

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

**KAMBUNA FIELD DEVELOPMENT UPDATE**

London, 12 February 2008 - Serica Energy plc (AIM & TSX-V: SQZ) provides an update on development activities in the Kambuna field, offshore Northeast Sumatra, Indonesia.

Offshore development works are now underway. The production platform has been positioned over the Kambuna #2 well and piled to the seabed and the GSF136 jack-up drilling rig is now drilling the Kambuna development wells #3 and #4 and will then complete all three wells for production.

Following the previously reported agreement for the sale of gas to the Indonesian State electricity generation company Perusahaan Listrik Negara ("PLN"), at an initial price of US\$4.50 per million Btu (approximately \$5.40 per thousand cubic feet) escalating at 3% per annum, tenders for a further quantity of gas have now been received at considerably higher prices and an agreement will shortly be completed.

Being sales to the domestic market, the gas has been contracted under procedures determined by BPMigas, the Indonesian petroleum industry regulator. The contract with PLN will account for 28 million cubic feet per day ("mmscfd") and the new tenders are for a further 12 mmscfd. The Kambuna development wells are expected to produce at a total rate of 50 mmscfd, leaving 10 mmscfd of gas currently uncontracted. Serica expects that this future sale of gas will also attract a much higher price than that agreed with PLN.

In addition to the gas, Serica will initially be marketing 4,000-5,000 barrels per day of condensate at a price close to that of crude oil. The Company anticipates that production from the field will commence in December 2008.

Serica is the operator of the Kambuna Field and holds an interest of 65% in the project.

Paul Ellis MA (Oxon) Engineering and Serica's Chief Executive, who has over 35 years' experience in the upstream oil and gas industry, has reviewed and approved the technical information contained in this announcement.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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