Serica Energy plc
(“Serica” or the “Company”)

KAMBUNA GAS SALES AGREEMENT

London, 16 January 2008 - Serica Energy plc (AIM & TSX-V: SQZ) announces that the terms of a sale of gas from the Kambuna Field offshore North Sumatra, Indonesia, have been agreed.

The majority of the gas from the Kambuna Field will be sold to the Indonesian State electricity company Perusahaan Listrik Negara (“PLN”) at an initial price of US$4.50 per million Btu escalating at 3% per annum. The gas will be delivered to Pangkalan Brandan and will transported to PLN’s Belawan power station near the city of Medan, via the existing gas transmission network. Medan, in North Sumatra, is the third largest city in Indonesia. The remainder of the gas will be sold at an equal or higher price to an industrial customer through an auction process, with bids due in early February.

Kambuna gas has a high calorific value, and the Company expects an initial realisation of over US$5.00 per thousand standard cubic feet. 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 Kambuna Field is currently under development. A production platform will be installed later this month and three development wells will then be drilled and completed. Onshore and offshore facilities and a 14-inch offshore pipeline will be installed later this year, with production targeted to commence by the end of 2008.

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

Paul Ellis, Serica Chief Executive said: “We are delighted to have achieved excellent terms for the sale of gas from Kambuna. The city of Medan has been short of power for some years and we are pleased that we shall be able to make this new supply of gas available for power generation and industrial uses. “

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