SERICA ENERGY

2019 FULL YEAR RESULTS

Strong performance in a challenging environment

23 April 2020

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Strong Performance in a Challenging Environment

Serica is well-positioned to deal with twin challenges of COVID-19 and commodity price uncertainty

ROBUST FINANCES

- Very strong balance sheet
- Steady cash build
- No borrowings
- Limited decommissioning liabilities

EFFICIENT OPERATIONS

- Increased production on BKR
- Reduced opex costs, further cuts identified
- Environmental focus
- Streamlined efficiency

GENERATING OPPORTUNITY

- We have the funds & flexibility to pursue growth opportunities
- We will reward shareholders with the issue of a maiden dividend

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HEALTH, SAFETY AND THE ENVIRONMENT

- As a demonstration of transparency, Serica has published its first ever Environmental, Social and Governance ("ESG") Report
- This report covers our approach and performance during 2019, our first full year as operator of the BKR asset
- We have chosen to structure our report around the UN Sustainable Development Goals, aligning them with the Global Reporting Initiative, Core Option

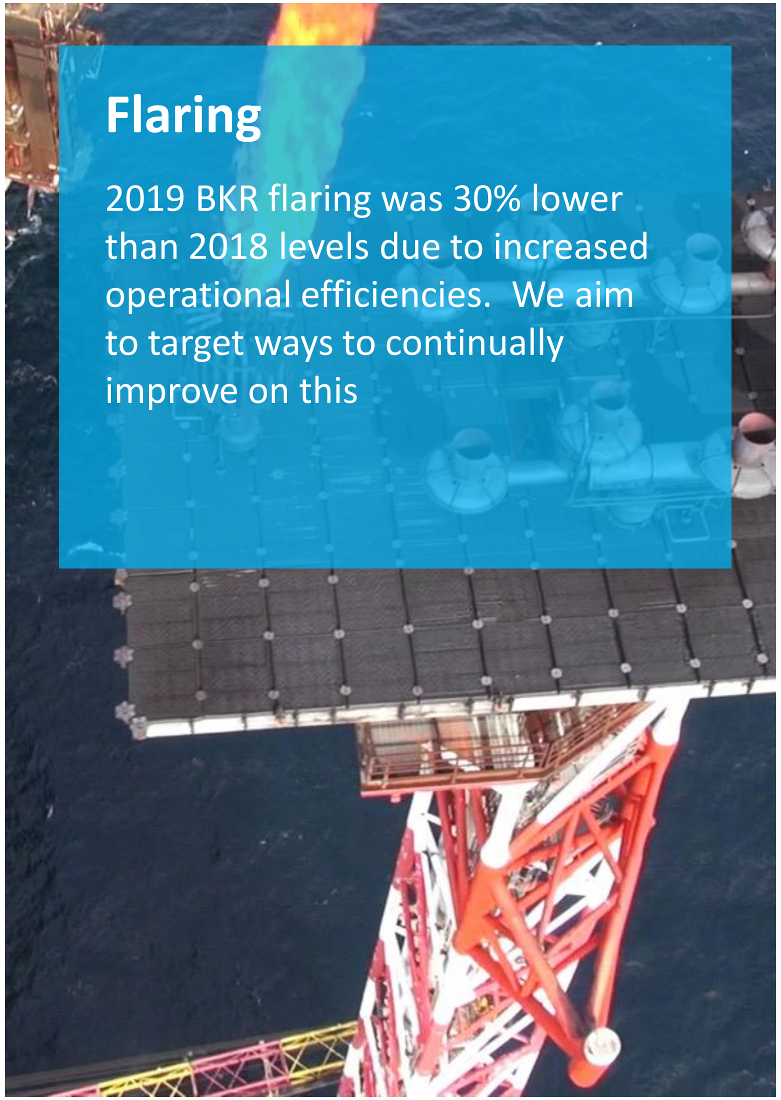
The full report can be found at www.serica-energy.com

Gas Production

Over 80% of our production is natural gas, which has significant environmental advantages over other fossil fuels and so is a key element of the UK's Energy Transition

Carbon Intensity

2019 BKR Carbon Intensity was around 18,000 Tonnes CO_2/million boe compared to the 2018 UK average of around 22,000 Tonnes CO_2/million boe



Flaring

2019 BKR flaring was 30% lower than 2018 levels due to increased operational efficiencies. We aim to target ways to continually improve on this

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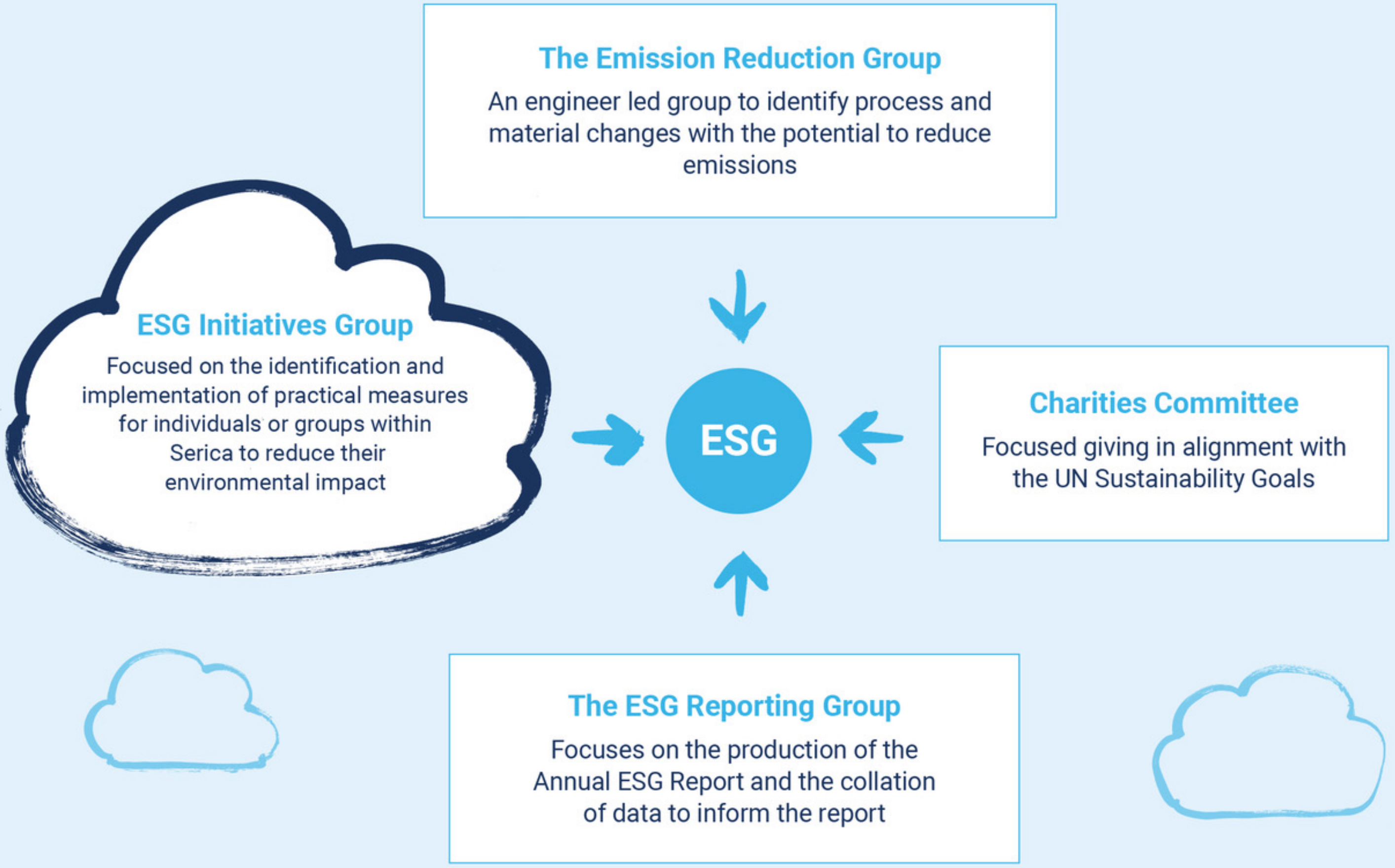
Energy Consumption

Lowering our energy consumption will have the biggest impact on our green house gas emissions

2020 plan to audit energy usage offshore and target innovations to reduce consumption



- Serica has experienced no interruption in production due to the COVID-19 outbreak
- The Bruce platform is responsible for around 5% of the UK's gas production and it is important to maintain this production
- As the UK depends on this gas to create the power needed to allow the NHS and critical infrastructure to function, most of our offshore team are designated as 'key workers'

Bruce crew salute the NHS, carers and other key workers

We continue to work with the government and industry bodies to protect our staff and ensure that all precautions are in place to make their working environment safe

Onshore

- Planning and delivering an effective home-working staff network with full IT support
- Efficient and secure team collaboration, data sharing, etc

Offshore

- We have strict travel policies in place and have also reduced manning levels on the Bruce platform in order to
  - Reduce the risk of an outbreak
  - Allow social distancing offshore
  - Provide isolation areas for suspected cases
- Manning levels offshore have temporarily been reduced from above 130 in late February 2020 to under 90 in early April 2020

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2019 RESULTS

2019 – Strong Performance in a Challenging Environment

- A British-based independent upstream oil and gas company with operations centred on the UK North Sea with a full range of exploration, development and production assets
- Serica has no borrowings and limited decommissioning liabilities

NET PRODUCTION

30,000boe/d

FY 2019 from Bruce, Keith, Rhum & Erskine

GROSS OPERATED PRODUCTION

>41,000boe/d

FY 2019 from Bruce, Keith & Rhum

OPEX

$12.60/boe

FY 2019 operating costs (including production, processing, transportation and insurance) before non-cash depletion charges

2019 OPERATING PROFIT

£87.7million

FY 2019 operating profit before net finance revenue, tax and transaction costs

CASH

£101.8million

31 December 2019

2019 Group Income Statement

	2019 (£000)	2018 (£000)	
Revenue	**250,533**	**35,708**	Based on lifted volumes – approximately 80% gas. Price mix approx. $30/boe
Cost of sales	(164,748)	(15,690)	$12.60 cost per boe shows 30% reduction from equivalent 2018 level
Gross Profit	**85,785**	**20,018**	Demonstrates contribution from full year of BKR and post-bypass Erskine
Other income/(expense)	10,618	(1,554)	Benefit of gas hedging both realised (2019) and unrealised (2020)
Pre-licence costs and impairments	(646)	2,233	Expensed pre-award costs and impairments/reversals
Administrative expenses	(5,963)	(3,644)	Costs of expanded organisation but most G&A charged into operated projects
Foreign exchange (loss)/gain	(1,020)	118	Realised and unrealised movements on US$ holdings
Share-based payments	(1,094)	(367)	Charges related to the issue of share rights under incentive schemes
BKR transition costs		(8,814)	Related to 2018 BKR operatorship transition from BP to Serica
OPERATING PROFIT	**87,680**	**7,990**	Volume and cost-driven transformation despite lower commodity sales prices
Change in fair value of BKR financial liability	21,771		Principally reflects impact of lower prices on payments to BKR vendors
Bargain purchase gain on BKR acquisition		33,673	Final accounting adjustments made within the twelve-month post-close window
BKR transaction costs		(2,102)	Prior year deal costs
Net finance costs	(681)	(81)	Interest paid on prepayment facility/earned on deposits plus unwinding of decomm discount
PROFIT BEFORE TAXATION	**108,770**	**39,480**	
Taxation (charge)/credit for the year	(44,750)	12,005	Non-cash provision reflects timing difference between utilisation of losses and future payments
PROFIT FOR THE YEAR	**64,020**	**51,485**	
EARNINGS PER ORDINARY SHARE (p)	**24p**	**20p**	

Group Balance Sheet (as at 31 December 2019)

	2019 (£000)	2018 (£000)	
Exploration & evaluation assets	3,652	3,183	Limited licence exploration spend in 2019
Property, plant and equipment	325,404	373,721	Also limited capital spend with most current asset enhancement work expensed
Total non-current assets	**329,056**	**376,904**	
Inventories	4,671	4,284	
Trade and other receivables	35,906	52,976	Reduced during 2019 as sales receipts caught up after BKR close
Derivative financial asset	6,880	138	Fair value of gas price hedges in place at balance sheet date
Term deposits		1,000	
Cash and cash equivalents	101,825	42,103	Cash deposits
Total current assets	149,282	100,501	
TOTAL ASSETS	**478,338**	**477,405**	
Current liabilities	(71,799)	(127,384)	Remaining BKR near-term liabilities significantly reduced
Non-current liabilities	(208,529)	(218,216)	Longer term BKR liabilities, decomm provisions and deferred tax provisions
Total liabilities	(280,328)	(345,600)	
NET ASSETS	**198,010**	**131,805**	No gearing, BKR liabilities flex with net income
Share capital	181,385	180,294	
Other reserve	17,818	16,724	
Accumulated deficit	(1,193)	(65,213)	
TOTAL EQUITY	**198,010**	**131,805**	

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Bruce, Keith & Rhum

FY 2019
27,300 boe/d

Erskine

FY 2019
2,700 boe/d

- **Serica net daily production FY 2019: 30,000 boe/d** (at upper end of. 2019 guidance of 26,000-30,700 boe/d)
- **Total Net FY 2019 daily production is 18% higher than FY 2018**

Cash Position

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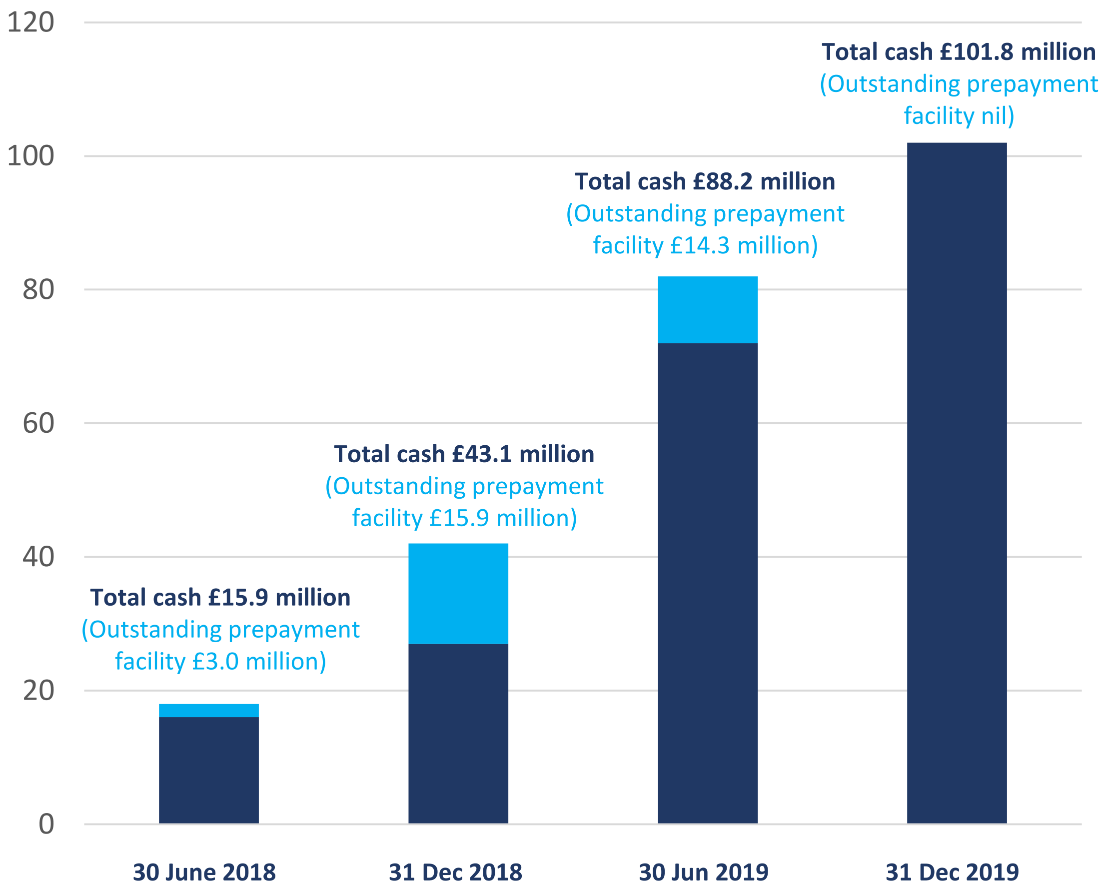
Cash, cash equivalents and term deposits / £ million



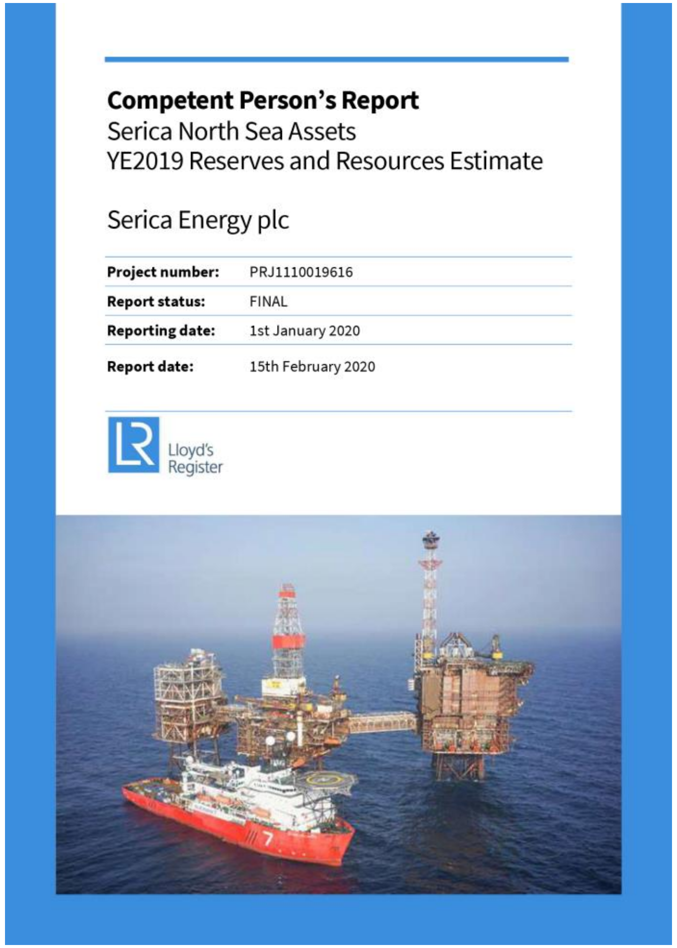
- 31 December 2019 cash, cash equivalents and term deposits totalled £101.8 million (this compares with £27.2 million of net cash at 31 December 2018)
- During 2019 **the entire gas prepayment facility of £16 million was repaid** as well as the second $5 million acquisition instalment to Total E&P
- As of 1 January 2020 Serica's share of BKR Net Cash Flow* increased to 60% from 50% in 2019.
- Serica's share was 40% in 2018, was 50% in 2019, is 60% in 2020, will be 60% in 2021 and 100% thereafter
- £57 million of Net Cash Flow Sharing payments were settled in 2019 with remaining liabilities to be settled by the end of 2021

* Net cash flow under the Net Cash Flow Sharing agreements with BP, Total E&P and BHP for the purchase of interests in Bruce, Keith and Rhum

Reserves Upgrade

- Serica has commissioned a new Competent Person's Report ("CPR") effective 1 January 2020
- This has identified several upgrades to 2P Reserves estimates particularly due to the successful efforts to extend the prognosed Cessation of Production ("COP") on Bruce
- The latest CPR estimates Bruce COP (2P case) to occur in 2028 (compared to 2026 in the previous CPR)

Net 2P Reserves				
Field	**1-Jan-19 (mmboe)**	**2019 Production (mmboe)**	**Revisions (mmboe)**	**1-Jan-20 (mmboe)**
Bruce	21.850	(4.798)	5.136	**22.189**
Keith	0.656	(0.166)	(0.037)	**0.453**
Rhum	34.460	(5.028)	(0.686)	**28.746**
Erskine	5.686	(0.998)	(0.546)	**4.142**
Columbus	6.184	0.000	0.551	**6.735**
TOTAL	68.836	(10.989)	4.418	**62.265**


Competent Person's Report
Serica North Sea Assets
YE2019 Reserves and Resources Estimate

Serica Energy plc

Project number:	PRJ1110019616
Report status:	FINAL
Reporting date:	1st January 2020
Report date:	15th February 2020

Lloyd's Register

Commodity Price Hedging

- At the time of entering into the BKR transaction with BP, Serica purchased ‘put’ options* at 35p to cover 60% of the retained gas production, after net cash flow sharing, purchased from BP for 2018 and 2019 and 40% of retained production for the first half of 2020
- Since then Serica’s strategy has been (and continues to be) to monitor the market in order to identify opportunities to increase and extend our hedging cover over our retained share of gas production
- Further to the gas put options, Serica has put in place additional gas ‘swaps’**
- At the end of Q1 2020 the total gas hedging position was as follows

		Q1 20	Q2 20	Q3 20	Q4 20	Q1 21
Swaps	Weighted Average Price (p/th)	46.6	40.8	37.6	40.3	42.6
	Volume of gas covered (therms/day)	160,000	160,000	80,000	140,000	185,000
Puts	Price (p/th)	35.0	35.0			
	Volume of gas covered (therms/day)	160,000	160,000			
Total	Volume of gas covered (therms/day)	320,000	320,000	80,000	140,000	185,000

- As a reference, Serica Q1 2020 net gas production (after allowing for net cash flow sharing) was approx. 500,000 therms/day

*A ‘put’ option covers downside at strike price with no restriction on upside. The upfront cost is related to a forward curve benchmark and reflects both the level of discount to the curve and also the time elapsed until the cover period

**A ‘swap’ is a synthetic product replicating forward sales with counterparties compensating each other for variations between strike price and actual market price. These effectively fix sales price, for no upfront cost, at the agreed forward curve level with either party compensating the other for price deviations, with Serica receiving the differential for prices lower than the swap price and the counterparty receiving the differential for prices higher than the swap price

Maiden Dividend

- Our prime objective is to increase shareholder value both through technical excellence and acquisition in order to diversify risk, replenish our basket of assets and fully utilise the Company's operational and financial strengths
- **We enter 2020 in an extremely robust financial position**
- 2020 has already presented a number of unexpected challenges (Bruce caisson problems, COVID-19 and commodity price fluctuations) but Serica has demonstrated the resilience to deal with these issues and so it is the intention of the Board to recommend the payment of a dividend at this year's AGM
- Serica remains in growth mode as it looks for new investment opportunities but this still leaves room for a measured distribution policy to reward shareholders for their continuing support
- **The recommended dividend will be set at 3p/share**
- The Board aims to maintain the best balance between growth, risk management and total shareholder return. If Serica's financial position remains favourable then it is the intention that a regular dividend will be paid

INTENDED DIVIDEND TIMETABLE (assumes dividend proposal accepted at AGM)	
23-Apr-20	Dividend of 3p/share announced
25-Jun-20	Dividend recommended at AGM
26-Jun -20	Record Date
24-Jul-20	Payment Date

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TECHNICAL & OPERATIONAL

North Sea Portfolio

PRODUCE

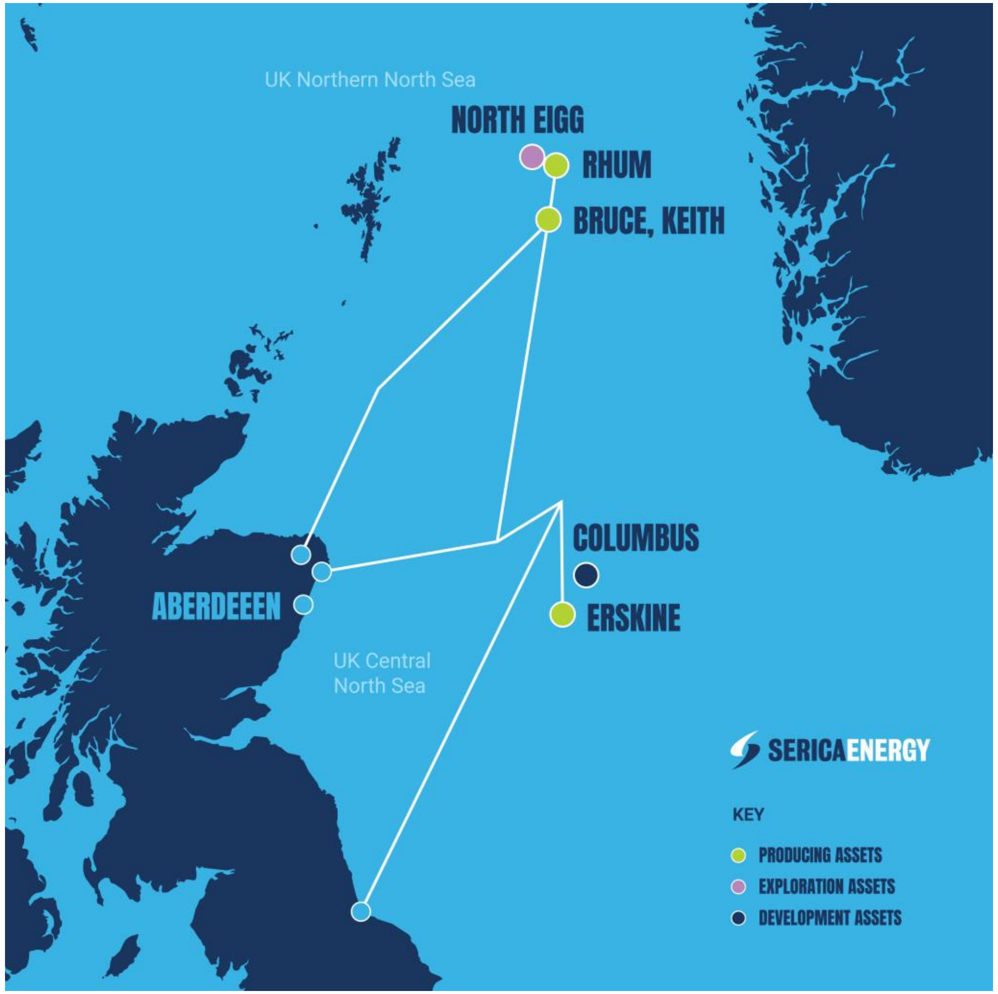
- Serica is operator of and has a 98% interest in Bruce, a 100% interest in Keith and a 50% interest in Rhum
- Serica has an 18% non-operated interest in the Erskine field

DEVELOP

- Serica is operator of and has a 50% interest in the Columbus development
- First production planned for 2021

EXPLORE

- Serica was recently awarded 100% of the P2501 Eigg Licence
- Serica has made a number of applications in the 32nd UKCS licensing round



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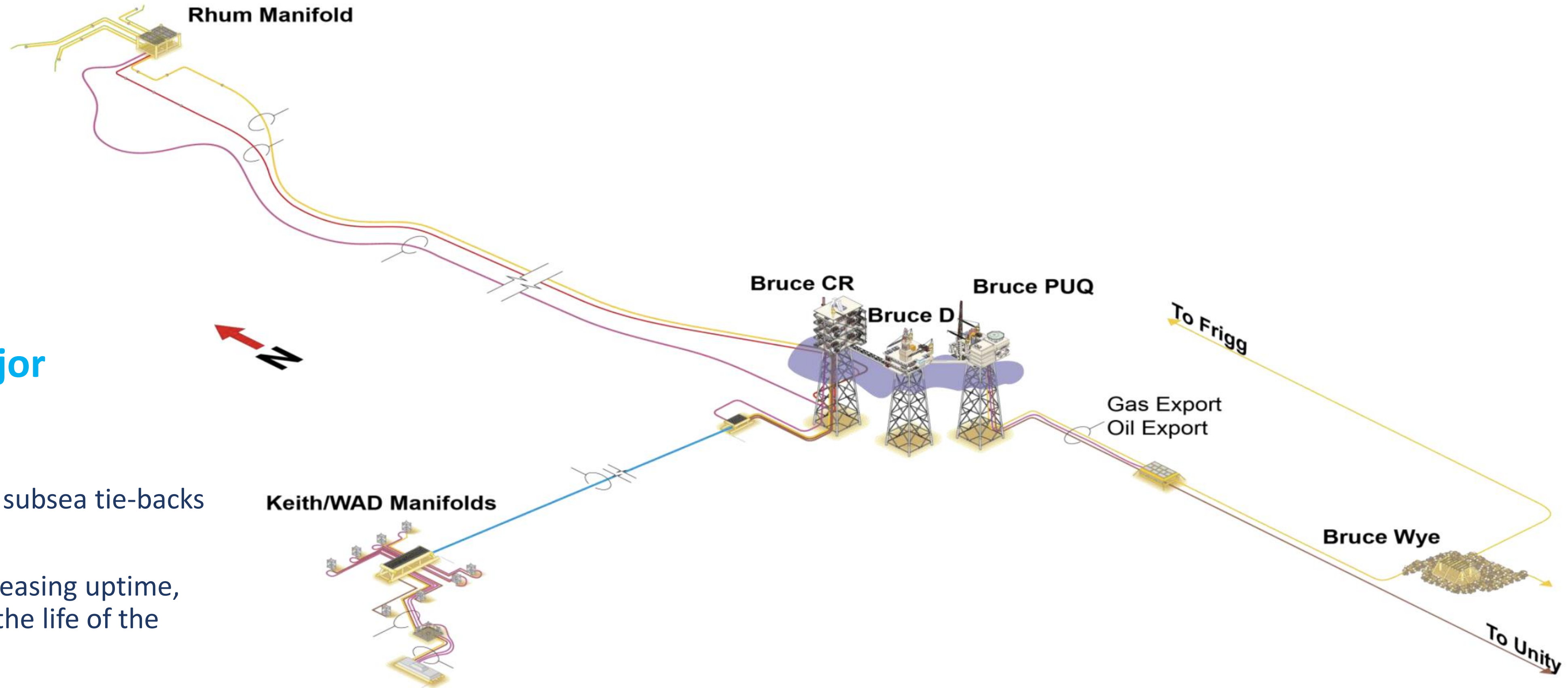

One of the UK's major producing assets

- Keith and Rhum fields are subsea tie-backs to the Bruce platform
- By reducing costs and increasing uptime, Serica intends to prolong the life of the Bruce facilities
- The extensive infrastructure associated with Bruce offers significant capacity for third party tieback opportunities

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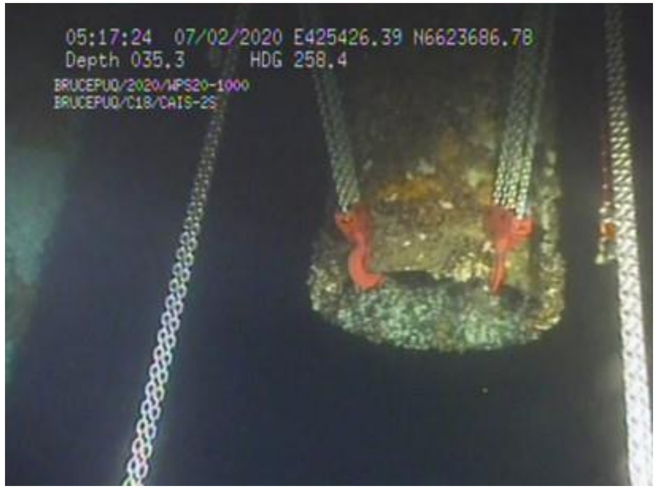
- During a Bruce platform inspection in late January 2020, the condition of an unused seawater return caisson on the platform was observed to have deteriorated. This caisson had been taken out of service in 2009

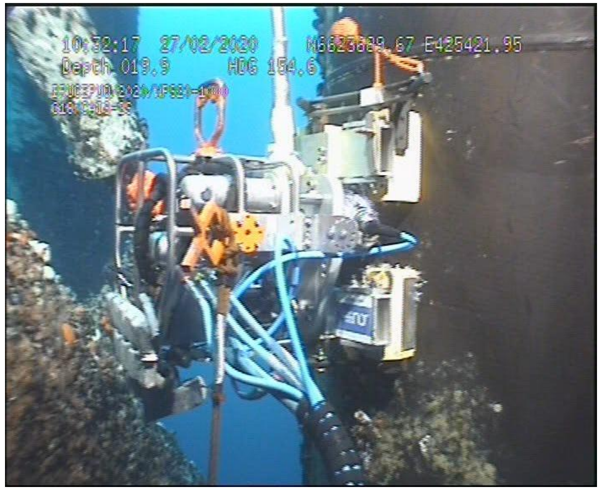
- Production through the Bruce facility was halted while the problem was fully investigated

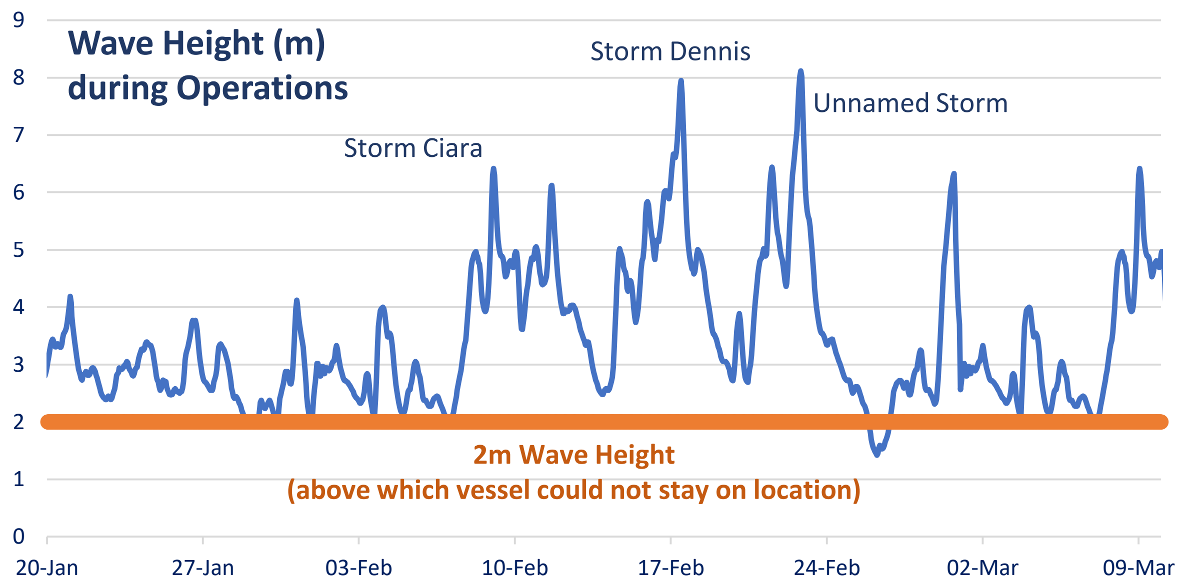
- A subsequent underwater inspection determined that the unused caisson had parted below the water line

2020 Bruce Caisson Issue

- Our expert teams onshore and offshore successfully designed and executed a programme of repairs using a Remotely Operated Vehicle launched from a Survey Vessel
- This work was performed during some of the most difficult weather conditions experienced in the North Sea for several years
- Together with selected contractors we completed the programme of work to secure the caisson safely and with no environmental impact
- The opportunity was taken to inspect other equipment to ensure that there are no similar problems
- This work will have no negative impact on future production rates or on the ultimate hydrocarbon recovery from the Bruce Keith and Rhum fields



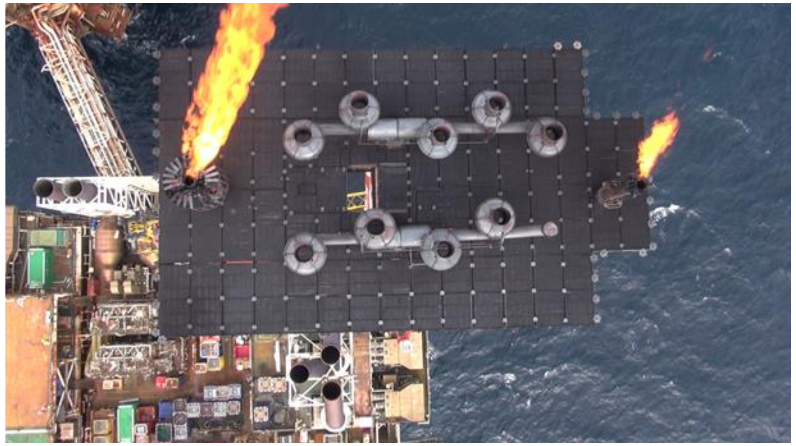




2020 Bruce Caisson Issue – Revised restart procedures

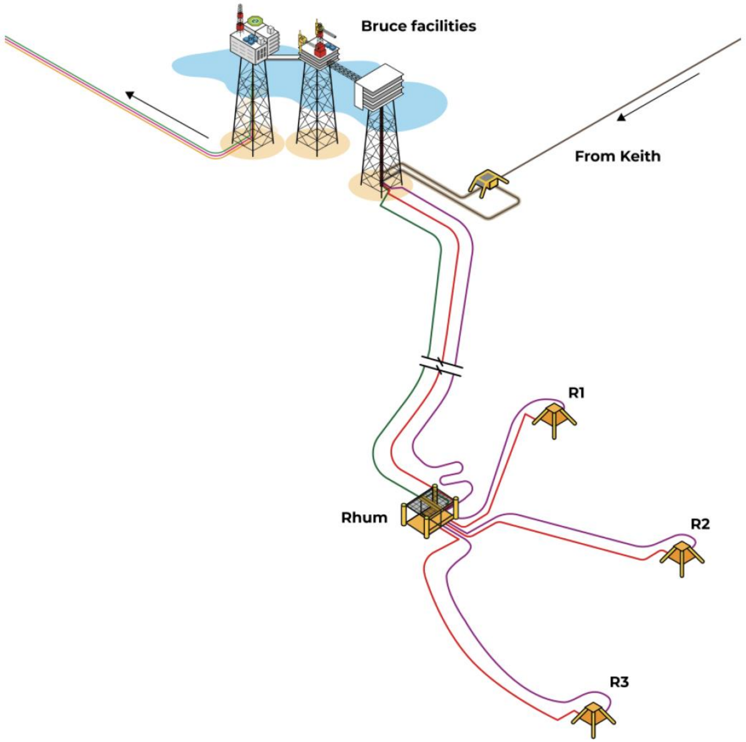
- During the restart of the BKR wells in March 2020 following the Bruce caisson issue, it was decided to implement a new procedure in order to reduce unnecessary flaring
- Gas was routed through the Low Pressure Booster Compressor (LPBC) rather than directly to flare
- This increased the time taken to complete the restart but when compared to the last comparable restart in 2018, delivered:
    - A 48% reduction in gas flared (vs 2018 restart)
    - A reduction in CO_2 equivalent emissions of 2,450 tonnes (vs. 2018 restart)

Day	Gas Flared 2018 (tonnes)	Gas Flared 2020 (tonnes)	Flaring Reduction (tonnes)	Flaring Reduction	CO_2 equivalent saving (tonnes)
1	1,261.4	480.7	780.7		1,898.9
2	722.1	490.8	231.3		559.9
TOTAL	1,983.5	971.5	1,012.0	**48%**	2,449.7

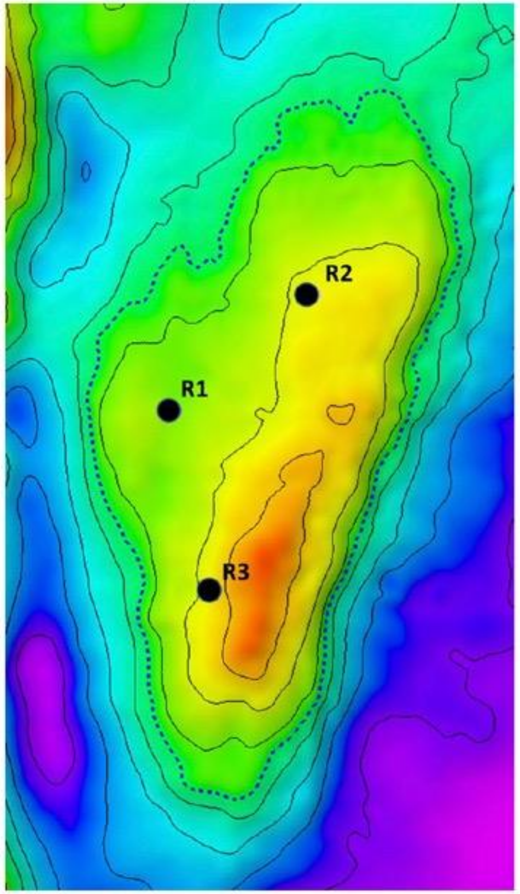


The Rhum Field - Summary

Rhum wells producing over 13,700 boe/d (net)



- Serica acquired BP's 50% interest and operatorship in November 2018 following the removal of Iranian ownership and involvement
- Arrangements permitting the continuation of field operations were agreed with both UK and US governments
- Rhum gas field was developed as a 45 km subsea tieback to the Bruce field and started producing in December 2005
- Serica's net share of production was 13,775 boe/d in 2019 from two subsea wells (R1 and R2)
- A third well (R3) was drilled when the field was originally developed but was not put into production due to mechanical problems with equipment in the well
- Serica is working on a project to bring R3 into production for the first time, with the aim of increasing production and overall recovery from the Rhum reservoir
- It remains our strong intention to do the work required this year but the timing is under review and it may slip into 2021



Multiple Growth Opportunities in the Bruce Catchment Area

Existing fields

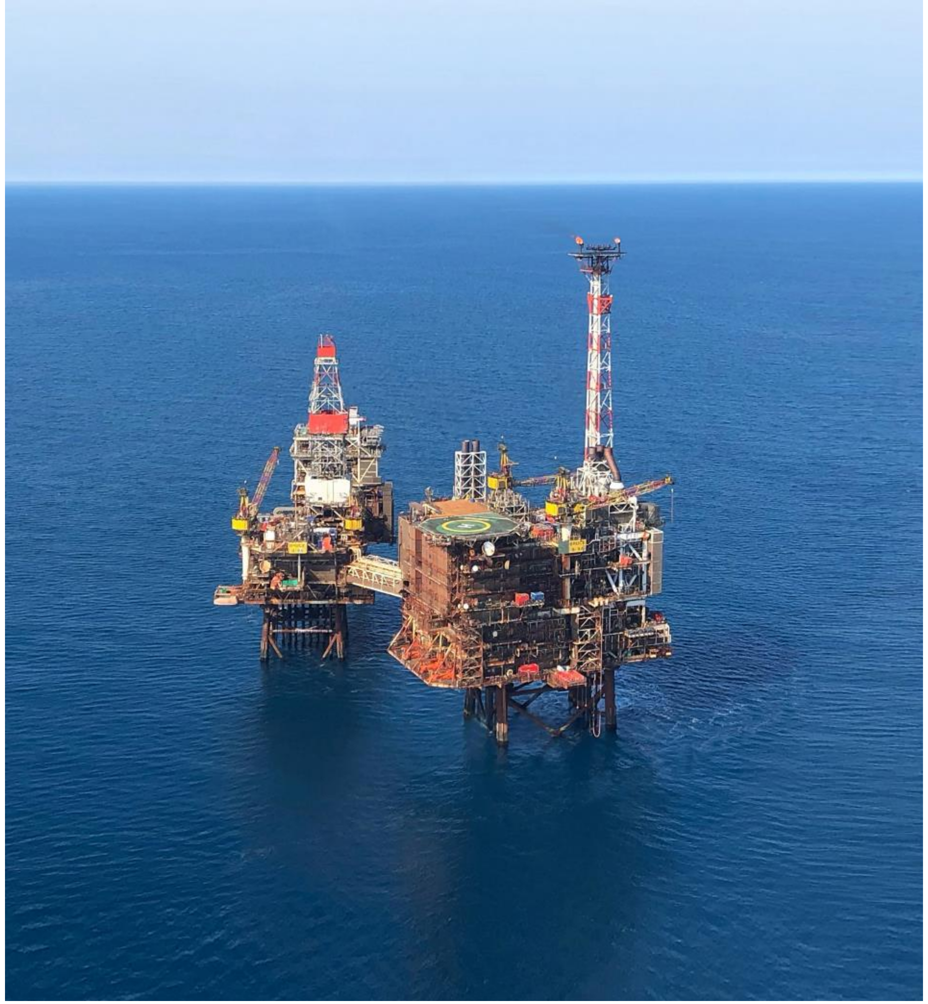
- Well work: planning commenced for R3 project
- Optimising the management of Bruce facilities: lowering suction pressures for Bruce and Keith wells has increased gas production
- Infill drilling: Serica is evaluating infill wells for the Bruce reservoir

Third party business

- **Bruce is open for business**
  https://www.serica-energy.com/bruce-area-ICOP
- As Bruce operator, Serica is engaged in preliminary discussions with potential third party shippers
- Utilisation of existing infrastructure is a key part of the UK Government's North Sea policy

Exploration

- Awarded out of round Eigg Licence at least 6 months before UK 32nd Round awards
- Actively seeking further prospects to drill that might lead to new tie-backs to the Bruce platform



Eigg Licence Award (Serica 100%)

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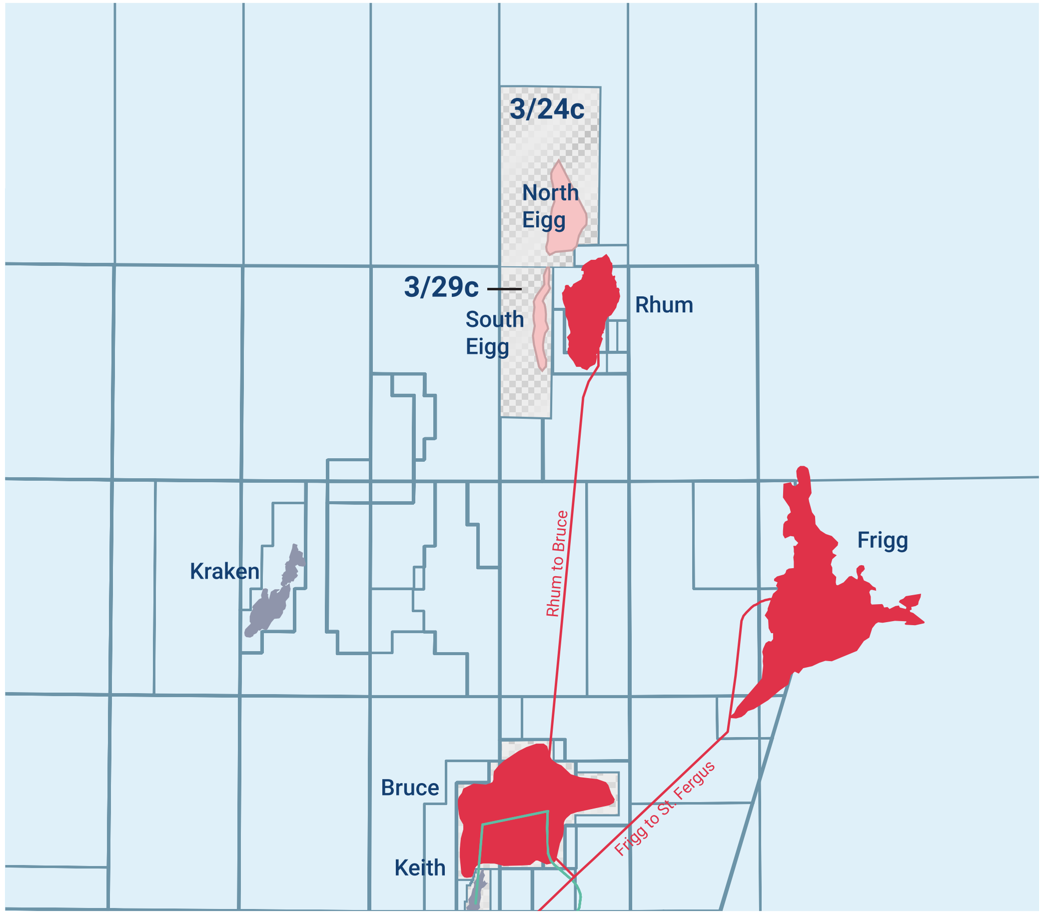
- In December 2019, Serica Energy (UK) Limited, received an out of round award of a 100% interest in the UK petroleum licence P2501, blocks 3/24c and 3/29c. These are located in the area adjacent to the Serica operated Rhum field
- The award contains the HPHT North Eigg and South Eigg prospects
- Serica has committed to drilling an exploration well on the North Eigg prospect
- In the event of a discovery on these blocks, Serica will investigate export options including subsea tie-backs to the Bruce facilities and topsides modifications to ensure a low cost, efficient design to enable early development, maximise recovery and optimise production. Serica anticipates that there will be ample capacity within the Bruce facilities to handle North and South Eigg production
- As well as providing Serica with potentially significant additional reserves, a tie-back to the Bruce platform would reduce unit operating costs and extend the economic life of this strategic North Sea infrastructure

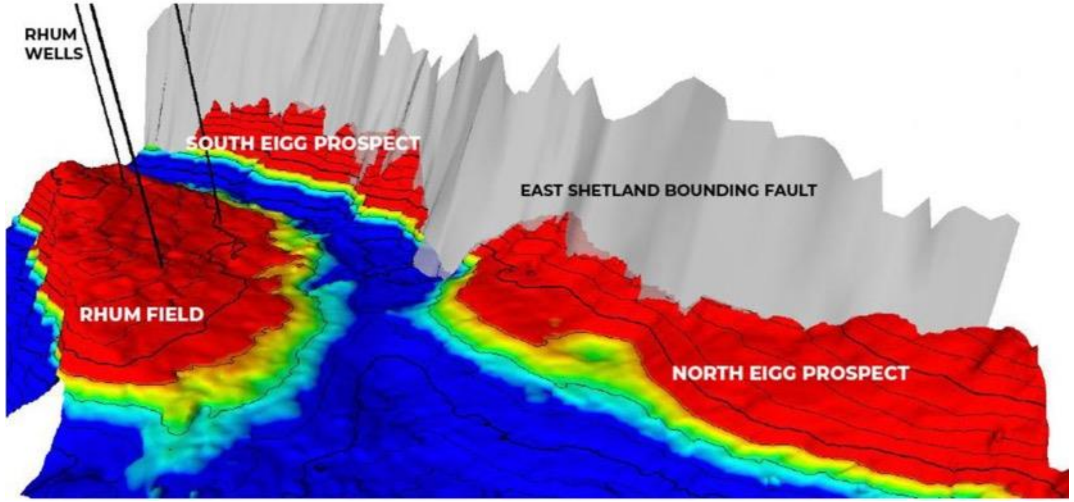


Eigg Prospects – Potential additional reserves in Bruce Area

- The primary prospect is North Eigg which is estimated to contain 367 bcf (P50) and potentially over 1Tcf (P10) of recoverable gas
- The North Eigg prospect is interpreted to share many geological similarities with the Rhum field. It is clearly defined on 3D seismic and forms a structural trap sealed against the East Shetland bounding fault
- Serica has commenced planning to allow the drilling of an exploration well as early as 2021
- Studies are underway to investigate low cost drilling opportunities
- Optimum placement of a North Eigg well will benefit from the latest seismic processing techniques
- Well design will focus on the latest HPHT drilling methods

Unrisked Prospective Resources (Recoverable)
Serica Internal Estimates

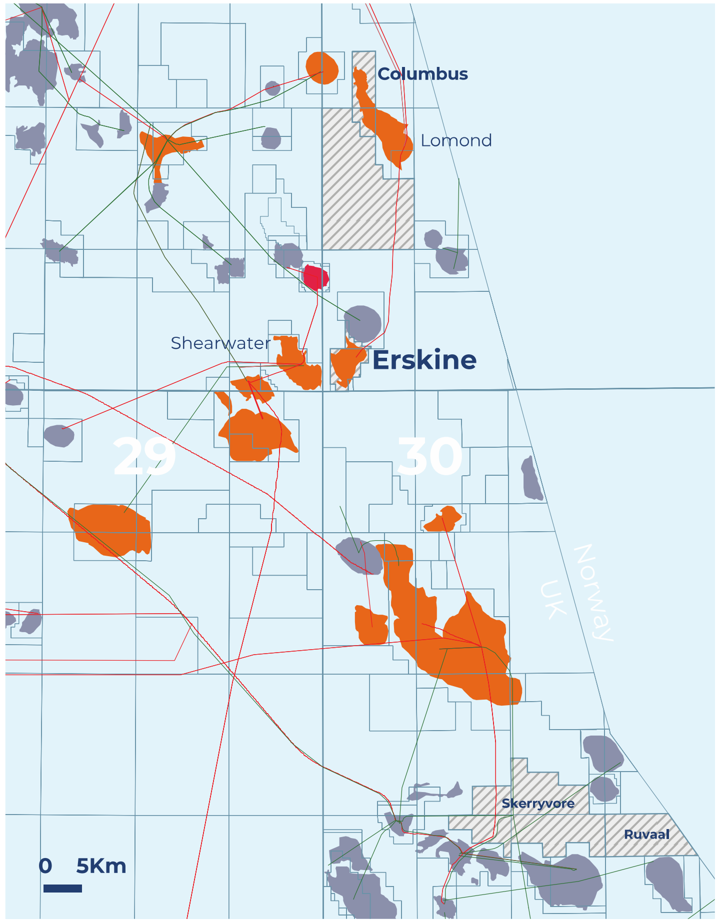
	Dry Gas (bcf)			Condensate (mmbbls)		
	P90	P50	P10	P90	P50	P10
North Eigg	105	367	1,216	0.6	2.2	7.3
South Eigg	68	259	929	0.4	1.6	5.6



Erskine (Serica 18%) – Continued Improved Performance

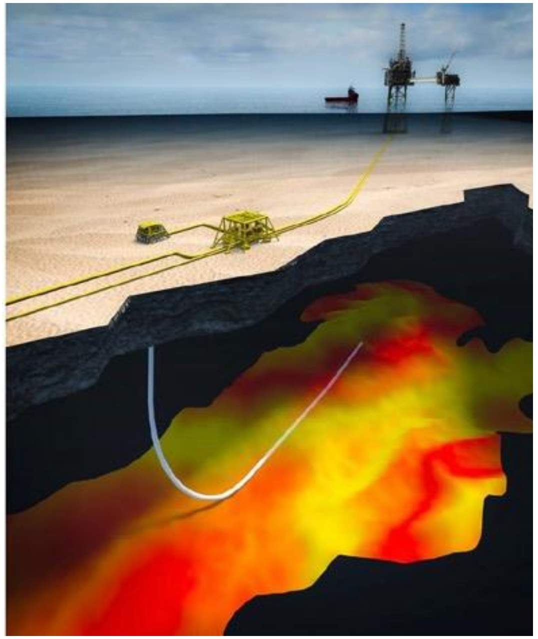
Demonstrates the ability of focused operators to add value to mid and late life assets

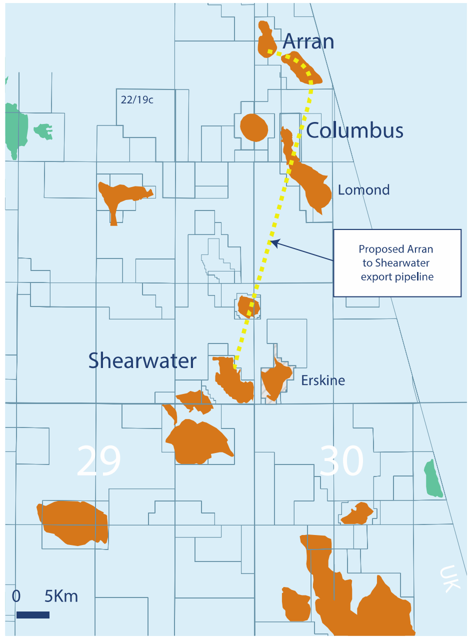
- The independent CPR evaluation of Serica net 2P reserves at the effective date of purchase (1 Jan 14) was 3.6 million boe
- In the six years since then, net Serica production from Erskine has been over 3.5 million boe
- In 2019 average production was over 2,700 boe/day net to Serica
- The last independent CPR (1-Jan-20) indicated that Serica net 2P reserves were 4.1 million boe at that date
- The increase is due to improved efficiency (in this case improved uptime due to the bypass pipeline) which has been achieved without drilling any new wells or any intervention in existing wells



Columbus (Serica 50%) - Operated Development Project

- Columbus will be drained by a single subsea well, which will be connected to the Arran-Shearwater pipeline, through which Columbus production will be exported along with Arran field production
- At Shearwater the production will be separated into gas and liquids and exported to St Fergus and Cruden Bay respectively
- The Columbus development requires the availability of the Arran to Shearwater pipeline but the Arran partners have chosen to delay that project due to the current business environment. The Columbus partners remain committed to the project
- As a result of a delay to work required on the host's platform, Columbus drilling timing is being reviewed but we still anticipate first production in 2021





Key Milestones

Achieved:

- Oct 18: Field Development Plan approved
- Dec 18:First major contracts placed
- Jun 19:Major long-lead items ordered
- Oct 19: Rig contract signed (Maersk Resilient Jack-Up rig)

Target Date:

- Late 21: First production

SERICA ENERGY

DYNAMIC
INNOVATIVE
INDEPENDENT

MOVING FORWARD

Financial Strength

Diversified portfolio with low decommissioning liability

- **Serica's diverse portfolio has limited decommissioning liability** due to the innovative nature of the Erskine transaction and the various BKR transactions

Increased share of Net Cash Flow in 2020 and beyond

- **Serica's share of BKR Net Cash Flow increased by one-fifth at 1 Jan 2020.** Under the BKR Net Cash Flow Sharing arrangements Serica received 40% of the Net Cash Flow in 2018, rising to 50% in 2019, 60% in 2020 & 2021 and 100% thereafter

Balance sheet strength

- **Serica has no borrowings** (having paid off the small pre-payment facility with BP) and has a decreasing cost profile and increasing cash reserves. This provides the flexibility to pursue growth opportunities and introduce a dividend policy in 2020

Benefitting from historic tax losses

- Serica is still benefitting from the shelter provided by historic tax losses. These losses stood at £40 million at 31-Dec-19 and are expected to **provide cover for 2020 and into 2021**

Corporate Activity

SERICA ENERGY

ONGOING STRATEGY

- We continue to seek new acquisition opportunities to add further value by building on operating efficiencies, reducing cost, exploiting synergies and managing risk
- During 2019 we made proposals in a number of acquisition processes but we were unable to justify offers which met the counterparties’ expectation in terms of price and risk
- In the current crisis facing the industry we feel our caution in this respect has been beneficial and has had the effect of strengthening the Company’s position
- Our business model looks more to combining corporate capabilities and strengths with others to add value, blending Serica’s low cost base, flexibility and operating capabilities with assets which no longer fit the objectives of others

CHARACTERISTICS OF FUTURE TARGETS

- Our operating expertise is Central & Northern North Sea based and, coupled with potential tax synergies, this means that the search for new opportunities is focused primarily on the UKCS
- Serica will not overpay in order to quickly grow our portfolio. We are focused on identifying value rather than volume and will continue to look for the right opportunities where Serica can utilize its multi-skilled operating team to add value to assets that no longer fit the objectives of the current owners
- We are primarily concentrating on production and near-term production opportunities but we aim to expand the portfolio at all stages – exploration, appraisal and development

2020 Expenditure

OPERATING COSTS

- Serica has no borrowings and healthy cash reserves. However, in light of recent commodity price weakness, a thorough evaluation of operating costs has been undertaken
- Despite the additional costs associated with the Bruce caisson repairs it has been possible to identify significant cost savings associated with ongoing operations
- Reductions in 2020 absolute operating costs of 10% have been identified and are being implemented

CAPITAL EXPENDITURE

- The Columbus partners remain committed to the project but are reviewing the drilling timing for the development well due to the unexpected delay to the availability of the Arran to Shearwater pipeline. This would defer approximately £11.5 million of net CAPEX from 2020 to 2021
- The timing of the R3 intervention project (where Serica’s net 2020 share of CAPEX is estimated at £11 million) is under review
- The North Eigg exploration well is still scheduled for 2021. No significant CAPEX is expected on this project in 2020

Maximise production and reduce costs with full emphasis on Health, Safety and the Environment

- Talented, motivated team in place and delivering results
- Focus on maximising economic recovery of oil & gas by reducing costs and remaining profitable at lower commodity prices
- Harness technology and creativity to extend life of fields
- Establish hub strategy for Bruce facilities, attract third-party business and identify exploration opportunities

Identify new growth opportunities

- Positive market credentials of Serica
- Very strong balance sheet
- Enhanced operating capability
- Diversified asset base
- Good standing with regulatory authorities
- Significant scope for organic growth and further acquisitions

Delivering value with strong focus on ethics, safety and the environment

"With significant cash balances at year end, no borrowings or major commitments, strong ongoing production and flexibility in controlling forward budgets, we are in a very strong position."

Tony Craven Walker
Chairman

"As a modern, dynamic energy company operating in a rapidly evolving energy landscape Serica recognises the need to lead a responsible business where our team feels empowered to address environmental and social challenges."

Mitch Flegg
CEO

APPENDIX

Major Shareholders

SERICA ENERGY

As at 31 March 2020	Number of Shares	% of issued Share Capital
GRG UK Oil LLC	46,090,576	17.23%
AXA Investment Management	31,757,260	11.87%
Mr David Hardy	28,622,418	10.70%
Canaccord Genuity Wealth Management	17,744,285	6.64%
BP Exploration Operating Company	13,500,000	5.05%
Polar Capital	11,705,365	4.38%
Hargreaves Lansdown Asset Management	9,420,010	3.52%
Janus Henderson Investors	9,325,533	3.49%
Serica Energy plc Director & Related Holdings	8,359,755	3.13%

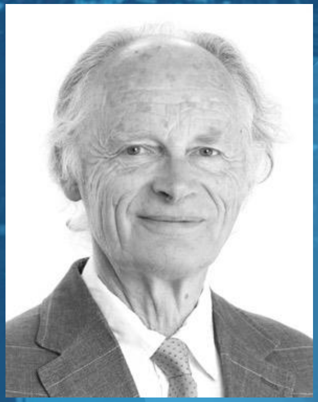
- Information correct as at 31 March 2020
- As at 13 March 2020 the Company had 267,431,723 ordinary shares in issue of which 42.94% is not held in public hands
- The shareholdings shown are the latest notifications made to the Company by shareholders pursuant to the Disclosure Rules and Transparency Rules of the Financial Services Authority acting in its capacity as the UK Listing Authority
- Serica Energy plc holds no shares in treasury

Tony Craven Walker
Executive Chairman

Mitch Flegg
Chief Executive

Kate Coppinger
Non-executive Director
Appointed April 2020

Trevor Garlick
Non-executive Director



Neil Pike
Non-executive Director

Ian Vann
Non-executive Director

Malcolm Webb
Non-executive Director

SERICA ENERGY

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