

# Serica Energy plc

## ("Serica" or the "Company")

### SERICA PROVIDES OPERATIONS UPDATE & FORWARD PROGRAMME

London, 21 January 2013 - Serica Energy plc (TSX & AIM: SQZ) provides an operations update and announces its forward programme for 2013.

#### **FORWARD PROGRAMME**

During 2013 the Company is planning for the following events:

- Columbus field - final development approvals expected to achieve mid-2015 first gas production
- Namibia - full results from the Luderitz Basin 3D seismic survey with drilling decision 2H2013
- Morocco - two well programme, commencing 4Q2013
- Ireland Rockall - partnership arrangements to drill the Muckish prospect
- Ireland Slyne - farm-out campaign to follow up the 2009 oil discovery
- UK North Sea - 3D seismic survey to appraise gas prospects in the York area
- UK East Irish Sea - completion of the Doyle farm-out and site survey prior to drilling

#### **OPERATIONS UPDATE**

The following provides an update on current operations and further details of the forward programme which is aimed at unlocking the significant value of Serica's exploration and development projects.

North Sea - Columbus field.

The Department of Energy and Climate Change ("DECC") has indicated that it is content with the Columbus Field Development Plan subject to certain standard conditions. The project is currently proceeding on schedule for first gas in mid-2015. Tender documents for the construction and installation of the Bridge Linked Platform ("BLP"), through which Columbus field gas and condensate production will be exported, have been issued by BG as operator of the Lomond field with contractor bids to be received in the first quarter. Subject to the receipt of acceptable bids and arrangements between BG and the partners of the Arran field, the BLP construction project is projected to commence on schedule in 2013. In accordance with this schedule, first gas from the Columbus field will be achieved in mid-2015. The

Company is evaluating financing proposals which it has received for its share of development costs and which it expects to put in place when final sanctions for the project are given.

#### Namibia.

At the end of November, Serica received the fast-track on-board processed data from the 4,180 square kilometre 3D seismic survey undertaken by the Company over its blocks in the Luderitz Basin. Data quality and coverage of the survey area is excellent and preliminary work on the results supports the presence of the very large four-way dip closed structure known as Prospect B which was targeted by the survey. The fast-track data also indicates the presence of significant channel sand features with associated strong seismic amplitudes. The preliminary review of the fast-track data is very encouraging but to fully evaluate these early results it will be necessary to complete the full-scale processing and interpretation which is currently underway with BP and likely to take until later in 1H2013. Following this interpretation a drilling decision will be made later this year.

#### Morocco.

The operators of Serica's Sidi Moussa and Fom Draa blocks, Genel Energy and Cairn Energy, have put forward proposals for one well to be drilled in each of the two blocks with the drilling programme expected to commence in 4Q2013. Serica has a 5% interest in the Sidi Moussa block, an 8 1/3% interest in the Fom Draa block and the benefit of a carry on each of the two wells up to a maximum gross US\$50 million in the case of Sidi Moussa and US\$60 million in the case of Fom Draa.

Fom Draa. The operator of the Fom Draa block (Cairn) has stated that two key prospects on the block have been identified. The partners have budgeted the drilling of the first exploration well for Q42013 subject to securing a suitable drilling unit and regulatory approvals.

Sidi Moussa. Genel (the operator of the Sidi Moussa block) has stated that it is targeting over 850 mmboe of gross resources. Extensive 2D and 3D seismic has been completed and reprocessed, and a number of leads and prospects identified with significant resource potential across multiple play types. The first exploration well is targeted in the first half of 2014

#### Ireland.

Serica holds 100% in 12 blocks or part blocks in the Rockall Basin and is reviewing the potential to bring forward drilling of the Muckish prospect which has been fully detailed by Serica from 3D seismic data. The Muckish prospect is a large structure analogous to the nearby Dooish gas condensate discovery and provides material upside in a proven hydrocarbon basin. In view of the need to share costs, discussions with potentially interested partners are continuing. In the Slyne Basin, Serica, in partnership with RWE, has completed site surveys on the Boyne and Liffey prospects to follow up on the presence of oil discovered by Serica on the blocks in 2009. The partners are planning to drill a well in 2014 and will be commencing a farm-out campaign later in the year.

#### UK.

Serica is involved in several UK offshore initiatives which are expected to see progress in 2013. In the York area of the Southern North Sea, the Company will be participating in a 3D seismic survey operated by Centrica to fully evaluate gas prospects adjacent to the York gas field. In the East Irish Sea, the Company expects to complete a farm out of the Doyle prospect and prepare for early drilling. The possibility of farming out the North Darwin prospect is also under review following receipt of a farm-in proposal. In the Central North Sea a deep prospect has been identified in Block 22/19c, in which the Company has a 15% carried interest and further proposals have been received in respect of this block. In the Spaniards area, work continues to evaluate the results of the East Spaniards well and its implications for the Spaniards oil

discovery. In the Northern North Sea, Serica did not receive sufficient proposals to enable a well to be drilled in Blocks 210/19a and 20a and has made the decision to relinquish the blocks to comply with the terms of the licence.

**Tony Craven Walker, Chairman and Interim CEO,** said

*"Serica has a very busy year ahead of it during which we expect to see a number of the projects, which we have worked hard to bring forward, start to demonstrate their real value. In difficult financial markets the Company has had to operate with limited cash resources, and that continues to be the case, but the success of our 2012 farm-out programme has resulted in the major benefit of carried interests over large parts of our portfolio, where the potential for high impact exploration success is large. Our resources, although limited, are sufficient to meet our current programme and we are confident that we will be able to raise the funding required for our share of the Columbus field development when that is needed."*

*"Serica's exposure to the major exploration potential of largely unexplored Atlantic Margin basins offshore Ireland, Morocco and Namibia, coupled with a field development and undrilled prospects in the maturer UK, provides the opportunity for both steady growth and transformational success and we look forward with confidence to 2013."*

#### **Enquiries:**

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#### **NOTES TO EDITORS**

Serica Energy was formed in 2004 and, since then, has drilled 20 wells in locations as diverse as the UK Offshore, the Atlantic margin

offshore Ireland, offshore Indonesia (North West Sumatra, East Kalimantan and Java) and offshore Vietnam. Seventeen of these wells were drilled by the Company as Operator, fourteen of the wells encountered oil or gas and six of these were commercial. The first of the commercial discoveries, the Kambuna field in North West Sumatra, was developed by the Company. The second, the Columbus field in the UK North Sea, is now in the pre-development stage with final project sanction pending. The Company also has a residual economic interest in the Bream oil field offshore Norway, which will be crystallised when the field is developed, and licence interests offshore Ireland, Morocco and Namibia.

The technical information contained in the announcement has been reviewed and approved by Peter Sadler, Business Development Director of Serica Energy plc. Peter Sadler is a qualified Petroleum Engineer (MSc Imperial College, London, 1982) and has been a member of the Society of Petroleum Engineers since 1981.

The Company is listed on both the Toronto Stock Exchange and the London AIM under the ticker SQZ.

To receive Company news releases via email, please contact [serica@collegehill.com](mailto:serica@collegehill.com) and specify "Serica press releases" in the subject line.

#### **FORWARD LOOKING STATEMENTS**

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: geological, geophysical and technical risk, the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive therefrom.