

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

## Update on BKR Transaction

**London, 7 September 2018** - Serica Energy plc (AIM: SQZ) announces that it has today agreed with BP to extend the completion timetable for the BKR transaction for one month until early November 2018. This extension is to enable outstanding regulatory and partner consent processes to be completed, including processes by the US Office of Foreign Assets Control (OFAC) relating to the Rhum Field.

These consents are part of the conditions for completion as set out when the BKR transaction was announced. For operational and logistical reasons to ensure a safe and efficient transfer of ownership and operations, they are required a few weeks before transfer of operations can commence. Serica and BP are working closely together and are committed to achieving this new timetable. The terms of both the BP transaction and the related transaction with Total remain unchanged.

In particular, Serica continues to be entitled to a share of net cash flows from the BKR Assets relating to the BP and Total interests during the period from the effective date of the BP and Total acquisitions (1 January 2018) to the date of Completion. This will continue to be the case under the extended timeline, with gas prices achieving record levels during the effective period since the start of the year.

All other transition requirements, including transfer of offshore and onshore staff, readiness of operating, safety and environmental procedures and transfer of all contractual obligations, are ready to complete once all outstanding consents have been received. Serica has made good progress with the acquisition and transition programme, working closely with BP, and will be ready to assume operatorship of the BKR Assets once the outstanding conditions have been met.

### **Mitch Flegg, Chief Executive of Serica Energy, commented:**

“We have taken the decision to extend the completion period on BKR as a practical measure that provides additional time for the approvals process to complete. We are working closely with the various authorities and with field partners to satisfy all remaining conditions and we appreciate the commitment that the relevant parties are making as we near completion of this complex transaction. Serica is well prepared to assume operatorship of the assets. Together with BP, we remain fully committed to completing the BKR deal.

Completion of these important transactions will enable Serica to assume operatorship and optimise the full performance of these valuable UK offshore assets, extend producing life where possible and ensure maximum recovery of remaining reserves. Coming at a time of strong gas prices and significantly improved oil prices the Company is set to benefit from the resultant strong cash flows which have occurred since the start of the year, as well as from resumed production at Erskine which is expected to occur later this month as planned. We look forward to achieving these objectives and remain on track to do so.”

### **Technical Information**

The technical information contained in the announcement has been reviewed and approved by Clara Altobell, VP Technical at Serica Energy plc. Clara Altobell (MSc in Petroleum Engineering from Imperial College, London) has over 20 years of experience in oil & gas exploration, production and development and is a member of the Society of Petroleum Engineers (SPE) and the Petroleum Exploration Society of Great Britain (PESGB).

### **Regulatory**

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

## Enquiries

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## Notes to Editors

Serica Energy is an oil and gas exploration and production company with exploration, development and production assets in the UK and exploration interests in the Atlantic margins offshore Ireland and Namibia. Serica holds an 18% non-operated interest in the Erskine field in the UK Central North Sea and a 50% operated interest in the Columbus field scheduled to commence development in 2019.

In November 2017 Serica announced the BKR Transaction under which Serica UK will acquire interests in the Bruce, Keith and Rhum fields in the North Sea and associated infrastructure from BP. Under the terms of the BKR Transaction Serica UK will acquire a 36% interest in Bruce, a 34.83% interest in Keith and a 50% interest in Rhum. The deal has an effective date of 1 January 2018.

In August 2018, Serica announced the proposed acquisition of further interests in the Bruce and Keith fields and associated infrastructure in the UK North Sea from Total E&P UK Limited ("Total E&P") ("BK Acquisition"). Under the SPA, Serica will acquire a 42.25% interest in the Bruce field and a 25% interest in the Keith field and associated infrastructure ("BK Assets"). The BK Acquisition also has an effective date of 1 January 2018 and completion will be subject to completion of the BKR Transaction.

Further information on the Company can be found at [www.serica-energy.com](http://www.serica-energy.com).

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