

# Investing for Growth

Analyst day - 8 February 2024





# Introduction

Mitch Flegg – Chief Executive Officer





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## Serica stands apart in the sector

- Balanced portfolio of UKCS assets covering full upstream life cycle
- Strategy of growth through organic investment and M&A
- Record of delivery
  - 5-year history of replacing reserves and growing production
  - Multiple acquisitions including Tailwind
- Extensive programme of drilling and well work in 2024/25
- New fields potentially coming onstream in 2026
- Substantial funding available with net cash position and additional RBL capacity
- Hopper of potential new projects
- Proactive M&A strategy covering UK and abroad



## 1. Value

Serica will continue to invest in its assets to add value through increased production, decarbonisation and extended field life

## 2. Growth

Serica will continue to seek opportunities to expand its portfolio by means of M&A, farm-ins and licence applications



# Reserves consistently replaced and diversified

### Year End 2P Reserves & RP Ratio



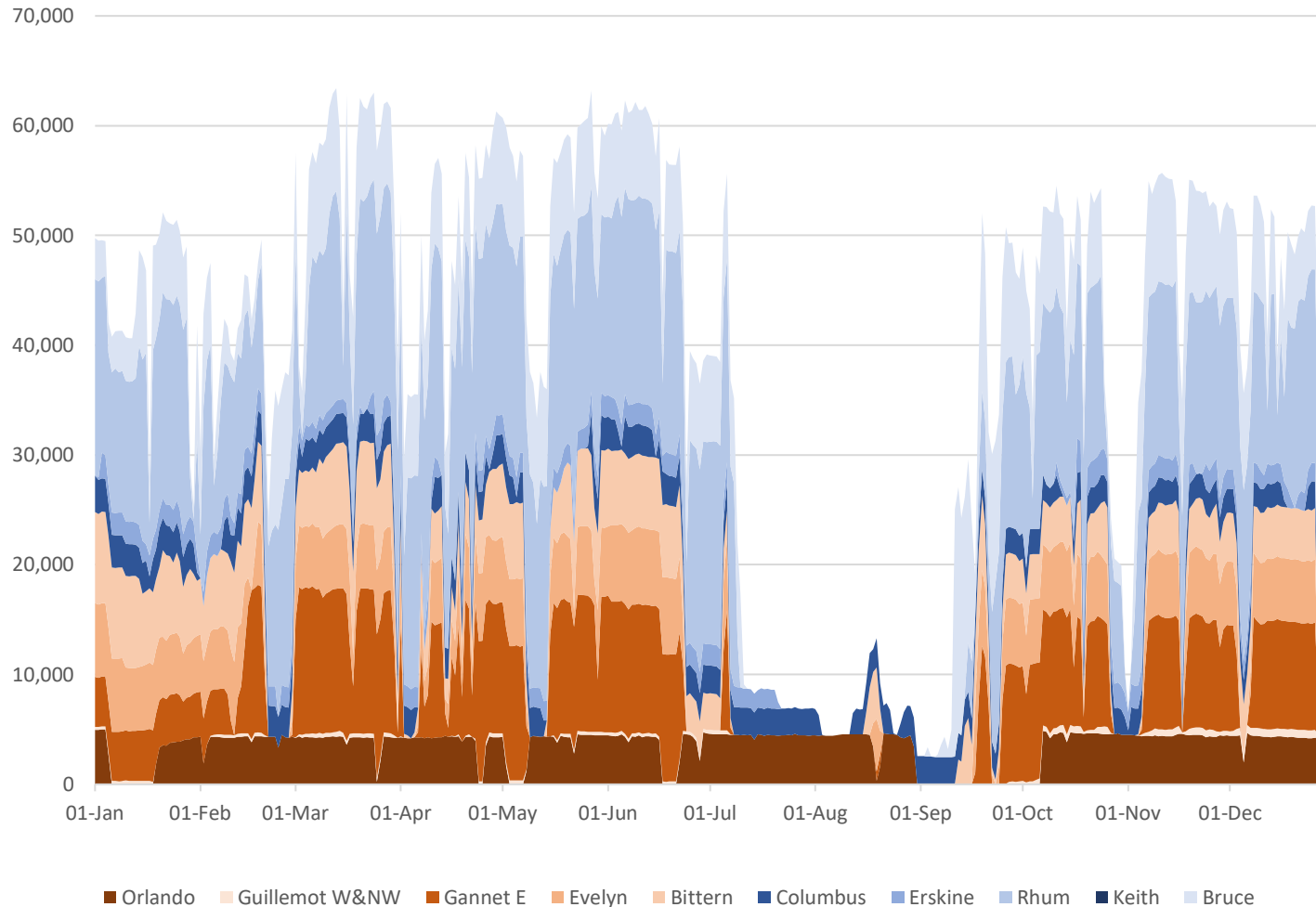
- Reserves maintained despite 36 mmboe of net production in the 4 years to end 2022
- As a result of the Tailwind acquisition:
  - Pro forma reserves increased nearly 75%
  - RP Ratio increased from 6.5 years to 9 years
  - Balance of gas and oil
- CPR being updated to 31 December 2023

*Note:*

*RP Ratio = 2P Reserves /  
Production in following year*

# Production above 40,000 boe/d in 2023

### Combined Portfolio 2023 Average Net Daily Production (boe/d)



- Pro forma net production from combined portfolio of 40,121 boe/d in 2023
- Pro forma net production in 2023 was 56% gas and 44% oil
- Average production in 4Q of 45,748 boe/d
- 2024 YTD average production of 43,184 boe/d<sup>1</sup>
- Guidance for 2024 is 41,000 to 48,000 boe/d

<sup>1</sup> 1 January to 2 February 2024

## 2023

Production <sup>1</sup>	40,121 boe/d
Gas to liquids ratio	56 : 44
Unit operating cost	~US\$19/boe
Year-end cash & cash equivalents <sup>2</sup>	£291 million
Year-end debt	£210 million

## 2024

Production guidance	41 – 48,000 boe/d
Unit operating cost	Target <US\$20/boe
Bruce + Triton capex	Pre-tax £210 million <sup>3</sup>

### Notes

1. 2023 production and unit opex numbers are pro-forma (Serica + Tailwind from 1 Jan – 31 Dec 2023)
2. Year-end cash & cash equivalents includes £28 mm of cash security temporarily lodged with 3<sup>rd</sup> party in respect of decommissioning obligations
3. Bruce + Triton capex may not all be spent in 2024; e.g., drilling and hook up of Evelyn EV02 well expected to carry over into 2025.







# North Sea Strategy and Overview

Carol Stewart – North Sea Business Manager



# Serica's UKCS-focused portfolio covers full life cycle of upstream assets

## Production

- 11 fields
- Two hubs with multiple tiebacks to central infrastructure:
  - Bruce platform
  - Triton FPSO
- No infrastructure overlap between hubs
- 86% of production operated
- Balance of gas and oil
- BKR now <50% of production compared to > 80% before Tailwind acquisition

## Development

- Belinda – FDP submitted
- Buchan<sup>1</sup> – FDP submitted

## Exploration

- Skerryvore well in 2024/25

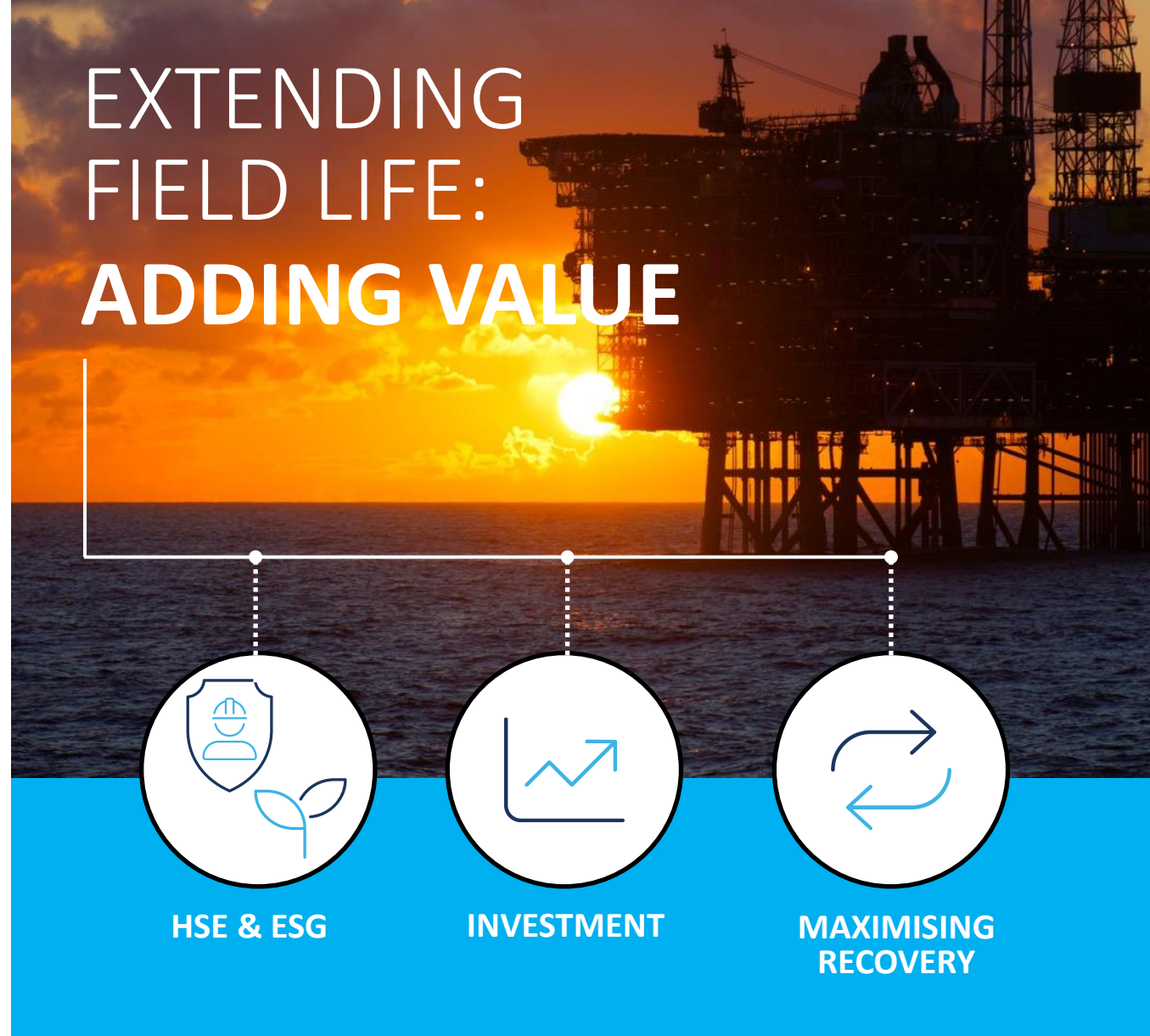
<sup>1</sup> Acquisition not completed



## Adding value through investment

Key themes of our successful organic investment strategy:

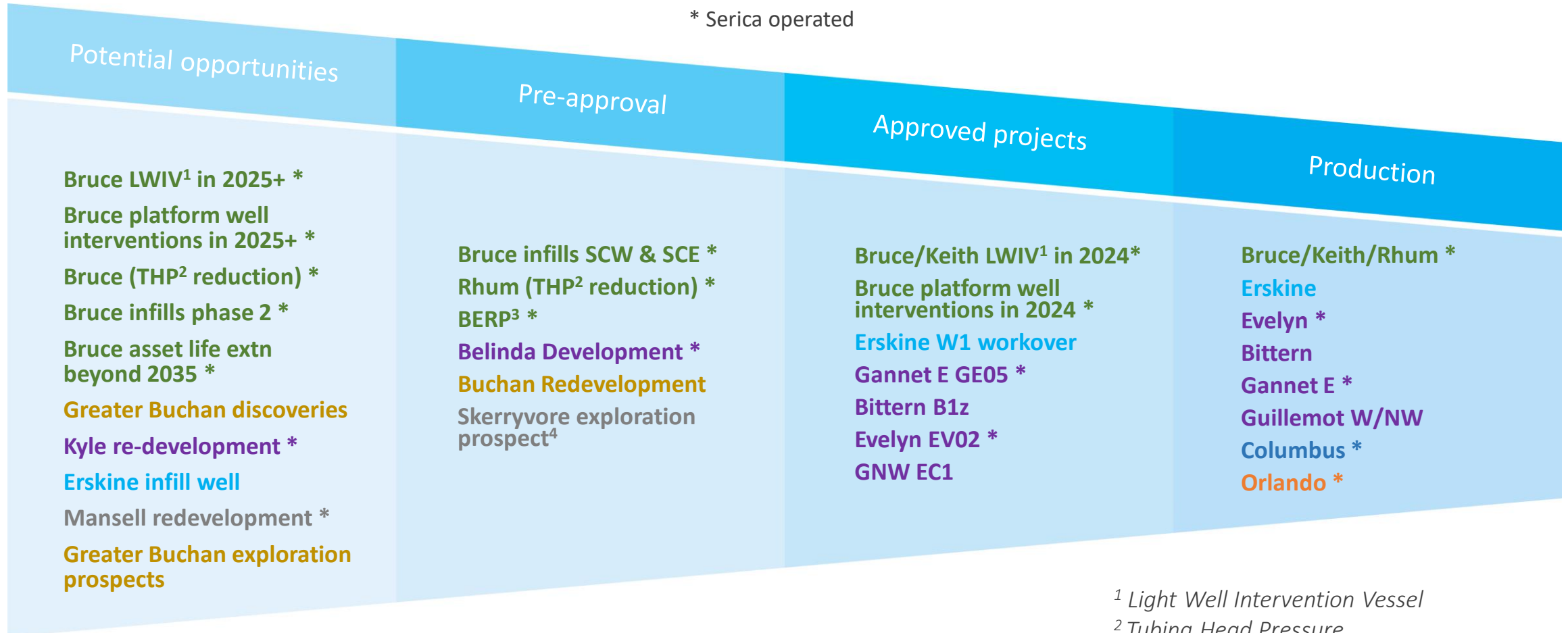
- Operate safely and responsibly
  - Policy of continuous improvement
  - In person process safety awareness training being rolled out
- Invest in wells and facilities to increase production and maximise economic recovery
  - Rhum R3 and Bruce well interventions
- Improve efficiency to reduce emissions, manage costs and extend field life
  - BKR CO<sub>2</sub> emissions reduced since Serica became operator



# From opportunity to production

**AREA:** BRUCE HUB TRITON ERSKINE COLUMBUS ORLANDO BUCHAN AREA OTHER

\* Serica operated



<sup>1</sup> Light Well Intervention Vessel

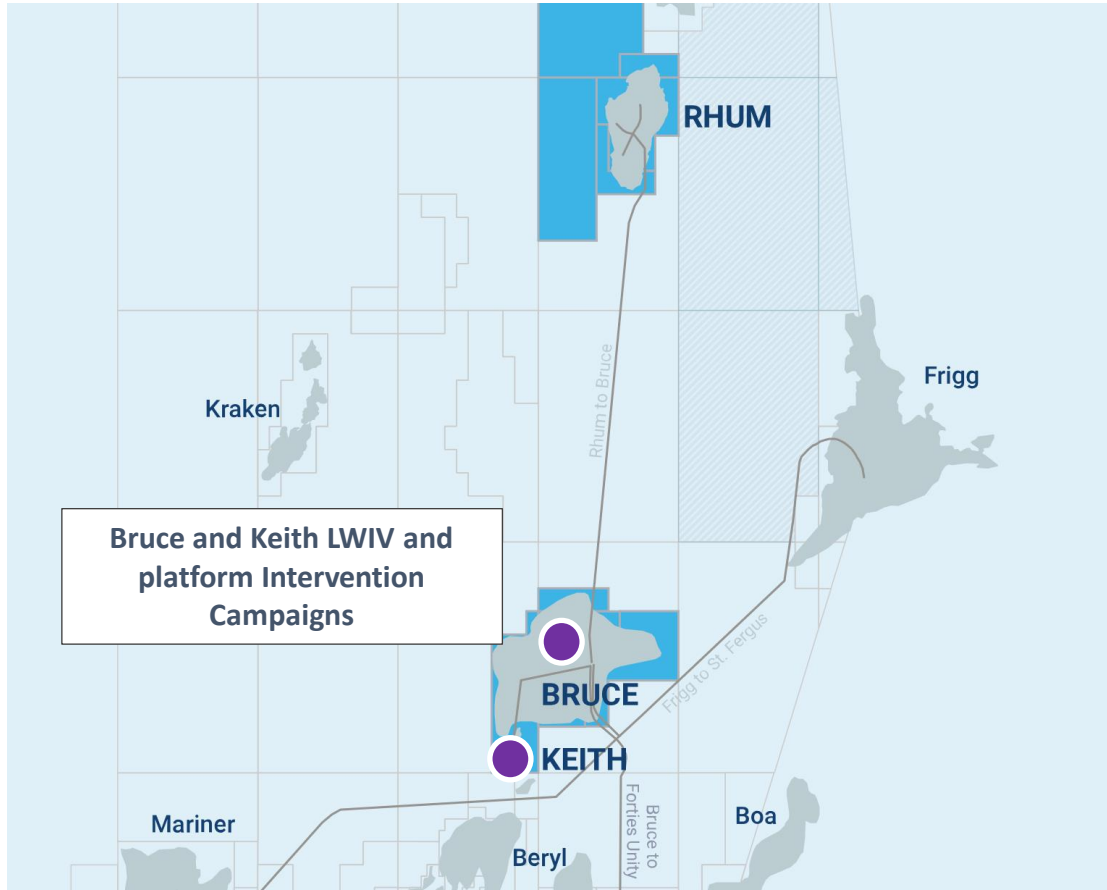
<sup>2</sup> Tubing Head Pressure

<sup>3</sup> Bruce Enhanced Reservoir Production

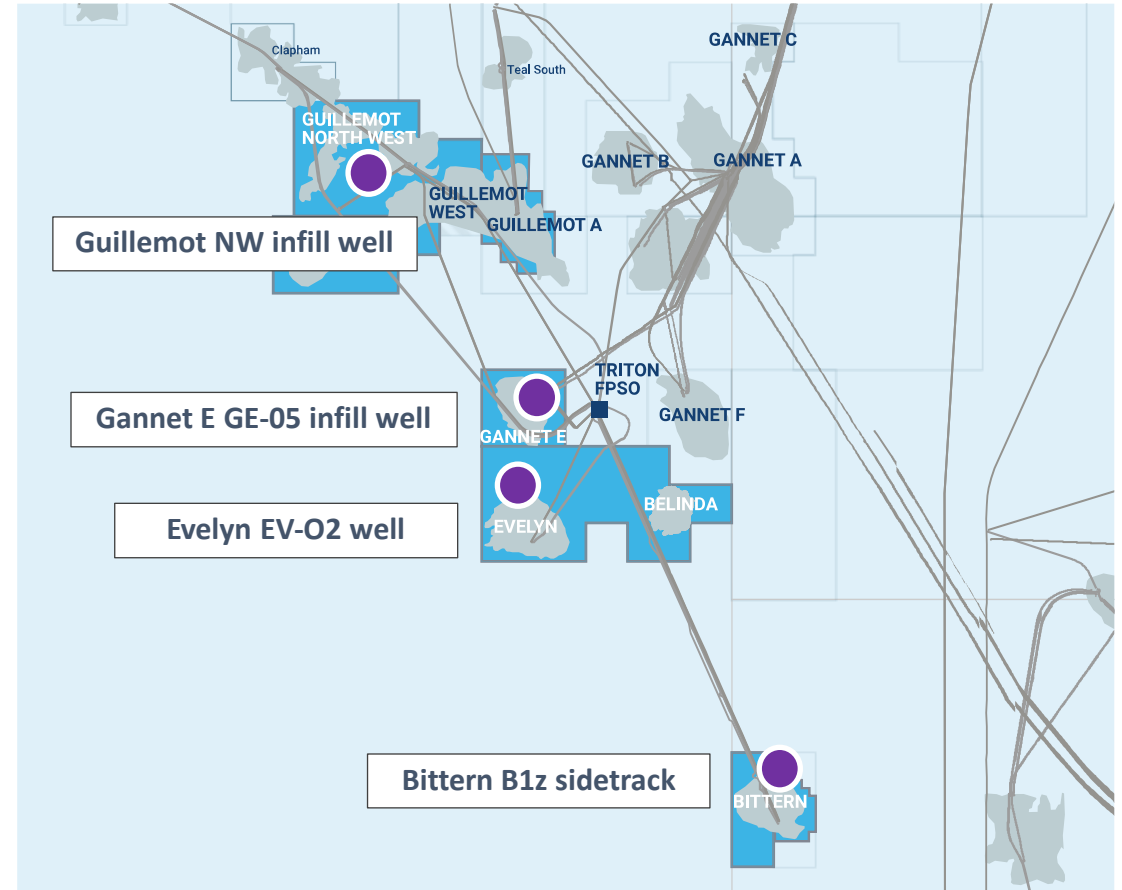
<sup>4</sup> Licence commitment well but rig not contracted

# Ambitious investment programme in 2024

## BRUCE



## TRITON

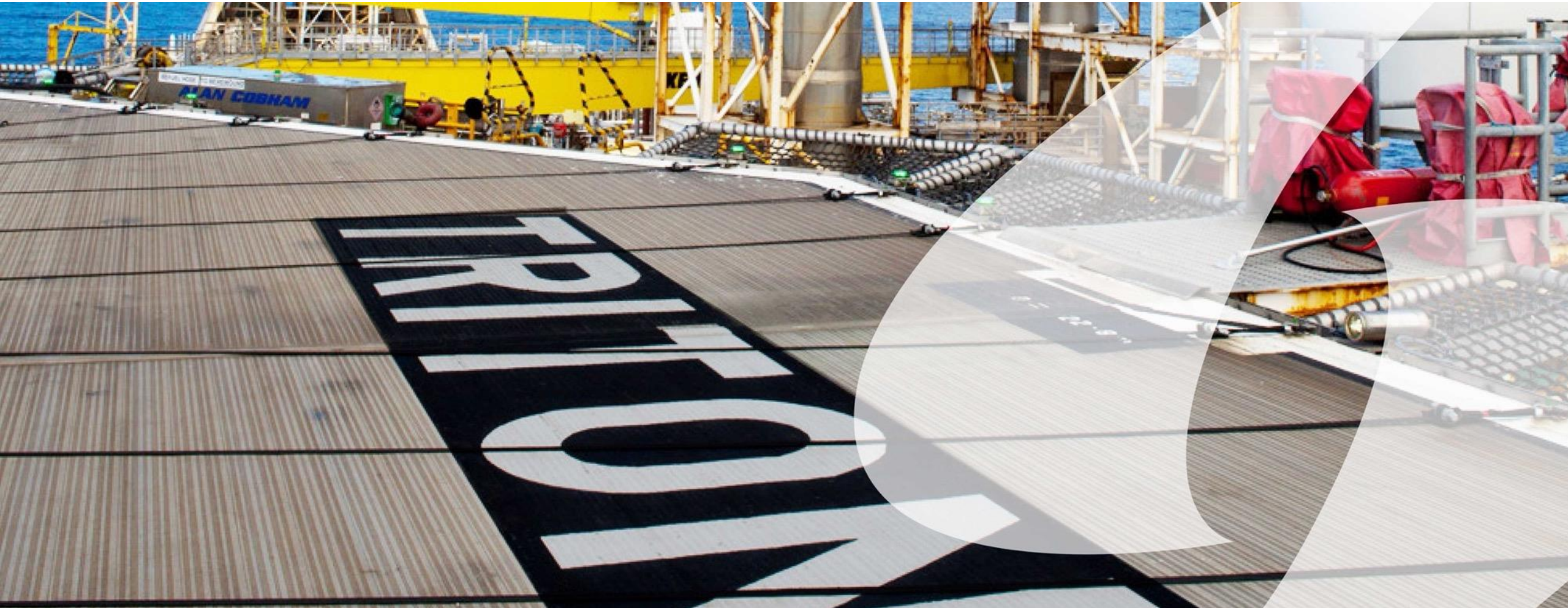


● Planned activity in 2024/25



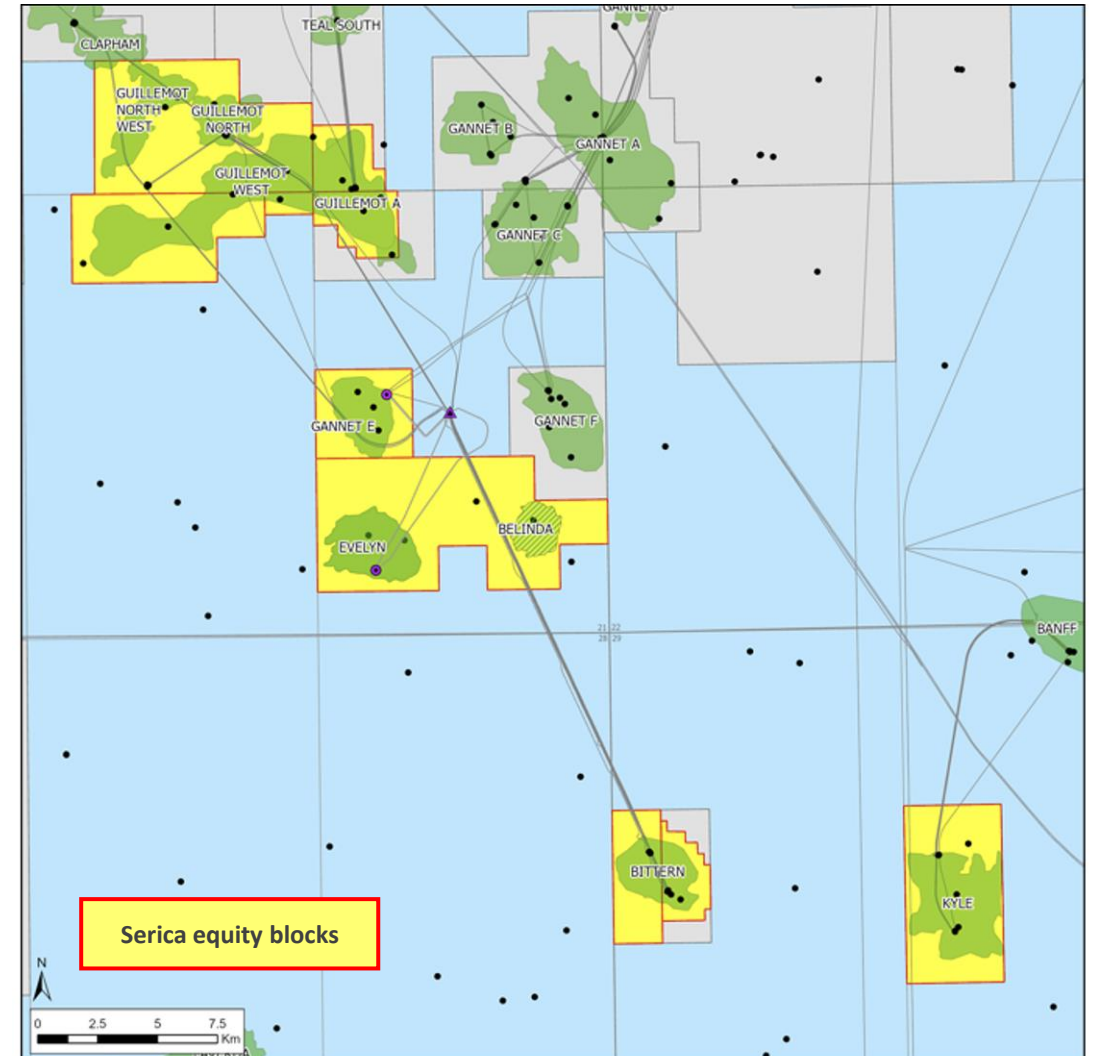
# Triton Area Fundamentals

Ian Macaulay – Commercial Manager



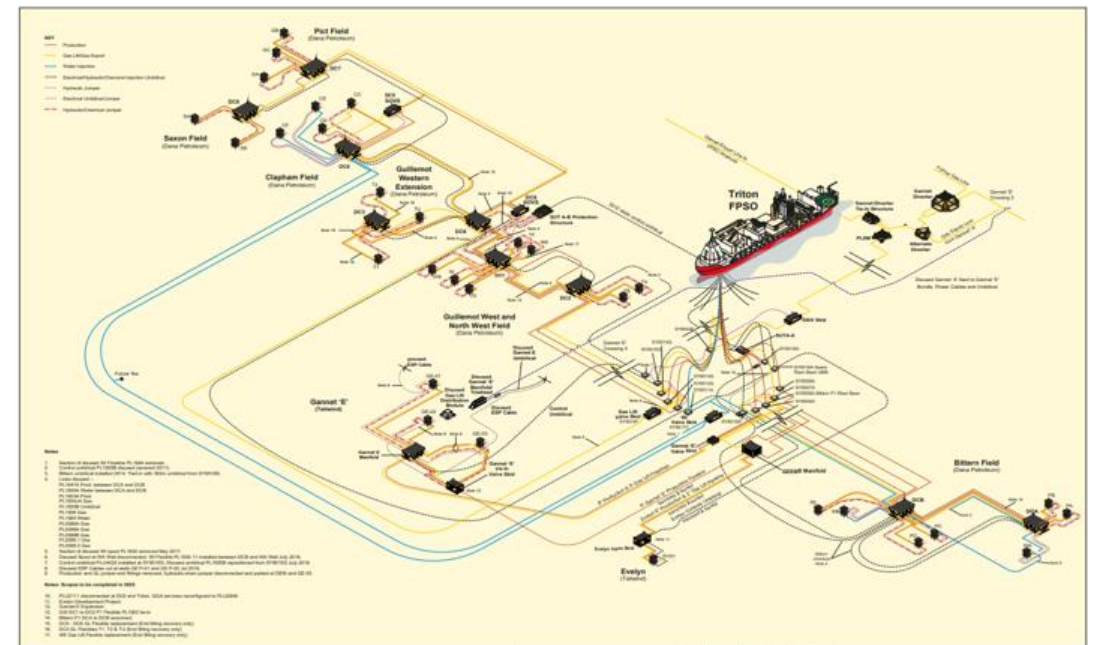
# Core area for Serica

Bittern	<ul style="list-style-type: none"> <li>• Serica unit interest 64.6% (Dana operated)</li> <li>• Producing since 2000</li> <li>• 5 producing Wells, 2 water injectors</li> <li>• B1z sidetrack planned for 1Q 2024</li> <li>• Possible re-instatement of water injection</li> </ul>
Guillemot W/NW	<ul style="list-style-type: none"> <li>• Serica interest 10% (Dana operated)</li> <li>• Field producing since 2000</li> <li>• Two GW interventions successfully executed 3Q 2023</li> <li>• GNW infill well planned for 3Q 2024</li> </ul>
Gannet E	<ul style="list-style-type: none"> <li>• Serica interest 100% and operated</li> <li>• Producing since 4Q 2018</li> <li>• 4<sup>th</sup> production well on-stream since 1Q 2023</li> <li>• 5<sup>th</sup> production well planned in 2Q 2024</li> </ul>
Evelyn	<ul style="list-style-type: none"> <li>• Serica interest 100% and operated</li> <li>• Producing since Q4 2022</li> <li>• 2<sup>nd</sup> production well planned in 4Q 2024 (production start in 2025)</li> </ul>
Belinda	<ul style="list-style-type: none"> <li>• Serica interest 100% and operated</li> <li>• Undeveloped – FDP submitted to NSTA</li> <li>• Potential drilling in 2025 and first oil in 2026</li> </ul>
Kyle	<ul style="list-style-type: none"> <li>• 33<sup>rd</sup> licence round award (Serica interest 100%)</li> <li>• Two-year term for studies</li> <li>• Potential tie-back to Triton FPSO</li> </ul>



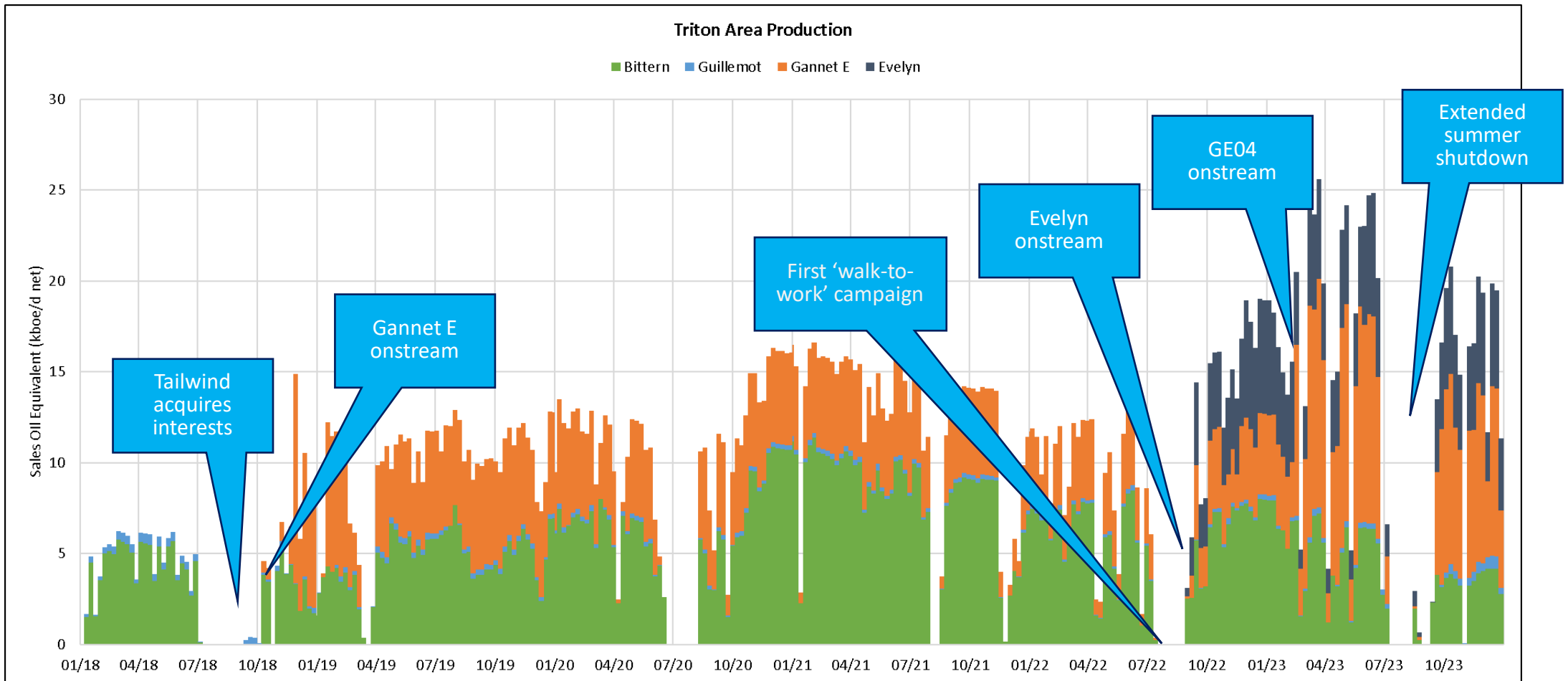
# Production hub centred around Triton FPSO

- Situated about 120 miles east of Aberdeen
- Hosts oil production from Bittern, Guillemot W/NW, Gannet E, Evelyn , Clapham, Pict and Saxon (Serica has no interest in Clapham, Pict and Saxon)
- Oil
  - export by shuttle tanker
  - Triton Blend (34 deg API) trades at near parity to Brent
  - Liftings and marketing of Serica entitlement managed by Mercuria Energy
  - Regular buyers mostly in Europe
  - Freight and other lifting costs equate to ~\$1.5/bbl on delivered basis
- Gas
  - Small volumes delivered to St Fergus via Fulmar and SEGAL
  - All gas achieves approximately NBP pricing
  - No fuel gas imports expected until after 2030
- FPSO
  - Triton FPSO is new build double hull tanker brought onstream in 2000
  - 80 beds, normal crew 70
  - Jointly owned by participants in Bittern field (66%) and Guillemot West field (33%) hence vessel ownership currently: Serica 46.4%, Dana 52% (operator) and Waldorf 1.6%.
  - Processing capacities of 105 kbb/d oil, 140 mmscf/d gas, 125 kb/d water injection
  - Storage of 630,000 bbl with standard cargo size 500,000 bbl
  - Ongoing works programme including ‘walk-to-work’ campaigns has extended life expectation





# Net production increased since 2018



Note: Production is net to interests acquired by Tailwind from Shell and Exxon in 2018

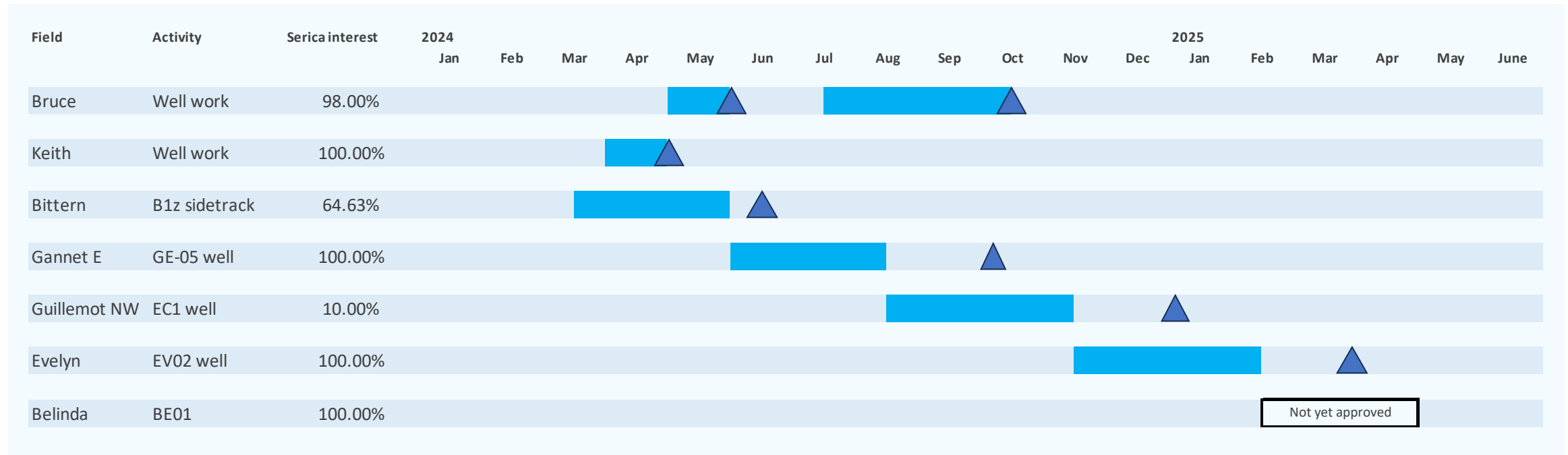


# 2024 Investment Programme

Rich Hiney – Subsurface Manager / Alex Pirie – Wells Manager



# Continuous activity through 2024



Not yet approved

Indicative duration      Potential commencement of incremental production

- Timetable subject to variation for operational reasons; e.g. weather
- Helix Light Well Intervention Vessel contracted for Bruce/Keith LWIV campaign in 2024
- COSL Innovator rig contracted for 4 well programme in Triton area + 1 well
- Capex expected to qualify for tax relief including EPL Investment Allowance

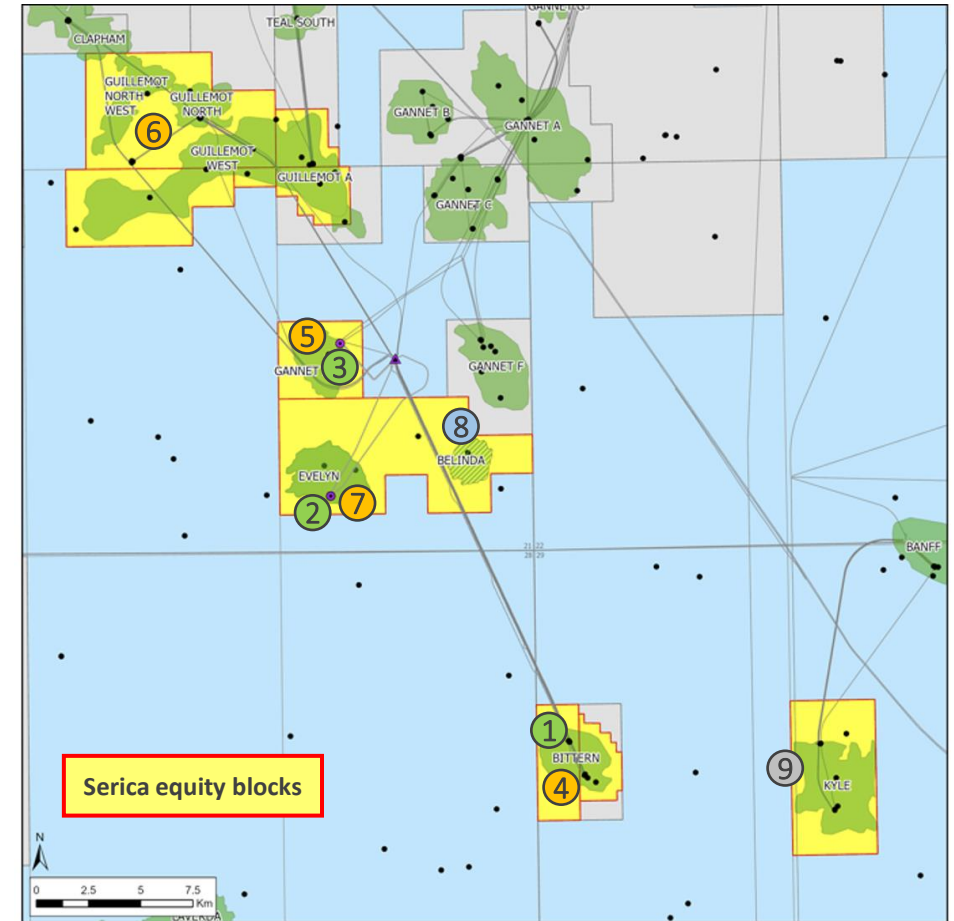
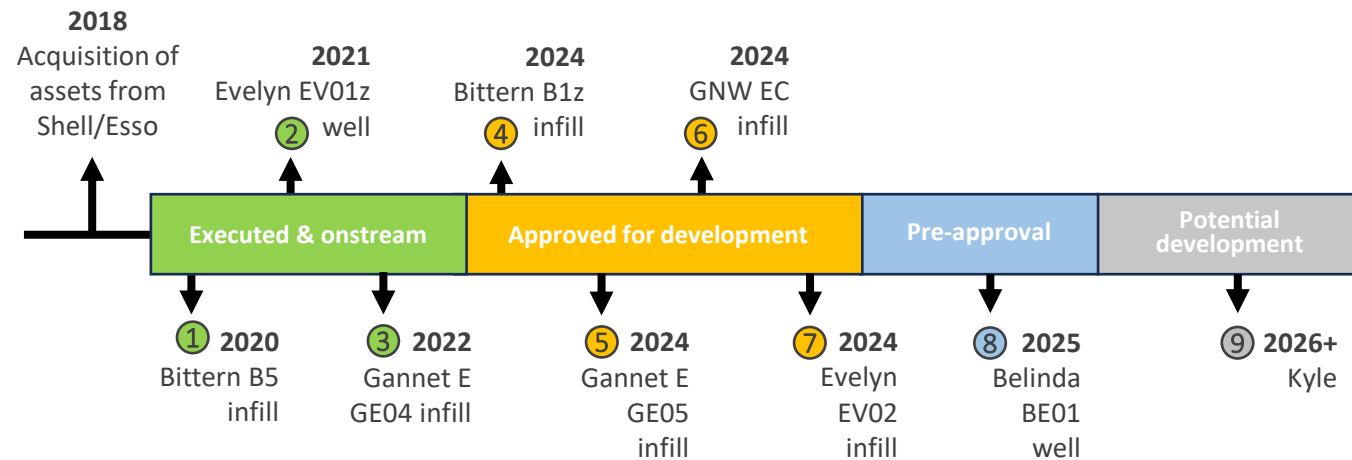


# Triton Area Projects



# Subsurface led revitalisation of Triton Area

- No drilling had taken place in Triton Area since 2010
- From 2018 Tailwind undertook a significant subsurface work program to unlock the potential of the area
- Opportunities arise from relatively young, shallower reservoirs in well-established plays but new concepts required to de-risk projects
- Good quality 3D and 4D seismic and remodelling of all the fields has underpinned the identification and maturing of drilling opportunities



# Further opportunities in Triton's catchment area

- Approximately 30 km catchment area around Triton FPSO
- Capacity within facility for additional owned and third-party tie-backs
- Serica using equity ownership to bring new fields into Triton
  - Belinda **B** possible development decision in 1H 2024
  - Kyle **K** 33rd Licence Round award
- Additional tie-backs do not increase CO<sub>2</sub> emissions from host facility
- Production life of Triton hub projected into 2030s



# Bittern B1z sidetrack

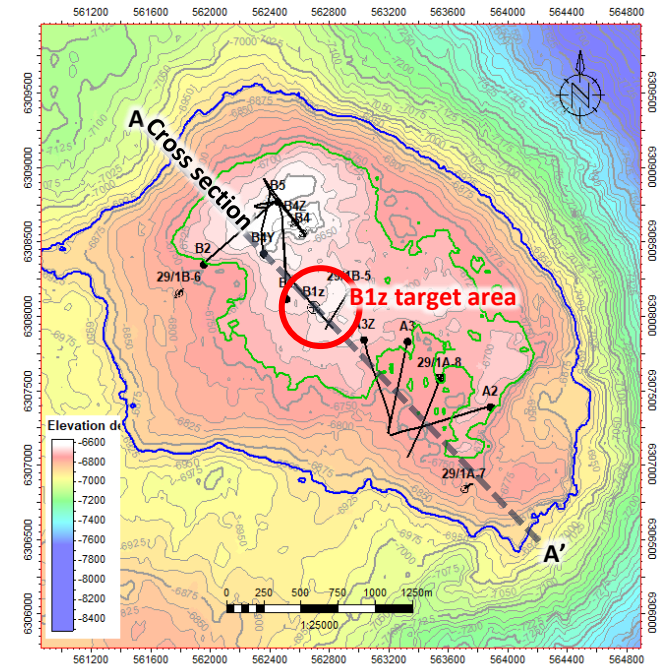
## Bittern reservoir summary

- Eocene aged turbidite sandstones
- Excellent, high net to gross reservoir
- >30% porosity and >2 Darcy permeability
- Expected ultimate recovery factor >70%
- Good quality 40° API oil
- Field is drained from 4 production wells under aquifer/depletion drive with water injection support

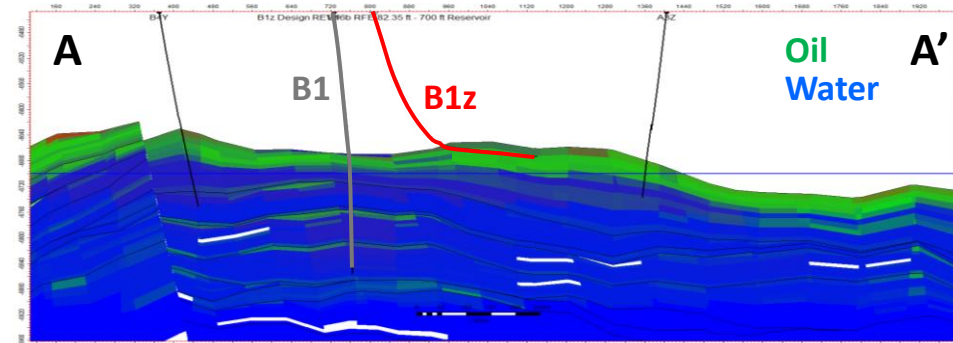
## Opportunity summary

- Serica holds 64.63% interest (Dana operator)
- Bittern B1 well last produced in 2019 due to high water cut
- Intervention in 2020 to access crestal oil volumes failed due to pre-existing restriction in the hole
- Plan is to abandon reservoir section of the B1 well and drill horizontal side-track through the reservoir to target residual crestal oil

Top Bittern reservoir depth structure map



Cross section through Bittern reservoir model



# Gannet E GE05 infill well

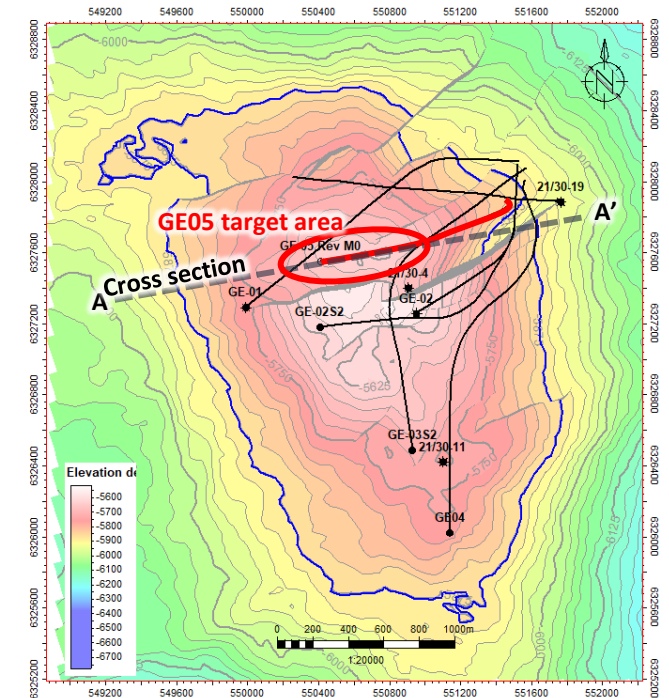
## Gannet E reservoir summary

- Paleocene aged Forties formation turbidite sandstones
- Good, high net to gross reservoir
- >28% porosity and >1 Darcy permeability
- Expected ultimate recovery factor >45%
- Good quality, 20° API oil
- Field is drained from 4 existing production wells under aquifer/depletion drive (no water injection)

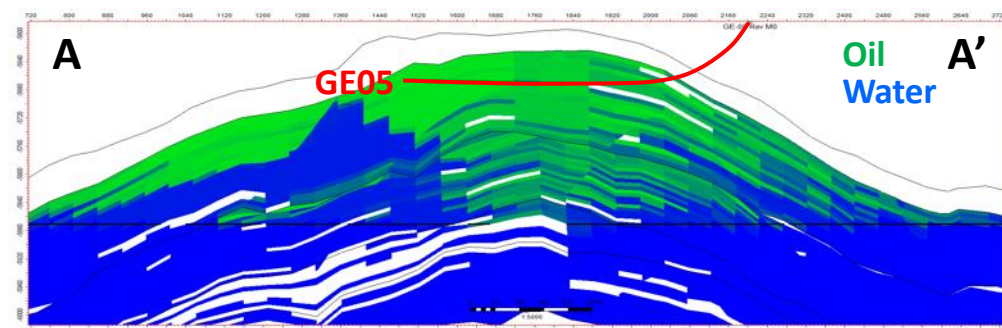
## Opportunity summary

- Serica holds 100% and operates
- The GE05 well is a new well from surface with a short tie-in to the existing infrastructure
- Well targets crestal oil volumes that are not being accessed from the current wells
- Drainage from the crest of the field from the existing wells is thought to be complex - a combination of vertical and lateral stratigraphic baffling and partially sealing faults
- GE05 will be geo-steered horizontally through narrow fault block close to the reservoir roof

Top Gannet E reservoir depth structure map



Cross section through Gannet E reservoir





# Evelyn EV02 infill well

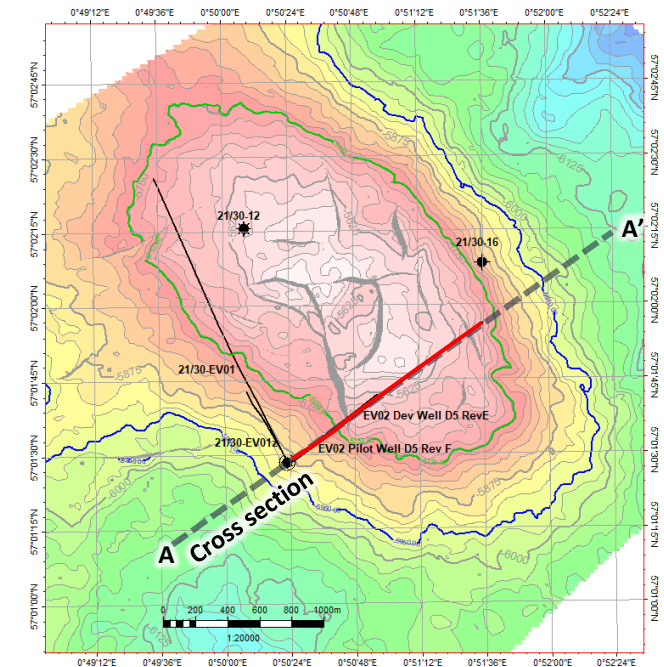
## Evelyn reservoir summary

- Eocene aged Tay formation turbidite sandstones
- Thinly bedded, low net to gross reservoir
- Where reservoir sands present, they are excellent quality >28% porosity and >1 Darcy permeability
- Expected ultimate recovery factor >25%
- Good quality, 31° API oil
- Field is currently drained from 1 horizontal production well (drilled in 2021), under aquifer/depletion drive (no water injection)

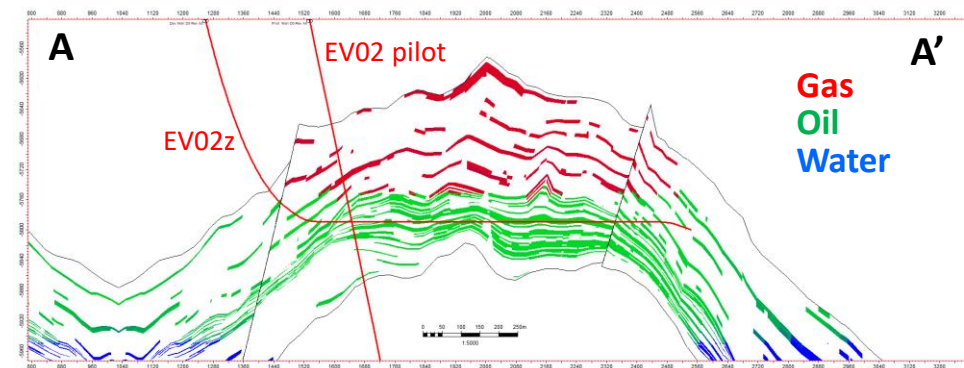
## Opportunity summary

- Serica holds 100% and is operator
- The Evelyn field came on production in Sept 2022 with single well
- Strong performance from existing producer supports an additional well in south of the field
- Ev02z will be drilled from a new surface location with a short subsea tie-in to existing infrastructure following pilot hole to optimize positioning of production well in reservoir

Top Evelyn reservoir depth structure map



Cross section through Evelyn reservoir model



# Belinda field development

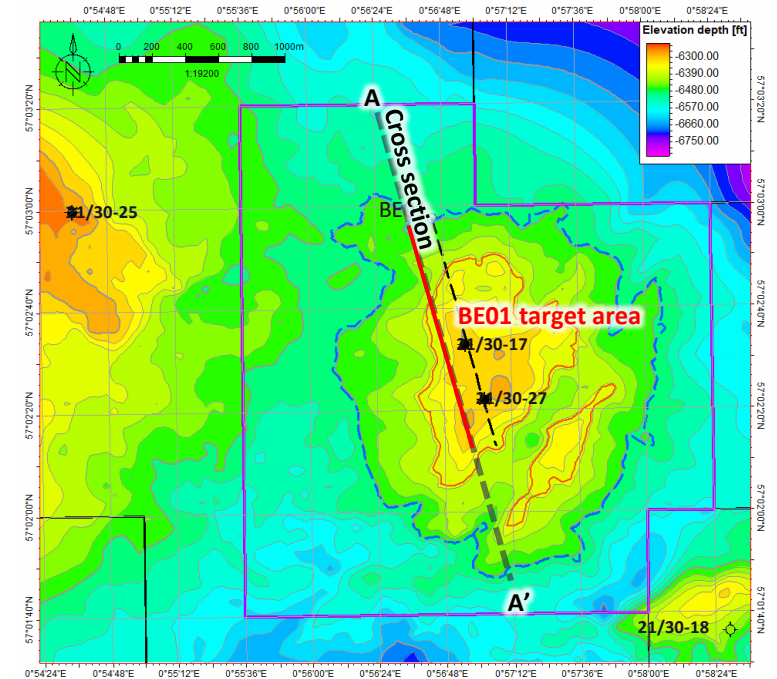
## Belinda reservoir summary

- Eocene aged Tay formation turbidite sandstones, analogous to Evelyn
- Thinly bedded, low net to gross reservoir
- Where reservoir sands present, they are excellent quality >28% porosity and > 1 Darcy permeability
- Expected ultimate recovery factor ~20%
- Good quality, 32° API oil

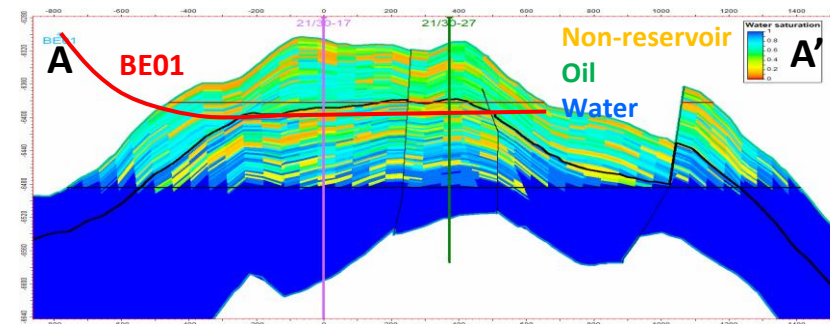
## Opportunity summary

- Production at Evelyn has de-risked development of Belinda
- BE01 horizontal development well will target best reservoir section identified by the two existing wells on the field
- Draft Field Development Plan submitted to NSTA and approval and FID expected in 1H 2024
- COSL Innovator available to drill production well

Top Belinda reservoir depth structure map



Cross section through Belinda reservoir model



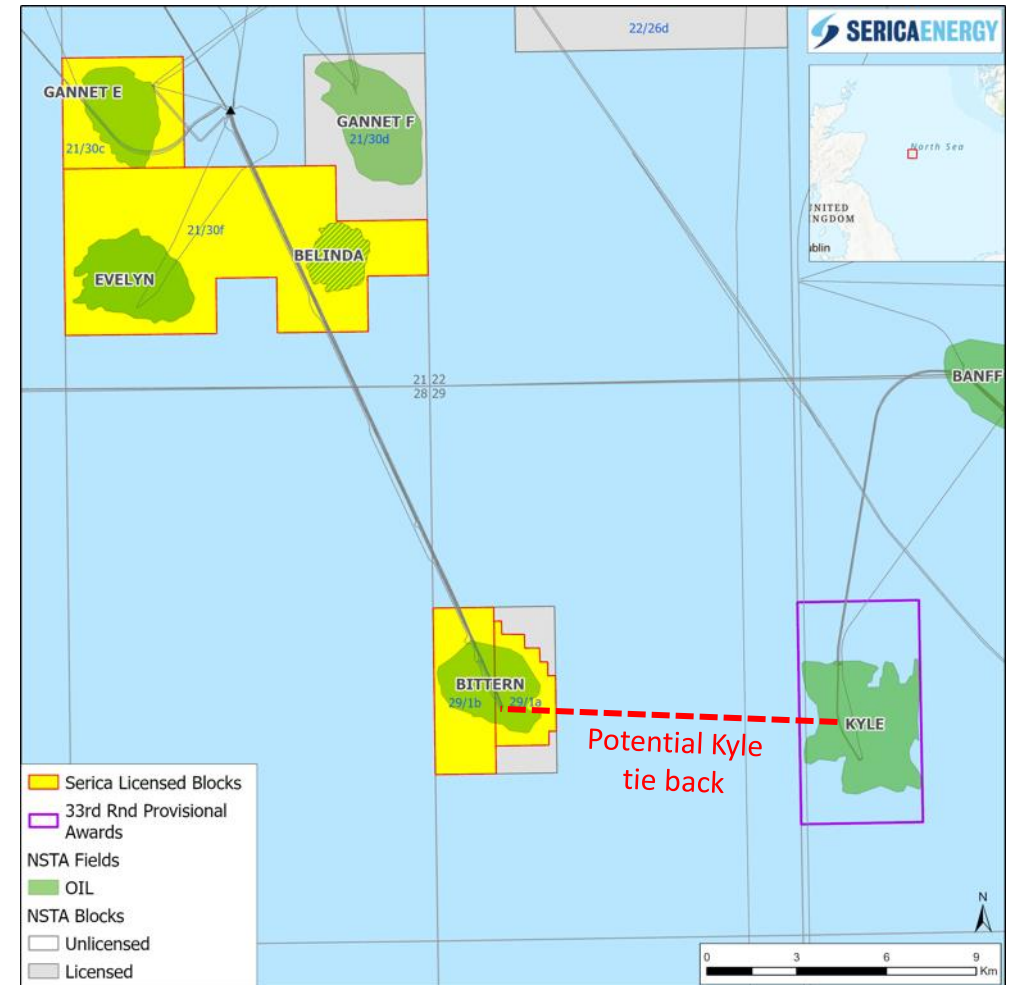
# Kyle – 33<sup>rd</sup> Licence Round award

## Kyle reservoir summary

- Palaeocene aged turbidite sandstones trapped on the flank of a salt swell
- Additional upside potential in deeper cretaceous chalk reservoirs
- >25% porosity & > 1 Darcy permeability in primary Palaeocene reservoir
- Good quality, 34° API oil

## Opportunity summary

- Kyle 1<sup>st</sup> production was achieved in 2000 as a subsea tie-back to Curlew FPSO and latterly to the Banff FPSO which is now decommissioned
- Early technical evaluation indicates remaining undrained volumes on the western flank of the field
- Development concept for Kyle is a single subsea horizontal well tied back (12 km) to the Bittern infrastructure and produced via Triton FPSO
- Serica holds 100% and operates
- Two-year Initial Licence Term to evaluate opportunity



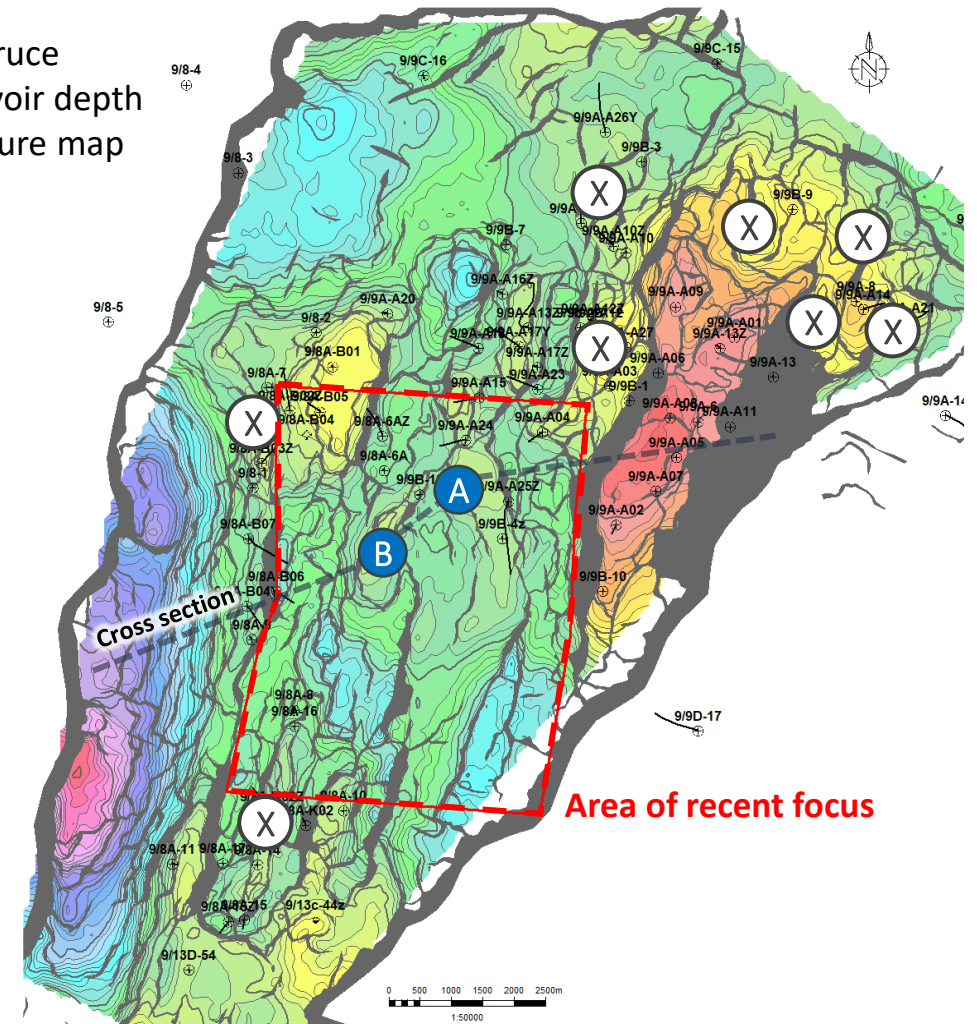
# Bruce Hub Projects



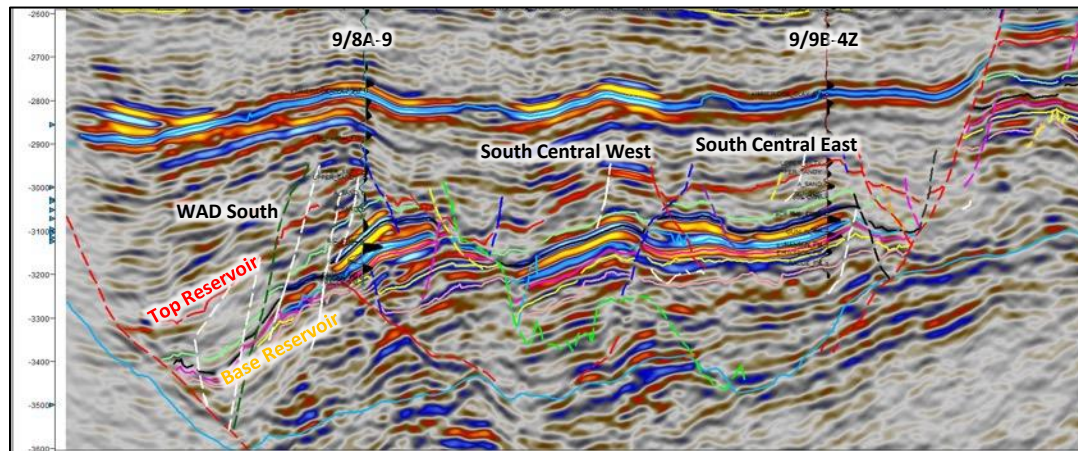
# Subsurface complexity brings drilling opportunities

- Bruce field is geologically complex - highly faulted (compartmentalised) with multiple reservoir zones
- No wells drilled since 2012
- Geological complexity creates opportunities
- Different parts of the field have different production histories leading to stranded hydrocarbons in certain areas
- Newly re-processed 3D seismic data (2023) helping to unlock this potential
- Current focus on South Central East (“SCE”) **A** and South Central West (“SCW”) **B** wells
- Potential subsequent infill targets **X** being evaluated

Top Bruce reservoir depth structure map



Reprocessed Bruce 3D seismic



# Bruce South Central East (“SCE”) infill well

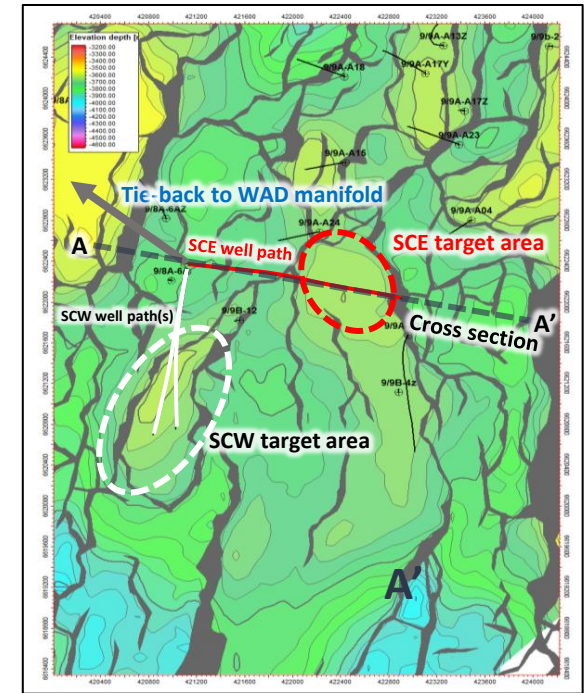
## Bruce reservoir summary

- Bruce “A” sand primary target within Middle Jurassic aged Bruce Group shoreface sandstone reservoirs
- Good reservoir quality to recover the Bruce fluids: >60% net to gross, >13% porosity & >100 mD permeability
- Predominantly gas condensate with a yield of 90-140 stb/mmscf and 37° API oil

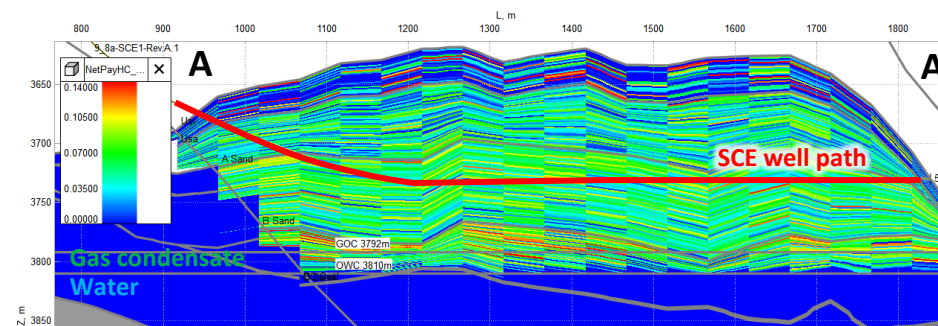
## Opportunity summary

- Development opportunity in a fault block with existing wells and production
- Upside in the “Upper Sandy” interval to be targeted with the same well

Top Bruce reservoir depth structure map



Cross section through SCE reservoir model



# Bruce South Central West (“SCW”) infill well

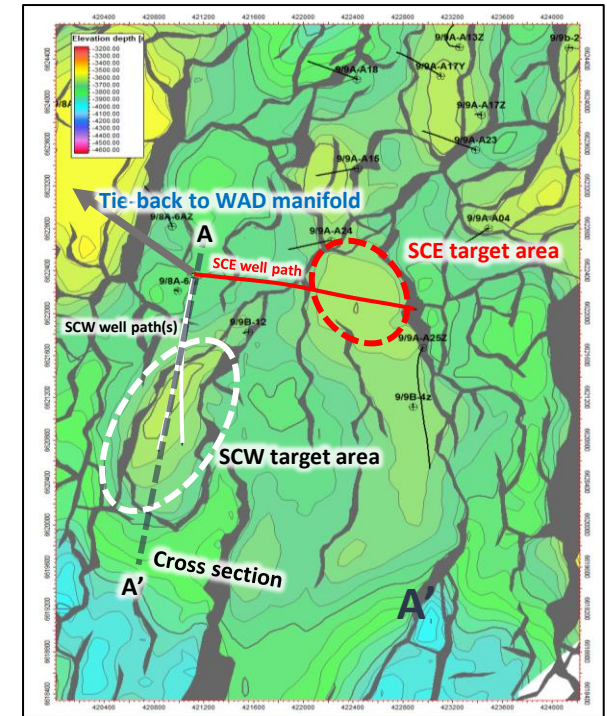
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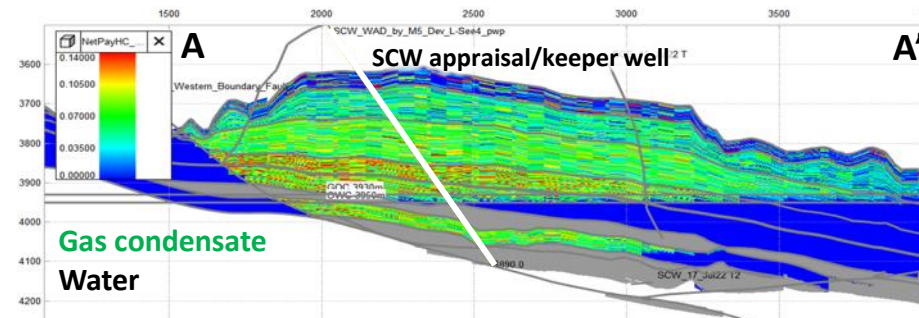
## Opportunity summary

- Appraisal pilot hole planned to assess thickness of column, fluid phase and pressure connectivity to offset fault blocks
- Decision on vertical appraisal well or horizontal sidetrack depends on result of pilot hole

Top Bruce reservoir depth structure map



Cross section through SCW reservoir model



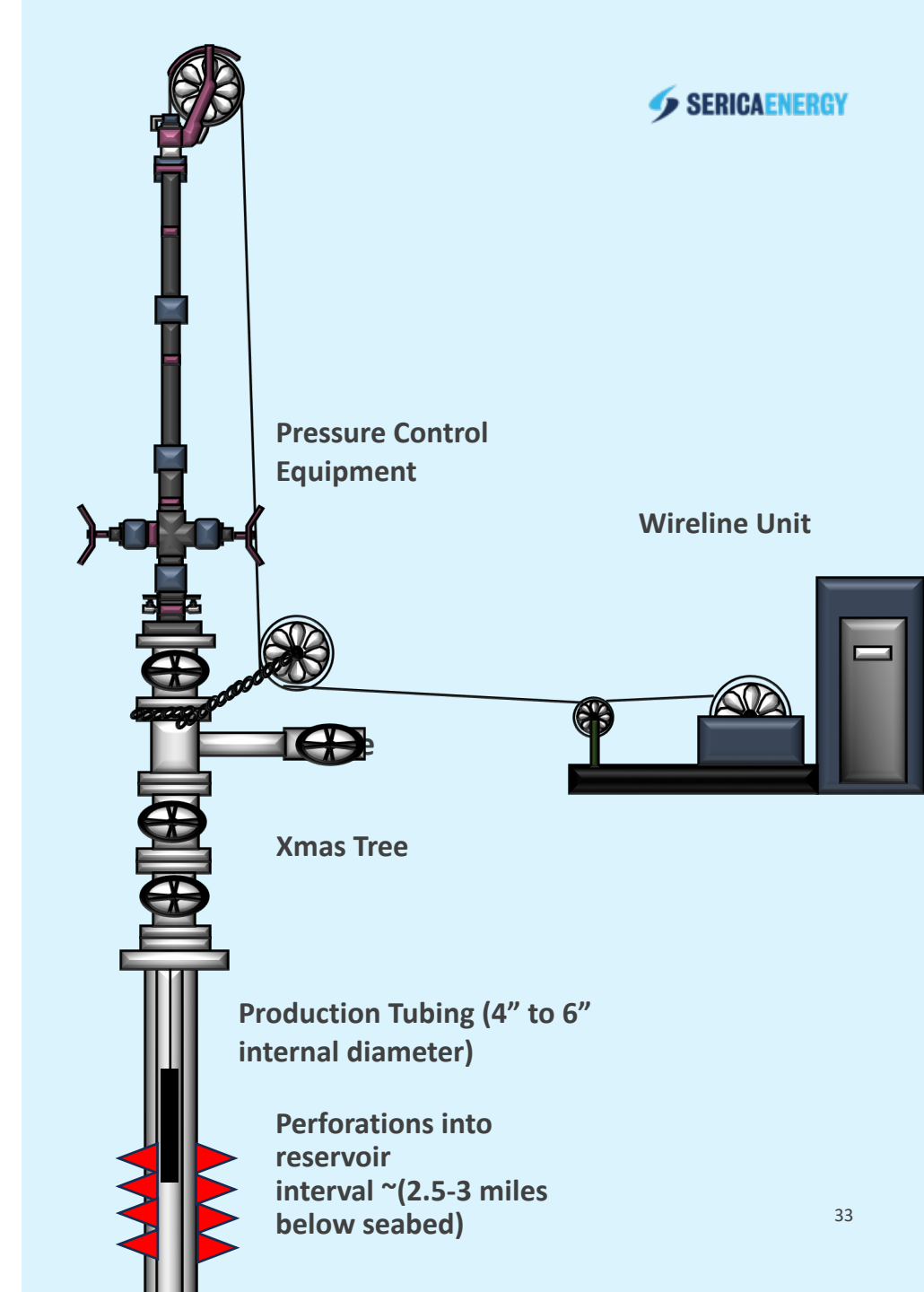
## Serica carried out interventions on >50% of BKR wells

- New production; e.g., Rhum R3
- Restore production from shut-in wells
- Enhance production from existing wells
- Improve well integrity
- Better data from increased surveillance
- Systematic approach

Campaign	Wells
2019 Platform	A08, A07, A09, A18, A17Y, A10Y, A26Y, A27
2020-21 MODU <sup>1</sup>	Rhum R3 Workover
2022 LWIV <sup>2</sup>	M1, M4
2022 Platform	A07, A10Y, A08, A01, A18, A4, A14, A25Z, A23, A05
2023 Platform	A18, A25Z, A14, A15, A12Z, A27
2023 LWIV <sup>2</sup>	M4, M3, M6

<sup>1</sup> Mobile Offshore Drilling Unit

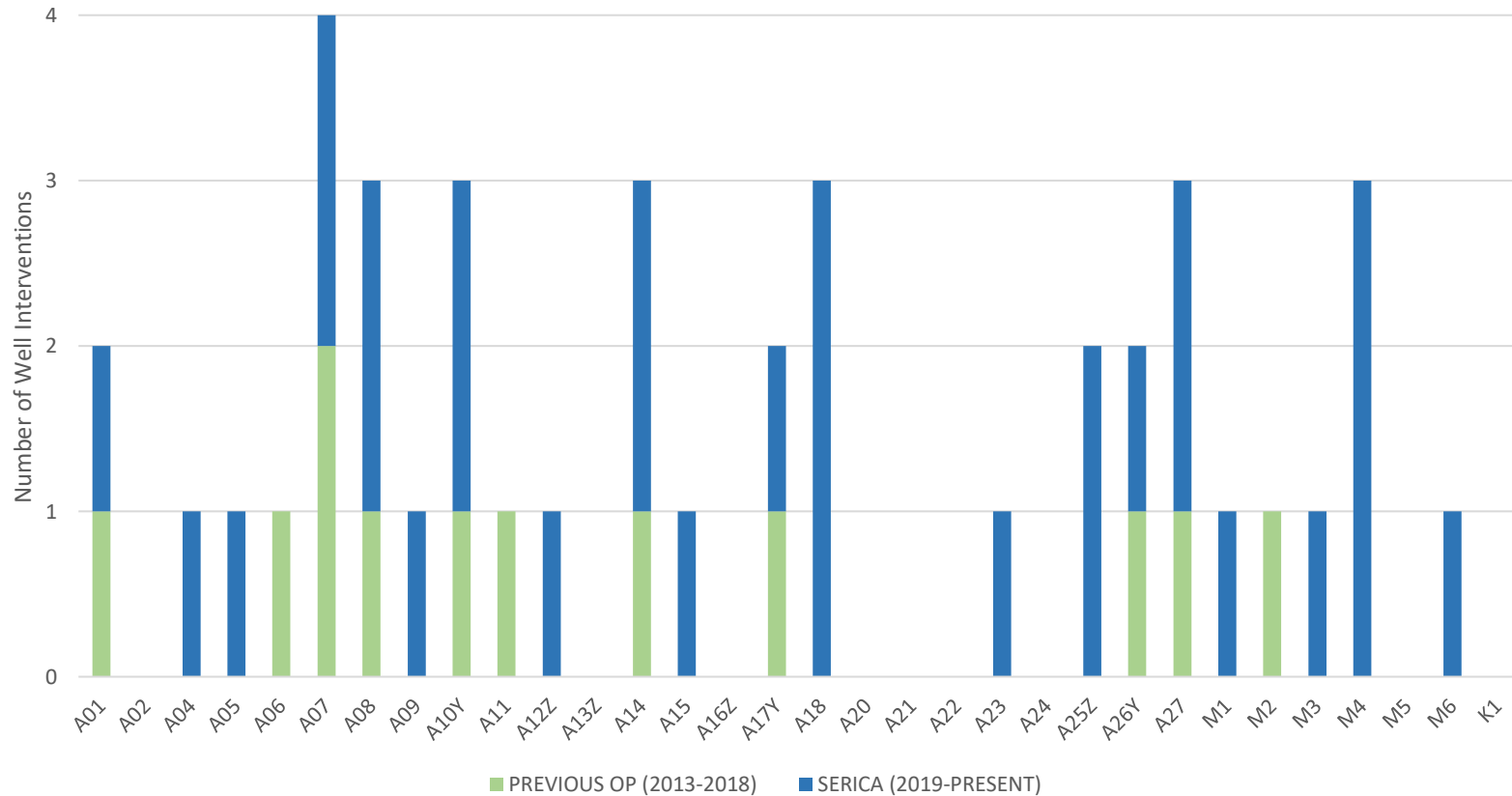
<sup>2</sup> Light Well Intervention Vessel





# Serica has more than doubled the rate of well intervention

BRUCE AND KEITH INTERVENTION 10 YR HISTORY



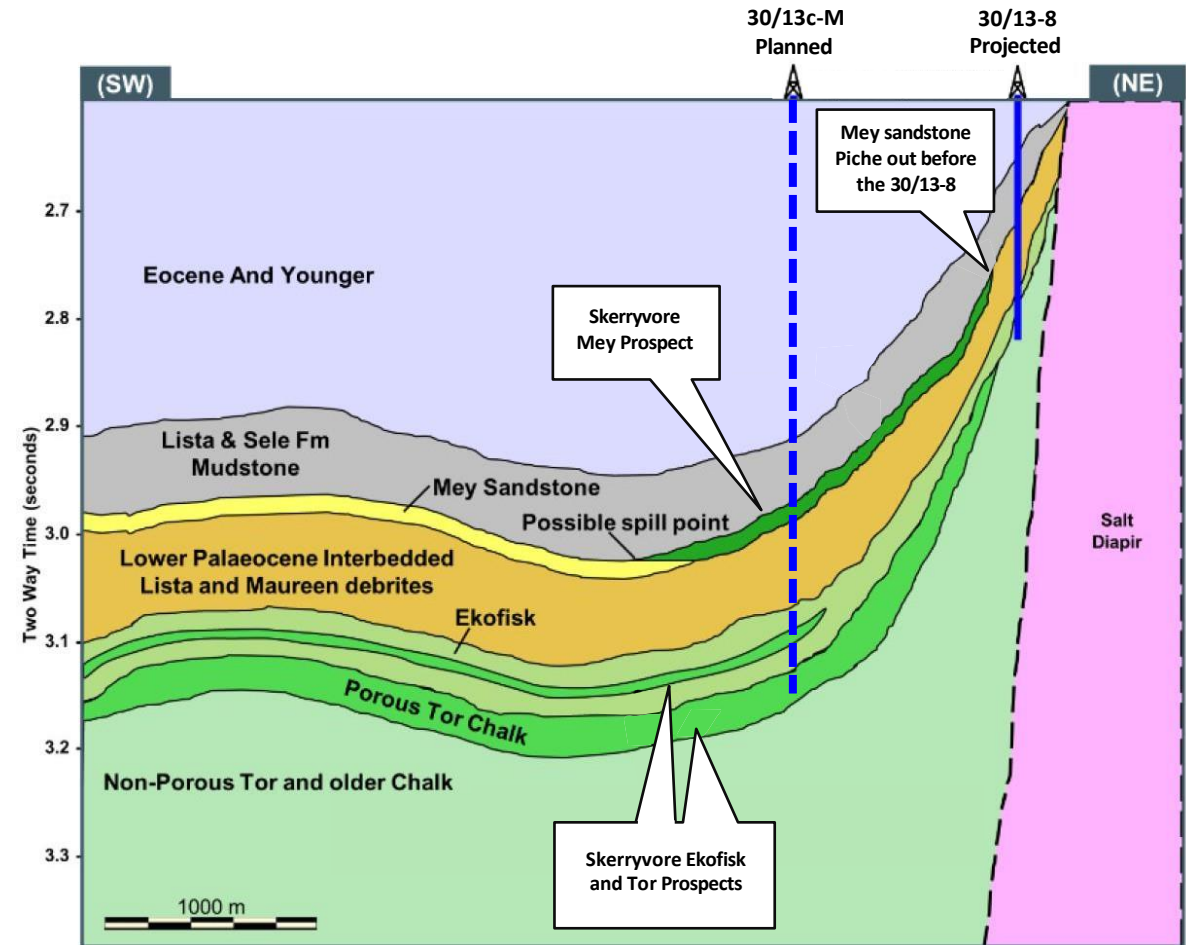
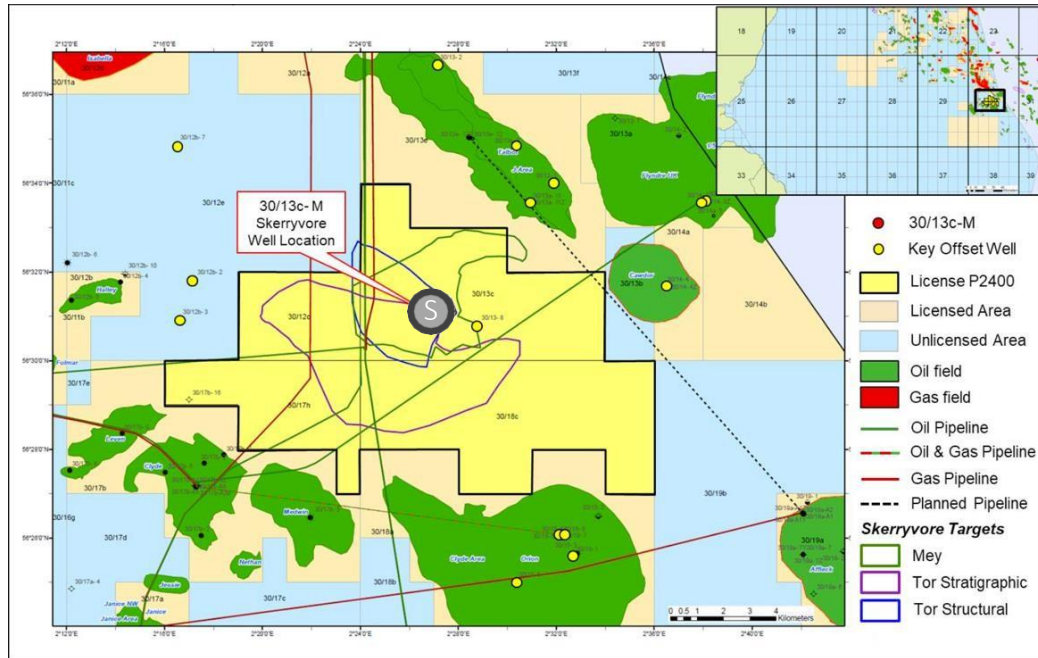
- Interventions from 2019 to present have added around 13 mmboe of reserves
- Cost of additions c.£4 per boe
- Payback typically measured in months
- Intervention in subsea (LWIV) and platform wells planned in 2024
- Further campaigns being considered in 2025

# Skerryvore Exploration Well



# Exploration prospect close to infrastructure

- Serica holds 20% interest with partners Parkmead (50% and operator) and CalEnergy (30%)
- Single exploration well designed to test two prospects (Mey and Tor)
- Licence commitment to drill well by 30 September 2025
- Infrastructure nearby which provides potential tie-back and export route





# Project 2035+

Mike Killeen – Chief Operating Officer

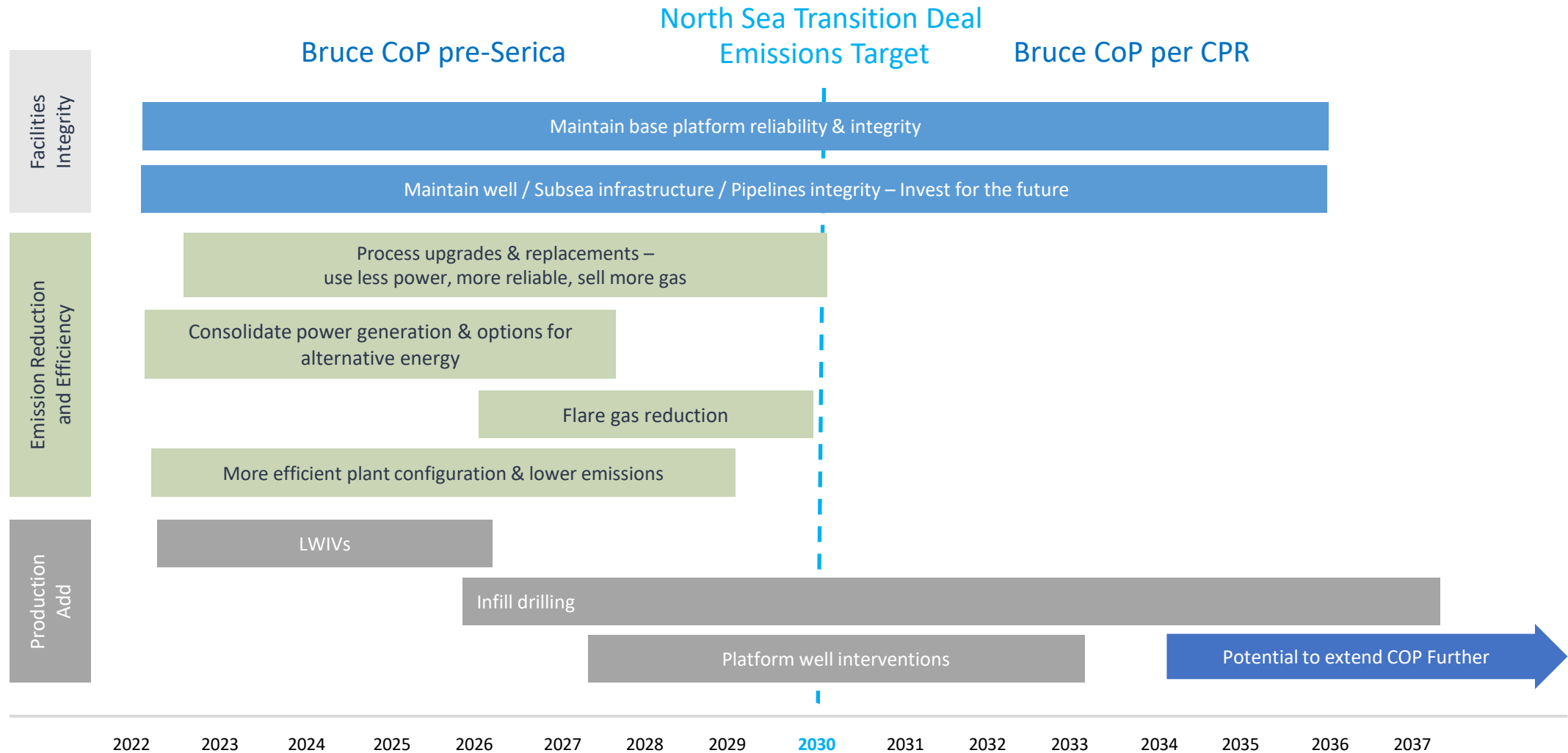


# Aiming to extend Bruce Hub operations beyond 2035

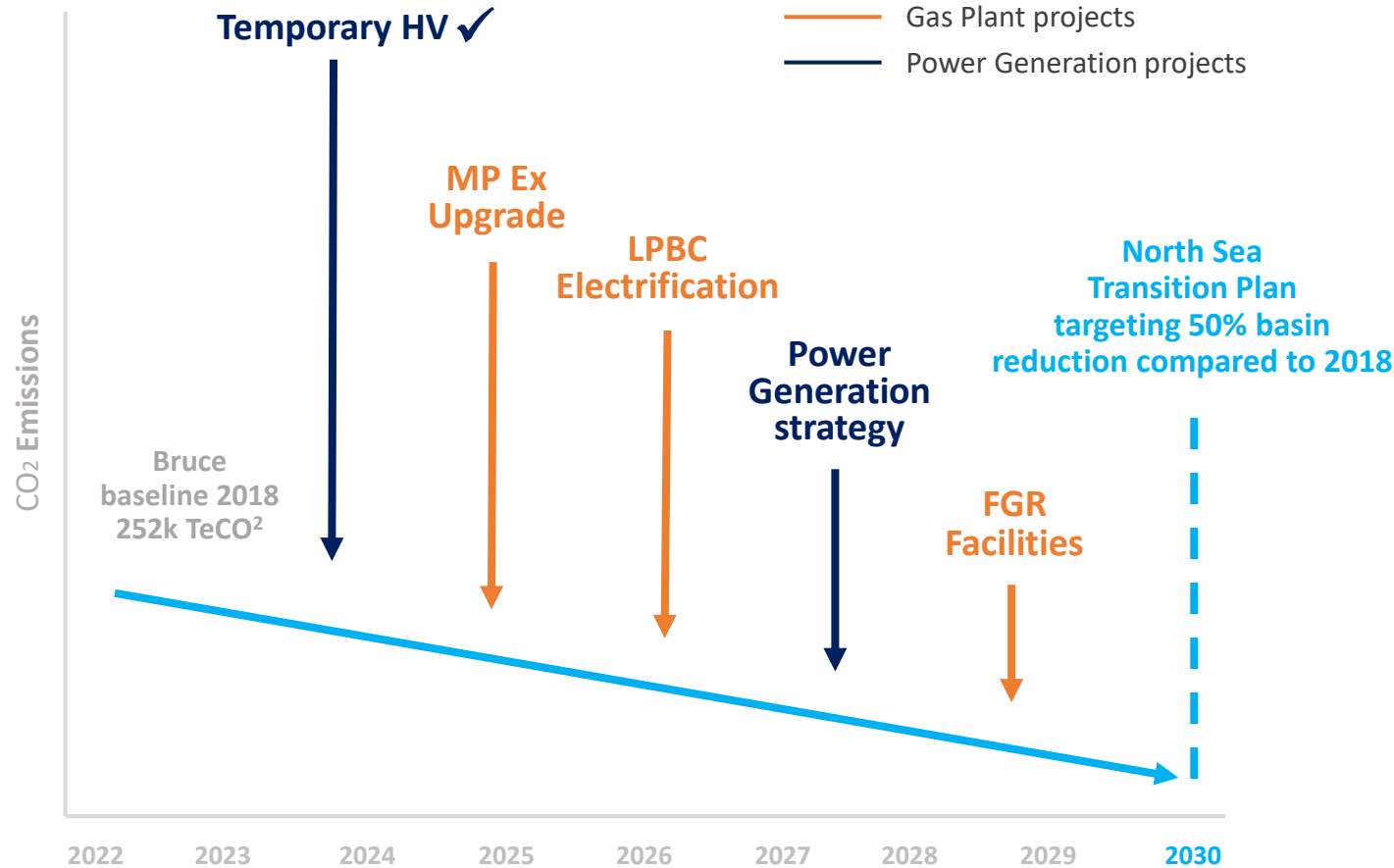
- Serica's current business plan assumes permanent cessation of Bruce Hub production at year end 2035
- Project 2035+ launched during 2022
- Brings together all the workstreams necessary to achieve the objective of safe and profitable production from the Bruce Hub until 2035 and beyond
- Initial life extension study work completed and material change to Safety Case submitted in January 2024
- Emissions Reduction Action Plan (ERAP) in place to deliver essential emissions reduction
- Enhancing throughput through
  - More proactive strategy of well interventions
  - Infill drilling targets being matured
  - Potential third-party tieback



# Integrated approach to extending asset life



# Pathway to 50% reduction in Bruce emissions by 2030



Project Status
<b>Temporary H.V Power</b> ✓ <ul style="list-style-type: none"> <li>Much lower emissions/ lower diesel consumption in TARs</li> <li>Execution complete: replicate in future TAR outages.</li> </ul>
<b>MP &amp; Export Compression Upgrade</b> <ul style="list-style-type: none"> <li>New compressors expected August 2024</li> <li>In Define stage</li> <li>Execute in 2024/5</li> </ul>
<b>LPBC Compression rewheel &amp; Electrification</b> <ul style="list-style-type: none"> <li>Started FEED stage in September 2023</li> <li>Potentially execute in 2026</li> </ul>
<b>Flare Gas Recovery</b> <ul style="list-style-type: none"> <li>A phased approach to achieve Zero Routine Flaring</li> <li>Pre-FEED commenced in November 2023</li> <li>Potentially execute in 2029</li> </ul>
<b>Power Generation strategy</b> <ul style="list-style-type: none"> <li>Up-scale based on feasibility of MPX electrification or down-size to more thermally efficient units</li> <li>Appraise stage started in November 2023</li> </ul>



# Buchan

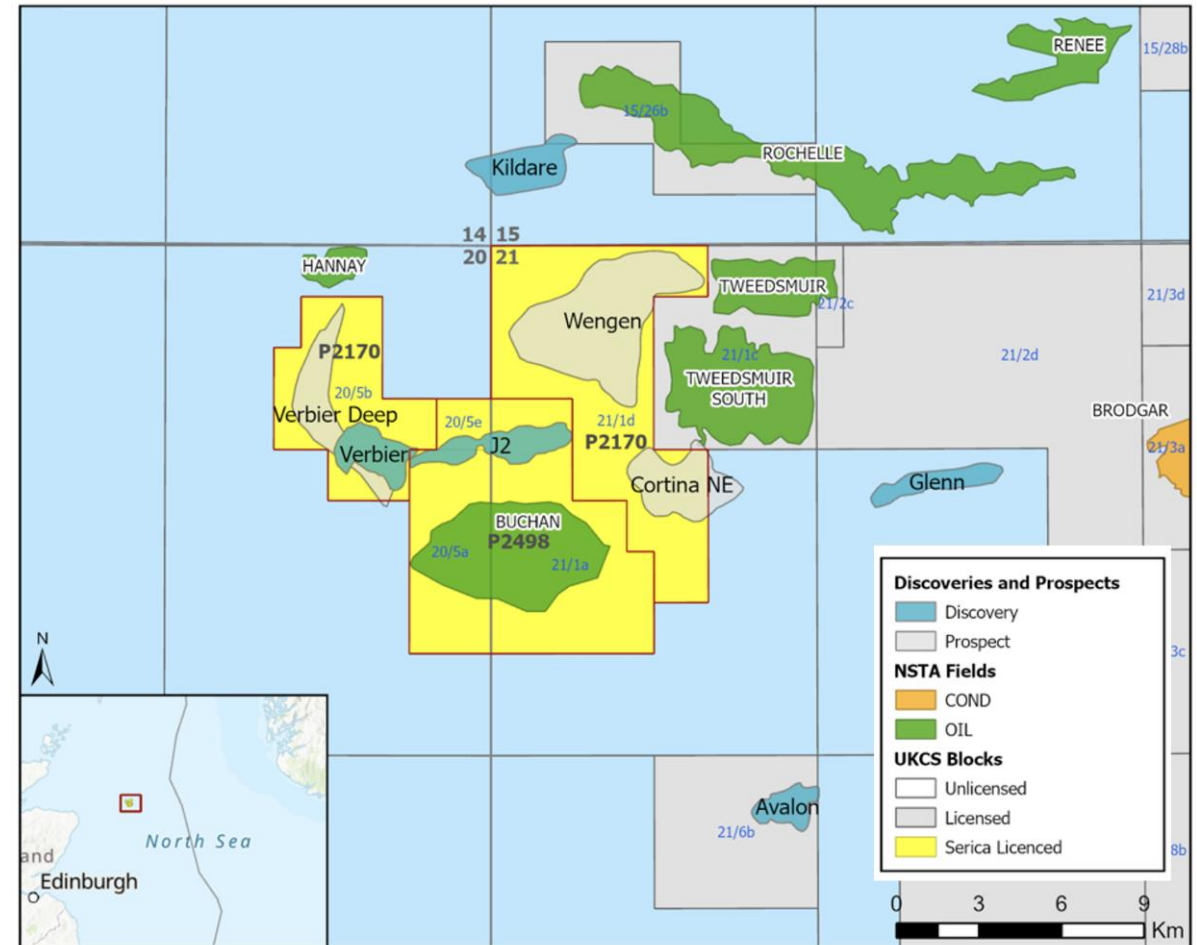
Ross Cameron – OBO Asset Manager





# Material addition to the portfolio

- Buchan field is one of the largest remaining undeveloped fields in UKCS
- Historical production established productivity of Devonian Old Red Sandstone reservoir
- Original COP due to integrity of floating production vessel
- Serica’s acquisition of 30% interest expected to complete shortly
- Consideration structured to reflect progress on project and be tax efficient
- Around 20 mmboe resource addition with 10 kboe/d peak production net to Serica
- FDP and ES submitted – project sanction and regulatory approval anticipated in 2H 2024
- Earliest first production late 2026
- Purchase, modification and re-use of modern FPSO
- Low emissions and ‘electrification ready’
- FPSO potentially an area production hub for wider area
- Partners NEO Energy (50%, operator) and Jersey Oil & Gas (20%)

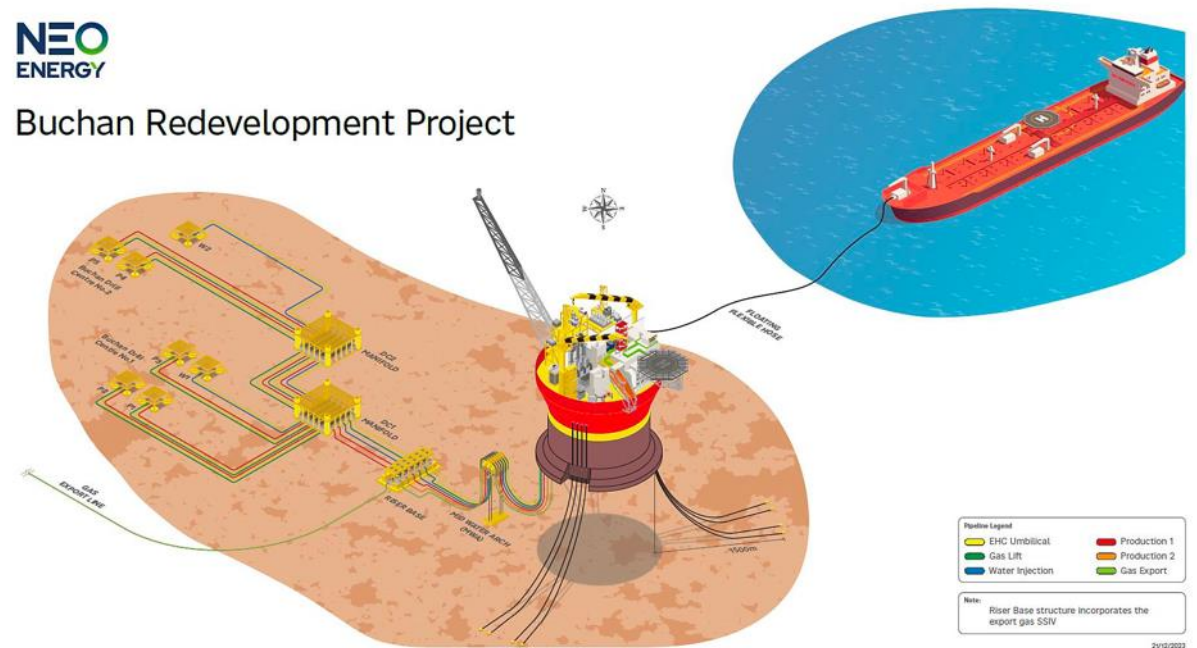


# First oil possible late 2026

- FEED in progress
- Project sanction and regulatory approval targeted for 2H 2024
- Development drilling and facilities installation expected in 2025-26
- Gross capex estimate of £850-950 million
- Earliest 1<sup>st</sup> production is late 2026
- Good quality oil (33.5°API)
- CO<sub>2</sub> emissions <10 kgCO<sub>2</sub>/boe in early years without electrification
- FPSO 'electrification ready'

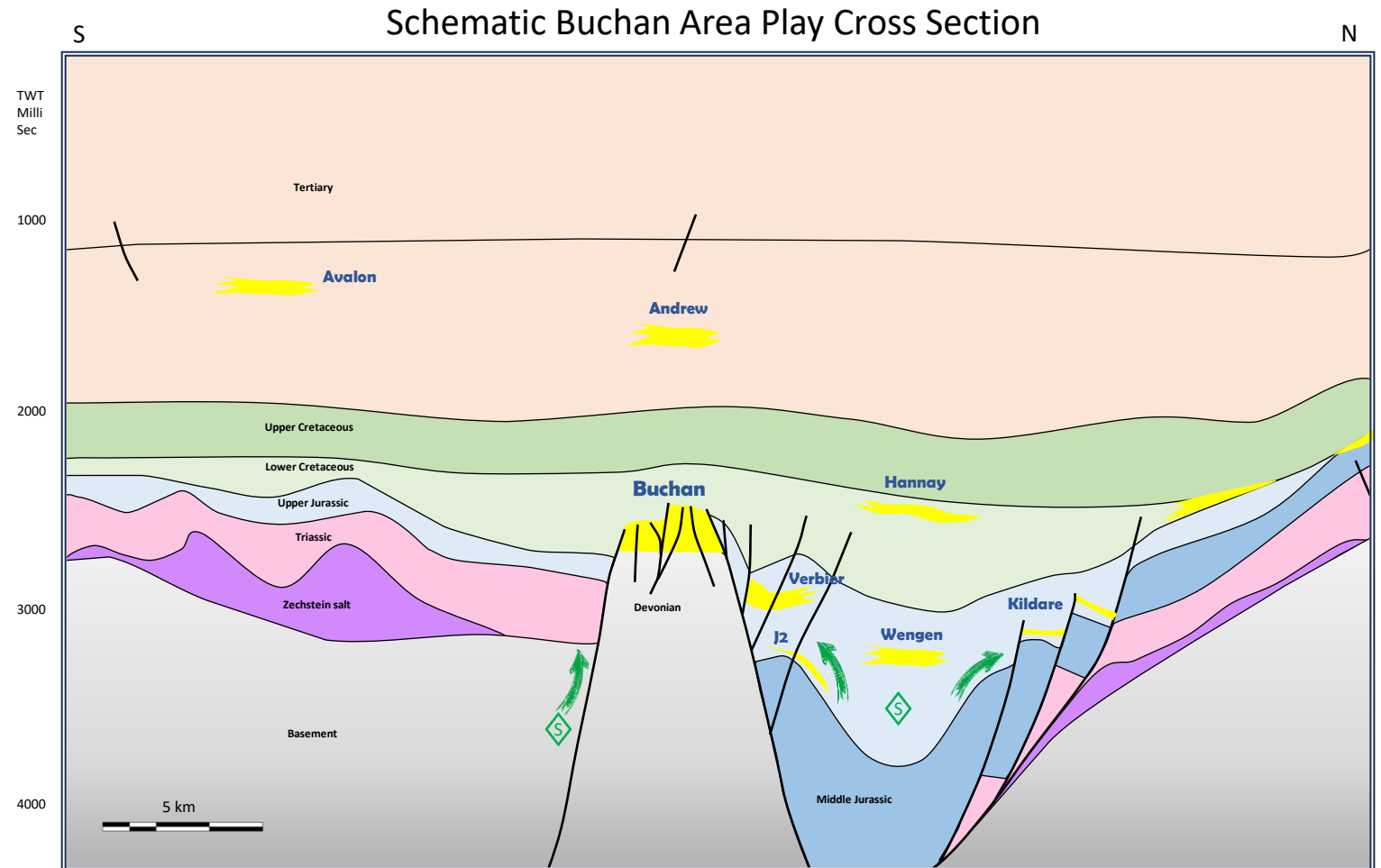


## Buchan Redevelopment Project



# Potential production hub

- FPSO has space for added tiebacks
- Opportunities within Greater Buchan Area
  - Existing accumulations:
    - J2 (West and East)
    - Verbier (West and East)
  - Exploration:
    - Wengen
    - Cortina NE
    - Verbier Deep
- Potential 3<sup>rd</sup> Party business





# Decommissioning

Stephen Lambert – VP Legal and External Relations



# Liabilities limited by acquisition terms and types of facilities

## Bruce, Keith and Rhum

- Nearly all costs of decommissioning 'existing' property retained by sellers to Serica
- Keith and Rhum are subsea tiebacks

## Triton Area

- Costs of decommissioning 'existing' property retained by sellers up to cap for each field
- FPSO rather than fixed platform

## Erskine

- Costs of decommissioning 'existing' property retained by BP up to a cap
- Subsea tie-back
- No liability for host facility decommissioning

## Columbus

- One well subsea tieback
- No liability for host facility decommissioning

## Orlando

- One well tie-back
- No liability for host facility decommissioning

## Arthur

- Legacy SNS abandonment project inherited with Tailwind
- Work due to complete in 2024 (~£11 mm net)



Note: 'existing' property means wells and facilities installed at the time of acquisition

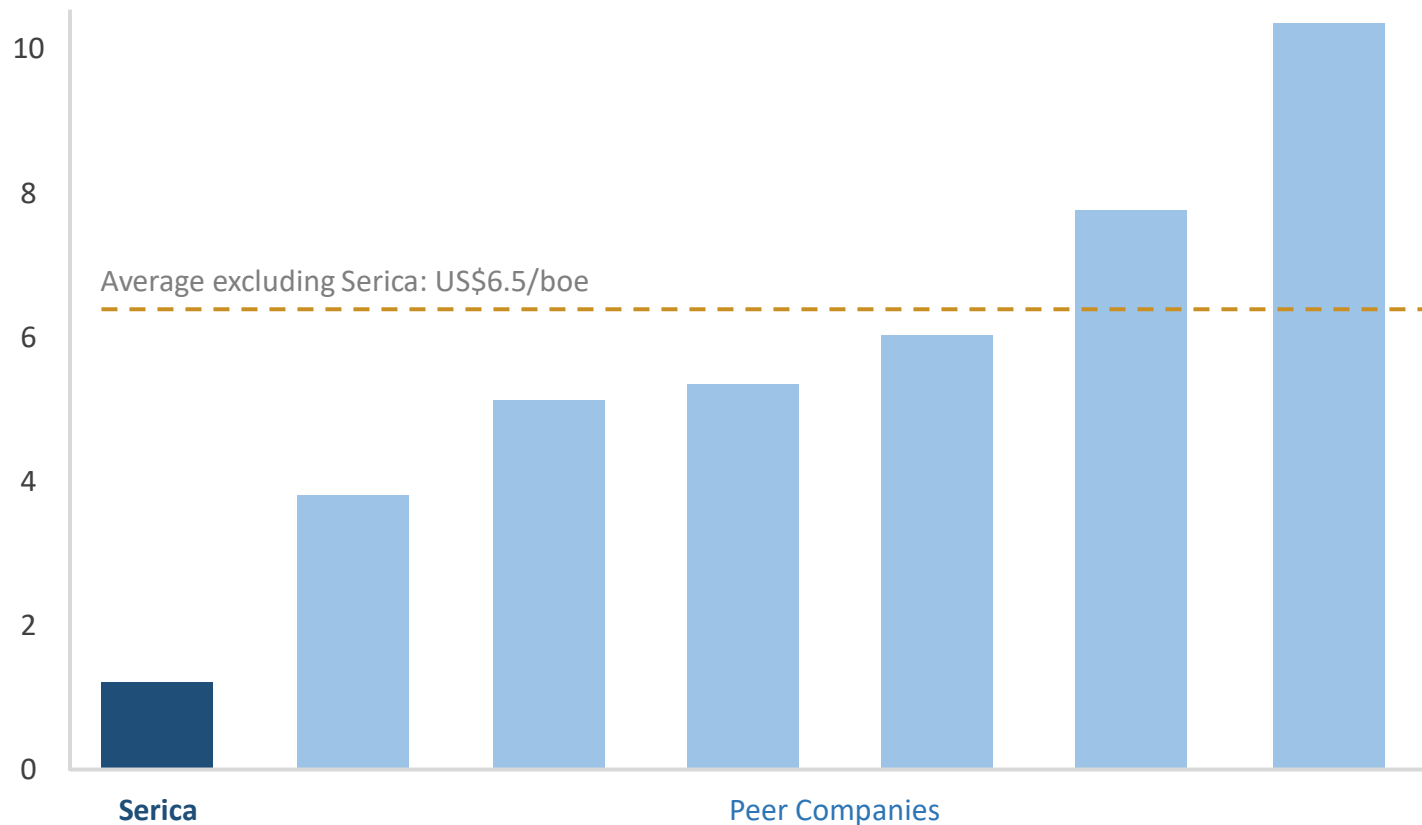
# Sellers retain majority of liabilities for wells and facilities acquired through M&A

Field	Terms of transactions
<b>Erskine</b>	<p>Serica's share of decommissioning 'existing' property covered by BP up to a cap which above current estimate</p> <p>Serica liable for costs of decommissioning any 'new' property</p>
<b>Bruce, Keith and Rhum</b>	<p>Serica liable for costs of decommissioning 'existing' property in relation to interests acquired from Marubeni (Bruce 3.75% and Keith 8.33%). Remainder covered by other sellers (BP, TE and BHP) with no cap.</p> <p>Serica pays additional consideration to BP, TE and BHP equal to 30% of each seller's post-tax contribution to decommissioning costs. Additional consideration amortised over the remaining field life.</p> <p>Serica liable for all costs of decommissioning any 'new' property</p>
<b>Bittern, Guillemot W/NW, Gannet E</b>	<p>Serica's share of decommissioning 'existing' property covered by Shell/Exxon up to a cap for each field. Current estimates of costs for decommissioning 'existing' property close to caps.</p> <p>Serica liable for all costs of decommissioning any 'new' property; e.g. new wells on Gannet E.</p>
<b>Evelyn</b>	<p>New field since acquisition from Shell/Exxon so Serica liable for its share of all decommissioning costs</p>

*Note: 'existing' property means wells and facilities installed at the time of acquisition*

# Serica has low decommissioning provision per boe of reserves

Reported Decommissioning Liabilities / 2P Reserves (US\$/boe)



- Metrics based on most recently reported pre-tax decommissioning provisions and 2P reserves of selection of North Sea peers
- Provisions for decommissioning typically reflect discounting which may vary
- Serica liabilities include deferred consideration contingent on BKR sellers' post-tax contributions to decommissioning

# Conclusion and Q&A

Mitch Flegg – Chief Executive Officer





## Serica stands apart in the sector

- Balanced portfolio of UKCS assets covering full upstream life cycle
- Strategy of growth through organic investment and M&A
- Record of delivery
  - 5-year history of replacing reserves and growing production
  - Multiple acquisitions including Tailwind
- Extensive programme of drilling and well work in 2024/25
- New fields potentially coming onstream in 2026
- Substantial funding available with net cash position and additional RBL capacity
- Hopper of potential new projects
- Proactive M&A strategy covering UK and abroad

