

Serica Energy plc

("Serica" or the "Company")

Update on Operations in Namibia

London, 20 December 2013 - Serica Energy plc (TSX & AIM: SQZ) announces that, following a portfolio review, BP has decided not to exercise an option to increase its interest in Luderitz Basin licence 0047, offshore Namibia. The option, which expires at the end of 2013, required BP to drill a well on the licence before the end of 2015.

Accordingly, under the terms of Serica's farm-out agreement with BP, BP will re-assign its 30% interest to Serica with effect from the end of 2013. From that date Serica will hold an interest of 85% in the licence with its partners National Petroleum Corporation of Namibia (Pty) Limited (NAMCOR) holding 10%, and Indigenous Energy (Pty) Limited holding 5%.

With positive results from the 3D survey and recent third party drilling demonstrating the regional presence of both source rock and recovered oil samples, Serica believes that all of the necessary ingredients for significant oil accumulations are present in its licence area. The withdrawal of BP leaves Serica with a valuable and extensive data set and interpretation and provides the Company with an opportunity to attract new partners and to retain a larger percentage interest.

Prospect evaluation

During 2012, Serica undertook an extensive 4,180 square kilometre 3D seismic survey covering approximately 25% of the licensed area, more than meeting its obligations under the licence. The survey undertaken by Serica, which cost approximately US\$50 million including back costs fully funded by BP, was designed to delineate the size and nature of Prospect B, one of three large structures identified on the licence at Lower Cretaceous (Barremian) level, and to examine prospects at shallower level. The results of this survey, which is of high data quality, are positive.

Processing of the data confirms Prospect B as having the clear characteristics of a large carbonate platform extending over 700 square kilometres with a vertical closure of up to 300 metres. An independent competent persons report by Netherland Sewell and Associates has estimated the gross prospective oil resource for Prospect B at 622 million barrels (best estimate case) with an associated risk of 16%. These estimates are in line with Serica's own internal estimates. The expectation of a predominantly carbonate structure has been reinforced by third party drilling to the south which has proven the presence of large structures with associated carbonate build-up at Lower Cretaceous level.

The survey also confirms the presence of large submarine canyon-channel turbidite sand systems at both Lower and Upper Cretaceous levels. These, together with further leads and other large prospects on the licence, provide considerable additional potential. This is recognised in the Netherland Sewell and Associates report which gives a combined best estimate of gross unrisked prospective oil resources associated with 7 prospects and 2 leads identified on licence of 2,297 million barrels and 437 million barrels respectively.

Tony Craven Walker, Chairman and Interim CEO, said

"We appreciate the significant contribution that BP has made to the early stage exploration of our Luderitz blocks. The 3D survey which we undertook with them and

which was fully funded by BP has clearly demonstrated the very real potential that exists on the blocks and which has been confirmed by independent reports.

We shall now progress discussions with other major companies who have expressed an interest to participate in the next stage, which will include the drilling of a well. We are excited about the prospects and, with the benefit of extensive 3D coverage providing clear evidence of the potential, we expect to be able to retain an increased position in the drilling phase."

Enquiries:

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NOTES TO EDITORS

Serica Energy is an oil and gas exploration and production company with exploration and development assets in the UK and Norway and exploration interests in the Atlantic margins offshore Ireland and West Africa. The Company is actively exploring its licences offshore UK, Ireland, Morocco and Namibia in partnership with other companies. Further information on the Company can be found at www.serica-energy.com.

The Company is listed on both the Toronto Stock Exchange and the London AIM under the ticker SQZ. To receive Company news releases via email, please contact serica@collegehill.com and specify "Serica press releases" in the subject line.

The technical information contained in the announcement has been reviewed and approved by Mitch Flegg, Chief Operating Officer of Serica Energy plc. Mitch Flegg (BSc in Physics from Birmingham University) has 32 years of experience in oil & gas exploration and development and is a member of the Society of Petroleum Engineers (SPE) and the Petroleum Exploration Society of Great Britain (PESGB).

This announcement and the Competent Person's Report have been prepared in accordance with Canadian National Instrument 51-101.

GLOSSARY

Prospective Resources	are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. They should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event of a petroleum discovery being made.
Prospect	a potential accumulation that is sufficiently well defined to represent a viable drilling target

Lead	a potential accumulation that requires more data acquisition and/or evaluation in order to be classified as a prospect
3D Seismic	a set of closely spaced seismic lines that provide a spatially sampled measure of subsurface reflectivity
Best Estimate	an estimate of quantities made on the basis that it is equally likely that the actual quantities will be greater or less than the best estimate. If probabilistic methods are used there is at least a 50% probability (P ₅₀) that the quantities will equal or exceed the best estimate

FORWARD LOOKING STATEMENTS

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: geological, geophysical and technical risk, the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive therefrom.