

Serica Energy plc

("Serica" or the "Company")

Operations Update

London, 12 October 2020 - Serica Energy plc (AIM: SQZ) is pleased to provide the following operations update.

Highlights

- Commencement of offshore operations to prepare the Rhum R3 well for production
- Successful installation of first Columbus subsea equipment
- Significantly improved gas prices
- No COVID-19 interruptions to operations or production

Rhum Field: R3 Intervention Project

Offshore operations on the R3 Intervention project have commenced. Awilco Drilling's WilPhoenix semi-submersible drilling rig, has arrived on location and is safely installed over the R3 well.

The Rhum field is situated some 380 km NE of Aberdeen in a water depth of 109 metres. Field development was sanctioned in 2003 and production started in December 2005. Rhum has subsea completions which are tied back to the Bruce platform complex which lies 44 km south of Rhum. The original development plan consisted of three wells but the third of these wells (R3) has never been put into production.

The current work programme will involve recovering equipment left in the well by the previous operator and removing an obstruction that is believed to be in place across parts of the downhole completion. The well will then be recompleted. Rig operations are planned to last approximately 70 days. R3 is already connected to the subsea production infrastructure and it is expected that operations to commence production from R3 will take place in early 2021.

Rhum wells produce predominantly gas with minor levels of condensate. Average Rhum production from the existing two wells in 2019 was 13,775 boe/d net to Serica's 50% field interest. A successful recompletion of R3 will increase the production capacity utilising the existing production facilities located on the Bruce platform and will, therefore, not lead to any significant additional CO₂ emissions. This is in line with Serica's stated objective of reducing the carbon intensity of the operations associated with our production. Further details on Serica's commitment to ESG (Environment, Social & Governance) can be found at www.serica-energy.com/downloads/ESG-report-2019.pdf

A further update on the R3 Intervention project will be provided when rig operations are completed.

Columbus Development

In late September an important milestone was achieved in the Columbus development project with the successful installation of the seabed tie-in structure.

Columbus will be developed by a single subsea well, which will be connected to the Arran to Shearwater pipeline through which Columbus gas and condensate production will be exported co-mingled with Arran field production.

The Arran to Shearwater pipeline has been installed and the first Arran well has been spudded. The installation of the Shearwater to Columbus umbilical is complete and the Columbus tie-in structure has been placed on the seabed adjacent to the proposed wellhead location.

The jack-up rig Maersk Resilient has been contracted to drill the Columbus development well which is planned for the first half of 2021. First production is expected from Columbus in the second half of 2021 with expected production rates net to Serica of 3,500 – 4,000 boe/d to be achieved shortly thereafter.

Commodity Prices

Over 80% of Serica's production is gas and spot gas prices have continued to strengthen following the historically low prices encountered earlier this year. In January this year, average Heren NBP day-ahead spot prices were around 28p/therm but then fell significantly during the early stages of the COVID lock down reaching below 10p/therm on a number of days.

Subsequently, the recovery in gas prices has been strong and in September average spot prices were over 29.5p/therm, a substantial increase over the low point in the first half of the year. The average price in October to date has exceeded 35p/therm. Serica's gas price hedging programme yielded significant gains in the first half of the year and provides further support into 2022.

COVID-19

There have been no confirmed cases of COVID-19 on any of our installations nor, to date, any interruptions to production caused from COVID-19 infections on our or third-party facilities. Serica has not furloughed or laid off any staff during 2020 nor utilized any of the various government schemes that have been made available to support industry during the current pandemic.

Serica has assessed the risk of COVID-19 related matters impacting the availability of equipment and/or personnel for the R3 and Columbus projects and has determined that any such risk currently is insufficient to prevent the execution of these projects.

Mitch Flegg, Chief Executive of Serica Energy, commented:

"We are entering an exciting period of value-adding operations. The R3 Intervention project has the potential to add significant production volumes and can provide valuable optionality to the management of Rhum wells and reservoir. The Columbus development will add further production and diversity to our portfolio.

Serica's net production levels remain strong despite the added complexities associated with operating remote installations in a socially distanced manner. Gas prices have recovered significantly and the gas futures price outlook is good. Our balance sheet remains robust with significant cash reserves, no debt and limited decommissioning liabilities. This will enable us to execute these projects whilst simultaneously continuing to look to take advantage of current market conditions by pursuing opportunities to further expand our portfolio."

Additional Information

Rhum is a gas condensate field producing from two subsea wells, R1 and R2, tied into the Bruce facilities through a 44km pipeline. Rhum production is predominantly gas which is exported to St Fergus for delivery into the National Transmission System. Small quantities of associate condensate are exported onshore via the Forties Pipeline System. The field has produced at relatively constant rates through the past year.

The third well, R3, requires intervention work before it can be brought on production. In 1H 2019, investigative work to assess the condition of the well and associated control systems was successfully carried out and the data gathered was incorporated into planning for the R3 intervention. On 12 May 2020 Serica announced that it had entered into a contract for the provision of a drilling rig for the intervention work on R3 well on behalf of the Rhum partners.

Regulatory

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

The technical information contained in the announcement has been reviewed and approved by Fergus Jenkins, VP Technical at Serica Energy plc. Mr. Jenkins (MEng in Petroleum Engineering from Heriot-Watt University, Edinburgh) is a Chartered Engineer with over 25 years of experience in oil & gas exploration, development and production and is a member of the Institute of Materials, Minerals and Mining (IOM3) and the Society of Petroleum Engineers (SPE).

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NOTES TO EDITORS

Serica Energy is a British independent oil and gas exploration and production company with a portfolio of exploration, development and production assets.

Serica is the operator of the producing Bruce, Keith and Rhum fields in the UK Northern North Sea, holding interests of 98%, 100% and 50% respectively. Serica also holds an 18% non-operated interest in the producing Erskine field in the UK Central North Sea and a 50% operated interest in the Columbus Development.

Further information on the Company can be found at www.serica-energy.com.

The Company's shares are traded on the AIM market of the London Stock Exchange under the ticker SQZ and the Company is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.