



Serica Energy Namibia: Chasing Giant Cretaceous Oil Prospects in the South Atlantic

Mitch Flegg

**20th Western Africa Oil, Gas/LNG & Energy
Windhoek Country Club, Windhoek, Namibia
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- Serica is a publicly traded company listed on the AIM Market of the London Stock Exchange and on the Toronto Stock Exchange in Canada
- Ticker “SQZ” on both exchanges
- Headquarters in London
- Highly experienced Management Team with full range of technical expertise

Tony Craven Walker
Chairman and Interim CEO



47 years in international oil & gas. Early career with BP. Founder of Charterhouse Petroleum & Monument Oil & Gas

Mitch Flegg
Chief Operating Officer



Over 32 years in oil & gas. Previously with Schlumberger, Enterprise Oil and Shell

Chris Hearne
Finance Director



Finance career with Lehman brothers, Robert Fleming and Intrepid Energy

Jeffrey Harris
Non-Executive Director



Founder of Global Reserve Group in 2012. Previously 29 years with Warburg Pincus, latterly as Managing Director

Neil Pike
Non Executive Director and SID



Oil industry financier since joining Citibank in 1975

Steve Theede
Non-Executive Director



Held senior positions with Conoco. Chief Executive of Yukos Oil Company until 2006

Ian Vann
Non-Executive Director



BP Exploration from 1976. Directed BP's global exploration programme from 1996 to 2007

Development Assets

Bream (Norway) and Columbus (UK) Development Assets

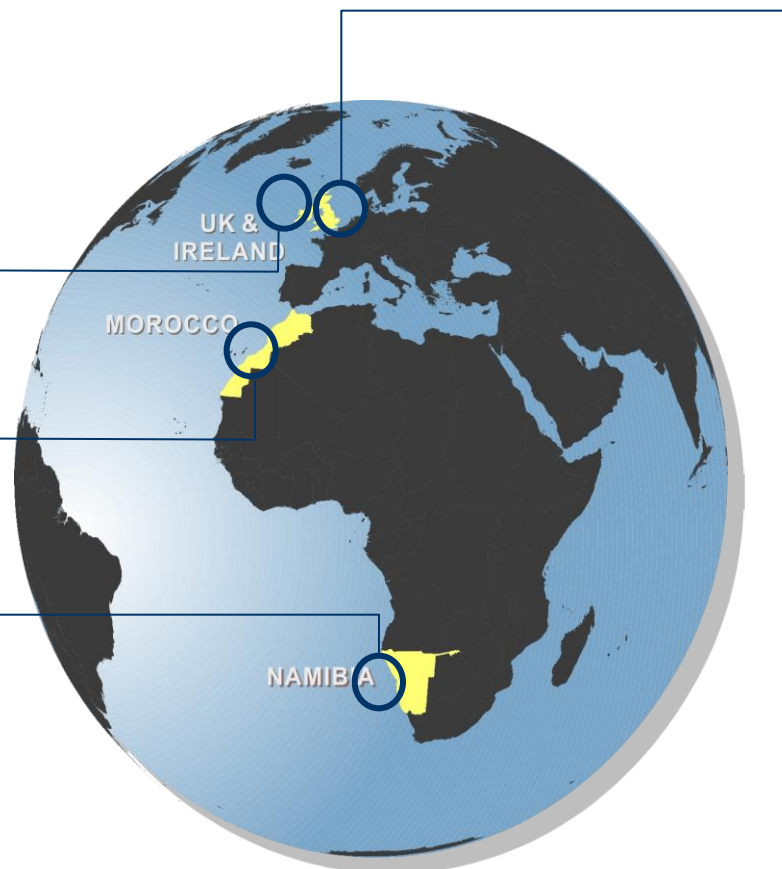
Exploration Prospects

Atlantic Margin Business Unit

Ireland:
Rockall
Slyne

Morocco:
Tarfaya-Ifni

Namibia:
Luderitz



UK Business Unit

Southern North Sea
East Irish Sea
Central North Sea

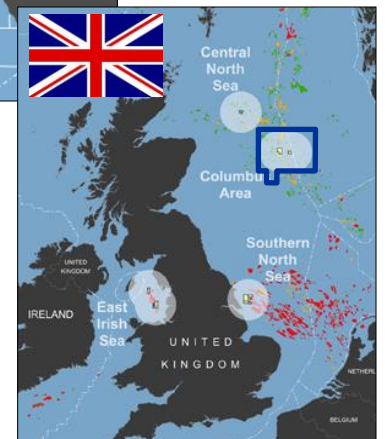
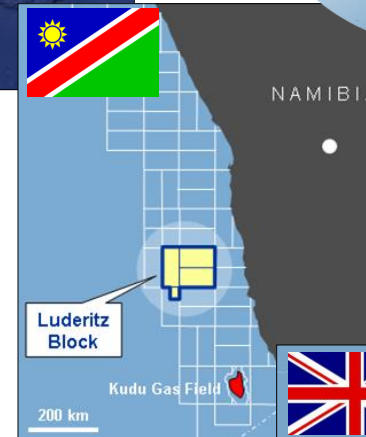
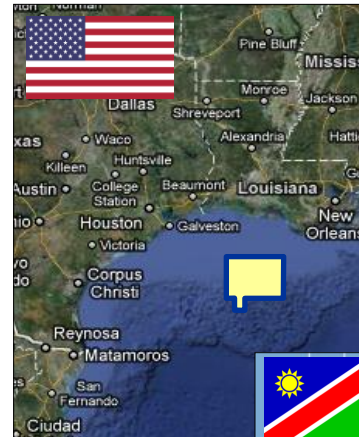
Track Record

- Serica has drilled 21 wells in locations as diverse as the UK offshore, the Atlantic margin offshore West Africa and Ireland, Indonesia and 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
- Almost all of these wells have been drilled as the result of a farm-in agreement



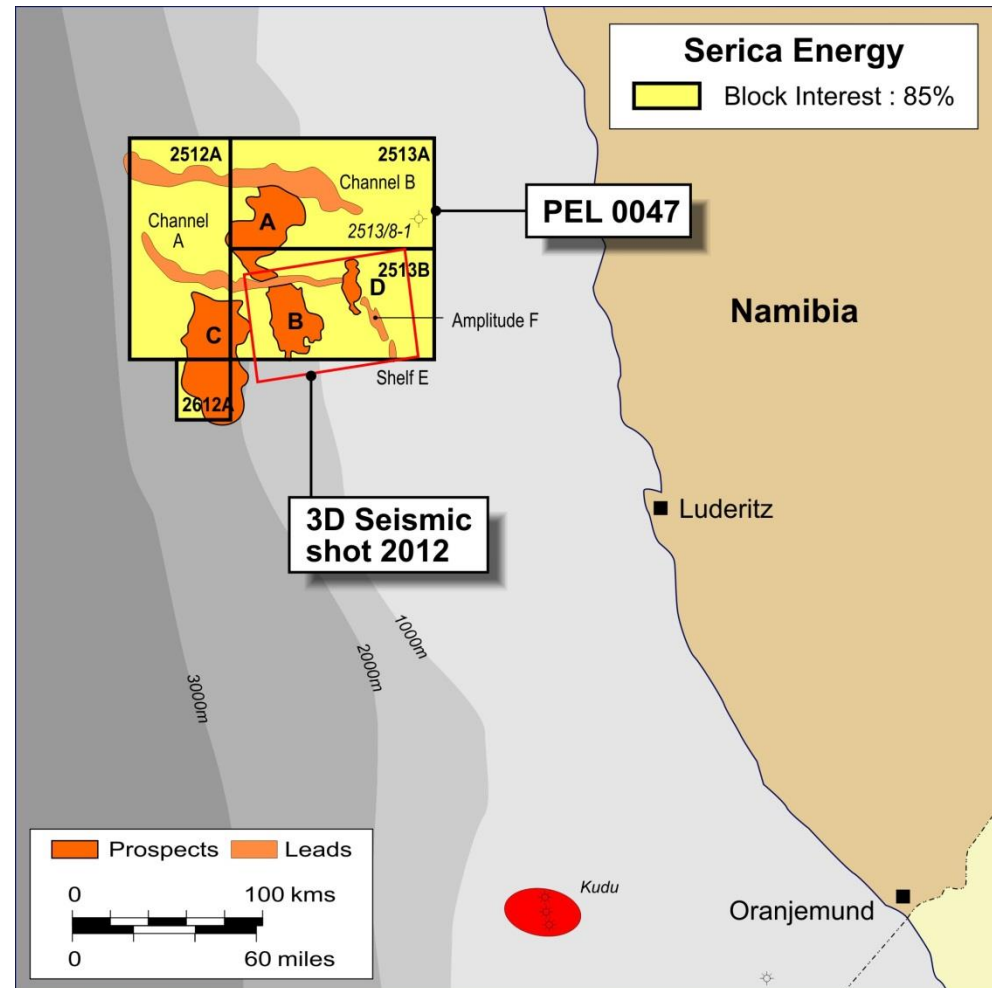
Why Namibia?

- Highly under-explored but prospective continental margin
- Several proven hydrocarbon systems including recent oil discovery
- Close to large markets
- Stable democracy
- Favourable fiscal terms
- Business language is English
- Serica has very large 17,384 km² acreage holding within the central Luderitz Basin
- Equates to approximately one third of the size of the UK Central Graben



Serica Namibia Introduction

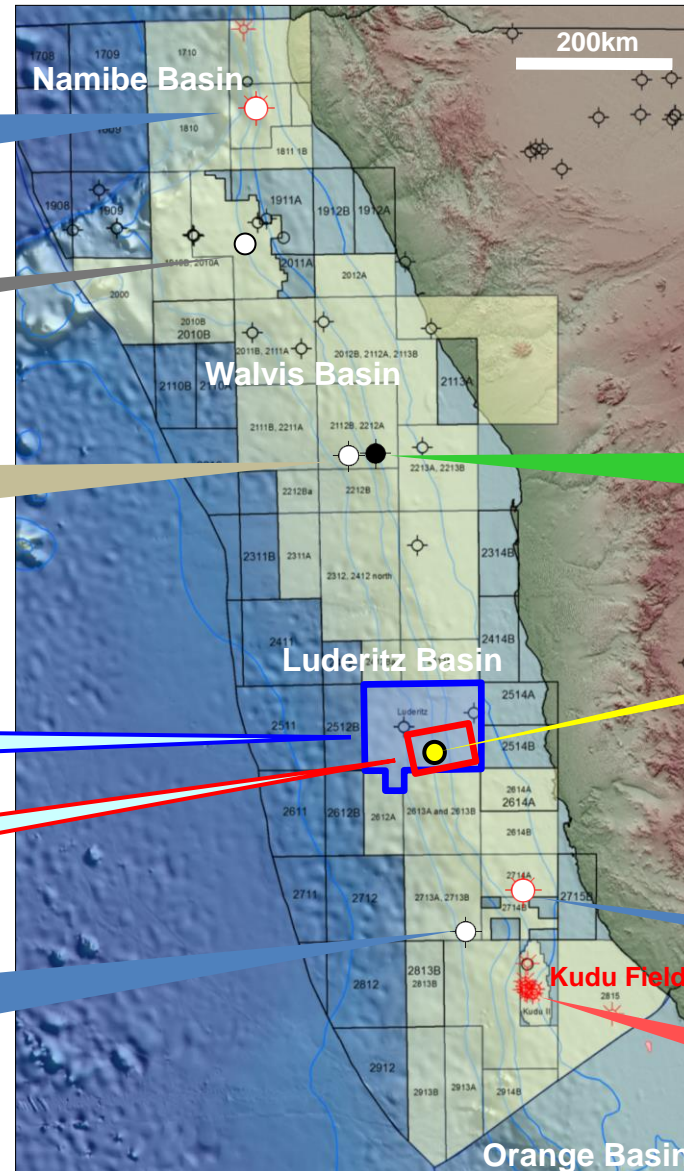
- Serica 85% (operator)
NAMCOR (10%) & IEPL (5%)
- Water depth 500 – 2000 m
- 4,176 km² 3D seismic data acquired in 2012
- Multiple Lower Cretaceous structural prospects with billion-barrel oil potential
- Further prospects at shallower levels, within canyon-channel turbidite systems and along the shelf edge
- Prospect B mapped on 3D seismic and high-graded for drilling



Prospect outlines based upon Serica final mapping April 2014

Namibia Recent Exploration History

2012 to Present Day



Tapir 1811/5-1
P&A dry, well encountered high-quality Cretaceous sands; also Lower Cretaceous carbonate

Welwitschia: well due to spud April 2014

Murombe 2212/7-2
secondary target water wet turbidite channel sands; primary Barremian target was volcanic

Serica Acreage

Serica 3D Seismic

Moosehead 2713/16-1
P&A dry, encountered Aptian & Cenomanian source rocks; TD in / below carbonate with increasing wet gas levels

- Drilling to date has proven all elements of at least one active hydrocarbon system

Wingat Oil Discovery 2212/7-1
38-42° API oil recovered from several thin sand beds; two thick, rich mature source rocks proven within Aptian

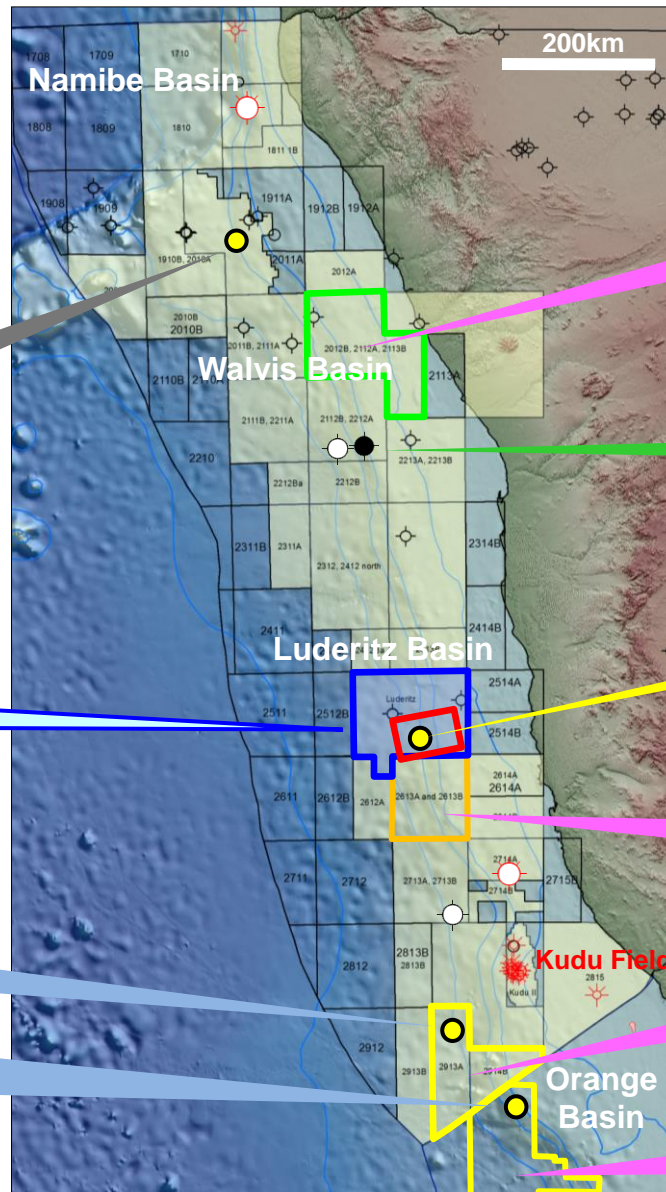
Prospect B

Kabeljou 2714/6-1
P&A shows

Kudu Gas Field
Barremian aeolian-shallow marine sands; Under development by Tullow

Namibia Farm-In Activity

- Recent entry of Tullow, Shell, Murphy and OMV, 2013-2014



Welwitschia Prospect: well due to spud April 2014

Tullow farm-in to Pancontinental, September 2013

Wingat Oil Discovery 2212/7-1

Serica Acreage

Prospect B

Prospect A: large Lower Cretaceous carbonate build-up

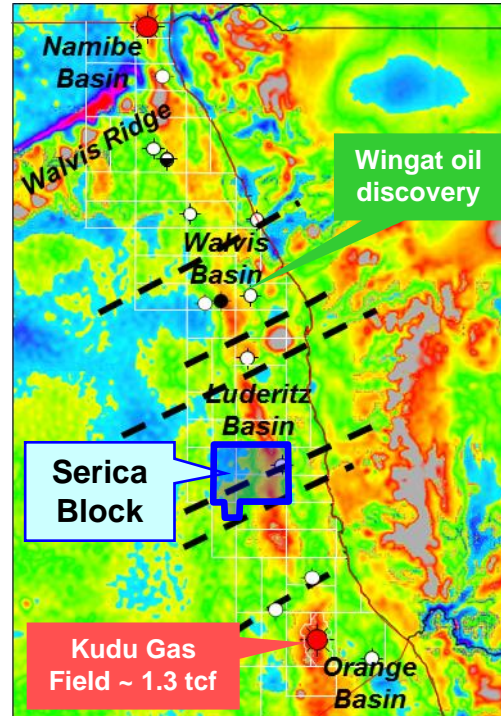
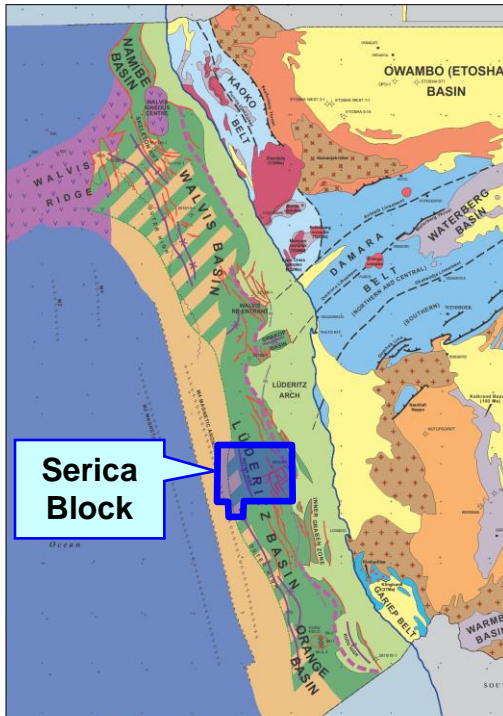
Murphy and OMV farm-in to Cowan, 2014

Aardwolf Prospect: Lower Cretaceous carbonate build-up mapped on 3D seismic; analogous to Serica's Prospect B

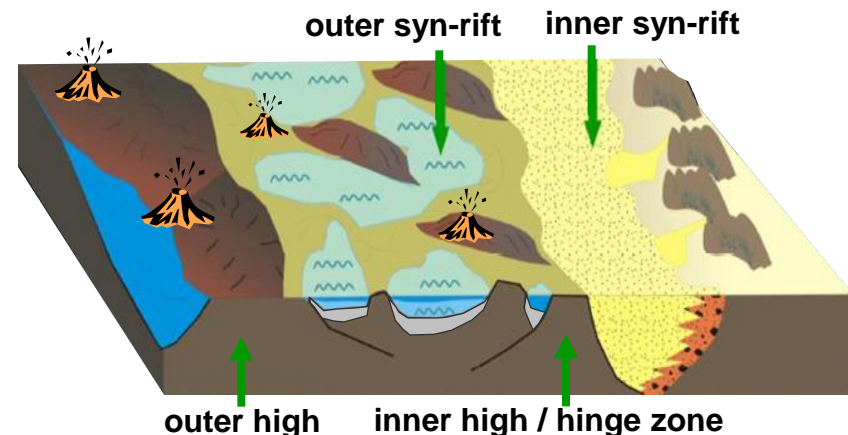
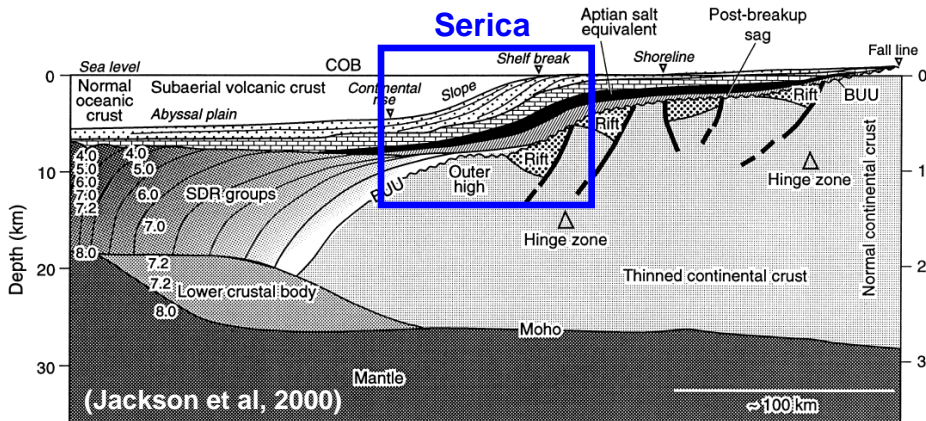
Shell taken over Signet Blocks, February 2014

Shell deep-water South African acreage (part of) awarded 2012

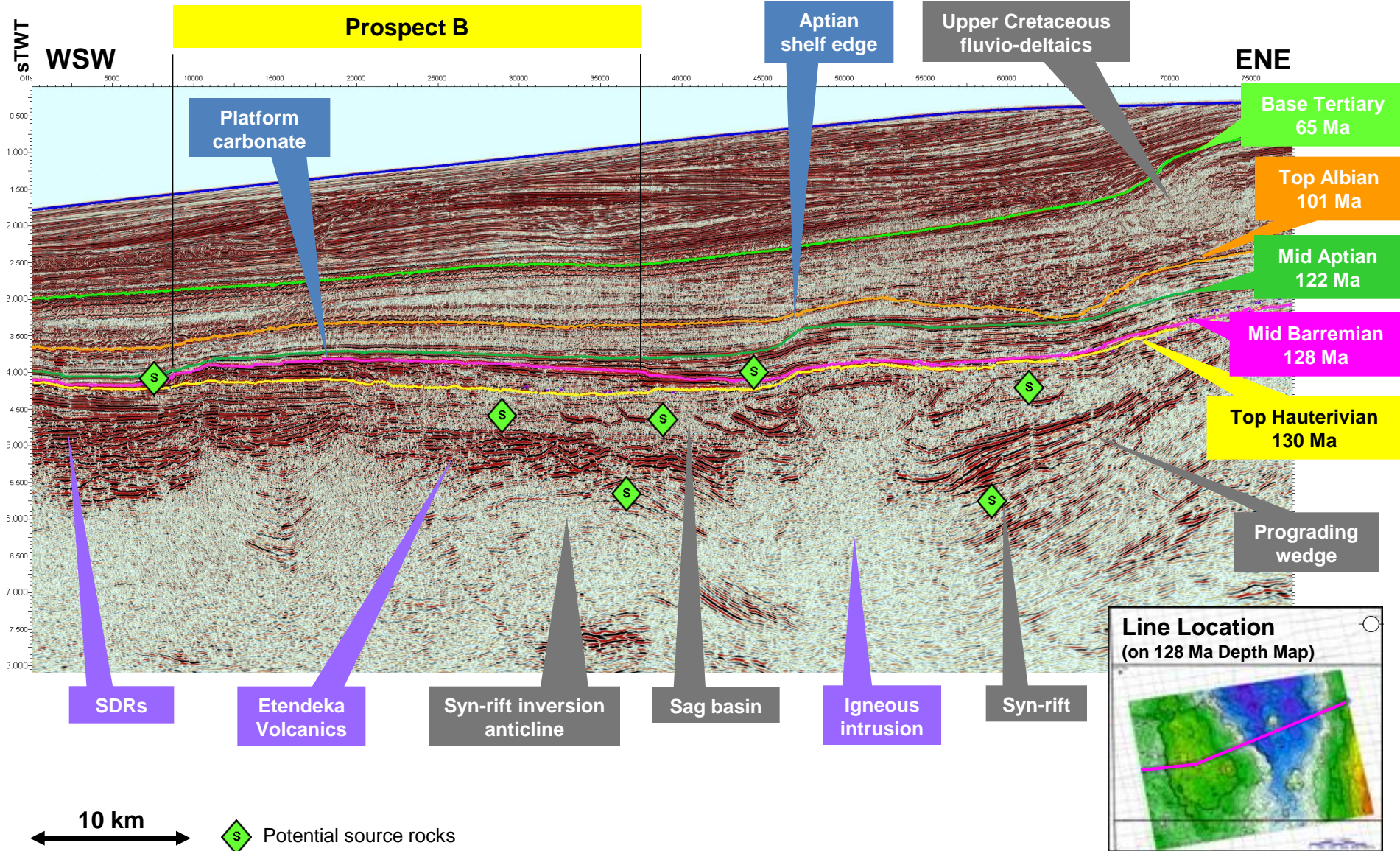
Namibia Geological Setting



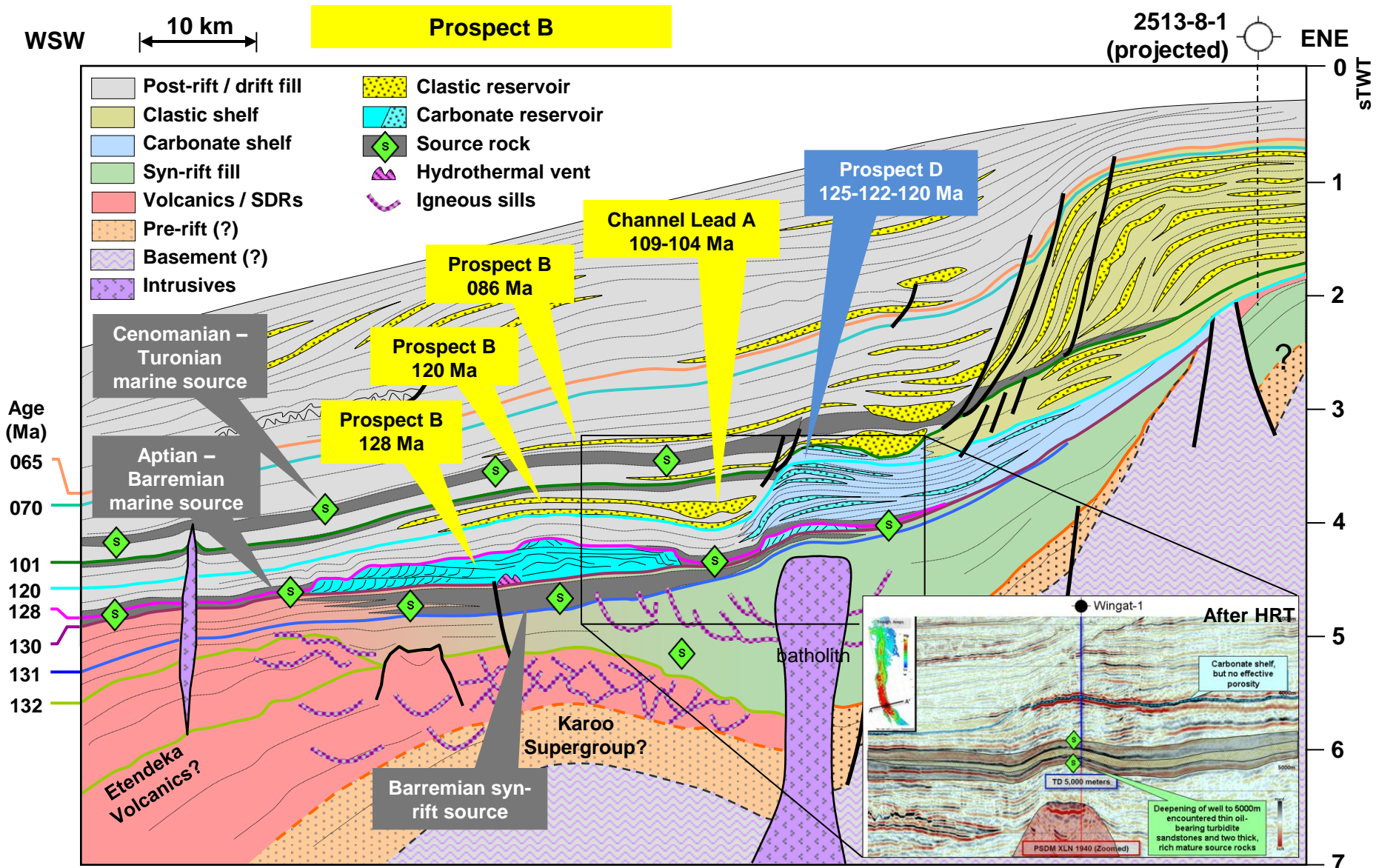
- Blocks located between inner and outer regional gravity highs
- Critical for exploring in outer syn-rift and sag basins
- These potentially contain mature lacustrine to restricted marine oil-prone source rocks



WSW-ENE Seismic Section (flattened on 0.25 * seabed)



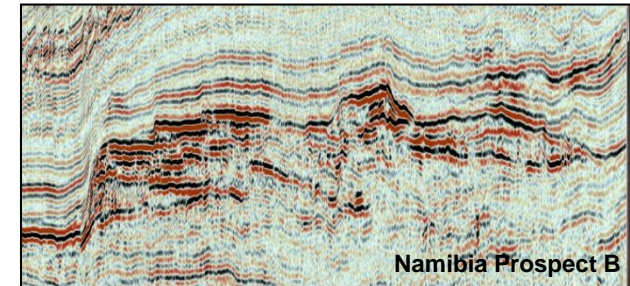
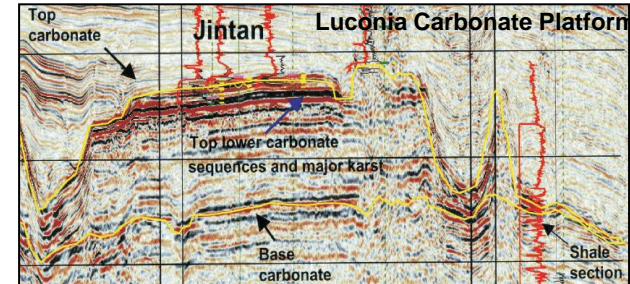
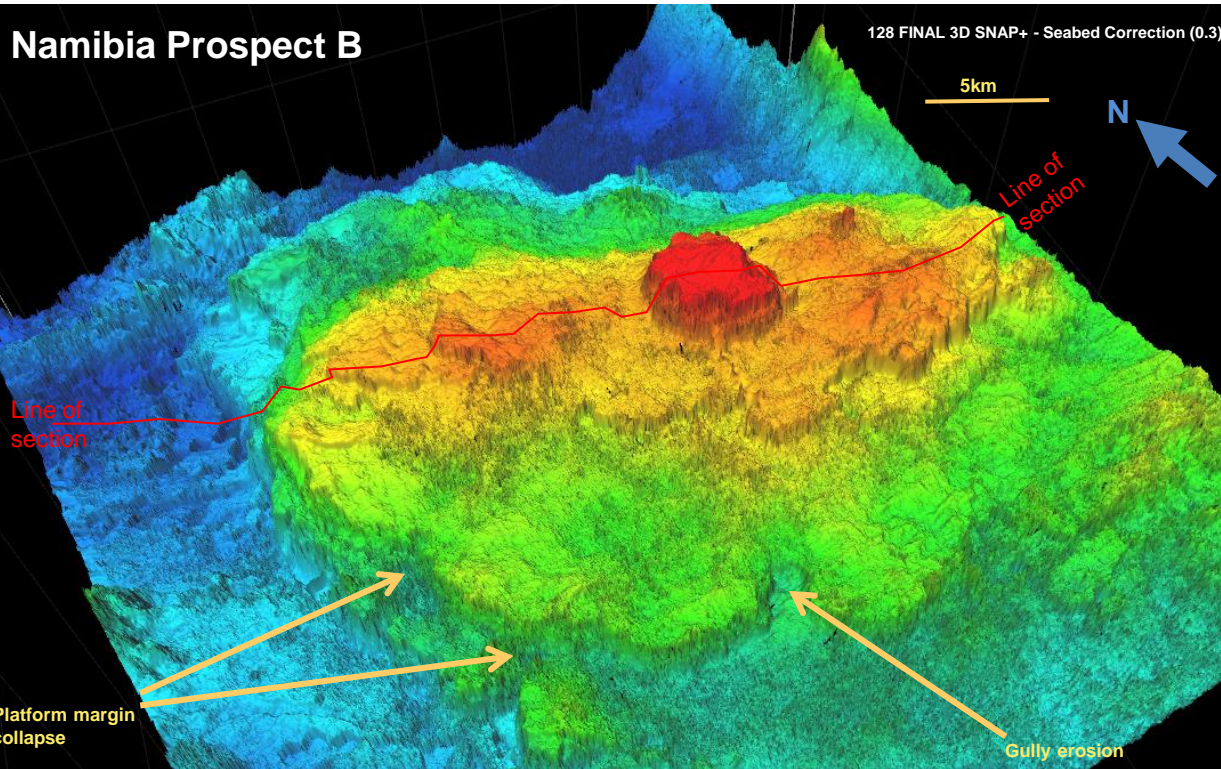
Regional Geoseismic Section



Prospect B, Barremian 128 Ma (3D Depth Perspective)

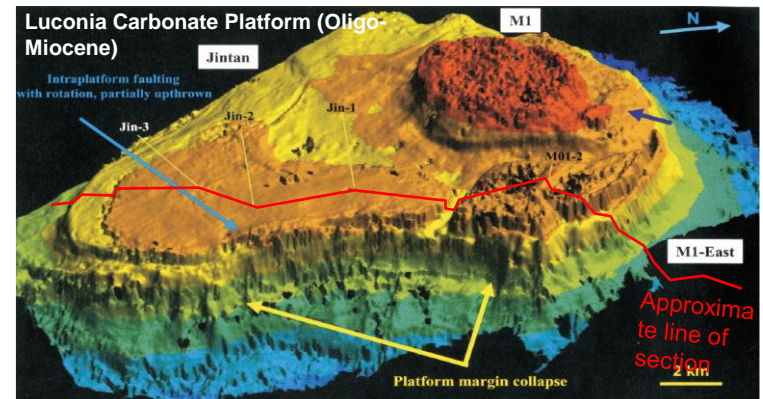
Namibia Prospect B

128 FINAL 3D SNAP+ - Seabed Correction (0.3)



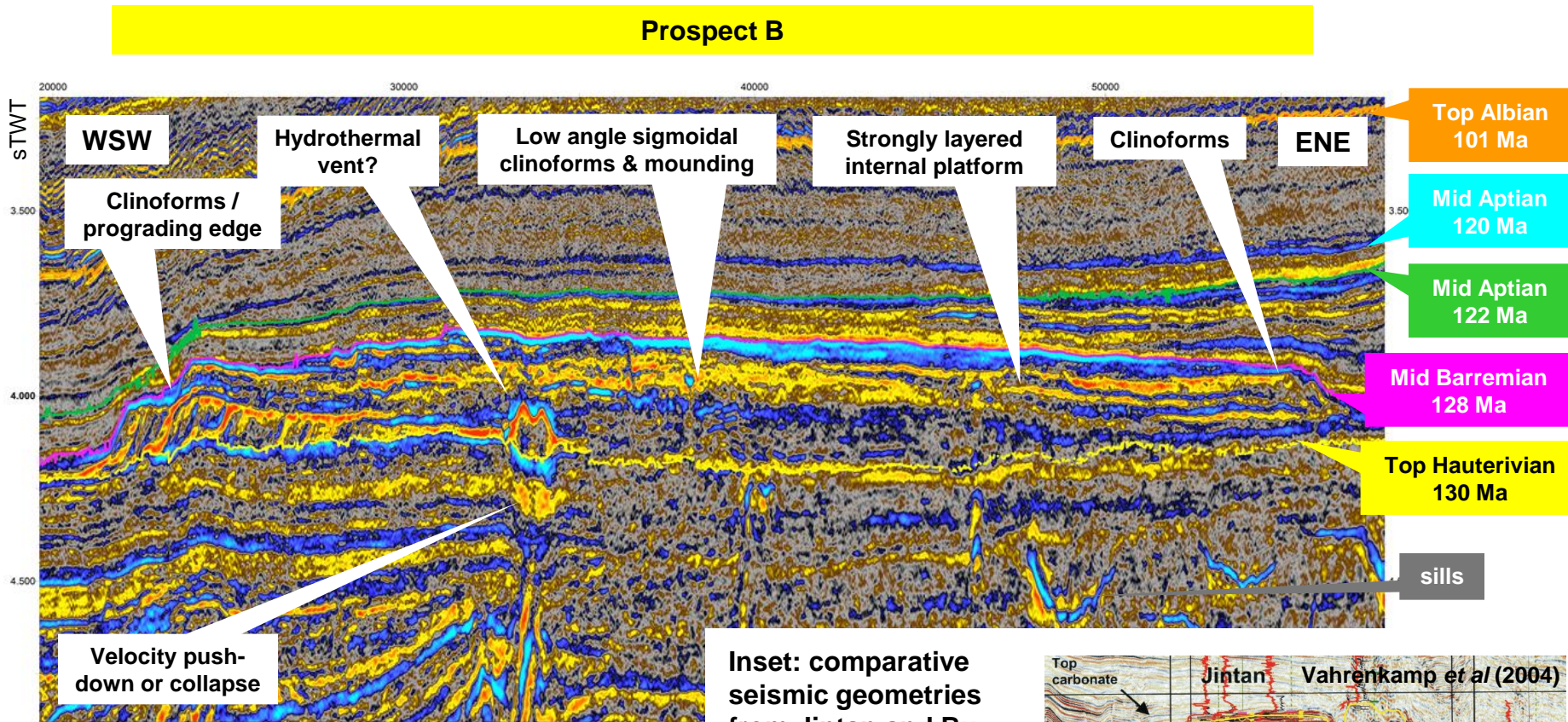
Namibia Prospect B

- Giant Lower Cretaceous structural prospect
- 700 km² areal closure and 300 m relief
- Morphological similarities to known carbonate reservoirs worldwide

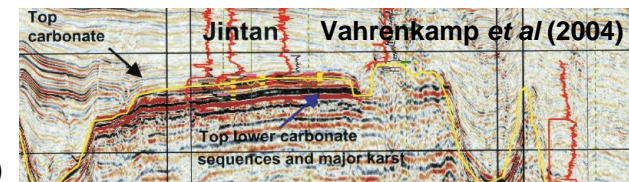


Prospect B Seismic Inline 4300

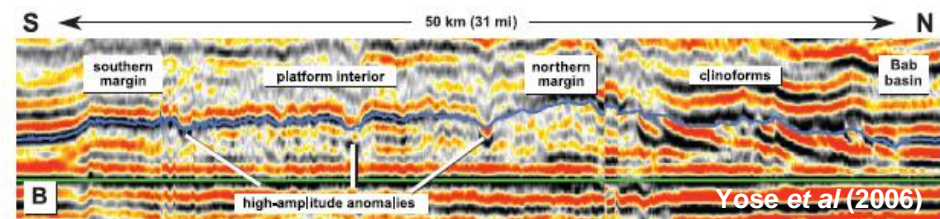
(Seismic Coloured Inversion, flattened on 0.25 * seabed)



Inset: comparative seismic geometries from Jintan and Bu Hasa carbonate fields (Malaysia & Abu Dhabi)



- Distinctive back-stepping, internal clinoforms, mounding & layering
- Potential reservoir analogues with Lower Cretaceous “microbialite” discoveries offshore Brazil and Angola

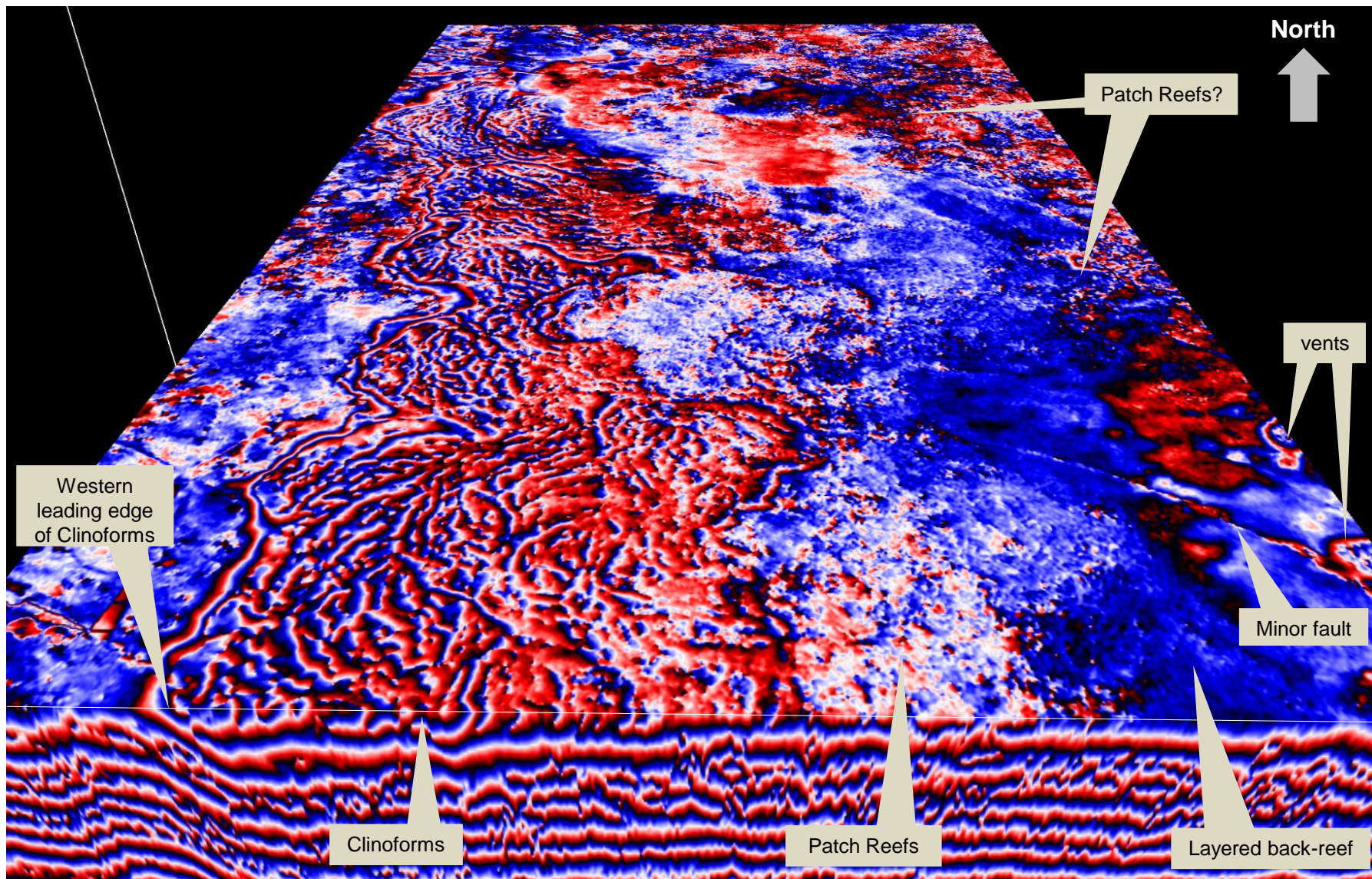


Prospect B Seismic Attributes

Instantaneous Phase, Perspective View

60 ms below 129 Ma (flattened) – NW Corner Zoom

SERICAENERGY



Shallower Canyon & Shelf Plays

(3D TWT Perspective, 120 to 101 Ma mid point Amplitude)

SERICAENERGY

Major canyon incision;
Cenomanian-Turonian

Aptian shelf edge
Carbonate Plays



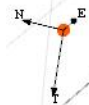
Aptian turbidite
channels

Channel Lead A
(Albian)

Possible onlap over
edge of underlying
carbonate platform

Drape over underlying
Prospect B carbonate
platform

Albian volcanics



4

6

400000

Regional Hydrocarbon System

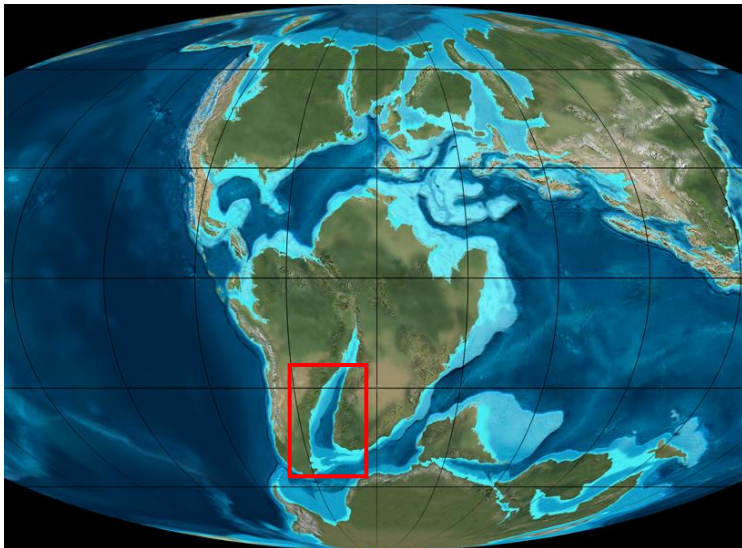
Lower Cretaceous



Wingat-1 oil sample

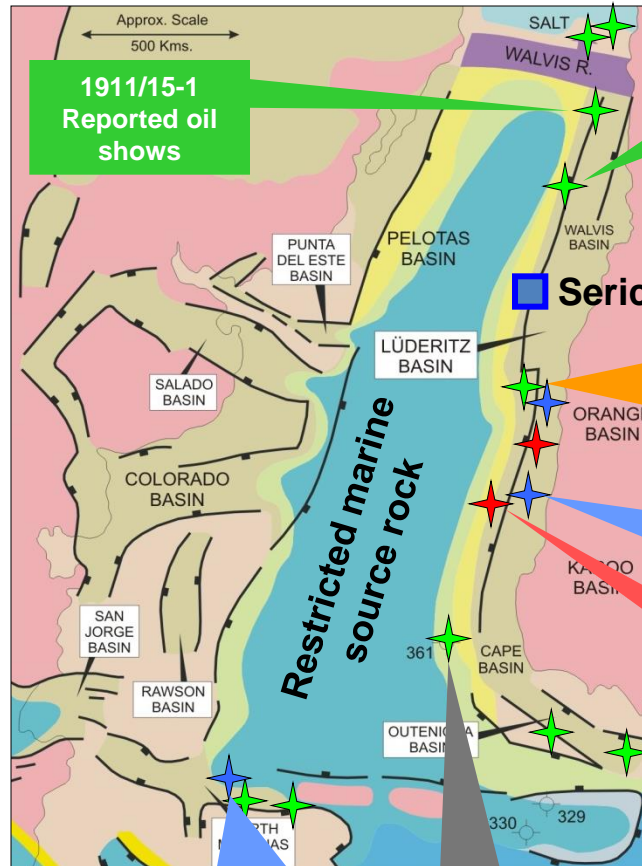


Kudu-4 condensate



Restricted basin, 120 Ma, Aptian

Aptian South Atlantic Palaeogeography



1911/15-1 Reported oil shows

Wingat Oil Discovery 38-42 °API oil, two proven Aptian marine source rocks

Kudu gas field 1.3 tcf gas + minor condensate; over-mature oil-prone lacustrine & restricted marine source, Barremian-Aptian age (Mello *et al*, 2012)

AJ-1 Oil Discovery Barremian-Hauterivian proven syn-rift lacustrine oil source

Ibhuesi gas Field Aptian-Albian highly mature fluvio-deltaic terrestrial source

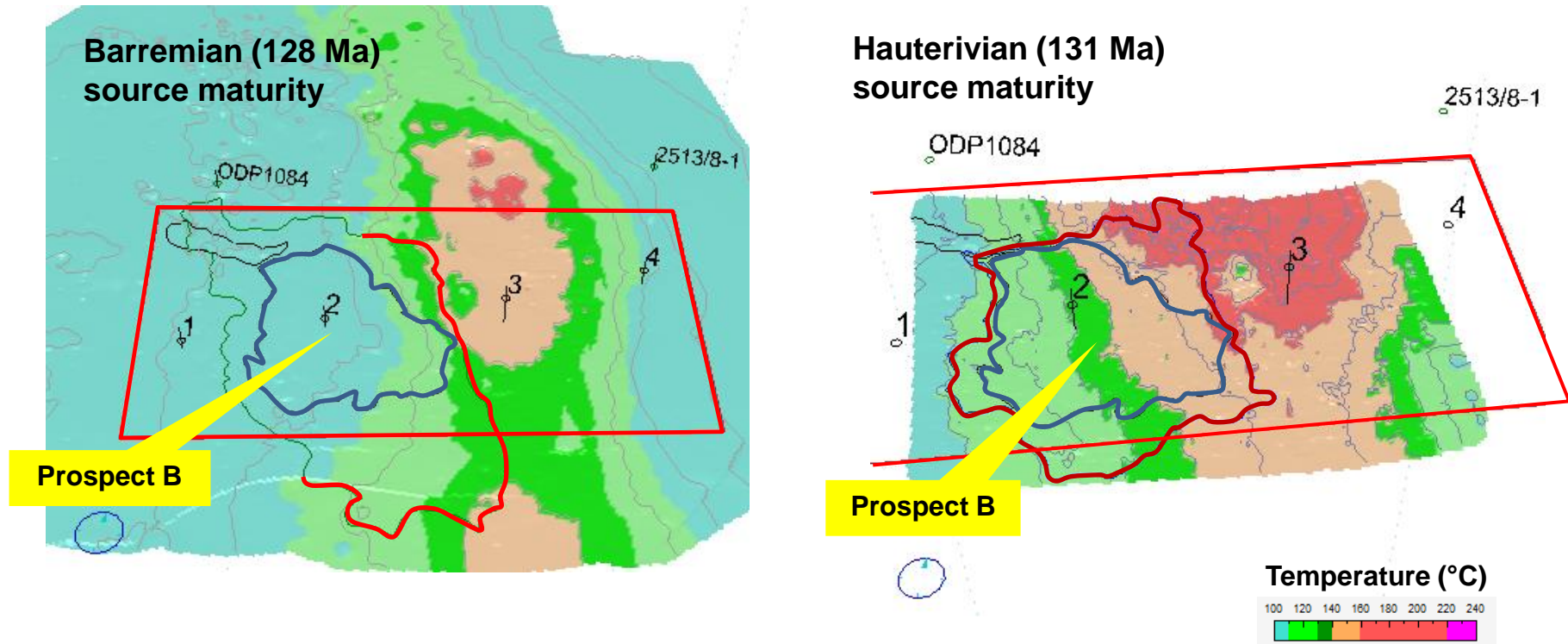
Falklands 14/10-1 Sealion Discovery Barremian reservoir and mixed lacustrine-volcanigenic oil source?

DSDP 361 Rich Aptian source rocks

- ★ Lacustrine Source
- ★ Marine Source
- ★ Terrestrial source

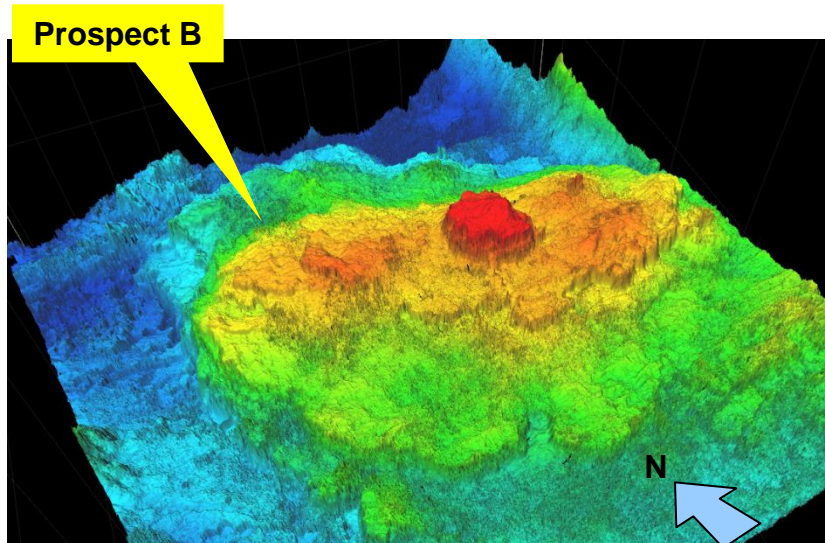
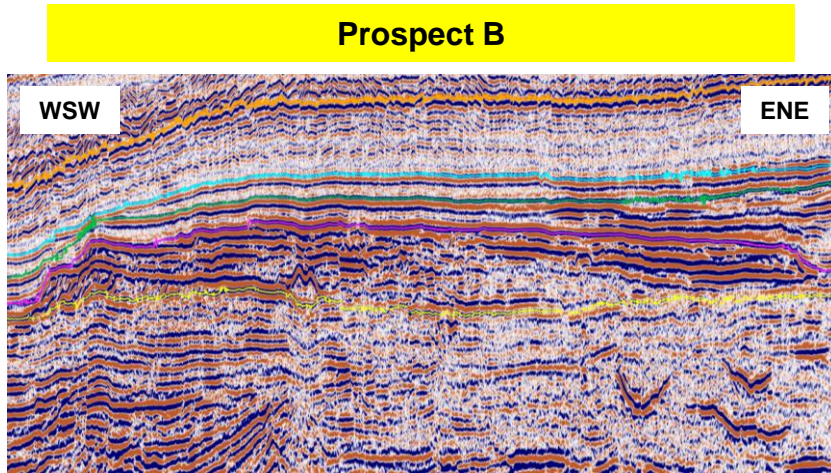
Source Rock Modelling Study

Barremian and Hauterivian Source Kitchens



- Source Rocks modelled at four Lower Cretaceous levels
- Corrected geothermal gradient of ± 30 °C/km
- Early oil generation starting at between ~120 Ma and 80 Ma, influenced by early high heat flow caused by rifting
- Positive implications for early preservation of reservoir quality
- Key source rocks are currently in the oil window in close proximity to Prospect B

Namibia Prospect B Conclusions



**Prospect B Depth Perspective
Top Barremian 128 Ma**

- Multiple Lower Cretaceous structural prospects with billion-barrel oil potential
- Prospect B: giant structure mapped on high-quality 3D seismic
- 700 km² areal closure and 300 m relief
- Seismic character consistent with a carbonate platform
- Further prospects at shallower levels, within canyon-channel turbidite systems and along the shelf edge

Prospect B Resources *	P ₉₀ (low)	P ₅₀ (best)	P ₁₀ (high)	
NSAI, Sept. 2013	138	622	2810	mmbbls

* Resource estimate based on NSAI September 2013 interpretation of 3D seismic data. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. NI 51-101 compliant.

Seminar explores the basics of oil and gas

Edgar Brandt

IN anticipation of the imminent discovery of commercially viable quantities of oil in Namibia the National Petroleum Corporation of Namibia (Namcor) and the Ministry of Mines and Energy, together with the logistical assistance of Serica Energy Plc, yesterday hosted a first of its kind seminar in Namibia.

The seminar, themed 'Oil and Gas: The Basics' was aimed at people working in the oil and gas and related industries who would benefit from a better understanding of the key elements that make up oil and gas projects. According to Namcor's Managing Director, Obeth Kandjoze, the company hosted the event in order to provide information and education to non-specialist staff in Namibia who are interested in the oil and gas industry. Kandjoze said the seminar is particularly relevant considering the current oil and gas activities in the country and the recent oil discovery announcement by HPT and is an

viable discovery.

"The oil and gas industry has opportunities for people in various fields in terms of job and career opportunities, for example those with a scientific mind can become engineers; those with vision and imagination can become geologists; mathematical minds can do accounts/economics; business-minded people can work in commercial and strategy departments and organized people can do logistics – there is something for everyone," noted Kandjoze.

The Namcor chief added that it is important to note that there are numerous Black Economic Empowerment companies applying for exploration licenses without a full understanding of what it takes to explore for oil and gas in frontier basins like those offshore Namibia. He continued that it is Namcor's belief that after the seminar more geologically motivated applications for petroleum licenses would become visible, thus contributing to the cause of empowerment.

Said Kandjoze: "Essentially, many people

investing in a region (many wells have less than a 1 in 5 chance of finding oil and cost hundreds of millions of Namibian dollars), this seminar will surely provide that information to you or esteemed delegates."

Speakers at yesterday's seminar discussed all major aspects of the industry, covering geology (how oil is formed and stored underground), drilling (what types of wells can be drilled and how), engineering (how is oil produced), health, safety and the environment (what measures are in place to ensure all operations are performed safely and cleanly) and finally the economics – showing how companies decide where to invest their money.

"This industry is not only about rewards and significant returns on investment, but is also infamously known for what is termed as the oil curse, which dates back to the upheaval of the 1970s, when oil prices soared and governments across the developing world seized control of their countries' oil and

they are possibly ruled by autocrats and probably inclined to civil war, than would be the case of countries not having oil," explained Kandjoze.

He added that this course indicates why oil wealth characteristically produces less economic development than it should and that it produces problems in under-developed countries in comparison to the rich and developed nations of the world. "I am delighted to say that the Government of the Republic of Namibia, through Namcor and all the players in this industry, are ensuring that this phenomenon does not hit our shores and that we can be an exemplary nation of what can go right, should this industry be managed through appropriate and robust regulations and laws so as to ensure that this industry benefits all Namibians," Kandjoze said.

In terms of what Namibia needs to prepare itself for now Kandjoze commented that increased exploration activities and possible economic oil and gas

sure that it is good enough to govern this industry should there be an economically viable discovery. Similarly, it should also prepare itself in terms of skilled manpower and have the muscle to ensure that hydrocarbon licence holders adhere to terms and conditions stipulated in the Petroleum Agreement," he remarked.

From a Namcor perspective, Kandjoze noted that for the company to become a preferred operator, relationships are needed to be culminated in the industry, since the government, through Namcor would become a holder of its own oil and gas resources, partnering with international operating companies with the financial and technical ability to optimally utilise Namibia's hydrocarbon resources for its own benefit.

"There will be increased ability to build internal capacity and confidence in managing more complex projects and recognition that Namcor will no longer have to enter in production-sharing agreements with other



Mitch Flegg, the Chief Operating Officer of Serica Energy, yesterday introduced seminar participants to the basic concepts of drilling for oil and gas.



Minister Elias Lomwe of the Swakopmund



Entertainment from the Commander's into cultural group



Maria Mhambi (Serica), Mitch Flegg (Serica), Kwana Kwana (Serica), Obeth Kandjoze (NAMCOR), Nigel Swale (Schlumberger), Samuel Mhango (Petroleum Development Namibia), Clara Ahobeli (Serica)



Oliver, Cedric David (Serica)



Christina (Whitbeck) Obertus, Jody (NRC), Obeth Kandjoze (NAMCOR), Selma. Please don't publish this one either.



Mitch Flegg (Serica Energy), Miguel Saade (Schlumberger), Clara Ahobeli (Serica Energy)



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Serica International
Asset Manager

Graham Pritchard
Serica Principal Geologist





“Formula for success: rise early, work hard, strike oil.”

J. Paul Getty

