

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

Operations Update

London, 5 February 2024 – Serica Energy plc (AIM: SQZ), a British independent upstream oil and gas company with operations in the UK North Sea, provides the following operations update.

Mitch Flegg, Chief Executive of Serica, said:

"Pro-forma production in 2023 after including volumes from the Tailwind assets for the full year was just over 40,000 boe/d net to Serica. I am pleased that we met our operating cost target with pro-forma operating costs of around US\$19 per boe despite the significant inflation being experienced by the offshore sector generally. We are aiming to keep unit operating costs below US\$20 per boe during 2024.

Production in 2024 is expected to be higher than in 2023 with guidance between 41,000 boe/d and 48,000 boe/d for the year. This reflects a range of outcomes in a year of significant activity including the speed with which the scheduled drilling and well work deliver incremental production.

Serica's strategy of investing in its assets continues to be central to our record of consistently achieving high levels of reserves replacement, combined with increased levels of production. We are looking forward, therefore, to the start of the four well Triton area drilling programme in March, with the benefits of added production expected to start coming through in the second half of the year. During 2024 there is also an extensive programme of interventions in both platform and subsea wells on the Bruce and Keith fields. The objectives include re-establishing consistent production from the Keith field.

In addition, Serica has a healthy portfolio of potential new projects. This includes the possible developments of the Buchan and Belinda fields, which offer the prospect of further replacement of produced reserves and incremental production from 2026 onwards. Our plans for drilling two Bruce infill wells, the first new wells on the field since 2012, are progressing and, during the next eighteen months, we will be participating in the Parkmead operated Skerryvore exploration well situated in the UK Central North Sea. As a UK taxpayer, Serica will benefit from tax relief for its share of the associated development and exploration costs.

Serica is extremely well placed, therefore, to continue its track record of replacing reserves and increasing production. This platform has been achieved while maintaining a very strong balance sheet, which is both the result and enabler of our strategy to invest and grow organically and through disciplined M&A."

Production in 2023

Serica's pro-forma net production in 2023 which includes production from the fields owned by Tailwind since 1 January 2023 averaged 40,121 boe/d. The gas/liquids split of production in 2023 was 56:44.

	FY 2023
	boe/d
Bruce	6,487
Rhum	12,490
Bittern	4,012
Gannet E	6,098
Evelyn	3,780
Guillemot West and North West	237
Columbus	2,178
Erskine	1,325
Orlando	3,514

Production in the second half of the year was lower than the first half due mainly, as previously reported, to the planned summer shutdowns for both the Bruce and Triton hubs overrunning to rectify safety related issues. There were also a number of facilities issues on Bruce and Triton which caused short-term interruptions to production late in the year and carrying over into early January. These are now largely resolved.

Notwithstanding these issues, production in the fourth quarter of 2023 averaged 45,748 boe/d.

2024 Production Guidance

The production guidance for 2024 is 41,000 to 48,000 boe/d (net to Serica). This represents an increase on pro-forma production for the combined Serica and Tailwind portfolios in 2023.

2024 year to date production has averaged 43,184 boe/d¹. Erskine has been shut in since 25th January 2024 due to an issue with a compressor. It is expected to restart during March.

As a result of the work completed during the extended Bruce summer shutdown in 2023, an extended shutdown is not planned in 2024. There is a planned one-week outage which overlaps with scheduled shutdown of third-party infrastructure downstream of the Bruce platform.

There is a planned six-week shutdown of the Triton FPSO during the summer of 2024. This will be accompanied by a 'walk to work' campaign designed to further improve the performance of the facilities. It follows successful 'walk to work' campaigns in 2022 and 2023.

These planned maintenance periods are incorporated into the production guidance.

Investment programme

As previously announced, Serica is planning an ambitious programme of organic investments during 2024 extending into 2025 and 2026.

The investments in 2024 include four wells in the Triton area (Bittern B1z sidetrack, Gannet E GE-05, Guillemot North West EC1 and Evelyn EV-02)² and well work on the Bruce and Keith fields.

The start date of the B1z sidetrack is now expected to be in March 2024. This well and the subsequent three wells are scheduled to take about three months each, meaning that drilling will continue into 2025. Serica has also exercised an option to keep the rig for a further well following completion of the fourth well in the programme (EV-02).

Production from the B1z sidetrack is expected to start shortly after the completion of drilling. Production from each of the other three wells is expected to start around thirty days after the completion of drilling each well.

The Bruce and Keith Light Well Intervention Vessel ("LWIV") campaign is on track to take place between March and May. This follows previous campaigns in 2022 and 2023, which have delivered low-cost incremental production. It is hoped to restart production from the Keith field during 2024 following successful preparation work on the Keith subsea facilities carried out in 2023. Additional well interventions from the Bruce platform are scheduled for the second half of 2024.

The estimated cost to Serica of the currently approved capital investment in its producing assets in the Bruce and Triton hubs is approximately £210 million, before tax relief. Most of the expenditures are expected to be incurred in 2024.

¹ 1 January to 2 February 2024

² Serica interests are 64.63% in Bittern, 100% in Gannet E (operator), 10% in Guillemot W/NW and 100% in Evelyn (operator)

Looking further forward, both the Buchan field redevelopment and Belinda field development projects are moving towards potential sanction. The Environmental Statement and draft Field Development Plan for the Buchan project have been submitted, with completion of Serica's acquisition of a 30% interest is expected to occur during February. As previously reported, the Belinda draft Field Development Plan was submitted in September 2023.

Serica is also maturing plans for two infill wells on the Bruce field with the aim of drilling in 2026.

The Skerryvore joint venture, in which Serica holds a 20% interest, is working towards drilling a licence commitment exploration well during late 2024 or the first half of 2025.

Abandonment costs in 2024 are forecast to be about £14 million (pre-tax) net to Serica. These will be incurred mainly on the final decommissioning of the Arthur field, situated in the UK Southern North Sea, which was held by Tailwind Energy.

Operating costs

Despite the significant inflationary pressures being experienced by all operators in the UK North Sea, Serica achieved unit operating costs in 2023 of around US\$19/boe based on pro-forma production of 40,121 boe/d.

The Company's target in 2024 is to maintain unit operating costs at below US\$20/boe.

Balance Sheet

Year-end cash and cash equivalents stood at £291 million and borrowings at £210 million. This is after payment during 2H 2023 of:

- two instalments of 2023 taxes totalling £139 million (final payment approximately £58 million in Q1 2024), and
- dividends of £89 million being the total of the 2022 final and 2023 interim amounts.

Cash and cash equivalents included £28 million of cash security temporarily lodged with a third party in respect of decommissioning obligations pending the issue of letters of credit to replace the security. This is expected to occur shortly.

Organisation

Martin Copeland has assumed the role of Serica's CFO and has been appointed to the Board effective today, 5 February 2024. Martin succeeds Andy Bell, who has resigned from the Board. Andy will continue to support Serica during the transition and preparation of the 2023 Annual Report.

Sell-side Analysts Event

A presentation will be published later this week on Serica's website to accompany the previously reported event for sell-side analysts being hosted by the Company on 7th and 8th February.

Regulatory

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

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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 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.