

THIS CIRCULAR AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this circular and/or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares in Serica Energy plc before the date that the Existing Ordinary Shares are marked “ex-entitlement” to the Open Offer by the London Stock Exchange, please immediately forward this circular, together with the accompanying Application Form and Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares you should retain this circular and the accompanying Application Form and Form of Proxy and should immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected. This circular and any accompanying documents should not be sent or transmitted in or into, any jurisdiction where to do so might constitute a violation of local securities law or regulations including, but not limited to, any Restricted Jurisdiction. In addition, Shareholders in the United States will not be eligible to acquire Open Offer Shares, Open Offer Entitlements or Excess Open Offer Entitlements in connection with the Open Offer and, subject to very limited exceptions, were not eligible to acquire Placing Shares in connection with the Placing. See section 7 of Part IV of this circular for further information.

The total consideration under the Open Offer shall be less than €5 million (or an equivalent amount) in aggregate and the Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Directive or otherwise in circumstances not resulting in an offer of transferable securities to the public under Section 102B of FSMA. Therefore, in accordance with Section 85 and Schedule 11A of FSMA, this circular is not, and is not required to be, a prospectus for the purposes of the Prospectus Rules and has not been prepared in accordance with the Prospectus Rules. Accordingly, this circular has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (“FCA”), pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, the Toronto Stock Exchange, any securities commission or any other authority or regulatory body. In addition, this circular does not constitute an admission document drawn up in accordance with the AIM Rules.

SERICA ENERGY PLC

(Incorporated in England and Wales with registered number 05450950)

**Placing of 56,870,934 New Ordinary Shares at a price of
18 pence per share**

**Open Offer of up to 22,846,288 New Ordinary Shares at a price of
18 pence per share**

and

Notice of General Meeting

PEEL HUNT LLP

Nominated Adviser and Joint Broker

RBC CAPITAL MARKETS

Joint Broker

This circular should be read as a whole. Your attention is drawn in particular to the letter from the Chairman of Serica Energy plc which is set out in Part I of this circular and, in particular, to paragraph 16 which contains the unanimous recommendation from the Directors that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting referred to below. In addition, your attention is drawn to Part II of this circular entitled “Risk Factors” which contains a discussion of certain factors that should be considered by Shareholders when considering whether or not to make an investment in the Company.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 8 November 2013. The procedure for acceptance and payment is set out in Part IV of this circular and, where relevant, in the Application Form.

Notice of a General Meeting of Serica Energy PLC to be held at 11.00 a.m. Greenwich Mean Time (“GMT”) on 11 November at the offices of College Hill, The Registry, Royal Mint Court, London EC3N 4QN, United Kingdom is set out at the end of this circular. A Form of Proxy for use at this General Meeting is enclosed. To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon to the Company’s UK Registrars, Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or the Company’s Canadian Transfer Agent, Equity Financial Trust Company, at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, Canada as soon as possible but in any event so as to arrive not later than 6.00 p.m. GMT on 7 November 2013 together with any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish.

Peel Hunt LLP (“**Peel Hunt**”), which is authorised by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Placing or the Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matter referred to herein. Its responsibilities as the Company’s nominated adviser and joint broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed to the London Stock Exchange and the Company and not to any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this circular. No representation or warranty, express or implied, is made by Peel Hunt as to any of the contents of this circular.

RBC Europe Limited (trading as RBC Capital Markets) (“**RBC Capital Markets**”), which is authorised by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this circular) as a client in relation to the Placing or the Open Offer and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matter referred to herein. Its responsibilities as the Company’s joint broker under the AIM Rules for Companies are owed to the London Stock Exchange and the Company and not to any other person in respect of his decision to acquire New Ordinary Shares in reliance on any part of this circular. No representation or warranty, express or implied, is made by RBC Capital Markets as to any of the contents of this circular.

The Existing Ordinary Shares are admitted to trading on AIM, a market operated by the London Stock Exchange, and listed on the TSX. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and has been made to the Toronto Stock Exchange for conditional approval for the listing of the New Ordinary Shares on the TSX. It is expected that Admission will become effective and that dealings in the New Ordinary Shares to be issued pursuant to the Placing and the Open Offer will commence at 8.00 a.m. GMT on 15 November 2013.

This circular does not constitute a prospectus or a prospectus equivalent document. This circular cannot be relied on for any investment contract or decision. No person has been authorised to give any information or make any representation and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, the Directors, Peel Hunt or RBC Capital Markets. In particular, the content of the Company’s website does not form part of this circular and Shareholders and prospective shareholders should not rely on it.

Qualifying non-CREST Shareholders will find an Application Form accompanying this circular. Qualifying CREST Shareholders (none of whom will receive an Application Form) will receive a credit to their stock accounts in CREST in respect of the Open Offer Entitlements which will be enabled for settlement at 8.00 a.m. on 24 October 2013. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked “ex-entitlement”.

If the Open Offer Entitlements are for any reason not enabled by 3.00 p.m. or such later time as the Company may decide on 24 October 2013, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements credited to its stock account in CREST. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST Sponsors regarding the action to be taken in connection with this circular and the Open Offer. Applications for Excess Shares pursuant to the Excess Application Facility may be made by the Qualifying Shareholder provided that their Open Offer Entitlement has been taken up in full and subject to being scaled back in accordance with the provisions of this circular.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

Whether or not you intend to be present at the General Meeting, please complete the Form of Proxy enclosed with this circular in accordance with the instructions printed on the Form of Proxy and return it to Capita Asset Services by no later than 6.00 p.m. GMT on 7 November 2013 in order to be valid. Completion and return of the Form of Proxy will not preclude you from attending and voting at the General Meeting should you so wish.

Copies of this circular are available free of charge from Serica Energy plc, 52 George Street, London W1U 7EA.

Notice to Overseas Shareholders

None of this circular and/or the accompanying documents should be distributed, forwarded, or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the Restricted Jurisdictions. In addition, the transfer of Open Offer Entitlements or Excess Open Offer Entitlements through CREST, in jurisdictions other than the UK, including the Restricted Jurisdictions, may be restricted by law and therefore persons into whose possession this circular comes should inform themselves about and

observe any of those restrictions. Any failure to comply with any of those restrictions may constitute a violation of the securities laws of any such jurisdiction.

This circular does not constitute, and may not be used for the purposes of, any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares to or by anyone in any jurisdiction in which such offer, invitation or solicitation is unlawful or to any person to whom it is unlawful to make such offer or invitation or undertake such solicitation. The distribution of this circular and the offering of New Ordinary Shares in certain jurisdictions, including (without limitation) the Restricted Jurisdictions, may be restricted by law and, accordingly, persons into whose possession this circular comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of the jurisdiction concerned.

This circular and the Application Form do not constitute an offer of the New Ordinary Shares to any person with a registered address, or who is resident or located, in any of the Restricted Jurisdictions. This circular is being sent to Shareholders with registered addresses in the Restricted Jurisdictions for information only in connection with the General Meeting. Shareholders with registered addresses (or who are otherwise located) in the Restricted Jurisdictions will not be sent an Application Form.

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the US Securities Act or under the applicable state securities laws of the United States or under the applicable securities laws of Australia, Canada, Japan, New Zealand, Russia or the Republic of South Africa. Subject to certain exceptions, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, taken up, delivered or transferred in or into the any of the Restricted Jurisdictions. In particular, none of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements may be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of any of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements in the United States.

Neither the SEC nor any state securities commission or other US regulatory authority has approved or disapproved of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements or endorsed the merits of the Capital Raising or the adequacy or accuracy of this circular. Any representation to the contrary is a criminal offence in the United States.

In addition, subject to certain exceptions, Application Forms are not being posted to and no Open Offer Entitlements or the Excess Open Offer Entitlements will be credited to a stock account of any person in any of the Restricted Jurisdictions. The New Ordinary Shares are not being offered to residents of Canada, and such New Ordinary Shares issued to residents of countries other than Canada may not be sold, transferred or otherwise disposed on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission. The attention of Overseas Shareholders and other recipients of this circular who are residents or citizens of any country other than the United Kingdom is drawn to the section entitled "Overseas Shareholders" at section 7 of Part IV of this circular. This circular and the New Ordinary Shares may not be redistributed or forwarded directly or indirectly into any Restricted Jurisdiction.

For a description of the restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this circular, see section 7 of Part IV of this circular.

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DIRECTORS AND ADVISERS

Directors	Antony Craven Walker (<i>Chairman and Interim Chief Executive</i>) Mitchell Flegg (<i>Chief Operating Officer</i>) Christopher Hearne (<i>Finance Director</i>) Jeffrey Harris (<i>Non-Executive Director</i>) Neil Pike (<i>Non-Executive Director</i>) Steven Theede (<i>Non-Executive Director</i>) Ian Vann (<i>Non-Executive Director</i>) all of: 52 George Street London, W1U 7EA (the registered office of the Company)
Company Secretary	Janette Davies
Nominated Adviser and Joint Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Joint Broker	RBC Europe Limited (trading as RBC Capital Markets) Riverbank House 2 Swan Lane London EC4R 3BF
Legal Advisers to the Company	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG
Canadian Legal Advisers to the Company	Stikeman Elliott Dauntsey House 4B Frederick's Place London EC2R 8AB
Legal Advisers to Peel Hunt & RBC Capital Markets	Travers Smith LLP 10 Snow Hill London EC1A 2AL
UK Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Receiving Agent for the Open Offer	Capita Asset Services Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Canadian Registrars	TMX Equity Transfer Services 200 University Avenue Suite 400 Toronto Ontario M5H 4H1 Canada

CAPITAL RAISING STATISTICS

Issue Price	18 pence
Number of Existing Ordinary Shares in issue on the Record Date	182,770,310
Number of New Ordinary Shares to be issued pursuant to	
the Placing	56,870,934
the Open Offer	Up to 22,846,288
Basis of the Open Offer	1 New Ordinary Share for every 8 Existing Ordinary Shares
Enlarged Ordinary Share Capital following completion of the Placing and the Open Offer	Up to 262,487,533
Percentage of the Enlarged Ordinary Share Capital represented by the New Ordinary Shares ⁽¹⁾	30.4%
Gross proceeds of the Placing	£10.2 million
Gross proceeds of the Open Offer	Up to £4.1 million
£:US\$ exchange rate used in this circular	£1:US\$1.619
£:€ exchange rate used in this circular	£1:€1.1832

Note:

(1) Assuming the take-up in full of the Open Offer.

EXCHANGE RATES

In the circular, references to “pounds sterling”, “£”, “pence” and “p” are to the lawful currency of the United Kingdom and references to “US dollars”, “\$” and “cents” are to the lawful currency of United States of America. Unless otherwise stated, the basis of translation of pounds sterling into US dollars for the purposes of inclusion in this circular is £1.00/US\$1.619.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2013

Record Date for entitlement under the Open Offer	5.00 p.m. on 21 October
Announcement of the Placing and Open Offer and Ex-Entitlement Date	22 October
Posting of this circular, the Form of Proxy and, to Qualifying non-CREST shareholders only, the Application Form	23 October
Open Offer Entitlements and Excess CREST Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	8.00 a.m. on 24 October
Latest recommended time and date for requesting withdrawal of Open Offer Entitlements and Excess CREST Open Offer Entitlements from CREST	4.30 p.m. on 4 November
Latest time for depositing Open Offer Entitlements and Excess CREST Open Offer Entitlements into CREST	3.00 p.m. on 5 November
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims)	3.00 p.m. on 6 November
Latest time and date for receipt of Forms of Proxy from Shareholders	6.00 p.m. on 7 November
Latest time and date for receipt of completed Application Forms and payment in full from Qualifying Shareholders under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 8 November
Expected time and date of announcement of results of the Open Offer	7.00 a.m. on 11 November
General Meeting	11.00 a.m. on 11 November
Expected time of announcement of results of the General Meeting	afternoon of 11 November
Admission effective and dealings in the Placing Shares and the Open Offer Shares expected to commence on AIM; the listing of the Placing Shares and the Open Offer Shares on TSX expected to become unconditional	8.00 a.m. on 15 November
Expected date for crediting of the Placing Shares and the Open Offer Shares in uncertificated form to CREST stock accounts	8.00 a.m. on 15 November
Expected date of dispatch of share certificates in respect of the Placing Shares and the Open Offer Shares	22 November

Notes:

- (1) If you have any questions on the procedure for acceptance and payment, you should contact Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or by telephone on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Capita cannot provide financial advice on the merits of the Capital Raising or as to whether or not you should take up your entitlement.
- (2) The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this circular may be adjusted by Serica in which event details of the new dates will be notified to AIM and, where appropriate, to Shareholders.
- (3) All references to time in this circular are to time in London, United Kingdom.

DEFINITIONS

The following definitions apply throughout this circular, unless the context requires otherwise:

“2006 Act”	the UK Companies Act 2006
“Admission”	the admission to trading on AIM of the Placing Shares and the Open Offer Shares, which is expected to take place at 8.00 a.m. on 15 November 2013
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies”	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
“AIM Rules for Nominated Advisers”	the rules for nominated advisers to AIM companies, as published and amended from time to time by the London Stock Exchange
“Applicant”	a Qualifying Shareholder or a person entitled by virtue of a <i>bona fide</i> market claim who lodges an Application Form under the Open Offer
“Application Form”	the application form which accompanies this circular on which Qualifying non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
“Articles”	the existing articles of association of the Company as at the date of this circular
“bopd”	barrels of oil per day
“Board” or “Directors”	the directors of the Company from time to time
“Business Day”	any day (other than a Saturday or Sunday) upon which commercial banks are open for business in London, UK and Toronto, Canada
“Capita”	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, United Kingdom
“Capital Raising”	the Placing and the Open Offer, taken together
“CCSS”	the CREST courier and sorting service, established by Euroclear UK & Ireland to facilitate, <i>inter alia</i> , the deposit and withdrawal of certificated securities
“Company” or “Serica”	Serica Energy plc
“CREST”	the relevant system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland in accordance with the CREST Regulations
“CREST member”	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the CREST Regulations)
“CREST participant”	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations)
“CREST payment”	shall have the meaning given in the CREST Manual issued by Euroclear UK & Ireland
“CREST Regulations”	the Uncertificated Securities Regulations 2001, as amended

“CREST Sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member (which includes all CREST Personal Members)
“DECC”	the UK Department of Energy & Climate Change
“Enlarged Share Capital”	the issued ordinary share capital of the Company immediately following Admission
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Application Facility”	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements
“Excess CREST Open Offer Entitlements”	in respect of each Qualifying CREST Shareholder, the entitlement to apply for Open Offer Shares in addition to his Open Offer Entitlement credited to his stock account in CREST, pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this circular
“Excess Open Offer Entitlement”	an entitlement for each Qualifying Shareholder to apply to subscribe for Open Offer Shares in addition to his Open Offer Entitlement pursuant to the Excess Application Facility which is conditional on him taking up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this circular
“Excess Shares”	New Ordinary Shares in addition to the Open Offer Entitlement for which Qualifying Shareholders may apply under the Excess Application Facility
“Existing Ordinary Shares”	the existing ordinary shares of US\$0.10 in the capital of the Company
“Form of Proxy”	the form of proxy accompanying this circular
“FCA”	the Financial Conduct Authority of the United Kingdom
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting”	the general meeting of Shareholders to be held at the offices of College Hill, The Registry, Royal Mint Court, London EC3N 4QN, United Kingdom at 11.00 a.m. GMT on 11 November 2013
“GRG”	Global Reserve Group LLC, an entity founded by Mr Jeffrey Harris and in which he holds a controlling beneficial interest
“GRG UK Oil”	GRG UK Oil LLC, a wholly-owned subsidiary of GRG and the entity through which GRG's interest in the New Ordinary Shares will be held
“Group”	the Company, together with its subsidiary undertakings
“HPHT”	high pressure, high temperature
“Independent Director”	Mr. Steven Theede
“ISIN”	International Securities Identification Number

“Issue Price”	18 pence per New Ordinary Share
“London Stock Exchange”	London Stock Exchange plc
“Member Account ID”	the identification code or number attached to any member account in CREST
“mmscfd”	million standard cubic feet of gas per day
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (as amended)
“New Ordinary Shares”	up to 79,717,222 new ordinary shares of US\$0.10 each to be issued pursuant to the Capital Raising
“Official List”	the daily official list maintained by the Financial Conduct Authority
“Open Offer”	the invitation to Qualifying Shareholders, conditional on passing of Resolutions 1 and 2 set out in the Notice of General Meeting at the end of this circular, to apply to subscribe for New Ordinary Shares at the Issue Price on the terms and subject to the conditions set out in Part II of this circular and, where relevant, in the Application Form
“Open Offer Entitlement”	the <i>pro rata</i> basic entitlement for Qualifying Shareholders to apply to subscribe for one Open Offer Share for every eight existing Ordinary Shares held by them on the Record Date pursuant to the Open Offer
“Open Offer Shares”	the 22,846,288 New Ordinary Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer
“Ordinary Shares”	the ordinary shares of US\$0.10 each in the capital of the Company
“Overseas Shareholder”	a Shareholder who is resident, or who is a citizen of, or who has a registered address in a jurisdiction outside the United Kingdom
“Participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
“Peel Hunt”	Peel Hunt LLP
“Placees”	the persons who conditionally agree to subscribe for New Ordinary Shares in the Placing
“Placing”	the placing of the Placing Shares at the Issue Price by Peel Hunt and RBC Capital Markets, as described in Part I of this circular
“Placing and Open Offer Agreement”	the conditional agreement dated 22 October 2013 between the Company, Peel Hunt and RBC Capital Markets relating to the Placing and the Open Offer
“Placing Shares”	the 56,870,934 New Ordinary Shares which have conditionally been placed firm with certain institutional and other investors by Peel Hunt and RBC Capital Markets and are to be issued by the Company pursuant to the Placing
“Prospectus Rules”	the rules made by the FCA under Part VI of FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market

“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date were held in uncertificated form
“Qualifying non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company at the close of business on the Record Date were held in certificated form
“Qualifying Shareholders”	holders of Existing Ordinary Shares on the register of members of the Company at the Record Date (but excluding any Overseas Shareholders who are resident in, or who are citizens of, or who have a registered address in a Restricted Jurisdiction)
“RBC Capital Markets”	RBC Europe Limited (trading as RBC Capital Markets)
“Record Date”	5.00 p.m. in London on 21 October 2013 in respect of the entitlements of Qualifying Shareholders under the Open Offer
“Receiving Agent”	Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK
“Registrars”	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK and/or Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, Canada
“Resolutions”	the resolutions to be proposed at the General Meeting, the full text of which is set out in the Notice of General Meeting at the end of this circular
“Restricted Jurisdiction”	each and any of the United States of America, Australia, Canada, Japan, New Zealand, Russia and the Republic of South Africa and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations
“SEC”	the US Securities Exchange Commission
“Shareholder”	a holder of Ordinary Shares
“sterling”, “pounds sterling”, “£”, “pence” or “p”	the lawful currency of the United Kingdom
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited
“TSX”	Toronto Stock Exchange
“UK Listing Authority”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“US\$” or “US dollar”	the lawful currency of the United States of America
“US Securities Act”	the United States Securities Act of 1933

Part I

Letter from the Chairman

SERICA ENERGY PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05450590)

Directors:

Antony Craven Walker (*Chairman and Interim Chief Executive*)
Mitchell Flegg (*Chief Operating Officer*)
Christopher Hearne (*Finance Director*)
Jeffrey Harris (*Non-Executive Director*)
Neil Pike (*Non-Executive Director*)
Steven Theede (*Non-Executive Director*)
Ian Vann (*Non-Executive Director*)

Registered Office:

52 George Street
London, W1U 7EA

22 October 2013

Dear Shareholder,

Placing and Open Offer and Notice of General Meeting

1. Introduction

Serica has announced that it proposes to raise up to approximately £14.3 million (approximately US\$23.2 million) (before expenses) by the issue of up to 79,717,222 New Ordinary Shares. The Issue Price of 18 pence per New Ordinary Share represents a 1.4 per cent. discount to the closing middle market price of 18.25 pence per Existing Ordinary Share on 21 October 2013, being the last Business Day before the announcement of the Capital Raising.

The Capital Raising is being made by way of a firm placing with institutional and other investors and an open offer, thus providing the Company's existing Qualifying Shareholders with the opportunity to participate in the fundraising through the Open Offer. The Directors and their connected persons (including GRG UK Oil, a wholly-owned subsidiary of GRG, an entity founded by Mr Jeffrey Harris and in which he has a controlling beneficial interest) have irrevocably committed to subscribe for 23,074,186 New Ordinary Shares at the Issue Price in the Placing, raising approximately £4.2 million (approximately US\$6.7 million) in aggregate.

The Placing comprises the conditional placing of New Ordinary Shares with institutions and other investors. As the allotment and issue of the Placing Shares will exceed the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, a General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Placing and the Open Offer. If issued, the Placing Shares will raise gross proceeds of up to approximately £10.2 million (approximately US\$16.6 million) for the Company.

The Board recognises and is grateful for the continued support received from Shareholders and has therefore decided to offer all Shareholders the opportunity to participate in a further issue of new equity in the Company by launching the Open Offer to issue up to 22,846,288 further New Ordinary Shares to Qualifying Shareholders at the Issue Price. Qualifying Shareholders may subscribe for Open Offer Shares on the basis of one Open Offer Share for every eight Existing Ordinary Shares held on the Record Date. Shareholders subscribing for their full entitlement under the Open Offer may also request additional New Ordinary Shares through the Excess Application Facility.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of up to approximately £4.1 million (up to approximately US\$6.7 million) for the Company.

The New Ordinary Shares to be issued pursuant to the Placing and Open Offer are to be admitted to trading on AIM, and the TSX will have granted conditional approval with regard to the listing of the New Ordinary

Shares on the TSX at the time of Admission, which is expected to take place at 8.00 a.m. on 15 November 2013.

The net proceeds of the Capital Raising (after commission and expenses of the Capital Raising) will be used principally to fund the proposed work programme detailed in section 5 of Part I of this circular and to expand Serica's portfolio in areas in which it has early entrant advantage and has opportunities to utilize its proprietary data and knowledge. Further details on the background to and the reasons for the Capital Raising are given in section 3 of this Part I.

The Placing and the Open Offer are each conditional upon, *inter alia*, the approval by Shareholders of Resolutions 1 and 2 which will be sought at the General Meeting to be held at 11.00 a.m. on 11 November 2013, notice of which is set out at the end of this circular. Should Shareholder approval of these resolutions not be obtained at the General Meeting, the Capital Raising as currently envisaged will not proceed.

The purpose of this letter is to explain to Shareholders the background to, and reasons for, the Capital Raising by means of the Placing and the Open Offer. To enable the Company to implement the Placing and the Open Offer, the Company is seeking the approval by Shareholders of the Resolutions which are to be put to the General Meeting of the Company to be held at the offices of College Hill, The Registry, Royal Mint Court, London EC3N 4QN, United Kingdom at 11.00 a.m. on 11 November 2013. The Notice convening the General Meeting is set out at the end of this circular and a Form of Proxy is also enclosed for you to complete. This letter includes an explanation of the Resolutions.

2. Information on Serica Energy plc

Serica is a UK based oil and gas company with exploration interests in the emerging Atlantic Margins offshore Ireland, Morocco and Namibia and exploration and development assets offshore the UK and Norway. Serica's Existing Ordinary Shares are listed on AIM in London and the TSX in Toronto.

Serica has had notable success in its approach to risk management and now has a balanced portfolio of prospects in a variety of plays where the costs of early stage exploration are being largely covered by third parties, underpinned by its core assets of Columbus and Bream in the UK and Norway. In particular, the Group has entered into farm-out arrangements with a total net carry value to Serica of c. US\$60 million in respect of interests in the Luderitz basin in Namibia, at Fom Draa and at Sidi Moussa in Morocco and in Block 22/19c and Blocks 113/26b and 27c in the UK, all in the last eighteen months.

Serica is the operator of many of its properties, giving it a high degree of control. It is the operator for its properties in the Irish Atlantic Margin, it operates a major licence offshore Namibia and, in Morocco, it was technical operator for two offshore blocks before farming out to Cairn Energy and Genel Energy respectively in 2012. In the UK, Serica is the Operator for the Columbus field and operated the block in the East Irish Sea which contains the Doyle prospect before farming out to Centrica in June 2013.

Emerging Atlantic Margins

In Namibia, since the initial acreage award in December 2011, Serica has completed the acquisition and interpretation of a major seismic survey which confirms the material exploration potential in blocks in which it has retained 55% (subject to a reduction to 17.5% if BP exercises its existing option by the end of 2013 to drill a well). This survey, involving expenditure of c. US\$50mm, was conducted at no material cost to Serica and is a prelude to a drilling programme which the Company expects to see in 2014 and 2015.

In Morocco, Serica secured farm-outs which have resulted in Serica being largely carried in two wells to be drilled in 2013 and 2014. At Fom Draa, drilling is expected to commence imminently and at Sidi Moussa, drilling is due to commence in the second quarter of 2014.

In Ireland, work undertaken by Serica has identified new exploration potential in both its Slyne Basin blocks, in which the Group discovered oil in 2009, and in its Rockall Basin blocks where the Group has recently applied to convert its Licence Option to a full Frontier Exploration Licence, thus complementing and extending the potential it sees in the area licensed to Serica which includes the Muckish prospect.

In these emerging frontier exploration areas, Serica has been able to achieve material holdings with minimal cash expenditure.

United Kingdom and Norway

In the UK, the Group has accumulated a gas-focused exploration programme and development portfolio which it believes places it in a strong position to benefit from the current period of gas supply shortages in the UK and expected continuing strong UK gas prices. Serica's interests include a 33.2% interest in the proven Columbus gas condensate field (agreed among the relevant block owners subject to project sanction), which it operates, a 20% capped carried interest in the Doyle gas prospect expected to be drilled in 2014, a 15% carried interest in Block 22/19c in the Central North Sea in which the Rowallan HPHT gas condensate prospects have been identified in the Jurassic and Triassic, and a 37.5% interest in several blocks and part blocks surrounding the producing York gas field, in which a number of gas targets have been identified from both existing 3D seismic data and a new survey completed in early July 2013.

In Norway, Serica has an economic interest in the Bream field, under which upon the start of oil production the Company is due to receive a cash sum, which, on the basis of current oil prices, is expected to be substantial. On 20 August 2013 the operator of the Bream project announced that submission of a plan of development for the Bream area is targeted for the first half of 2014.

3. Background to and reasons for the Capital Raising

As a result of its approach to risk management, Serica now has a number of opportunities for material growth at limited cost and is well placed to build upon the position it has achieved in the areas in which it has a presence, where it has built experience and technical knowledge. This position has been achieved over a five year period during which the Group has operated without recourse to equity funding, demonstrating both the Group's prudent approach to cash management and its technical capabilities.

The Group is now entering a period in which it will see a number of wells drilled, largely funded by third parties. The outcome of these wells is likely to lead to significant follow on programmes to appraise the results of drilling and it is important that the Group has the resources to participate in these programmes. In the case of the two wells to be drilled in Morocco, the gross well costs subject to the carries are capped at US\$60 million (Foum Draa) and US\$50 million (Sidi Moussa) and in the case of the Doyle prospect the gross well cost subject to carry is capped at £11 million (approximately US\$17.8 million). Although the cost of the Doyle well is not anticipated to exceed this amount, the costs of each of the two wells in Morocco are expected to be higher than the capped levels which will require a limited contribution to well costs from the Group.

The Group also needs funds to bring other existing projects to maturity in order either to realise the value of these projects or to bring in new partners. These include providing balance sheet support to achieve infrastructure access and project sanction for the Columbus field, site preparation work for drilling offshore Ireland and pre-drilling work in Namibia. In addition, Serica wishes to expand and grasp new opportunities which result from its early-mover advantage, its strong reputation and the good local relationships which it has gained in the areas in which it is active.

It remains a key plank of the Group's strategy to realise the value of assets as they reach maturity, and Serica has demonstrated its ability to achieve this objective through previous asset sales. However, the Company believes that it is not in Shareholders' interest to do this prematurely or without full consideration of the strategic options and alternatives for the asset. In the case of both the Columbus and Bream assets the Group expects to see material increase in value at the time of project sanction, and believes that there is potential for this to occur in both cases in the near future.

The Capital Raising is aimed at putting the Company onto a stronger footing to improve its ability to fund upcoming expenditure in order to bring projects to maturity whilst enabling the Group to optimise, and ultimately realise, value across its portfolio.

4. Current trading and prospects

On 30 May 2013, the Company announced the Group's results for the year ended 31 December 2012. Subsequently, the Company provided a full corporate and operational update and presentation at its Annual General Meeting held on 27 June 2013 and, on 17 September, announced its Interim Report for the six months to 30 June 2013.

Group production for the six months to 30 June 2013 was derived from the Group's 25% interest in the Kambuna field in Indonesia. Gross gas production from the field averaged 6.2 mmscfd during the period with average condensate production of 518 bopd. As a result of this production Serica generated a gross profit of US\$0.6 million (unaudited) for the six months ended 30 June 2013. The Kambuna field has been in natural decline for some time and it was determined that the economic production threshold had been reached on 11 July 2013, when the field was shut in. The Kambuna field was Serica's only source of production and its sole remaining interest in Indonesia. As a result of the closure of the field the Group does not currently generate any income from production.

Work continued throughout the first half of 2013 on all of the Group's exploration licences.

In Namibia, the interpretation of 4,180 square kilometres of 3D seismic data acquired in 2012 is nearing completion. Interpretation of the fast-track and final data sets has confirmed the presence of a major Lower Cretaceous prospect with seismic data exhibiting characteristics of a carbonate platform with areal extent over 700 km² and vertical closure in excess of 300 metres. The data has also confirmed the presence of stacked prospectivity at shallower levels, a large canyon-channel sand system and additional potential prospects on the shelf edge. BP has an option, exercisable by the end of 2013, to increase its current interest in the block from 30% to 67.5% by drilling an exploration well.

In Morocco, Cairn Energy and Genel Energy are preparing to commence drilling operations on the Fom Draa and Sidi Moussa offshore blocks respectively. Serica has a working interest of 8.33% in Fom Draa and a working interest of 5% in Sidi Moussa. At Fom Draa, drilling is expected to commence imminently targeting a Lower Cretaceous turbidite channel stratigraphic play, using the Transocean Cajun Express drilling rig. At Sidi Moussa, drilling is expected to commence in the second quarter of 2014 to test a large Upper Jurassic carbonate prospect. Genel Energy has recently secured the use of the Noble Paul Romano drilling rig for the programme.

In Ireland, Serica has secured a two-year extension to the first phase of licence 1/09 (Serica interest 100%) in the Rockall Basin and has also informed the Irish authorities of its intention to convert its adjacent Rockall Basin Licence Option 11/1 (Serica interest 100%) into a full Frontier Exploration Licence. Hydrocarbons have already been proven in the Rockall basin through Shell's discovery of gas condensate at Dooish, which is located close to Serica's interests in the Rockall basin. Recent analysis of the extensive seismic database held by Serica over these licences has revealed the presence of an alternative play type, not previously considered, which has increased the prospectivity of the area in addition to the existing Muckish, Middleton and West Middleton prospects. Serica will require partners before drilling can take place but continues to move forward with pre-drilling plans in addition to further detailed evaluation to enhance the exploration potential. A site survey is planned in 2014 in preparation for drilling the Muckish prospect.

Also in Ireland, Serica has launched a farm-out campaign on licence 01/06 (Serica interest 50%) in the Slyne Basin on behalf of itself and its partner RWE. A site survey has already been performed on this location and a well could be drilled as early as summer 2014 (subject to, *inter alia*, conclusion of a satisfactory farm-out arrangement). Drilling would be expected to focus on the Boyne prospects which have Jurassic oil potential and Triassic gas potential. Serica's previous well on this block (Bandon, 2009) found a new oil play in shallow high quality Jurassic reservoir.

In the UK, progress has been made towards a new development plan for the Columbus field to tie back directly to the nearby Lomond platform. Preliminary analysis indicates that this solution is technically feasible from an engineering perspective and can be delivered more quickly and cost-effectively than the previous plan based on a bridge-linked platform. The main outstanding issue is to reach satisfactory commercial arrangements with the infrastructure owners. Negotiations are continuing with BG, DECC and other interested parties with the aim of reaching an early conclusion to enable project sanction to proceed

with the minimum of delay. The Group continues to target a start-up date for Columbus in the second half of 2015 which is achievable if agreement on commercial arrangements can be reached by the end of 2013. Meanwhile, Serica continues to evaluate other commercially viable offtake routes if agreement cannot be reached. The Columbus field is well located in this regard and contact has already been made with other infrastructure operators as possible alternatives. Preliminary analysis indicates that the economics of alternative routes are comparable with tying back to Lomond but would most likely result in a later start-up. Financing for the project will still need to be put in place and remains a risk and other consents and determinations are required from DECC once the offtake route has been determined.

The Group has also achieved good progress with its UK offshore exploration activities.

A farm-out agreement was signed with Centrica over East Irish Sea Blocks 113/26b & 27c in June 2013 under which Centrica will bear Serica's 20% retained share of costs associated with the drilling of an exploration well in the blocks up to a cap of c. US\$17.8 million (subject to government approval). The Doyle gas prospect in the north of Block 113/27c has been fully matured as the result of work performed by Serica in 2011 and is ready to drill. The site survey for this well has recently been completed at no cost to Serica. Drilling is expected to commence in 2014.

In the Southern North Sea Greater York Area Blocks (Serica interest 37.5%) a 3D seismic acquisition survey was completed in early July 2013. Initial analysis indicates that the survey may also have identified additional prospects. Exploration well drilling is expected to commence in 2014 or 2015 and a farm-out process is planned. The York area benefits from low-cost development options.

In Block 22/19c (Serica interest 15%), the operator (JX Nippon) has identified significant deep HPHT potential in the Jurassic and Triassic formations. Serica has a full carry on this licence up to and including the drilling of a discretionary exploration well.

In Norway, the operator of the Bream field has reconfirmed its plans to submit development proposals in early 2014. Upon commencement of oil production, the Company is due to receive a cash payment, which, on the basis of current oil prices, is expected to be substantial.

As the result of its successful programme of farm-outs, Serica's share of costs relating to its near term exploration activities are largely met by third parties, including the costs of drilling where wells are planned or committed. The Group has no debt or major commitments or other liabilities which are not largely covered by existing farm-out agreements with major industry players.

As stated in the Group's interim results for the half-year ended 30 June 2013 announced on 17 September 2013, the Directors have been considering a range of strategic and financing options to meet Serica's funding needs for 2014 and beyond, including further realisation of asset value through farm-out or sale as well as corporate transactions or the issue of equity or other financial instruments. The Directors believe in the underlying strength and value in the Group's portfolio of assets which has been demonstrated by transactions completed with internationally recognised industry partners and, whilst discussions will continue with third parties which may lead to the realisation of some of the Group's assets where this is deemed to be in the best interests of shareholders, the Directors have concluded that the Company should proceed with the Capital Raising to place the Group on a stronger financial footing and enable it to achieve its objectives.

5. Use of proceeds

The Placing is expected to raise gross proceeds of up to approximately US\$16.6 million (before placing commission and the costs of the Placing).

The net proceeds anticipated from the Placing will be sufficient to meet the Group's immediate needs, enabling it to move forward with negotiations to bring the Columbus field to project sanction from which point it can start to realise the value of its investment, to meet the costs of follow-on work in Morocco and to accelerate pre-drilling activities in both Ireland and Namibia and providing the means to evaluate new opportunities both in the UK and in areas where it has developed specific knowledge as the result of data acquired and its position as an early entrant.

The expected application of funds raised in the Placing can be broken down approximately as follows:

<i>Use of Proceeds</i>	<i>US\$ million</i>
UK	
York area well costs post-farmout	3.0
MOROCCO	
Foum Draa – follow-on work	3.0
Sidi Moussa – funds above farm-in cap and follow-on work	2.0
IRELAND	
Site survey in preparation for Rockall (Muckish) drilling	1.0
Slyne well costs post farm-out	2.5
NAMIBIA	
General costs pre-drilling	0.5
CORPORATE	
Group G&A	3.3
Opportunities to expand portfolio in existing areas	0.5
Costs of Placing	0.8
TOTAL	16.6

The expected use of proceeds set out above is illustrative of the Directors' current intentions with regard to the proceeds from the Placing and is subject to change. Operational outcomes and other events, including (without limitation) farm-out processes and the results of drilling, may result in a re-allocation of the proceeds raised through the Placing over time after Admission on a case-by-case basis.

Assuming the take-up in full of the Open Offer, the maximum gross proceeds to the Company from the Open Offer would be approximately US\$6.7 million. The Directors believe that any net proceeds received from the Open Offer will assist the Group in retaining larger interests in its prospects when negotiating potential farm-out terms and in funding new ventures.

6. Global Reserve Group LLC

GRG was formed in 2012 to advise and invest in growing companies in the oil and gas industry around the world. It holds a 14.0 per cent. interest in Serica and is the Company's largest shareholder. Jeffrey Harris, a founder of the GRG entity, is a Director of the Company and has a controlling beneficial interest in GRG.

GRG has irrevocably undertaken to vote or procure to vote in favour of the Resolutions relating to the Placing and the Open Offer in respect of 25,501,736 Existing Ordinary Shares, in aggregate, representing approximately 14.0 per cent. of the existing issued ordinary share capital of the Company.

As part of the Placing, GRG has irrevocably agreed to procure that its affiliate, GRG UK Oil LLC, will subscribe for 20,588,840 Placing Shares at the Issue Price for approximately £3.7 million (approximately US\$6.0 million), which will be settled at the time of Admission. Following the Placing, assuming that Qualifying Shareholders take up their Open Offer Entitlements in full, GRG will have a 17.56 per cent. interest in the Company.

7. Directors' shareholdings

Of the Directors, Antony Craven Walker, Mitchell Flegg, Christopher Hearne, Neil Pike, Ian Vann and Jeffrey Harris have irrevocably undertaken to participate in the Placing.

Antony Craven Walker has undertaken to subscribe for 1,859,680 New Ordinary Shares, Mitchell Flegg has undertaken to subscribe for 166,666 New Ordinary Shares, Christopher Hearne has undertaken to subscribe for 225,000 New Ordinary Shares, Neil Pike has undertaken to subscribe for 100,000 New Ordinary Shares, and Ian Vann has undertaken to subscribe for 134,000 New Ordinary Shares. Each of Antony Craven Walker, Mitchell Flegg, Christopher Hearne, Neil Pike and Ian Vann may hold some or all of these New Ordinary Shares directly or indirectly. As described in section 6 of this Part I above, Jeffrey Harris (through his

controlling beneficial interest in GRG, the parent of GRG UK Oil) has irrevocably undertaken to subscribe for 20,588,840 New Ordinary Shares in the Placing.

The Directors have irrevocably undertaken to vote (or procure that their relevant connected persons vote) in favour of Resolutions 1 to 4 to be proposed at the General Meeting in respect of their entire beneficial holdings of Ordinary Shares.

Immediately following Admission, it is expected that the Directors (together with their respective connected persons) will have the following interests in the Ordinary Shares of the Company:

	<i>Total no. of Ordinary Shares</i>	<i>Percentage of the Enlarged Share Capital*</i>
Antony Craven Walker **	7,829,916	2.98
Mitchell Flegg	296,465	0.11
Christopher Hearne	1,046,615	0.40
Jeffrey Harris ***	46,090,576	17.56
Neil Pike ****	505,000	0.19
Steven Theede	749,485	0.29
Ian Vann	267,935	0.10

* Assuming that Qualifying Shareholders take up their Open Offer Entitlements in full and based upon Directors' participation in the Placing.

** Includes Ordinary Shares held by Christine Elizabeth Walker and Rathbones (pension funds).

*** Includes Ordinary Shares held by GRG.

**** Includes Ordinary Shares held by Romayne Pike and by Luska Limited.

8. Related party transaction

The subscription by GRG UK Oil in the Placing at the Issue Price is classified as a related party transaction under the AIM Rules. Accordingly, the Independent Director considers, having consulted with Peel Hunt, the Company's nominated adviser, that the terms of GRG's participation in the Placing are fair and reasonable insofar as Shareholders are concerned.

9. Details of the Capital Raising

9.1 Structure

The Directors have given consideration as to the best way to structure the proposed equity fundraising, having regard to, *inter alia*, current market conditions, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that the structure of the Capital Raising to comprise the Placing and the Open Offer is the most suitable option available to the Company and its Shareholders as a whole. The Open Offer provides an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares at the Issue Price pro rata to their current holdings of Existing Ordinary Shares with the option for subscribing for more pursuant to the Excess Application Facility. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

The Issue Price of 18 pence per New Ordinary Share represents a 1.4 per cent. discount to the closing middle market price of 18.25 pence per Existing Ordinary Share on 21 October 2013, the last business day before the announcement of the Capital Raising.

9.2 ***Principal terms of the Placing***

The Company is proposing to raise gross proceeds of approximately £10.2 million (approximately US\$16.6 million) pursuant to the Placing through the issue of 56,870,934 Placing Shares.

The Company has conditionally placed 56,870,934 Placing Shares firm at the Issue Price with institutions and other investors pursuant to the Placing. As the issue and allotment of the Placing Shares will exceed the Directors' existing authorities to allot shares for cash on a non pre-emptive basis, the General Meeting is being called to seek Shareholders' approval to grant new authorities to enable the Directors, *inter alia*, to complete the Placing and the Open Offer. The Placing Shares have therefore been placed firm conditional, *inter alia*, on the passing of Resolutions 1 and 2 and, subject to the passing of Resolutions 1 and 2, will be issued and allotted at the time of Admission, which is expected to take place at 8.00 a.m. on 15 November 2013.

All of the Placing Shares have been placed with institutions and other investors and are not, therefore, being offered to existing Shareholders and do not form part of the Open Offer. There will be no ability to "claw back" New Ordinary Shares from the Placing into the Open Offer. The Placing Shares will, upon issue, rank *pari passu* with the Existing Ordinary Shares and the Open Offer Shares in issue following the Capital Raising.

The Placing has been made (i) outside the United States in "offshore transactions" within the meaning of and pursuant to Regulation S under the US Securities Act, (ii) in the United States to a limited number of "accredited investors" within the meaning of Regulation D under the US Securities Act, pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and (iii) outside Canada.

Under the Placing and Open Offer Agreement, the Company has appointed Peel Hunt and RBC Capital Markets as its agents in connection with the Capital Raising to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Further terms of the Placing and Open Offer Agreement are set out in section 4 of Part V of this circular.

9.3 ***Principal terms of the Open Offer***

Subject to the fulfilment of the conditions set out below and in Part IV of this circular, Qualifying Shareholders are being given the opportunity to subscribe for the Open Offer Shares at the Issue Price, pro rata to their holdings of Existing Ordinary Shares on the Record Date on the basis of:

1 Open Offer Share for every 8 Existing Ordinary Shares

Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility.

The allotment and issue of the Open Offer Shares will also need to be made following and conditional on, *inter alia*, the passing of Resolutions 1 and 2 at the General Meeting.

Assuming full take-up under the Open Offer, the issue of the Open Offer Shares will raise further gross proceeds of approximately £4.1 million (approximately US\$6.7 million) for the Company.

The Open Offer Shares will, upon issue, rank *pari passu* with the Placing Shares and the Existing Ordinary Shares.

Fractions of Open Offer Shares will not be allotted; instead, each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. The fractional entitlements may be aggregated and made available via the Excess Application Facility or sold by Peel Hunt and/or RBC Capital Markets in the market, with the proceeds being retained for the benefit of the Company.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating the Open Offer Entitlements.

To enable the Company to benefit from applicable exemptions to the requirement to prepare a prospectus in connection with the Open Offer, a maximum of 22,846,288 New Ordinary Shares, representing a total consideration of approximately £4.1 million (approximately €4.9 million), will be made available to Qualifying Shareholders under the Open Offer, which will be conducted on the basis of one New Ordinary Share for every eight Existing Ordinary Shares. The Open Offer is restricted to Qualifying Shareholders in order to enable the Company to benefit from exemptions from securities law requirements in certain jurisdictions outside the United Kingdom.

It should be noted that the Open Offer is not a rights issue. Accordingly, the Application Form is not a document of title and cannot be traded. Unlike a rights issue, any Open Offer Shares not applied for under the Open Offer will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not take up their rights to subscribe under the Open Offer.

9.4 *Excess Application Facility*

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements.

Qualifying non-CREST Shareholders who wish to apply to acquire more than their Open Offer Entitlement should complete the relevant boxes on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4(ii)(j) of Part IV of this circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility. Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Application will be made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 24 October 2013. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 24 October 2013. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements at 8.00 a.m. on 24 October 2013. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.

If applications are made for less than all of the Open Offer Shares available, then the lower number of Open Offer Shares will be issued and any outstanding Open Offer Entitlements will lapse.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part IV of this circular.

For Qualifying non-CREST Shareholders, completed Application Forms, accompanied by full payment, should be returned by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK so as to arrive as soon as possible and in any event so as to be received no later than 11.00 a.m. on 8 November 2013. For Qualifying CREST Shareholders the relevant CREST instructions must have been settled as explained in this circular by no later than 11.00 a.m. on 8 November 2013.

9.5 ***Other information relating to the Capital Raising***

The Placing and the Open Offer are conditional, *inter alia*, upon:

- i. the passing of Resolutions 1 and 2 at the General Meeting;
- ii. the Placing and Open Offer Agreement becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms;
- iii. the receipt of conditional approval from the TSX with regard to the listing of the New Ordinary Shares;
- iv. Admission of the Placing Shares and Open Offer Shares becoming effective by not later than 8.00 a.m. on 15 November 2013 (or such later time and/or date as Peel Hunt and RBC Capital Markets may agree, not being later than 8.00 a.m. on 30 November 2013); and
- v. the current interim chief executive officer of the Company remaining in office at Admission.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the relevant part or parts of the Capital Raising will not proceed.

A summary of the principal terms of the Placing and Open Offer Agreement is set out in section 4 of Part V of this circular.

The Capital Raising will result in the issue of in total 79,717,222 New Ordinary Shares assuming full take up under the Open Offer (representing, in aggregate, approximately 30.4 per cent. of the Enlarged Share Capital). The New Ordinary Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Ordinary Shares and therefore rank equally for all dividends or other distributions declared, made or paid after the date of issue of the New Ordinary Shares. No temporary documents of title will be issued.

Following the issue of the New Ordinary Shares pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements, excluding any New Ordinary Shares acquired through the Excess Application Facility, in respect of the Open Offer will undergo a dilution of up to 21.7 per cent. to their interests in the Company because of the Placing. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will experience a more substantial dilution to their interests in the Company because of the Capital Raising.

10. Restrictions on resale in Canada

The New Ordinary Shares are not being offered to residents of Canada, and such New Ordinary Shares issued to residents of countries other than Canada may not be sold, transferred or otherwise disposed on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission.

11. Application for Listing

Application will be made to the London Stock Exchange and has been made to the TSX for the New Ordinary Shares to be admitted to trading on AIM and for conditional approval for the listing of the New Ordinary Shares on the TSX, respectively. It is expected that Admission will become effective and that

dealings for normal settlement in the New Ordinary Shares on AIM will commence at 8.00 a.m. on 15 November 2013.

12. General Meeting

A notice convening a General Meeting of the Company, to be held at the offices of College Hill, The Registry, Royal Mint Court, London, EC3N 4QN at 11.00 a.m. on 11 November 2013 is set out at the end of this circular. At the General Meeting, the following Resolutions will be proposed:

1. an ordinary resolution to grant authority to the Directors to allot up to 79,717,222 New Ordinary Shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the Act, being up to an aggregate nominal amount of US\$7,971,722.20. The Directors will limit this authority to the allotment of New Ordinary Shares pursuant to the Placing and the Open Offer and the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2014 after the passing of the Resolution;
2. a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of the allotment for cash of up to 79,717,222 New Ordinary Shares with an aggregate nominal amount of up to US\$7,971,722.20. The Directors will again limit this authority to the allotment of New Ordinary Shares pursuant to the Placing and the Open Offer and the authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2014 after the passing of the Resolution;
3. an ordinary resolution to grant a general authority to the Directors to allot up to 174,991,688 shares in the capital of the Company or to grant rights to subscribe for or convert any security into shares in the capital of the Company pursuant to section 551 of the Act, being up to an aggregate nominal amount of US\$17,499,168.80. This authority will represent two thirds of the Enlarged Share Capital (assuming full take-up of the Open Offer) and is in line with the ABI Guidelines which recommend that the directors' authority to allot share capital be limited to a sum equal to two-thirds of the issued Ordinary Share capital plus the amount required in order to satisfy outstanding share options on condition that half of this amount (representing one third of the Company's Enlarged Share Capital (assuming full take-up of the Open Offer)) can only be allotted pursuant to a rights issue; it is also in line with the authorities granted pursuant to section 551 of the Act at the Company's last AGM held on 27 June 2013; and
4. a special resolution to disapply the statutory pre-emption rights contained in section 561(1) of the Act in respect of the allotment for cash of up to 26,248,753 equity shares with an aggregate nominal amount of up to US\$2,624,875.30. This authority will represent approximately ten per cent. of the Enlarged Share Capital (assuming full take-up of the Open Offer) and is in line with the Directors' existing share authorities granted in respect of the disapplication of section 561(1) granted at the Company's last AGM held on 27 June 2013.

The Directors and GRG, in respect of 33,711,806 Existing Ordinary Shares in aggregate representing approximately 18.4 per cent. of the existing issued ordinary share capital of the Company, have irrevocably undertaken to vote or procure the voting in favour of Resolutions 1 to 4 above.

Resolutions 1 and 3 are proposed as ordinary resolutions and Resolutions 2 and 4 are proposed as special resolutions.

13. Action to be taken by Shareholders

13.1 General Meeting

Shareholders will find accompanying this circular a Form of Proxy for use at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed on it to Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK or, for Canadian

shareholders, to Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, Canada as soon as possible and, in any event, so as to arrive no later than 6.00 p.m. on 7 November 2013. Completion and return of the Form of Proxy will not affect Shareholders' right to attend and vote in person at the General Meeting if they so wish. Further information regarding the appointment of proxies can be found on page 69 of this circular.

In the case of non-registered Shareholders who receive these materials through their broker or other intermediary, the Shareholder should complete and send a letter of direction in accordance with the instructions provided by their broker or other intermediary.

In order for the Capital Raising to proceed, Shareholders will need to approve Resolutions 1 and 2 set out in the Notice of General Meeting. If Resolutions 1 and 2 are not passed, the Capital Raising will not proceed in the form currently envisaged, with the result that the anticipated net proceeds of the Capital Raising will not become available to fund proposed upcoming expenditure and achieve the objectives set by the Board and the Company's business plans and growth prospects may be materially adversely affected as a result (see "Risk Factors – Risks related to the Resolutions not being passed – If Resolutions 1 and 2 are not passed, the Company will not be able to proceed with the Capital Raising in the form currently envisaged" in Part II of this circular).

Accordingly it is important that Shareholders vote in favour of Resolutions 1 and 2, in order that the Capital Raising can proceed.

13.2 *Open Offer*

Qualifying non-CREST Shareholders

If you are a Qualifying non-CREST Shareholder you will have received an Application Form which gives details of your maximum entitlement under the Open Offer (as shown by the number of Open Offer Entitlements allocated to you). If you wish to apply for Open Offer Shares under the Open Offer (whether in respect of your Open Offer Entitlement or both your Open Offer Entitlement and any Excess Open Offer Entitlements), you should complete the accompanying Application Form in accordance with the procedure for application set out in section 4(i) of Part IV of this circular and on the Application Form itself.

Qualifying CREST Shareholders

If you are a Qualifying CREST Shareholder and do not hold any Ordinary Shares in certificated form, no Application Form accompanies this circular and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your maximum entitlement under the Open Offer except (subject to certain exceptions) if you are an Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction. Applications by Qualifying CREST Shareholders for Excess Open Offer Entitlements in excess of their Open Offer Entitlements should be made in accordance with the procedures set out in section 4(ii) of Part IV of this circular, unless you are an Overseas Shareholder in which event, applications should be made in accordance with the procedures set out in section 7 of Part IV of this circular.

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 8 November 2013. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part IV of this circular.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this circular and the Open Offer.

14. Overseas Shareholders

Information for Overseas Shareholders who have registered addresses outside the United Kingdom or who are citizens or residents of countries other than the United Kingdom appears in section 7 of Part IV of this circular, which sets out the restrictions applicable to such persons. If you are an Overseas Shareholder, it is important that you pay particular attention to that section of this circular.

15. Additional Information

Your attention is drawn to the additional information set out in Parts II to V (inclusive) of this circular.

16. Directors' Recommendation

The Directors consider the Capital Raising to be in the best interests of the Company and its Shareholders as a whole.

Accordingly the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Shareholders (which include the Directors and GRG) have irrevocably undertaken to vote, or to procure that votes are cast, in favour of the Resolutions in respect of 33,711,806 Existing Ordinary Shares, in aggregate, representing approximately 18.4 per cent. of the existing issued ordinary share capital of the Company.

Yours faithfully

Tony Craven Walker
Chairman

Part II

Risk Factors

An investment in the New Ordinary Shares is highly speculative and involves a high degree of risk due to the nature of oil and gas exploration. Before making any investment decision, prospective investors should carefully consider all the information contained in this circular including, in particular, the risk factors described below. In addition to the usual risks associated with an investment in an oil and gas exploration business, the Directors believe that, in particular and in no order of priority, the following risk factors should be considered. Other factors relate principally to an investment in the New Ordinary Shares. It should be noted that this list is not exhaustive and that other risk factors may apply. Additional risks and uncertainties not currently known to the Directors, or that the Directors currently deem immaterial, may also have an adverse effect on the Group's business, financial condition and results of operations.

An investment in the Company may not be suitable for all recipients of this circular. Investors are advised to consult an independent financial adviser authorised under the FSMA who specialises in advising on the acquisition of shares and other securities before making a decision to invest.

Risks Related to the Oil and Gas Industry

Oil and gas pricing and demand

The price of and demand for oil and gas is highly dependent on a number of factors, including worldwide supply and demand levels, energy policies, weather, competitiveness of alternative energy sources, global economic and political developments and the volatile trading patterns of the commodity futures markets. Natural gas prices also continue to be highly volatile. Changes in oil and gas prices can impact on the Group's valuation of reserves. International oil and gas prices have fluctuated widely in recent years and may continue to do so in the future. Lower oil and gas prices will adversely affect the Group's business or financial condition, the valuation of its reserves and future revenues. In periods of sharply lower commodity prices, the Group may curtail production and capital spending projects and may defer or delay drilling wells because of lower cash resources and may experience difficulty in raising finance to deliver the Group's business plan. In addition, the demand for and supply of oil and gas worldwide may affect the Group's future level of production.

Exploration, production and general operational risks

The exploration for and production of oil and other natural resources is speculative and involves a high degree of risk and there is no certainty that any geological structure shall prove to contain commercially producible hydrocarbons or any hydrocarbons. In particular, the operations of the Group may be disrupted by a variety of risks and hazards which are beyond the control of the Group, including environmental hazards, industrial accidents, occupational and health hazards, well blowouts, technical and equipment failures, labour disputes, earthquakes, unusual or unexpected geological formations, flooding, earthquake and extended interruptions due to inclement or hazardous weather conditions, explosions and other accidents. These risks and hazards could also result in damage to, or destruction of wells or production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability.

Delays in the construction and commissioning of projects or other technical difficulties may result in the Group's current or future projected target dates for production being delayed or further capital expenditure being required. If the Group fails to meet its work and/or expenditure obligations under any licences held or farm-out arrangements entered into from time to time, the rights granted therein may be forfeited and/or the Group may be liable to pay large sums, which could jeopardise its ability to continue operations.

Increase in drilling costs and the availability of drilling equipment

The oil and gas industry historically has experienced periods of rapid cost increases. Increases in the cost of exploration and development would affect the Group's ability to invest in prospects and to purchase or hire

equipment, supplies and services. In addition, the availability of drilling rigs and other equipment and services is affected by the level and location of drilling activity around the world. An increase in drilling operations may reduce the availability of equipment and services and/or result in increased costs to the Group.

The reduced availability of equipment and services may delay its ability to exploit reserves and adversely affect the Group's operations and profitability.

Risks related to the Group

Estimation of reserves, resources and production profiles

The estimation of oil and gas reserves and their anticipated production profiles involves subjective judgements and determinations based on available geological, technical, contractual and economic information. They are not exact determinations. In addition, these judgments may change based on new information from production or drilling activities or changes in economic factors, as well as from developments such as acquisitions and dispositions, new discoveries and extensions of existing fields and the application of improved recovery techniques. Published reserve estimates are also subject to correction for errors in the application of published rules and guidance.

Any reserves, resources and production profile data, whether or not made available by third parties or independent reserves consultants, are estimates only and should not be construed as representing exact quantities. Such information is based on production data, prices, costs, ownership, geophysical, geological and engineering data and other historical and current information assembled by the Group and third parties. Estimates of reserves and resources may prove to be incorrect and potential investors should not place undue reliance on the forward-looking statements concerning the Group's reserves and resources or production levels.

If the assumptions upon which estimates of the Group's hydrocarbon reserves, resources or production profiles have been based prove to be incorrect, the Group may be unable to recover and produce the levels or quality of hydrocarbons identified in such estimates and the Group's business, prospects, financial condition or results of operations could be materially adversely affected.

Delays in production, marketing and transportation

Various production, marketing and transportation conditions may cause delays in oil and gas production and adversely affect the Group's business. Drilling wells in areas remote from distribution and production facilities may delay production from those wells until sufficient reserves are established to justify construction of the necessary transportation and production facilities. The Group's inability to complete wells in a timely manner would result in production delays.

In addition, marketing demands, which tend to be seasonal, may reduce or delay production from wells. The marketability and price of oil and natural gas that may be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group. The ability of the Group to market its natural gas may depend upon its ability to conclude successful negotiations with third party infrastructure owners, and to acquire space on pipelines that deliver natural gas to commercial markets. The Group is also subject to market fluctuations in the prices of oil and natural gas, deliverability uncertainties related to the proximity of its reserves to adequate pipeline and processing facilities and extensive government regulation relating to price, taxes, royalties, licences, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. Moreover, weather conditions may impede the transportation and delivery of oil by sea.

Decommissioning costs

The Group is responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines used for production of oil and gas. Abandonment and reclamation of facilities and the costs associated with them is typically referred to as "decommissioning". The costs of decommissioning are provided for from the proceeds of production either through the creation and periodic funding of dedicated reserve accounts or through the accrual of costs and subsequent payment from accumulated general cash resources. The actual costs of decommissioning may exceed estimated costs, the value of reserves provided and/or accruals made

to cover such costs. The Group may have to draw funds from other sources to satisfy such excess costs. The use of other funds to satisfy such decommissioning costs could have a material adverse effect on the Group's financial position and future results of operations.

Third party contractors and providers of capital equipment can be scarce

The Group contracts or leases services and capital equipment from third party providers. Such equipment and services can be scarce and may not be readily available at times and places required. In addition, costs of third party services and equipment have increased significantly over recent years and may continue to rise. Scarcity of equipment and services and increased prices may in particular result from any significant increase in exploration and development activities on a region by region basis which might be driven by high demand for oil and gas. In some of the regions in which the Group operates there is significant demand for capital equipment and services. The unavailability of, or high costs incurred to obtain, such services and equipment could result in a delay or restriction in the Group's projects and adversely affect the feasibility and profitability of such projects and therefore have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Significant competition

The Group's competitors include major and independent oil and gas companies. The oil and gas business is highly competitive in the search for and acquisition of reserves and in the gathering and marketing of oil and gas production and in the recruitment and employment of qualified personnel.

In addition, the Group will compete with oil and gas companies in bidding for exploration and production licences. Some of the Group's competitors have significantly greater financial, technical and other resources than it and are able to devote greater resources to the development of their businesses.

If the Group is unable successfully to compete, its business will suffer.

Requirements for permits and licences

The operations of the Group require licences, permits and in some cases assignments or renewals of existing licences and permits from various governmental authorities. Governmental approvals, licences and permits are subject to the discretion of the applicable governments or governmental offices. The Group's ability to obtain, sustain, renew or assign such licences and permits on acceptable terms is therefore subject to the discretion of the applicable governments as well as changes in regulations and policies. A failure to obtain, sustain, renew or assign these where needed could result in the dilution or forfeiture of interests held by the Group which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Health, Safety, Environment and Security ("HSES")

The range of the Group's operations globally means that the Group's HSES risks cover a wide spectrum. These risks include major process safety incidents; failure to comply with approved policies; effects of natural disasters and pandemics; social unrest; civil war and terrorism; exposure to general operational hazards; personal health and safety; and crime. The consequences of such risks materialising can be injuries, loss of life, environmental harm and disruption to business activities. Depending on cause and severity, the materialisation of such risks may affect the Group's reputation, operational performance and financial position.

In addition, failure by the Group to comply with applicable legal requirements or recognised international standards may give rise to significant liabilities. HSES laws and regulations may over time become more complex and stringent or the subject of increasingly strict interpretation or enforcement. The terms of licences may include more stringent HSES requirements. The obtaining of exploration, development or production licences and permits may become more difficult or be the subject of delay by reason of governmental, regional or local environmental consultation, approvals or other considerations or requirements. These factors may lead to delayed or reduced exploration, development or production activity as well as to increased costs.

Environmental risk and insurance coverage

There are significant exploration and operating risks associated with drilling oil and gas wells, including blowouts, cratering, sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, and fire, all of which can result in accidental spills, leakages or discharges of harmful liquids and toxic gases. The occurrence of any of these incidents can result in substantial losses to the Group due to injury or loss of life, damage to or destruction of the Group's oil and gas wells, pollution or other environmental damage. Damages occurring as a result of such risks can give rise to claims against the Company or a member of its Group, and can result in the Company's targets for drilling or production being delayed or halted.

Although the Group maintains what it believes to be customary insurance coverage for companies engaged in similar operations, the Group is not fully insured against all risk in its business. The occurrence of a significant event against which the Group is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Group's insurance coverage may become unavailable or prohibitively expensive.

Working Capital

The Company may need to raise additional funds in the future in order to develop further exploration and development programmes. In particular, this can occur in the event of a successful outcome to the Company's exploration drilling which requires appraisal. Whether as a result of fluctuating market conditions, lack of market interest in the Company's industry sector or otherwise, this additional financing may not be available to the Company on acceptable terms. Additional equity financing may be dilutive to Shareholders and could contain rights and preferences superior to those of the New Ordinary Shares, while debt financing may involve restrictions on the Company's financing and operating activities or may not be available at reasonable cost. If the Company is unable to raise additional funds as needed, the scope of its operations may be reduced and or its interest in concessions may be diluted or may expire and, as a result, the Company may be unable to fulfil its medium to long-term exploration and development programme.

Asset Risk

As a small company in the sector, the Company holds a small number of assets at any particular time and consequently carries significant exposure to the outcomes from individual assets.

Additionally, there is no assurance that management's decisions on the allocation of the Company's capital to such assets will be successful in delivering the anticipated outcomes.

The success of the Group depends on its ability to attract and retain key executives and personnel

The future performance, development and growth of the Group is, to a significant extent, dependent on its ability to attract and retain the services and personal connections or contacts of key executives and to attract, recruit, motivate and retain other suitably skilled, qualified and industry experienced personnel to form a high calibre management team.

Although key executives and Directors have entered into service agreements or letters of appointment with the Group, the Group may not be able to retain their services. The loss of the services of any of the Directors or key personnel may have a material adverse effect on the business and financial condition of the Group.

The success of the Group's operations also depends on its ability to hire sufficient skilled and qualified people locally. The Group may struggle to recruit and retain engineers, consultants and other important members of the workforce required to run a full exploration and development programme due to shortages of labour, or of skilled workers, or the unavailability or over commitment of consultants, which may cause delays or other stoppages during exploration and in future production.

Foreign currency exchange rates

As an international operator, the Group's business transactions may not be denominated in the same currencies as its operating currency. To the extent that the Group's business transactions are not denominated in the same currency, the Group is exposed to foreign currency exchange rate risk. In addition, holders of the

Company's shares are subject to foreign currency exchange rate risk to the extent that its business transactions are denominated in currencies other than the US dollar. Fluctuations in foreign currency exchange rates may adversely affect the Group's profitability. At this time, the Group does not plan actively to hedge its foreign currency exchange rate risk.

Changes to the current political and regulatory environment in any of the markets in which the Group operates may adversely affect the Group

The Group's exploration and development activities are and will continue to be conducted in a variety of countries and markets. The political and economic conditions that currently exist in each of these countries and markets may change and national governments may adopt different policies with respect to foreign development and to ownership of natural resources at any time. Any changes in policy may result in changes in laws affecting the ownership of assets, licence tenure, taxation, royalties, exchange rates, environmental protection, labour relations, repatriation of income and return of capital. This may adversely affect both the Group's ability to undertake exploration and development activities on future properties as well as its ability to continue to explore and develop those properties for which it has obtained exploration rights to date.

Regulatory changes, if any, in extraction or investment policies or shifts in political attitude may adversely affect the Group's operations and future profitability. Operations may be affected in varying degrees by Government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income and other taxes, foreign investment, maintenance of claims, environmental legislation, water use, employment and contractor selection.

Risks related to Operations in Emerging Markets

Black economic empowerment in African countries

In certain African countries, including in Namibia, legislation has been enacted providing for the advancement of persons in those countries who have been disadvantaged by past discriminatory laws or practices or for the implementation of policies and programmes aimed at redressing such imbalances. In Namibia, the Office of the Prime Minister published in draft form a new proposed black economic empowerment policy, the "New Equitable Economic Empowerment Framework" ("NEEEF") in 2011. Any future enactments or the future implementation of new policies such as the NEEEF in Namibia and potentially other African countries related to black empowerment may have an impact on the Group's operations or proposed operations.

The legal system in many emerging markets countries is less certain than more developed legal systems

Many emerging markets countries have a less developed legal system than more established economies, particularly with respect to oil and gas operations, which may result in risks such as: (i) potential difficulties in obtaining effective legal redress in their courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of Governmental authorities; (iii) the lack of judicial or administrative guidance when interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In addition, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Any difficulties faced by the Group arising from these uncertainties could have an adverse effect on the Group's business and financial condition and prospects.

Any downgrading of prevailing debt rating by an international rating agency could have a negative impact on the Group

Any adverse revision to the prevailing credit rating for domestic and international debt by any of the international rating agencies may adversely impact the Group's ability to raise future project financing and the interest rates and other commercial terms at which such additional financing may be available. This could

have an adverse effect on the Group's financial performance and its ability to obtain financing to fund its growth on favourable terms or at all.

National or regional instability could disrupt the Group's business and affect the price of the Ordinary Shares

Ongoing terrorist activity and armed conflicts in North Africa, the Middle East and elsewhere have had a significant effect on international finance and commodity markets. Any future national or international acts of terrorism or armed conflicts in countries where the Group has operations or assets or in neighbouring countries or other parts of the world could have an adverse effect on the Group's operations, financial and commodities markets and the wider global economy and could adversely affect the Group's business and financial condition.

Acts of God and contagious diseases

Acts of God such as natural disasters and outbreaks of highly contagious diseases are beyond the control of the Group and may adversely affect the economy, infrastructure and livelihood of people in the countries in which the Group is operating or proposing to operate and other parts of the world. The Group's business and profitability may be adversely affected should such acts of God and/or outbreaks occur and/or continue.

Bribery and corruption

The Group operates in a range of regions where its representatives may be exposed to potentially corrupt practices. There is no guarantee that the Group's policies will successfully protect the Group from such practices and their legal and financial consequences.

Risks relating to Resolutions not being passed

If Resolutions 1 and 2 are not passed, the Company will not be able to proceed with the Capital Raising in the form currently envisaged

Resolution 1 to be proposed at the General Meeting will be proposed as an ordinary resolution and, in order to be passed, will require the support of a simple majority of the total voting rights of Shareholders who (being entitled to do so) vote on such resolution at the General Meeting. Resolution 2 to be proposed at the General Meeting will be proposed as a special resolution and, to be passed, will require the support of not less than 75 per cent. of the total voting rights of Shareholders who (being entitled to do so) vote on such resolution at the General Meeting. The Placing and the Open Offer are conditional, inter alia, on the passing of Resolutions 1 and 2.

In the event that Resolutions 1 and 2 are not passed, the Company will not be able to proceed with the Capital Raising in the form currently envisaged, with the result that the anticipated net proceeds of the Capital Raising will not become available to fund proposed upcoming expenditure and achieve the objectives currently pursued by the Board. The Group's business plan and growth prospects may be materially adversely affected as a result.

Additionally, in the event that it is unable to proceed with the Capital Raising in the form currently envisaged, given its anticipated working capital requirements in 2014 and in order to fund proposed upcoming expenditure and to pursue its business plan, the Group may seek alternative equity and/or debt financing on whatever terms are available to it, which may result in greater dilution of the Existing Ordinary Shares and/or in the Company incurring significant indebtedness. Such equity or debt financing may not be made available on terms that are as favourable to the holders of the Existing Ordinary Shares as those envisaged in the Capital Raising, or at all.

Risks related to the Capital Raising and the New Ordinary Shares

There may be volatility in the price of the New Ordinary Shares

The Issue Price may not be indicative of the market price for the New Ordinary Shares following Admission. The market price of the New Ordinary Shares could be volatile and subject to significant fluctuations due to a variety of factors, including changes in sentiment in the market regarding the Company, the sector or

equities generally, any regulatory changes affecting the Group's operations, variations in the Group's operating results and/or business developments of the Group and/or its competitors, the operating and share price performance of other companies in the industries and markets in which the Group operates, news reports relating to trends in the Group's markets or the wider economy and the publication of research analysts' reports regarding the Company or the sector generally.

The proportionate ownership and voting interest in the Company of Shareholders (who are not Placees) will be reduced pursuant to the Capital Raising. In addition, to the extent that Shareholders do not take up the Open Offer Shares under the Open Offer, their proportionate ownership and voting interest in the Company will be further reduced and the percentage that their Existing Ordinary Shares represents of the Enlarged Share Capital will be reduced accordingly. Subject to certain exceptions, Shareholders in the United States, Canada and other Restricted Jurisdictions will not be able to participate in the Open Offer.

Pre-emptive rights may not be available for US, Canadian and other non-UK holders of ordinary shares

In the case of an increase in the share capital of the Company for cash, the Shareholders are generally entitled to pre-emption rights pursuant to the Act unless such rights are waived by a special resolution of the Shareholders at a general meeting (as proposed in respect of the Capital Raising), or in certain circumstances stated in the Articles. To the extent that pre-emptive rights are applicable to the Capital Raising, US, Canadian and certain other non-UK holders of Ordinary Shares may not be able to exercise pre-emptive rights for their shares.

The New Ordinary Shares to be issued will not be registered under the US Securities Act and no prospectus or similar document will be prepared and filed in Canada. Qualifying Shareholders who have a registered address, or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers about whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements or acquire Open Offer Shares.

Other risk factors

The Existing Ordinary Shares are traded on AIM, rather than the main market of the London Stock Exchange, and on the TSX.

An investment in shares traded on AIM may carry a higher risk than an investment in shares listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange.

Investors should be aware that the value of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment, especially as the market in the Ordinary Shares on AIM and the TSX may have limited liquidity.

The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. The price at which investors may dispose of their shares in the Company may be influenced by a number of factors, some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested.

The risks above do not necessarily comprise all those faced by the Company and are not intended to be presented in any assumed order of priority.

The investment offered in this circular may not be suitable for all of its recipients. Investors are accordingly advised to consult an investment adviser, who is authorised under the FSMA and who or which specialises in investments of this kind before making a decision to invest.

Part III

Some Questions and Answers about the Capital Raising

The questions and answers set out in this Part III of this circular are intended to be in general terms only and, as such, you should read Part IV of this circular for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part III deals with general questions relating to the Capital Raising and more specific questions relating principally to the Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read section 7 of Part IV of this circular and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements or apply for Excess Shares pursuant to the Excess Application Facility. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part IV of this circular for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor.

The contents of this circular should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This circular is for your information only and nothing in this circular is intended to endorse or recommend a particular course of action.

1. What is an open offer?

An open offer is a way for companies to raise money. Companies do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the open offer). The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of up to 22,846,288 Open Offer Shares at a price of 18 pence per New Ordinary Share. If you hold Existing Ordinary Shares (provided that you hold eight or more such shares) on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States, Canada or another Restricted Jurisdiction, you will be entitled to apply for Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of one Open Offer Share for every eight Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to apply for an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares may be aggregated and made available through the Excess Application Facility or sold by Peel Hunt and/or RBC Capital Markets for the benefit of the Company.

The Issue Price of 18 pence per Open Offer Share represents a 1.4 per cent. discount to the closing middle market price of 18.25 pence per Existing Ordinary Share on 21 October 2013, the last business day before the announcement of the Capital Raising on 22 October 2013. Considering this discount, and while the market value of an Existing Ordinary Share exceeds the Issue Price, the right to subscribe for Open Offer Shares is potentially valuable.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement. Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications

in full, in part or at all and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

The number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. Assuming that there is no Overseas Shareholder who has a registered address in, or is a resident in or a citizen of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess CREST Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only), and neither the Open Offer Entitlements nor the Excess CREST Open Offer Entitlements will be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

2. What is a placing? Am I eligible to participate in the Placing?

A placing is where specific investors procured by a company's agents agree to acquire placed shares. The Placing Shares to be issued to Placees as part of the Capital Raising are not being offered to Qualifying Shareholders and therefore do not form part of the Open Offer.

Unless you are a Placee, you will not be able to participate in the Placing.

3. I hold my Existing Ordinary Shares in certificated form. How do I know whether I am able to acquire Open Offer Shares under the Open Offer?

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address in or located in the United States, Canada or another Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 22 October 2013 (the time when the Existing Ordinary Shares are expected to be marked "ex-entitlement" by the London Stock Exchange).

4. I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address in and are not located in the United States, Canada or another Restricted Jurisdiction, you have been sent an Application Form that shows:

- how many Existing Ordinary Shares you held at on close of business on 21 October 2013 (the Record Date for the Open Offer);
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

If you have a registered address in the United States, Canada or another Restricted Jurisdiction, you will not receive an Application Form.

If you would like to apply for any of, all of or more than the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in this circular. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or a duly endorsed banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first

class post from within the United Kingdom. Please also see questions 5 and 11 for further help in completing the Application Form.

5. I am a Qualifying Shareholder with a registered address in the UK and I hold my Existing Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?

(a) *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled as indicated in Box 3 of your Application Form, all you need to do is sign and send the Application Form, together with your cheque or banker's draft for the full amount (as indicated in Box 4 of your Application Form), payable to "Capita Registrars Ltd re: Serica Energy plc Open Offer Acceptance A/C" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK to arrive by no later than 11.00 a.m. on 8 November 2013.

Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope.

Full instructions are set out in the Application Form. A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 22 November 2013.

(b) *If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 5 of your Application Form; for example, if you are entitled to take up 100 shares but you only want to take up 50 shares, then you should write '50' in Box 5.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '50') by £0.18, which is the price in pounds of each Open Offer Share (giving you an amount of £9.00 in this example). You should write this amount in Box 8 and this should be the amount your cheque or banker's draft is made out for. You should then sign and return your Application Form together with your cheque or duly endorsed banker's draft for that amount, payable to "Capita Registrars Ltd re: Serica Energy plc Open Offer Acceptance A/C" and crossed "A/C payee only", in the reply-paid envelope provided, by post, or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK, to arrive by no later than 11.00 a.m. on 8 November 2013, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part IV of this circular and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 22 November 2013.

(c) *If you want to apply for more than your Open Offer Entitlement*

Provided that you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares using the Excess Application Facility. You should write the number of Open Offer Shares you wish to take up, in Box 5 which must be the number of Open Offer Shares shown in Box 3. You should then write the number of Open Offer Shares you wish to apply for under the

Excess Application Facility in Box 6 and then complete Box 7 by adding together the numbers you have entered in Boxes 5 and 6.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares shown in Box 7 by £0.18, which is the price of each Open Offer Share. You should write this amount in Box 8, rounding down to the nearest whole penny. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "Capita Registrars Ltd re: Serica Energy plc Open Offer Acceptance A/C" and crossed "A/C payee only", in the reply-paid envelope provided by post or by hand (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK, to arrive by no later than 11.00 a.m. on 8 November 2013, after which time the Application Form will not be valid.

Within the United Kingdom only, you can use the accompanying reply-paid envelope. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in the Application Form.

If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of Open Offer Entitlements, such applications will be scaled back at the Company's sole discretion. Therefore, applications under the Excess Application Facility may not be satisfied in full. In this event Qualifying Shareholders will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, the relevant Qualifying Shareholder, multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

A definitive share certificate will be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 22 November 2013.

(d) ***If you do not want to take up your Open Offer Entitlement***

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are placed, as would happen under a rights issue. Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer.

If you do take up your Open Offer Entitlement in full, your interest in the Company will be diluted by approximately 21.7 per cent. as a result of the Placing (assuming the take-up in full of the Open Offer).

6. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part IV of this circular. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement and their Excess CREST Open Offer Entitlement respectively, and should contact their CREST member should they not receive this information.

7. I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form but hold your Existing Ordinary Shares in certificated form, this probably means that you are not able to acquire Open Offer Shares under the Open Offer. Some Qualifying

non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to acquire New Ordinary Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 21 October 2013 and who have converted them to certificated form prior to 4.30 p.m. on 4 November 2013;
- Shareholders who bought Existing Ordinary Shares before 22 October 2013 and who hold such ordinary shares in certificated form but were not registered as the holders of those shares at the close of business on 21 October 2013; and
- certain Overseas Shareholders.

8. If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8.00 a.m. on 22 October 2013.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Existing Ordinary Shares at or after 8.00 a.m. on 22 October 2013, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

9. What if I change my mind?

Once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares you have applied for.

10. What if the number of Open Offer Shares to which I am entitled is not a whole number? Am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares may be aggregated and made available through the Excess Application Facility or sold by Peel Hunt and/or RBC Capital Markets for the benefit of the Company.

11. I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 4 of the Application Form?

If you want to spend more than the amount set out in Box 4 you should divide the amount you want to spend by £0.18 (being the price in pounds of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares for which you should apply. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £200 you should divide £200 by £0.18, which comes to 1,111.11. You should round that down to 1,111 to give you the number of Open Offer Shares for which, in this example, you can apply without exceeding your chosen amount. Write the total number of Open Offer Shares (in this example 1,111) in Box 7. To get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (1,111) by £0.18 and then fill in that amount rounded down to the nearest whole penny (in this example being £199.98) in Box 8 and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on the level of take-up of Open Offer Entitlements. If applications are received for more than the available number of Open Offer Shares, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Assuming that there are no Overseas Shareholders who have registered addresses in, or are residents in or citizens of a Restricted Jurisdiction, and if every Qualifying Shareholder takes up their Open Offer Entitlements in full there will be no Open Offer Shares available under the Excess Application Facility. Qualifying non-CREST Shareholders whose applications under the Excess Application Facility are so scaled back will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for by, but not allocated to, them multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

If you want to spend less than the amount set out in Box 4, you should divide the amount you want to spend by £0.18 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by £0.18. You should round that down to the nearest whole number (in this example, 555), to give you the number of shares you want to take up. Write that number (in this example, 555) in Box 5. Then to get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 555) by £0.18 and then fill in that amount rounded down to the nearest whole penny (in this example being £99.90) in Box 8 and on your cheque or banker's draft accordingly.

12. I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold shares in the Company directly and you sell some or all of your Existing Ordinary Shares before 22 October 2013, you should contact the buyer or the person/company through whom you sell your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer.

If you sell any of your Existing Ordinary Shares on or after 22 October 2013, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

13. I hold my Existing Ordinary Shares in certificated form. How do I pay?

You should return your Application Form with a cheque or a duly endorsed banker's draft drawn in pounds sterling on a UK bank or building society account in the accompanying reply-paid envelope (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. Cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted. You may be required to supply additional documentation to satisfy Money Laundering Regulations. The funds should be made payable to "Capita Registrars Ltd re: Serica Energy plc Open Offer Acceptance A/C ". In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted.

14. Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be reduced.

15. I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form and payment in full in the accompanying reply-paid envelope (from within the United Kingdom) by post or by hand to: Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, UK. You should allow at least four Business Days for delivery if using first class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

16. I hold my Existing Ordinary Shares in certificated form. When do I have to decide whether I want to apply for Open Offer Shares?

The Receiving Agent must receive your completed Application Form and cheque or banker's draft by 11.00 a.m. on 8 November 2013. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form, within the United Kingdom.

17. I hold my Existing Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?

It is expected that the Registrar will post all new share certificates by 22 November 2013.

18. What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 2 on page 1 of the Application Form) is incorrect?

If you bought or sold Existing Ordinary Shares shortly before the Record Date, your transaction may not have been entered on the register of members before the Record Date for the Open Offer. If you bought Existing Ordinary Shares before 22 October 2013 but were not registered as the holder of those shares on the Record Date for the Open Offer (21 October 2013), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure that you claim your entitlement.

You will not be entitled to Open Offer Entitlements in respect of any Existing Ordinary Shares acquired on or after 22 October 2013.

19. Will the Capital Raising affect dividends on the Existing Ordinary Shares?

The New Ordinary Shares will, when issued and fully paid, rank equally in all respects with Existing Ordinary Shares, including the right to receive all dividends or other distributions made, paid or declared, if any, by reference to a record date after the date of their issue.

20. What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement.

Shareholders with registered addresses or who are located in the United States, Canada or another Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in section 7 of Part IV of this circular.

21. How do I transfer my entitlements into the CREST system?

If you are a Qualifying non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you would complete the CREST deposit form (Box 13 on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 3.00 p.m. on 5 November 2013 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to Part IV of this circular for details on how to pay for the Open Offer Shares.

22. Can I sell my Open Offer Shares to persons in Canada or on the TSX?

The Open Offer Shares are not being offered to residents of Canada, and any Open Offer Shares issued to residents of countries other than Canada may not be sold, transferred or otherwise disposed of on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission.

23. Do I need to comply with the Money Laundering Regulations (as set out in section 5 of Part IV of this circular)?

If you are a Qualifying non-CREST Shareholder, you may not need to follow these procedures if the value of the Open Offer Shares you are acquiring is less than €15,000 (or its pounds sterling equivalent) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying non-CREST Shareholders should refer to section 5(i) of Part IV of this circular and Qualifying CREST Shareholders should refer to section 5(ii) of Part IV of this circular for a fuller description of the requirements of the Money Laundering Regulations.

24. Further assistance

Should you require further assistance please call Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.30 p.m. (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that, for legal reasons Capita is only able to provide information contained in this circular and information relating to Serica's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.

Part IV

Terms and Conditions of the Open Offer

To Qualifying Shareholders

1. Introduction

As explained in Part I of this circular, the Company is proposing to issue up to 22,846,288 New Ordinary Shares pursuant to the Open Offer to raise up to approximately £4.1 million (approximately US\$6.7 million), assuming a full take-up. Upon completion of the Open Offer, assuming a full take-up, the Open Offer Shares will represent approximately 8.7 per cent. of the Enlarged Share Capital. Qualifying Shareholders are being offered the opportunity under the Open Offer to acquire New Ordinary Shares at the Issue Price, being the same price per share as they are being offered to Placees under the Placing.

The Placing Shares, which represent approximately 71.4 per cent. of the Capital Raising, have conditionally been placed firm with institutional and other investors at the Issue Price and are not being offered to Shareholders and do not form part of the Open Offer. A summary of the Placing and Open Offer Agreement is set out in section 4 of this Part IV of this circular.

The Issue Price of the New Ordinary Shares represents a discount of 1.4 per cent. to the closing middle market price of 18.25 pence per Existing Ordinary Share on 21 October 2013 (being the latest practicable date prior to publication of this circular).

A summary of the arrangements relating to the Open Offer is set out below. This circular and, where relevant, the Application Form contain the formal terms and conditions of the Open Offer.

2. The Open Offer

Subject to the fulfilment of the terms and conditions referred to below and, where relevant, set out in the Application Form, Qualifying Shareholders are hereby invited to apply for Open Offer Shares at the Issue Price, payable in full on application, free of all expenses, on the basis of:

- (a) one Open Offer Share for every eight existing Ordinary Shares held by Qualifying Shareholders at the Record Date and so in proportion for any other number of Ordinary Shares then held; and
- (b) further Open Offer Shares in excess of their Open Offer Entitlement through the Excess Application Facility (although such Open Offer Shares will only be allotted to the extent that not all Qualifying Shareholders apply for their Open Offer Entitlement in full).

To enable the Company to benefit from exemptions to the requirement to prepare a prospectus in connection with the Open Offer, a maximum of 22,846,288 New Ordinary Shares, representing a total consideration of approximately £4.1 million (approximately €4.9 million), will be made available to Qualifying Shareholders under the Open Offer.

Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer. Fractions of Open Offer Shares will not be allotted, each Qualifying Shareholder's entitlement being rounded down to the nearest whole number. The fractional entitlements may be aggregated and made available via the Excess Application Facility or sold for the benefit of the Company.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST and, if they so wish, may apply for Open Offer Shares in excess of their Open Offer Entitlement.

The Excess Application Facility will enable Qualifying Shareholders, provided that they take up their Open Offer Entitlement in full, to apply for Excess Open Offer Entitlements. Qualifying non-CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlement should complete the relevant boxes on the Application Form. Qualifying CREST Shareholders will have Excess CREST Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4(ii)(j) of Part IV of this circular for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

Applications for Excess Open Offer Entitlements will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any monies paid for applications in excess of their Open Offer Entitlements which are not so satisfied will be returned to the applicant (at the applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement.

Not all Shareholders will be Qualifying Shareholders. Overseas Shareholders who are located in, or who are citizens of, or have a registered address in certain overseas jurisdictions (including, without limitation, any Restricted Jurisdiction) will not qualify to participate in the Open Offer. The attention of Overseas Shareholders or any person (including without limitation a custodian, nominee or trustee) who has a contractual or other legal obligation to forward this circular into a jurisdiction other than the United Kingdom is drawn to section 7 of this Part IV.

If you have received an Application Form with this circular, please refer to section 4(i) and sections 5 to 8 of this Part IV.

If you hold your Ordinary Shares in CREST and have received a credit of Open Offer Entitlements to your CREST stock account, please refer to section 4(ii) and sections 5 to 8 of this Part IV and also to the CREST Manual for further information on the CREST procedures referred to below.

The existing Ordinary Shares are admitted to trading on AIM and listed on the TSX. Application will be made to the London Stock Exchange and has been made to the TSX for the New Ordinary Shares to be admitted to trading on AIM and for conditional approval for the listing of the New Ordinary Shares on the TSX, respectively. It is expected that Admission of the Open Offer Shares will become effective and that dealings for normal settlement in the Open Offer Shares on AIM will commence at 8.00 a.m. on 15 November 2013.

The existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all of such Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and Excess Open Offer Entitlements in respect of Qualifying CREST Shareholders to be admitted to CREST. It is expected that such Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 24 October 2013. Such Open Offer Entitlements and Excess Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 24 October 2013. Applications through the means of the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Qualifying non-CREST Shareholders will have received an Application Form with this circular which sets out their entitlement to Open Offer Shares as shown by the number of Open Offer Entitlements allocated to them. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements on 24 October 2013.

The Open Offer Shares will be issued fully paid and will be identical to, and rank *pari passu* in all respects with, the existing Ordinary Shares and will rank for all dividends or other distributions declared, made or paid after the date of issue of the Open Offer Shares. No temporary documents of title will be issued.

The Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, entitlements to Open Offer Shares will neither be tradeable nor sold in the market and in the event that any Open Offer Shares not applied for are sold or placed in the market, this will be for the benefit of the Company and not the Qualifying Shareholders who do not apply under the Open Offer.

Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all of the information in this circular, including in particular the important information set out in the letter from the Chairman in Part I of this circular, as well as this Part IV and the Risk Factors set out in Part II of this circular.

3. Conditions and further terms of the Placing and the Open Offer

The Placing and the Open Offer are each conditional, inter alia, upon:

- (i) the passing of the Resolutions to be proposed at the General Meeting;
- (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (other than Admission) and not having been terminated in accordance with its terms;
- (iii) the receipt of conditional approval from the TSX with regard to the listing of the New Ordinary Shares;
- (iv) Admission of the Placing Shares and the Open Offer Shares becoming effective by not later than 8.00 a.m. on 15 November 2013 (or such later time and/or date as Peel Hunt and RBC Capital Markets and the Company may agree, not being later than 8.00 a.m. on 30 November 2013); and
- (v) the current interim chief executive officer of the Company remaining in office at Admission.

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Placing and the Open Offer will not proceed.

Further details of the Placing and Open Offer Agreement are set out in section 4 of Part V of this circular. Further terms of the Open Offer are set out in this Part IV and in the Application Form.

4. Procedure for application and payment

Save as provided in section 7 of this Part IV in relation to Overseas Shareholders, the action to be taken by you in respect of the Open Offer depends on whether at the relevant time you have an Application Form in respect of your entitlement under the Open Offer, including the Excess Application Facility, or you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your CREST stock account in respect of such entitlement.

Qualifying Shareholders who hold part of their Existing Ordinary Shares in uncertificated form on the Record Date and who take up Open Offer Shares under their entitlement will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated form. Further information on deposit into CREST is set out in paragraph 4(ii)(f) of this Part IV.

CREST sponsored members should refer to their CREST Sponsor, as only their CREST Sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess CREST Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess CREST Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this circular the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

(i) ***If you have an Application Form in respect of your entitlement under the Open Offer***

(a) *General*

Each Qualifying non-CREST Shareholder will have received an Application Form accompanying this circular. The Application Form shows the number of Existing Ordinary Shares registered in the relevant Qualifying non-CREST Shareholder's name at the close of business on the Record Date. It also shows the number of Open Offer Shares for which such relevant Qualifying non-CREST Shareholder is entitled to apply under the Open Offer, calculated on the basis set out in section 2 of this Part IV, above. Qualifying non-CREST Shareholders may also apply for less than their maximum Open Offer Entitlements.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

The Excess Application Facility enables Qualifying Shareholders who have taken up their full Open Offer Entitlement to apply for Open Offer Shares in excess of their Open Offer Entitlement. Applications in excess of the Open Offer Entitlement will only be satisfied to the extent that applications made by other Qualifying Shareholders are less than their full Open Offer Entitlements and may therefore be scaled back at the Company's sole discretion.

Fractions (if any) of Open Offer Shares may be aggregated and made available via the Excess Application Facility or sold by Peel Hunt and/or RBC Capital Markets for the benefit of the Company.

(b) *Market Claims*

Applications for Open Offer Shares (including under the Excess Application Facility) may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of existing Ordinary Shares through the market prior to the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, being 22 October 2013. Application Forms may be split up to 3.00 p.m. on 6 November 2013.

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their *pro rata* entitlement to Open Offer Shares by completing Boxes 5, 6, 7 and 8 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in section 4 of this Part IV.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of existing Ordinary Shares prior to 22 October 2013, being the date upon which the existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by AIM, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer (including under the Excess Application Facility) may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their

registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into the any of the Restricted Jurisdictions or to US persons.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4(ii)(e) below.

A Qualifying non-CREST Shareholder who does not wish to apply for any of the Open Offer Shares to which he or she is entitled should not return a completed Application Form to the Receiving Agent. However, he or she is strongly encouraged to still complete and return the Form of Proxy to the Registrars.

(c) *Application Procedures*

Applications for Open Offer Shares (including under the Excess Application Facility) by Qualifying non- CREST Shareholders may only be made on the Application Form, which is personal to the Qualifying non-CREST Shareholder(s) named on it and is not capable of being split, assigned or transferred except in the circumstances described below.

Qualifying non-CREST Shareholders may also apply for Excess Shares in excess of their pro rata entitlement to Open Offer Shares by completing Boxes 5, 6, 7 and 8 of the Application Form for the total number of Open Offer Shares for which they wish to make application (including their *pro rata* entitlement) and submitting the amount payable on such application. Further details on the Excess Application Facility are set out in paragraph 4(i)(f) of this Part IV.

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to Open Offer Shares under the Open Offer (including any application for any Excess Shares under the Excess Application Facility) you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance, by post or by hand (during normal business hours only) to the Company's UK registrars, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive no later than 11.00 a.m. on 8 November 2013. A reply paid envelope is enclosed for use by Qualifying non-CREST Shareholders in connection with the Open Offer. Your Application Form will not be valid unless you sign it.

The Application Form represents a right personal to the Qualifying non-CREST Shareholder to apply to subscribe for Open Offer Shares (including under the Excess Application Facility); it is not a document of title and it cannot be traded. It is assignable or transferable only to satisfy *bona fide* market claims in relation to purchases in the market pursuant to the rules and regulations of the London Stock Exchange.

Application Forms may be split up to 3.00 p.m. on 6 November 2013 but only to satisfy such *bona fide* market claims. Qualifying non-CREST Shareholders who have before the 'ex' date sold or transferred all or part of their shareholdings are advised to consult their stockbroker, bank or agent through whom the sale or transfer was effected or another professional adviser authorised under the FSMA as soon as possible, since the invitation to apply for Open Offer Shares (including under the Excess Application Facility) may represent a benefit which can be claimed from them by the purchaser(s) or transferee(s) under the rules of the London Stock Exchange.

Qualifying non-CREST Shareholders who submit a valid application using the Application Form and accompanying payment will (subject to the terms and conditions set out in this Part IV, in the letter from the Chairman of the Company in Part I and in the Application Form)

be allocated the Open Offer Shares applied for in full at the Issue Price (subject to the Company's discretion to accept, reject or scale back any application for any Open Offer Shares).

Applications will be irrevocable and, once submitted, may not be withdrawn and their receipt will not be acknowledged. The Company reserves the right to treat any application not strictly complying with the terms and conditions of application as nevertheless valid.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk.

If Open Offer Shares have already been allotted to a Qualifying non-CREST Shareholder and such Qualifying non-CREST Shareholder's cheque or a duly endorsed banker's draft is not honoured upon first presentation or such Qualifying non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company shall arrange (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which for these purposes shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Registrar, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying non-CREST Shareholders.

Please note that the Company's UK registrars cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first class post within the United Kingdom, Qualifying non-CREST Shareholders are recommended to allow at least four business days for delivery. The Company may in its absolute discretion elect to accept Application Forms and remittances after that date. The Company may also (in its sole discretion) elect to treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions, or if it does not strictly comply with the terms and conditions of application. Applications will not be acknowledged.

The Company also reserves the right (but shall not be obliged) to accept applications in respect of which remittances are received prior to 11.00 a.m. on 8 November 2013 from an authorised person (as defined in the Financial Services and Markets Act 2000) specifying the number of Open Offer Shares concerned, and undertaking to lodge the relevant Application Form in due course.

(d) *Payments*

All payments must be in pounds sterling and cheques or duly endorsed banker's drafts should be made payable to "Capita Registrars Ltd re: Serica Energy plc Open Offer Acceptance A/C" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on the personal account of the individual investor to which they have sole or joint title to the funds and must be drawn on an account at a branch or a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right hand corner. Third party cheques will not be accepted except Building Society cheques or bankers' drafts where the Building Society or bank has confirmed the name of the account holder by stamping and endorsing the Building Society cheque or bankers' draft on the reverse to such effect.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct its UK registrars to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made before they are due and any interest earned on such payments will accrue for the benefit of the Company. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company and/or the Sponsor (on the Company's behalf) may elect in their absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 15 November 2013 or such later time and date as the Company shall agree (being no later than 8.00 a.m. on 30 November 2013), the Open Offer will lapse and application monies will be returned by post to Applicants, at the Applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

The Company shall as soon as possible after 15 November 2013 refund any payment received with respect to an application for a number of Open Offer Shares in respect of an Open Offer Entitlement which has been rejected in whole or in part by the Company.

(e) *Effect of Application*

All documents and remittances sent by post by or to an Applicant (or as the Applicant may direct) will be sent at the Applicant's own risk. By completing and delivering an Application Form, you (as the Applicant(s)):

- (i) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (ii) confirm that in making the application you are not relying on any information or representation other than that contained in this circular, and you accordingly agree that no person responsible solely or jointly for this circular or any part thereof shall have any liability for any such information or representation not so contained and that having had the opportunity to read this circular you will be deemed to have notice of all the information concerning the Group contained within this circular;
- (iii) represent and warrant that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (iv) represent and warrant that you are not a citizen or resident of a Restricted Jurisdiction or any other jurisdiction in which the application for Open Offer Shares is prevented by law and are not applying on behalf of, or with a view to the re-offer, re-sale or delivery of Open Offer Shares directly or indirectly in, into or within a Restricted Jurisdiction or to a resident of a Restricted Jurisdiction or to any person you believe is purchasing or subscribing for the purpose of such re-offer, re-sale or delivery;
- (v) acknowledge that the Open Offer Shares may not be sold, transferred or otherwise disposed of on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission;
- (vi) represent and warrant that you are not otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of such person(s) on a non-discretionary basis; and

- (vii) will also be asked whether or not you can represent and warrant as follows: (i) you have not received the Application Form or any other document relating to the Open Offer in an Restricted Jurisdiction, nor have you mailed, transmitted or otherwise distributed or forwarded any such document in or into a Restricted Jurisdiction; (ii) you are not and were not located in a Restricted Jurisdiction at the time you accepted the Application Form or at the time you returned the Application Form; and (iii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (A) you have full investment discretion with respect to the Open Offer Shares covered by the Application Form or (B) the person on whose behalf you are acting was located outside a Restricted Jurisdiction at the time he or she instructed you to submit the Application Form.

If you are unable to provide such representations and warranties you will be deemed not to have validly submitted an application for Open Offer Shares, save in the discretion of the Company and subject to certain conditions.

You should note that applications will be irrevocable. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying in all respects with the terms and conditions of application as nevertheless valid.

If you do not wish to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form. Shareholders are nevertheless requested to complete and return the enclosed Form of Proxy for use at the General Meeting to be held at the offices of College Hill, The Registry, Royal Mint Court, London EC3N 4QN, United Kingdom at 11.00 a.m. on 11 November 2013.

If you are in doubt whether or not you should apply for any of the Open Offer Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying non-CREST Shareholders under the Open Offer should be addressed to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that Capita cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement.

(f) *The Excess Application Facility*

The Excess Application Facility enables Qualifying Shareholders who have taken up their Open Offer Entitlement in full to apply for additional Open Offer Shares.

Qualifying non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and applications for Open Offer Shares exceed the 22,846,288 Open Offer Shares being made available to Qualifying Shareholders as a result of applications made in respect of the Excess Application Facility, resulting in a scaling back of applications, each Qualifying non-CREST Shareholder who has made a valid application for Open Offer Shares under the Excess Application Facility and from whom payment in full for such Open Offer Shares has been received in cleared funds will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for under the Excess Application Facility but not allocated to the relevant Qualifying non-CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number.

(ii) ***If you have Open Offer Entitlements and Excess Open Offer Entitlement credited to your stock account in CREST in respect of your entitlement under the Open Offer***

(a) *General*

Subject as provided in section 7 of this Part IV in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the maximum number of Open Offer Shares for which he is entitled to apply under the Open Offer. Qualifying CREST Shareholders may also apply for Open Offer Shares in excess of their Open Offer Entitlement under the Excess Application Facility. Further details of Excess Offer Entitlements can be found in paragraph 4(ii)(j) of this Part IV.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. or such later time as the Company may decide on 24 October 2013, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Open Offer Entitlements credited to his stock account in CREST. In these circumstances the expected timetable as set out in this circular will be adjusted as appropriate and the provisions of this circular applicable to Qualifying non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

Qualifying CREST Shareholders who wish to apply for some or all of their entitlements to Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) should refer to the CREST Manual for further information on the CREST procedures referred to below. If you have any questions relating to the procedure for acceptance, please telephone Capita Asset Services on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Capita cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If you are a CREST sponsored member you should consult your CREST Sponsor if you wish to apply for Open Offer Shares (including any applications for Excess CREST Open Offer Entitlements) as only your CREST Sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

The Open Offer Entitlements and Excess Open Offer Entitlements will have separate ISIN/SEDOL numbers and will constitute separate securities for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer entitlement will

generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

(c) *USE Instructions*

Qualifying CREST Shareholders who wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST Sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of Capita under the participant ID and member account ID specified below, with a number of Open Offer Entitlements or Excess Open Offer Entitlements corresponding to the number of Open Offer Shares or Excess Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of Capita in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares or Excess Shares referred to in (i) above.

(d) *Content of USE Instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to Capita);
- (ii) the ISIN of the Open Offer Entitlement. This is GB00BFNYFT77;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (v) the participant ID of Capita, in its capacity as a CREST receiving agent. This is 7RA33;
- (vi) the member account ID of Capita, in its capacity as CREST receiving agent, This is 28074SER;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be at or before 11.00 a.m. on 8 November 2013;
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 8 November 2013.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle on 8 November 2013 in order to be valid is 11.00 a.m. on that day.

(e) *Content of USE Instructions in respect of Excess CREST Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of Excess CREST Open Offer Entitlement(s) being delivered to Capita);
- (ii) the ISIN of the Excess CREST Open Offer Entitlement. This is GB00BFNYFV99;
- (iii) the CREST participant ID of the accepting CREST member;
- (iv) the CREST member account ID of the accepting CREST member from which the Excess CREST Open Offer Entitlements are to be debited;
- (v) the Participant ID of Capita in its capacity as a CREST receiving agent, which is 7RA33;
- (vi) the member account ID of Capita in its capacity as CREST receiving agent, which is 28074SER;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date, which must be before 11.00 a.m. on 8 November 2013; and
- (ix) the Corporate Action Number for the Open Offer, which will be available by viewing the relevant corporate action details in CREST.

In order for an application in respect of an Excess CREST Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 8 November 2013.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to their USE instruction:

- (i) a contact name and telephone number (in the free format shared note field); and
- (ii) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST Sponsors, should note that the last time at which a USE instruction may settle in order to be valid is 11.00 a.m. on 8 November 2013. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess CREST Open Offer Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 15 November or such later time and date as the Company shall agree (being no later than 8.00 a.m. on 30 November 2013), the Open Offer will lapse, the Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter. The Open Offer cannot be revoked once all conditions have been satisfied.

(f) *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing so to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Open Offer Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 8 November 2013.

In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements in CREST, is 3.00 p.m. on 5 November 2013, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST is 4.30 p.m. on 4 November 2013, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and Excess Open Offer Entitlements prior to 11.00 a.m. on 8 November 2013.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes on page 2 of the Application Form, and a declaration to the Company from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any of the Restricted Jurisdictions and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(g) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 8 November 2013 will constitute a valid application under the Open Offer.

(h) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST Sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST Sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 8 November 2013. In this connection CREST members and (where applicable) their CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *Incorrect or Incomplete Applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through Capita Asset Services reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares and/or Excess Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question;
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question (without interest).

(j) *The Excess Application Facility*

Provided that a Qualifying CREST Shareholder chooses to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Open Offer Entitlements. Any such applications will be granted at the absolute discretion of the Company.

Applications for Excess Open Offer Entitlements will be satisfied only and to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their Open Offer Entitlements. Once subscriptions by Qualifying Shareholders under their respective Open Offer Entitlements have been satisfied, the Company shall, in its absolute discretion, determine whether to meet any excess applications in full or in part and no assurance can be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

An Excess CREST Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in section 7 of this Part IV in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess CREST Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess CREST Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess CREST Open Offer Entitlement as an Excess CREST Open Offer Entitlement is subject to scaling back in accordance with the terms of this circular.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess CREST Open Offer Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess CREST Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess CREST Open Offer Entitlement.

Should the Open Offer become unconditional and applications for Open Offer Shares by Qualifying Shareholders under the Open Offer exceed the number of Open Offer Shares being made available, resulting in a scale back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a pounds sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying

CREST Shareholder multiplied by the Issue Price. Monies will be returned as soon as reasonably practicable, without payment of interest, and at the Applicant's sole risk.

Fractions of Open Offer Shares will not be issued under the Excess Application Facility and fractions of Open Offer Shares will be rounded down to the nearest whole number, aggregated and sold by Peel Hunt and/or RBC Capital Markets and the proceeds in respect thereof held for the benefit of the Company.

(k) *Effect of Valid Application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (i) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Capita's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);
- (ii) request that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this circular and subject to the Memorandum and Articles of Association of the Company;
- (iii) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (iv) represent and warrant that he is not applying on behalf of any Shareholder, who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of this application to, or for the benefit of, a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company and that he is able to accept the invitation by the Company of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a nondiscretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (v) represent and warrant that he is not and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
- (vi) acknowledge that the Open Offer Shares may not be sold, transferred or otherwise disposed on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission;
- (vii) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in publicly available information and agrees that no person responsible solely or jointly for this circular or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that he will be deemed to have had notice of all the information concerning the Group contained within this circular; and

- (viii) represent and warrant that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a *bona fide* market claim.

(l) *Company's discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion:

- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part IV;
- (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST Sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the "first instruction") as not constituting a valid application if, at the time at which Capita Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or Capita Asset Services have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (iv) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST Sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST Sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Registrar in connection with CREST.

(m) *Issue of Open Offer Shares in CREST*

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects at 11.00 a.m. on 8 November 2013. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied. On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' Open Offer Entitlements with effect from the next business day. The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

5. Money Laundering Regulations

(i) *Holders of Application Forms*

It is a term of the Open Offer that, in order to ensure compliance with the Money Laundering Regulations 2007 (as amended) (the "Regulations"), the Registrar may require verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity").

The verification of identity requirements pursuant to the Regulations will apply to applications with a value of €15,000 (or its Pound Sterling equivalent) or greater, or to one of a series of linked applications whose aggregate value exceeds that amount, and in the case of such applications verification of the identity of Applicant(s) for Open Offer Shares may be required.

If within a reasonable period of time following a request, for verification of identity, but in any event by 11.00 a.m. on 8 November 2013, the Receiving Agent has not received evidence satisfactory to it, the Company may, in its absolute discretion, elect not to treat as valid the relevant application, in which event the money payable or paid in respect of the application will be returned (without interest and at the Applicant's risk) to the account of the drawee bank or building society from which sums were originally debited (but in each case without prejudice to any rights the Company may have to take proceedings in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid).

In order to avoid this, payment should be made by means of a cheque drawn by and in the name of the Applicant named on the accompanying Application Form or (where an Application Form has been transferred and/or split to satisfy *bona fide* market claims in relation to transfers of Existing Ordinary Shares through the market prior to 3.00 p.m. on 6 November 2013), by the person(s) named in Box 11 on the Application Form. If this is not practicable and the Applicant uses a cheque drawn on a building society or a banker's draft, the Applicant should:

- (i) ask the building society or bank to endorse on the cheque or draft the name and account number of the person whose building society or bank account is being debited which must be the same name as that printed on the Application Form, such endorsement being validated by a stamp and authorised signature by the building society or bank on the reverse of the cheque or banker's draft;
- (ii) if the Applicant is making the application as agent for one or more persons, indicate on the Application Form whether it is a United Kingdom or European Union regulated person or institution (e.g. a bank or broker), and specify its status. If you have any questions relating to the procedure for acceptance, please telephone Capita on 0871 664 0321 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 am to 5.30 pm (London time) Monday to Friday. Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Capita cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice;
- (iii) if the Applicant delivers the Application Form by hand, bring with them the appropriate photographic evidence of identity, such as a passport or driving licence; and
- (iv) third party cheques may not be accepted unless covered by (i) above.

In any event, if it appears to the Receiving Agent that an Applicant is acting on behalf of some other person, further verification of the identity of any person on whose behalf the Applicant appears to be acting will be required.

Neither the Receiving Agent, nor the Company will be liable to any person for any loss suffered or incurred as a result of the exercise of any discretion to require verification. By lodging an Application Form, each Qualifying Shareholder undertakes to provide evidence of his identity at the time of lodging the Application Form, or, at the absolute discretion of the Company, at such specified time thereafter as may be required to ensure compliance with the Regulations.

(ii) ***Open Offer Entitlements and Excess Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements or Excess Open Offer Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Open Offer Entitlements (and Excess Open Offer

Entitlements) as agent for one or more persons and you are not a United Kingdom or European Union regulated person or institution (e.g. a United Kingdom financial institution), then, irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the Applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of any failure to provide satisfactory evidence.

6. Taxation

The following paragraphs are intended as a general guide only and are based on current UK legislation and HM Revenue and Customs practice (which is subject to change and possibly with retrospective effect) and are not exhaustive. They summarise advice received by the Directors of the Company as to the position of Shareholders who (unless the position of non-resident Shareholders is expressly referred to) are resident (and domiciled) in the United Kingdom (“UK”) for tax purposes, who are the absolute beneficial owners of their Shares and who hold their Shares as an investment. The discussion does not address all possible tax consequences relating to an investment in shares. Certain Shareholders, such as dealers in securities, employees and officers, shareholders that are exempt from taxation, insurance companies and collective investment vehicles, may be taxed differently and are not considered.

Shareholders who are in any doubt as to their tax position, or who are subject to tax in any other jurisdiction, should consult their independent professional adviser immediately.

Taxation of Chargeable Gains

For the purposes of UK taxation of chargeable gains, the issue under open offer of New Ordinary Shares by the Company up to and including a Shareholder's maximum pro-rata entitlement should be treated by HM Revenue and Customs as a “reorganisation”. This means that a Shareholder should not be treated as making a disposal of all or part of its existing holding of Ordinary Shares by reason of the issue to that Shareholder of New Ordinary Shares.

New Ordinary Shares allotted to a Shareholder under the open offer will be added to the Shareholder's existing holding of Ordinary Shares and treated as acquired at the time the existing holding was acquired. The subscription monies for the New Ordinary Shares will be added to the base cost of the existing holding. A subsequent disposal of New Ordinary Shares by a Shareholder may, subject to the Shareholder's circumstances and any available exemption or relief, give rise to a taxable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

In the case of individual shareholders, there are two main rates of UK capital gains tax; the applicable rate will be dictated by the individual Shareholders' amount of taxable income. Those individual Shareholders who are higher rate taxpayers or additional rate taxpayers will pay capital gains tax at 28% and those individuals who are basic rate taxpayers will pay capital gains tax at 18%.

For Shareholders within the charge to UK corporation tax on chargeable gains, the subscription price of the New Ordinary Shares will be increased by indexation allowance from the time at which the Shareholder paid for or became liable to pay for the New Ordinary Shares until the New Ordinary Shares are disposed of. Indexation allowance is not available to create or increase any loss.

New Ordinary Shares subscribed for under the Open Offer in excess of a Shareholder's pro rata entitlement will be treated as a separate acquisition from his existing holding of Ordinary Shares for the purposes of UK taxation of chargeable gains.

A Shareholder who is not UK resident will not be subject to UK tax on a gain arising on a subsequent disposal of New Ordinary Shares unless either (i) the Shareholder carries on a trade, profession or vocation in the UK through a branch, permanent establishment or agency and, broadly, holds the New Ordinary Shares for the purposes of the trade, profession, vocation, branch or agency or (ii) the Shareholder falls within the anti-avoidance rules applying to temporary non-residents.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or UK SDRT should be payable on the allotment or issue of New Ordinary Shares.

The conveyance or transfer on sale of New Ordinary Shares will usually be subject to UK stamp duty, normally at the rate of 0.5% (rounded up to the nearest multiple of £5) of the amount or value of the consideration paid. In the UK stamp duty is normally paid by the purchaser. A charge to UK SDRT at the rate of 0.5% of the amount or value of the consideration paid will arise in relation to an unconditional agreement to transfer New Ordinary Shares. UK SDRT is a liability of the purchaser. However, if within six years of the date of the agreement (or, if the agreement was conditional, the date on which the agreement became unconditional) a share transfer is executed pursuant to the agreement and is duly stamped, the stamping of the transfer will normally cancel the UK SDRT liability. Any SDRT already paid will be refunded.

There will be no UK stamp duty or UK SDRT on a transfer of New Ordinary Shares into CREST where such a transfer is made for no consideration. A transfer of New Ordinary Shares effected on a paperless basis through CREST will generally be subject to UK SDRT at the rate of 0.5% of the amount or value of the consideration paid. Euroclear UK & Ireland Limited (Euroclear) will collect UK SDRT on relevant transactions settled through and CREST and will account for the SDRT to HM Revenue and Customs.

Taxation of Dividends

No UK tax will be withheld by the Company when it pays a dividend.

A UK resident individual Shareholder who receives a dividend from the Company will be entitled to a UK tax credit, currently at the rate of 1/9th of the cash dividend paid (or 10% of the aggregate of the net dividend and related tax credit). The individual is treated as receiving for tax purposes gross income equal to the cash dividend plus the tax credit. The tax credit is set against the individual's UK tax liability on that gross income.

An individual Shareholder who is not liable to UK income tax at a rate greater than the basic rate is subject to the lower rate of UK income tax on dividend income (currently 10%) and will therefore have no UK income tax to pay in respect of the dividend. The higher rate of income tax on dividends is currently 32.5% and the additional rate of income tax on dividends is currently 42.5%. This means that a Shareholder who is a higher (but not additional rate) rate taxpayer will, after taking into account the tax credit, pay tax at the rate of 25% of the cash dividend and an additional rate taxpayer will, after taking into account the tax credit, pay tax at the rate of 30.6% of the cash dividend.

UK resident Shareholders who do not pay UK income tax or whose liability to UK income tax on the dividend and related tax credit is less than the tax credit, including pension funds, charities and certain individuals, are not generally entitled to claim repayment of any part of the tax credit associated with the dividend from HM Revenue and Customs.

Most UK resident corporate shareholders should be able to receive dividends on a tax free basis (regardless of the source of that dividend) providing certain conditions are met.

A non-UK resident Shareholder may be subject to foreign taxation on dividend income.

7. Overseas Shareholders

(a) *General*

The distribution of this circular and the Application Form and the making or acceptance of the Open Offer to persons who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, or which are corporations, partnerships or other entities created or organised under the laws of countries other than the United Kingdom or to persons who are nominees of or custodians, trustees or guardians for citizens, residents in or nationals of, countries other than the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirement or other formalities to enable them to apply for Open Offer Shares under the Open Offer. The comments set out in this section 7 are intended as a general guide only and any Overseas Shareholders who are in any doubt as to their position should consult their professional advisers without delay.

No action has been or will be taken by the Company or any other person, to permit a public offering or distribution of this circular (or any other offering or publicity materials or Application Form(s) in any jurisdiction where action for that purpose may be required, other than in the United Kingdom.

Application Forms will not be sent to and Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to a stock account in CREST of persons with registered addresses in a Restricted Jurisdiction or their agent or intermediary, except where the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he or she in any event use any such Application Form and/or credit of Open Offer Entitlements and/or credit of Excess Open Offer Entitlements to a stock account in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her and such Application Form and/or credit of Open Offer Entitlements and/or credit of Excess Open Offer Entitlements to a stock account in CREST could lawfully be used, and any transaction resulting from such use could be effected, without contravention of any registration or other legal or regulatory requirements. In circumstances where an invitation or offer would contravene any registration or other legal or regulatory requirements, this circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

It is the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside the United Kingdom wishing to apply for Open Offer Shares under the Open Offer to satisfy himself or herself as to the full observance of the laws of any relevant territory in connection therewith, including obtaining any governmental or other consents that may be required, observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such territory. Neither the Company nor any of its respective representatives, is making any representation to any offeree or purchaser of the Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST in connection with the Open Offer or otherwise, should not distribute or send either of those documents nor transfer Open Offer Entitlements or Excess Open Offer Entitlements in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a copy of this circular and/or an Application Form and/or a credit of Open Offer Entitlements and/or a credit of Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such territory, or by his or her custodian,

agent, nominee or trustee, he or she must not seek to apply for Open Offer Shares in respect of the Open Offer unless the Company determines that such action would not violate applicable legal or regulatory requirements.

Any person (including, without limitation, custodians, agents, nominees and trustees) who does forward a copy of this circular and/or an Application Form and/or transfers Open Offer Entitlements and/or Excess Open Offer Entitlements into any such territory, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this Part IV and specifically the contents of this section 7.

The Company reserves the right, but shall not be obliged, to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or, in the case of a credit of an Open Offer Entitlement and/or an Excess Open Offer Entitlement to a stock account in CREST, to a member whose registered address would be in a Restricted Jurisdiction or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

The attention of Overseas Shareholders is drawn to sections 7(b) to 7(e) below.

Notwithstanding any other provision of this circular or the Application Form, the Company reserves the right to permit any person to apply for Open Offer Shares in respect of the Open Offer if the Company, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restrictions in question.

Overseas Shareholders who wish, and are permitted, to apply for Open Offer Shares should note that payment must be made in sterling denominated cheques or banker's drafts. The Open Offer Shares have not been and will not be registered under the relevant laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, in or into any Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Restricted Jurisdiction except pursuant to an applicable exemption. The Open Offer Shares are not being offered to residents of Canada, and such Open Offer Shares issued to residents of countries other than Canada may not be sold, transferred or otherwise disposed on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission.

No public offer of Open Offer Shares is being made by virtue of this circular or the Application Forms into any Restricted Jurisdiction. Receipt of this circular and/or an Application Form and/ or a credit of an Open Offer Entitlement and/or a credit of Excess Open Offer Entitlements to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this circular and/or the Application Form must be treated as sent for information only and should not be copied or redistributed.

(b) ***United States***

None of the New Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements has been or will be registered under the US Securities Act or the laws of any state or other jurisdiction of the United States and, therefore, the New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be, directly or indirectly, offered, sold, taken up, delivered, renounced or transferred in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Company is not extending the Open Offer into the United States and, subject to certain exceptions, none of this circular, the Application Forms or the crediting of Open Offer Entitlements or Excess Open Offer Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for an offer or an invitation to subscribe for any New Ordinary Shares in the United States. Neither this circular nor an Application Form will (unless an address within the United Kingdom for services of notices has been notified to the Company) be sent to, and no Open Offer Entitlements or Excess Open Offer Entitlements will be credited to, a stock account in CREST of any Qualifying Shareholder with a registered address in the United States. Subject to certain exceptions, Application Forms sent from, or post-marked in, the United States will be deemed to be invalid and all persons subscribing for New Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States.

(c) ***Canada and other Restricted Jurisdictions***

Due to restrictions under the securities laws of Canada and the other Restricted Jurisdictions and subject to certain exemptions, Qualifying Shareholders who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, Canada or any other Restricted Jurisdiction will not qualify to participate in the Open Offer and will not be sent an Application Form, nor will their stock accounts in CREST be credited with Open Offer Entitlements or Excess Open Offer Entitlements.

The Open Offer Shares have not been and will not be registered under the relevant laws of Canada or any other Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, re-sold, delivered or distributed, directly or indirectly, in or into Canada or any other Restricted Jurisdiction or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, Canada or any other Restricted Jurisdiction except pursuant to an applicable exemption.

No offer of Open Offer Shares is being made by virtue of this circular or the Application Forms into Canada or any other Restricted Jurisdiction.

(d) ***Other overseas jurisdictions***

Application Forms will be sent to Qualifying non-CREST Shareholders and an Open Offer Entitlement will be credited to the stock account in CREST of Qualifying CREST Shareholders in other overseas jurisdictions. Qualifying Shareholders in jurisdictions other than any Restricted Jurisdiction may, subject to the laws of their relevant jurisdiction, take up Open Offer Shares under the Open Offer in accordance with the instructions set out in this circular and, if relevant, the Application Form.

Qualifying Shareholders who have registered addresses in or who are located or resident in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Open Offer Shares in respect of the Open Offer.

(e) ***Representations and warranties relating to Overseas Shareholders***

(i) ***Qualifying non-CREST Shareholders***

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company and/or the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction:

- (i) such person is not requesting registration of the relevant Open Offer Shares from within a Restricted Jurisdiction;

- (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares in respect of the Open Offer or to use the Application Form in any manner in which such person has used or will use it;
- (iii) such person acknowledges that the Open Offer Shares may not be sold, transferred or otherwise disposed of on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission;
- (iv) such person is not acting on a nondiscretionary basis on behalf of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (v) such person is not subscribing for Open Offer Shares with a view to the offer, sale, re-sale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction or any territory referred to in (ii) above.

The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it:

- (i) appears to the Company or its agents to have been executed, effected or despatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements;
- (ii) provides an address in any Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates); or
- (iii) purports to exclude the warranty required by this paragraph 7(e)(i).

(ii) *Qualifying CREST Shareholders*

A CREST member who makes a valid application either on its own behalf or on behalf of one of its clients in accordance with the procedures set out in this Part IV represents and warrants to the Company that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction:

- (i) neither it nor its client is within a Restricted Jurisdiction;
- (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to subscribe for Open Offer Shares;
- (iii) it acknowledges that the Open Offer Shares may not be sold, transferred or otherwise disposed of on the TSX or, except pursuant to an exemption from the prospectus requirements under Canadian securities laws, to any person in Canada or otherwise into Canada for a period of four months plus one day from the date of Admission;
- (iv) it is not accepting on a non-discretionary basis on behalf of, or for the account or benefit of, a person located within a Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and
- (v) neither it nor its client is subscribing for any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into a Restricted Jurisdiction, or any territory referred to in (ii) above.

The Company reserves the right to reject any USE instruction from a Restricted Jurisdiction or any territory referred to in (ii) above or by a CREST participant who is acting on a non-

discretionary basis on behalf of a person located within a Restricted Jurisdiction or any territory referred to in (ii) above.

8. Admission, Settlement and Dealings

Application will be made to the London Stock Exchange and has been made to the TSX for the New Ordinary Shares to be admitted to trading on AIM and for conditional approval for the listing of the New Ordinary Shares on the TSX, respectively. Subject to the Placing and the Open Offer becoming unconditional in all respects, it is expected that Admission of the New Ordinary Shares will become effective and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 15 November 2013.

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 8 November 2013 (the latest date for applications under the Open Offer. If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 15 November 2013). On this day, Capita will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Admission (expected to be 15 November 2013). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this circular, the Company reserves the right to send you an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess Open Offer Entitlements, and to allot and/or issue any Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Capita in connection with CREST.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post by 22 November 2013. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers will be certified against the register. All documents or remittances sent by or to Applicants or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST Shareholders are referred to the Application Form.

9. Governing law and jurisdiction

The terms and conditions of the Open Offer as set out in this circular shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this circular, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

10. Further information

Your attention is drawn to the terms and conditions set out in the enclosed Application Form.

Part V

Additional Information

1. Responsibility

The Company and the Directors accept responsibility for the information contained in this circular. To the best of the knowledge and belief of the Company and the Directors (which has and who have taken all reasonable care to ensure that such is the case) the information contained in this circular for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Share Capital

The issued share capital of the Company (i) as at the date of this circular and (ii) as it is expected to be after Admission (assuming the take-up in full under the Open Offer) is set out below:

	<i>Existing Issued and fully paid</i>		<i>Immediately following Admission Issued and fully paid</i>	
	<i>Amount</i>	<i>Number</i>	<i>Amount</i>	<i>Number</i>
Ordinary Shares of US\$0.10 each	US\$18,277,031	182,770,310	US\$26,248,753	262,487,533
“A” shares of £50,000 each ⁽¹⁾	£50,000	1	£50,000	1
	<u>US\$18,357,981⁽²⁾</u>	<u>182,770,311</u>	<u>US\$26,329,703</u>	<u>262,487,534</u>

Notes:

1. “A” share is held by Serica Energy Corporation as nominee for and on behalf of the holders of Ordinary Shares.
2. Based on an exchange rate of £1:US\$1.6190.

3. Directors’ Interests

3.1 The Directors and their respective functions are set out below:

Antony Craven Walker (*Chairman and Interim Chief Executive*)

Mitchell Flegg (*Chief Operating Officer*)

Christopher Hearne (*Finance Director*)

Jeffrey Harris (*Non-Executive Director*)

Neil Pike (*Non-Executive Director*)

Steven Theede (*Non-Executive Director*)

Ian Vann (*Non-Executive Director*)

3.2 The interests (all of which are beneficial unless stated otherwise) of the Directors and of persons connected with them (within the meaning of Section 252 of the 2006 Act) in the issued ordinary share capital of the Company and the existence of which is known to, or could with reasonable due diligence be ascertained by, any Director (i) as at the date of this circular and (ii) as they are expected to be on Admission are as follows:

	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Ordinary Shares following Admission⁽¹⁾</i>	<i>Percentage of Enlarged Share Capital following Admission (assuming full take-up under the Open Offer)⁽¹⁾</i>
Antony Craven Walker ⁽²⁾	5,970,236	3.27	7,829,916	2.98
Christopher Hearne	821,615	0.45	1,046,615	0.40
Mitchell Flegg	129,799	0.07	296,465	0.11
Neil Pike ⁽³⁾	405,000	0.22	505,000	0.19
Ian Vann	133,935	0.07	267,935	0.10
Steven Theede	749,485	0.41	749,485	0.29
Jeffrey Harris ⁽⁴⁾	25,501,736	13.95	46,090,576	17.56

Notes:

1. Assuming that none of the Directors take up Open Offer Entitlements or Excess Open Offer Entitlements under the Open Offer.
 2. 3,513,349 ordinary shares are held by Antony Craven Walker, 1,548,003 ordinary shares are held by Christine Elizabeth Walker and 908,884 by Rathbones (pension fund).
 3. 155,000 ordinary shares are held by Romayne Pike and 150,000 ordinary shares by Luska Limited.
 4. 25,501,736 ordinary shares are held by Global Reserve Group LLC who are represented on the Board by Jeffrey Harris.
- 3.3 On 21 October 2013, being the last practicable date prior to the publication of this circular, the Directors and (so far as is known to the Directors, having made appropriate enquiries) persons connected with them (within the meaning of Section 252 of the 2006 Act) will have the following options over Ordinary Shares:

Serica Energy Corporation option plan

	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price Cdn\$</i>	<i>Date of grant</i>	<i>Expiry date</i>
Christopher Hearne	600,000	1.00	17/01/05	16/01/15
	100,000	1.80	15/06/05	14/06/15

The options above have fully vested.

Serica Energy plc 2005 Share Option Plan

	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price £</i>	<i>Date of grant</i>	<i>Expiry date</i>
Christopher Hearne	103,000	0.97	23/11/05	22/11/15
	7,000	0.97	23/11/05	22/11/15
	350,000	0.82	31/03/08	30/03/18
	675,000	0.68	11/01/10	10/01/20
	200,000	0.313	05/04/11	04/04/21
	402,190	0.214	11/01/12	10/01/22
	400,000	0.29	08/10/12	07/10/22

	<i>Number of Ordinary Shares under option</i>	<i>Exercise Price £</i>	<i>Date of grant</i>	<i>Expiry date</i>
Mitchell Flegg	270,000	0.96	12/06/06	11/06/16
	150,000	1.02	11/01/07	10/01/17
	210,000	0.75	14/03/08	13/03/18
	66,000	0.32	05/01/09	04/01/14
	225,000	0.68	11/01/10	10/01/20
	200,000	0.313	05/04/11	04/04/21
	326,750	0.214	11/01/12	10/01/22
	400,000	0.29	08/10/12	07/10/22

Vesting of the options is subject to the achievement of various performance conditions as identified in the latest Annual Report and Accounts.

- 3.4 Save as disclosed above, no Director nor their immediate families nor any person connected with a Director within the meaning of Section 252 of the 2006 Act has any interests (beneficial or nonbeneficial) in the share capital of the Company or any of its subsidiaries.

4. Material Contracts

4.1 Placing and Open Offer Agreement

- 4.2 Under the terms of a Placing and Open Offer Agreement dated 22 October 2013 made between (1) the Company (2) Peel Hunt LLP (“Peel Hunt”) and (3) RBC Europe Limited (trading as RBC Capital Markets) (“RBC”), Peel Hunt and RBC were each appointed as agents of the Company to use their respective reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price. Pursuant to the Placing and Open Offer Agreement, the Company has given certain warranties to Peel Hunt and RBC regarding, *inter alia*, the accuracy of information in this document and an indemnity in favour of Peel Hunt and RBC in respect of, *inter alia*, losses arising directly or indirectly out of the Capital Raising.

The Placing and Open Offer Agreement is conditional, *inter alia*, on the conditions to the Placing and Open Offer described in section 9.5 of Part I and section 3 of Part IV of this circular. Under the Placing and Open Offer Agreement, the Company has agreed to pay commissions and costs to Peel Hunt and RBC of between approximately US\$520,000 and approximately US\$770,000 (depending on take-up under the Open Offer) for advice and services to the Company in connection with the Capital Raising. Peel Hunt will also receive a corporate finance fee of £110,000 for its advice and services to the Company in relation to the Capital Raising. All such aforementioned costs and commissions will be deducted from the proceeds of the Placing. Each of Peel Hunt and RBC are entitled, in certain limited circumstances, to terminate the Placing and Open Offer Agreement prior to Admission and to the payment of outstanding expenses on such termination.

5. Consent

Each of Peel Hunt and RBC Capital Markets has given and not withdrawn its written consent to the issue of this circular with the inclusion herein of the references to its name in the form and context in which it is included.

6. Availability of this circular

This circular will be available for a period of twelve months from the date of this circular on the Company’s website www.serica-energy.com free of charge in accordance with the requirements of Rule 26 of the AIM Rules.

Dated: 22 October 2013

SERICA ENERGY PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985
with registered no. 05450950)*

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of Serica Energy plc (“**Serica**” or the “**Company**”) will be held at the offices of College Hill, The Registry, Royal Mint Court, London EC3N 4QN, United Kingdom at 11.00 a.m. GMT on 11 November 2013 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 3 will be proposed as ordinary resolutions and Resolutions 2 and 4 will be proposed as special resolutions.

Resolution 1

That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all powers of the Company to allot up to 79,717,222 Ordinary Shares pursuant to the Capital Raising (as defined in the circular dated 22 October 2013, of which this notice forms part (“**Circular**”)), provided that this authority shall (i) be in substitution for all previous authorities pursuant to section 551 of the 2006 Act and (ii) expire on the date of the next annual general meeting of the Company.

Resolution 2

That, conditional on the passing of Resolution 1, the Directors be and they are hereby empowered pursuant to Section 570 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash pursuant to the authority conferred by Resolution 1 above as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to the allotment of up to 79,717,222 Ordinary Shares pursuant to the Capital Raising and shall expire on the date of the next annual general meeting of the Company.

Resolution 3

That the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the 2006 Act to exercise all powers of the Company to allot further shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“**Rights**”):

- (i) up to an aggregate nominal amount of US\$8,749,584.40; and
- (ii) up to a further aggregate nominal amount of US\$8,749,584.40 provided that (i) they are equity securities (within the meaning of section 560(1) of the Companies Act 2006) and (ii) they are offered by way of a rights issue to holders of ordinary shares on the register of members at such record date as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date and to other holders of equity securities entitled to participate therein, subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that this authority shall expire on the date of the next Annual General Meeting of the Company or, if earlier, on 27 September 2014, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot relevant securities (other than pursuant to Resolutions 1 and 2 above in relation to the Capital Raising) be and are hereby revoked.

Resolution 4

That conditional on the passing of Resolution 3 the directors be and they are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash either pursuant to the authority conferred by Resolution 3 or by way of a sale of treasury shares as if section 561(1) of the Companies Act 2006 did not apply to such allotment provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an issue or offer of securities (but, in the case of the authority granted under paragraph ii of Resolution 3, by way of a rights issue only) in favour of holders of ordinary shares on the register of members at such record date as the directors may determine where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, or legal or practical problems under the laws of, or the requirements of any regulatory authority or stock exchange in, any territory or any other matter; and
- (ii) the allotment otherwise than pursuant to 4 (i) above, to any person or persons of equity securities up to an aggregate nominal amount of US\$2,624,875.30,

and shall expire upon the expiry of the general authority conferred by Resolution 3 above, save that the Company may before such expiry make any offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuant of such offer or agreement as if this power had not expired.

Explanatory Notes:

Resolution 1 enables the Directors to allot the New Ordinary Shares pursuant to the Capital Raising.

Resolution 2 entails Shareholders' waiver of their pre-emption rights in respect of the New Ordinary Shares to be issued pursuant to the Capital Raising and enables the Directors to allot these New Ordinary Shares for cash.

Resolution 3 enables the Directors to allot relevant securities (including new Ordinary Shares). The maximum nominal amount of securities which the Board will have authority to allot pursuant to this resolution is US\$17,499,168.80 (such amount equating to two thirds of the aggregate nominal value of the Enlarged Share Capital (as defined in the Circular) assuming full take-up of the Open Offer). This amount is in line with the ABI Guidelines which recommend that the directors' authority to allot share capital be limited to a sum equal to two-thirds of the issued Ordinary Share capital plus the amount required in order to satisfy outstanding share options on condition that half of this amount (representing one third of the Company's Enlarged Share Capital (assuming full take-up of the Open Offer) can only be allotted pursuant to a rights issue. Resolution 3 will, if passed, renew the authority to allot given to the directors and passed on broadly the same terms at the Annual General Meeting held on 27 June 2013.

Resolution 4 is required to authorise directors to allot equity securities for cash subject to statutory pre-emption rights in favour of Shareholders and to disapply statutory pre-emption rights on the allotment of a limited number of equity securities (including new Ordinary Shares). In the light of the ABI Guidelines described in relation to Resolution 3 above, this authority will permit the directors to allot:

- (i) shares up to approximately two-thirds of the company's issued Ordinary Share capital on an offer to existing shareholders on a pre-emptive basis. However unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to approximately one-third of the company's issued Ordinary Share capital (in each case subject to such adjustments or exclusions as are described in the Notice of Meeting); and*
- (ii) shares up to a maximum nominal amount of US\$2,624,875.30, such amount equating to ten per cent. of the aggregate nominal value of the Enlarged Share Capital (as defined in the Circular) assuming full take-up of the Open Offer).*

Resolution 4 will, if passed, renew the authority to allot equity shares for cash given to the directors and passed on broadly the same terms at the Annual General Meeting held on 27 June 2013.

By order of the Board of Directors

Antony Craven Walker
Chairman

22 October 2013

Registered Office
52 George Street
London
W1U 7EA

Notes:

- (1) A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies, in accordance with the Company's Articles of Association, to exercise all or any of his rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company and the appointment of a proxy does not preclude a Shareholder from attending and voting in person if he or she wishes to do so. A Form of Proxy is enclosed for this purpose. To be valid, the instrument to appoint a proxy must be lodged (in the case of Shareholders resident in the UK or anywhere else except Canada) with Capita Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU or (in the case of Shareholders resident in Canada) with the Company's Canadian Transfer Agent Equity Financial Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, Canada as soon as possible but in any event so as to arrive not later than 6.00 p.m. (London time) on 7 November 2013 together with any power of attorney or other authority (or a notarially certified copy thereof) under which it is signed.

A Shareholder has the right to appoint one or more persons as his proxy or proxies, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him or her. The person named in the enclosed Form of Proxy is the chairman of the General Meeting (which is expected to be a Director of the Company); a Shareholder has the right to appoint a person or persons other than the chairman of the General Meeting as his or her proxy or proxies. Further details are included in the notes to the Form of Proxy.

A Shareholder who has appointed a proxy may revoke the proxy appointment in accordance with the provisions contained in the Company's Articles of Association by an instrument in writing, including another proxy, duly executed by the Shareholder or by his or her attorney authorised in writing, deposited with the Company as provided above. A Shareholder may also revoke a proxy in any other manner permitted by law, but such revocation must be prior to the exercise of rights by such proxy in respect of any particular matter.

- (2) Proxies are being solicited by or on behalf of management for use in connection with the General Meeting. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by regular employees of the Company or the Company's registrars (Capita Asset Services or Equity Financial Trust Company) at a nominal cost. The costs of solicitation will be borne by the Company.
- (3) Only those Shareholders registered in the register of members of the Company as at 6.00 p.m. on 7 November 2013 shall be entitled to attend and vote at the General Meeting to which this Notice relates in respect of the number of Ordinary Shares registered in their name at that time. Changes to the entries on the register of members of the Company after 6.00 p.m. on 7 November 2013 shall be disregarded in determining the rights of any person to attend or vote at the meeting to which this Notice relates.
- (4) The persons named in the enclosed Form of Proxy will vote the Ordinary Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of a contrary instruction, the chairman of the General Meeting intends to vote in favour of the passing of all of the Resolutions in respect of the Ordinary Shares in respect of which he is appointed as proxy.** The enclosed Form of Proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the Notice of General Meeting and with respect to other matters which may properly come before the General Meeting or any adjournment thereof. At the time of the printing of this circular, the Board of Directors knows of no such amendments, variations or other matters to come before the General Meeting, other than the matters referred to in this Notice of General Meeting. However, if any other matters which are not known to management should properly come before the General Meeting, the proxies will be voted on such matters in accordance with the best judgement of the named proxies.
- (5) In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (6) If the appointer is a corporation, the proxy must be completed under its common seal (if any) or under the hand of its duly authorised agent or officer.
- (7) Copies of the Company's most recent Canadian annual information form (together with the documents incorporated therein by reference) and most recent management information circular are available on SEDAR at www.sedar.com and are available on request from the Company.
- (8) On the date hereof, 182,770,310 Ordinary Shares in the capital of the Company were issued and outstanding, together with one "A" Share of £50,000 held by Serica Energy Corporation as nominee for and on behalf of the holders of Ordinary Shares. Each Ordinary Share and the "A" Share entitles the holder thereof to vote on matters to be acted upon at the General Meeting.
- (9) Other than Global Reserve Group LLC, which currently holds 14.0 per cent. and Fidelity International Limited which currently holds 11.5 per cent. of the Ordinary Shares, there are no persons, firms or corporations who, to the knowledge of the Directors and senior officers of the Company, beneficially own, directly or indirectly, or exercise control or discretion over voting securities of the Company carrying more than 10 per cent. of the voting rights attached to the voting securities of the Company.

