

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

Receipt of OFAC License and Assurance for Rhum

London, 9 October 2018 - Serica Energy plc (AIM: SQZ) announces that its wholly owned subsidiary, Serica Energy (UK) Limited (“Serica UK”), and BP have received a conditional License and assurance from the U.S. Office of Foreign Assets Control (“OFAC”) relating to the UK North Sea Rhum field. Subject to the fulfilment of the conditions, the License will allow certain U.S. and U.S.-owned or controlled entities to provide goods, services and support involving Rhum. OFAC has also provided an assurance that non-U.S. entities providing goods, services and support involving Rhum will not be exposed to U.S. secondary sanctions. These OFAC actions will enable production from the Rhum field to continue unaffected. Following previous practice, the OFAC License is valid until 31 October 2019, but may be renewed (together with the assurance) on application by Serica UK assuming the conditions continue to be met.

The License and assurance are conditional upon arrangements being put in place by 4 November 2018 relating to the interest in the Rhum field held by Iranian Oil Company (U.K.) Limited (“IOC”). These arrangements are well advanced and will provide that all benefits accruing from and relating to IOC’s interest in the Rhum field will be held in escrow for such period as U.S. sanctions apply and ensure that neither IOC nor any direct or indirect parent company of IOC will derive any economic benefit from the Rhum field during that period. IOC will also exercise no decision-making powers in respect of Rhum during the same period.

Receipt of the License and assurance fulfils a major condition of the sale and purchase agreement announced in November 2017 under which Serica UK will acquire BP’s interests¹ in the Bruce, Keith and Rhum fields (“the BKR Transaction”). Serica UK and BP are now able to put in place the final arrangements to complete the BKR Transaction and for Serica UK and Total to complete the related transaction announced in August 2018 under which Serica UK will acquire Total’s non-operated interests¹ in the Bruce and Keith fields.

For operational reasons, the transition of operatorship must take place at the start or end of the month and the actual date must be fixed sufficiently in advance. Taking these factors into account, BP and Serica UK have agreed on 30 November as the revised completion date for the BKR Transaction. Although slightly later than the previously announced target of early November, this will enable the arrangements required by OFAC to be put in place prior to completion and ensure an orderly, safe and efficient transition.

Mitch Flegg, Chief Executive of Serica Energy, commented:

“The receipt of the License and assurance from OFAC is an important step towards ensuring the integrity of ongoing operations from this important North Sea field which makes a significant contribution to UK indigenous gas production. We welcome the constructive approach taken by all parties. This outcome protects a valuable British asset which, together with the Bruce and Keith fields, produces about 5% of UK offshore gas production.”

Serica is now able to move forward to completing the BP and Total transactions, allowing us to focus on optimising the full performance of the Bruce, Keith and Rhum fields, extend production life where possible and ensure maximum economic recovery of remaining reserves to the UK’s benefit. With all parties committed to completion, Serica is close to fulfilling its objective of becoming a leading UK independent offshore operator and producer and looks forward to welcoming the operations and onshore staff joining Serica from BP.”

Regulatory

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

1. BP and Total are both retaining a 1% interest in the Bruce field

Enquiries

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Notes to Editors

Serica Energy is an oil and gas exploration and production 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.

In November 2017 Serica announced the BKR Transaction under which Serica UK will acquire interests in the Bruce, Keith and Rhum fields and associated infrastructure in the UK North Sea from BP. Under the terms of the BKR Transaction Serica UK will acquire 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 acquisition of further interests in the Bruce and Keith fields and associated infrastructure in the UK North Sea from Total E&P UK Limited ("BK Acquisition"). Under the SPA, Serica UK will acquire a 42.25% interest in the Bruce field and a 25% interest in the Keith field and associated infrastructure. The BK Acquisition also has an effective date of 1 January 2018 and completion will be subject to completion of the BKR Transaction.

Together, the BKR Transaction and the BK Transaction will result in Serica UK holding a 50% interest in the Rhum field, a 78.25% interest in the Bruce field and a 59.83% 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 is listed on the AIM market of the London Stock Exchange under the ticker SQZ and is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.