 30% non-operated interests in the P2498 and P2170 licences (together the Greater Buchan Area ("GBA")) from Jersey Oil & Gas ("JOG") (the "Transaction"). Completion is subject to regulatory, partner and interested party approvals and is expected to occur early in 2024. Following completion, the partners in the GBA will be Serica Energy (UK) Limited (30%), NEO Energy (50% and operator) and JOG (20%).

As a result of the Transaction, Serica will have the option of participating in the re-development of the Buchan field and other potential developments in the GBA.

Greater Buchan Area

The GBA encompasses several oil and gas accumulations some 150 km north-east of Aberdeen, in the Outer Moray Firth. The largest of these accumulations is the Buchan field which produced for over thirty years, ceasing production in 2017 owing to the end of the useable life of the floating production facility. The Concept Select Report submitted to the NSTA for the re-development of Buchan is based on a new production hub located at the Buchan field utilising the floating production, storage and offloading ("FPSO") vessel currently operating on the UK Western Isles fields and planned to come off-station in the second half of 2024. The acquisition of the FPSO by NEO on behalf of the participants in the Buchan joint venture was announced on 17 November 2023.

A phased development is envisaged involving the re-development of the Buchan field in Phase 1 and the possible development of the J2 and Verbier discoveries in Phase 2. Mid-case contingent resources from the Buchan field alone are estimated to be in region of 70 million barrels of oil equivalent, making it the third largest pre-development field in the UKCS. There are other discoveries and prospects in close proximity which might provide additional tie-back opportunities to the FPSO.

The NSTA has issued a no objection letter following the submission of the Concept Select Report in support of the Buchan re-development programme. A proposed Field Development Plan ("FDP") for Buchan is expected to be submitted to the NSTA shortly, with approval of the FDP potentially in the second half of 2024.

The development concept includes limited works on the FPSO in order to prepare it for re-deployment. These works involve the installation of water injection booster pumps, produced water injection modifications and preparation of the vessel for future electrification. Following the recent Innovation and Targeted Oil & Gas ("INTOG") licence awards, there is the possibility of third-party floating wind power developments located close to the GBA. It is anticipated that the FPSO will be connected to one of these, should they become available. Oil export is planned to be via shuttle tankers.

Subject to project sanction and regulatory approval, the target for first production is late 2026. Peak production rates are expected to be around 35,000 barrels per day. Gross development costs are estimated to be in the order of £850-950 million, which under the current fiscal terms, are expected to qualify for tax relief at a rate of approximately 91%.

Transaction Summary

The Transaction is structured as a farm-in, with modest up-front and contingent consideration payments, and a carry of pre-Financial Investment Decision ("FID") and development costs.

In return for a 30% working interest in the GBA licences, on completion Serica will make a cash payment to JOG of US\$ 6.8 million¹. subject to the adjustments between buyer and seller to reflect an economic date for the transaction of 1 April 2023.

Serica is not committed under the terms of the Transaction to participate in the GBA developments. In the event of participation at each relevant stage, Serica will make further payments to JOG as follows:

- US\$7.5 million on approval of the Buchan FDP by the NSTA.
- A 7.5% carry of the Buchan field pre-FID and development costs (paying 37.5% for a 30% working interest). The development cost carry is capped at 7.5% of the budget approved by the Buchan Joint Venture for the development of the Buchan field at the time of the FDP. Subject to the cap, the development cost carry equates to a 1.25 carry ratio for development costs; the same as the arrangement agreed between JOG and NEO Energy earlier this year.
- US\$3 million on approval by the NSTA of a J2 FDP.
- US\$3 million on approval by the NSTA of a Verbier FDP.

Mitch Flegg, Chief Executive of Serica commented:

"We are delighted with this transaction which gives Serica a significant interest in the proposed Greater Buchan Area project, potentially adding a third production hub and further resilience to Serica's North Sea portfolio. In common with our other hubs, the GBA plan involves utilising existing infrastructure – in this case an FPSO – with the possibility of exploiting multiple accumulations in the area. Moreover, the development has been designed to deliver an industry-leading low level of carbon emissions, consistent with Serica's objective of reducing the overall carbon intensity of its activities.

The transaction demonstrates the benefits of Serica's strong balance sheet. Our financial strength enables us to take advantage of suitable opportunities to expand the portfolio and we will continue to take a very proactive approach to business development, while also investing in our existing portfolio and paying dividends to shareholders. The transaction is structured such that most of the consideration payable by Serica is contingent and linked to making progress in the project.

Our participation will also be financially efficient with Serica benefiting from tax reliefs on its investment.

We congratulate Jersey Oil & Gas for having created and progressed the GBA project before recently transferring operatorship to NEO Energy. We look forward to working with them and NEO, including the latter's experienced and well-respected project team."

¹ The up front and contingent amounts of consideration are denominated in a mix of GBP and US\$. The US\$ equivalent amounts are reported based on a conversion date of US\$1.23 to £1.

Regulatory

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

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 UKCS assets.

Serica completed the acquisition of the entire issued share capital of Tailwind Energy Investments Ltd on 23 March 2023.

Following the addition of the Tailwind assets to its portfolio, Serica has a balance of gas and oil production. The Company is responsible for about 5% of the natural gas produced in the UK, a key element in the UK's energy transition.

Serica's producing assets are focused around two main hubs: the Bruce, Keith and Rhum fields in the UK Northern North Sea, which it operates, and a mix of operated and non-operated fields tied back to the Triton FPSO. Serica also has operated interests in the producing Columbus (UK Central North Sea) and Orlando (UK Northern North Sea) fields and a non-operated interest in the producing Erskine field in the UK Central North Sea.

Serica's portfolio of assets includes several organic investment opportunities which are currently being pursued or are under consideration.

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.