

Serica Energy plc

("Serica" or the "Company")

Signature of Petroleum Agreement in Luderitz Basin, Namibia relating to Licence Blocks 2512A, 2513A, 2513B and 2612A

London, 4 January 2012 - Serica Energy plc (AIM & TSX: SQZ) announces that the Petroleum Agreement relating to the award of Licence Blocks 2512A, 2513A, 2513B and 2612A ("the Licence") between The Government of the Republic of Namibia, National Petroleum Corporation of Namibia (Pty) Limited ("NAMCOR"), Serica Energy Namibia B.V. (a wholly owned subsidiary of Serica) and Indigenous Energy (Pty) Limited, has been signed by The Honourable Isak Katali, Minister of Mines and Energy.

In respect of the award, Serica has agreed to make the following signature payments to NAMCOR:

- US\$1 million cash payment to NAMCOR
- US\$2 million through an allotment to NAMCOR of 6 million ordinary shares of Serica (which represents approximately 3.28% of the enlarged issued share capital of Serica)

The issue of the shares to NAMCOR is intended to provide NAMCOR and the Government of the Republic of Namibia with an additional return in the event of success with the project.

To the extent that the value of 6 million ordinary shares is more than US\$2 million on the day of allotment, then Serica may reduce the number of shares allotted; alternatively, if the value is less than US\$2 million, Serica may either increase the number of shares allotted or pay the cash equivalent of the difference to NAMCOR. Serica expects to allot the shares prior to the end of January.

The formal award of the Licence, which was initially announced by the Namibian Ministry of Mines and Energy on 2 November 2011, now enables Serica, as Licence Operator, to commence operations. Serica has accordingly, initiated enquiries with geophysical service companies to investigate the possibility of commencing 3D seismic survey operations during the current operational window.

During the initial four-year exploration period of the Licence, Serica is required to conduct an extensive 3D seismic survey and undertake reprocessing of existing 2D seismic data. Whilst Serica will evaluate opportunities to bring forward early drilling of the large prospects already identified it is expected that the first well in the Licence will be drilled in the third or fourth year of the initial period.

Commenting on the transaction, Tony Craven Walker, Chairman and Interim CEO, said:

"We are delighted to have reached agreement with the Ministry of Mines and Energy in Namibia and with NAMCOR to undertake a full appraisal of the hydrocarbon potential of the central Luderitz Basin blocks. We are looking forward to our new partnership, which has been particularly strengthened by the shareholding that NAMCOR will have in Serica. This will provide a good relationship between the two companies which can only work to the benefit of each as we explore the potential of the Licence Area. The award of the Luderitz Blocks to Serica marks a strategic step change for the Company and provides a solid basis for building a significant new business. We are very pleased to be working with NAMCOR to help unlock the hydrocarbon potential of Namibia."

Enquiries:

Serica Energy plc

Tony Craven Walker, Chairman tony.cravenwalker@serica-energy.com +44 (0)20 7487 7300

Peter Sadler, Business Development Director peter.sadler@serica-energy.com +44 (0)20 7487 7300

Chris Hearne, CFO chris.hearne@serica-energy.com +44 (0)20 7487 7300

J.P.Morgan Cazenove

Patrick Magee patrick.magee@jpmorgancazenove.com +44 (0)20 7588 2828

RBC Capital Markets

Josh Critchley josh.critchley@rbccm.com +44 (0)20 7002 2435

Matthew Coakes matthew.coakes@rbccm.com +44 (0)20 7653 4871

College Hill

Nick Elwes nick.elwes@collegehill.com +44 (0)20 7457 2020

Catherine Maitland catherine.maitland@collegehill.com +44 (0)20 7457 2020

Alexandra Roper alexandra.roper@collegehill.com +44 (0)20 7457 2020

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.

NOTES TO EDITORS

Serica Energy was formed in 2004 and, since then, has drilled 19 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 project sanction targeted for early 2012. 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 and Morocco. The acquisition of an interest in Namibia represents the first entry of Serica into southern Africa.

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 nick.elwes@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.