



Serica Energy plc

Acquisition of Further Interests in Bruce & Keith

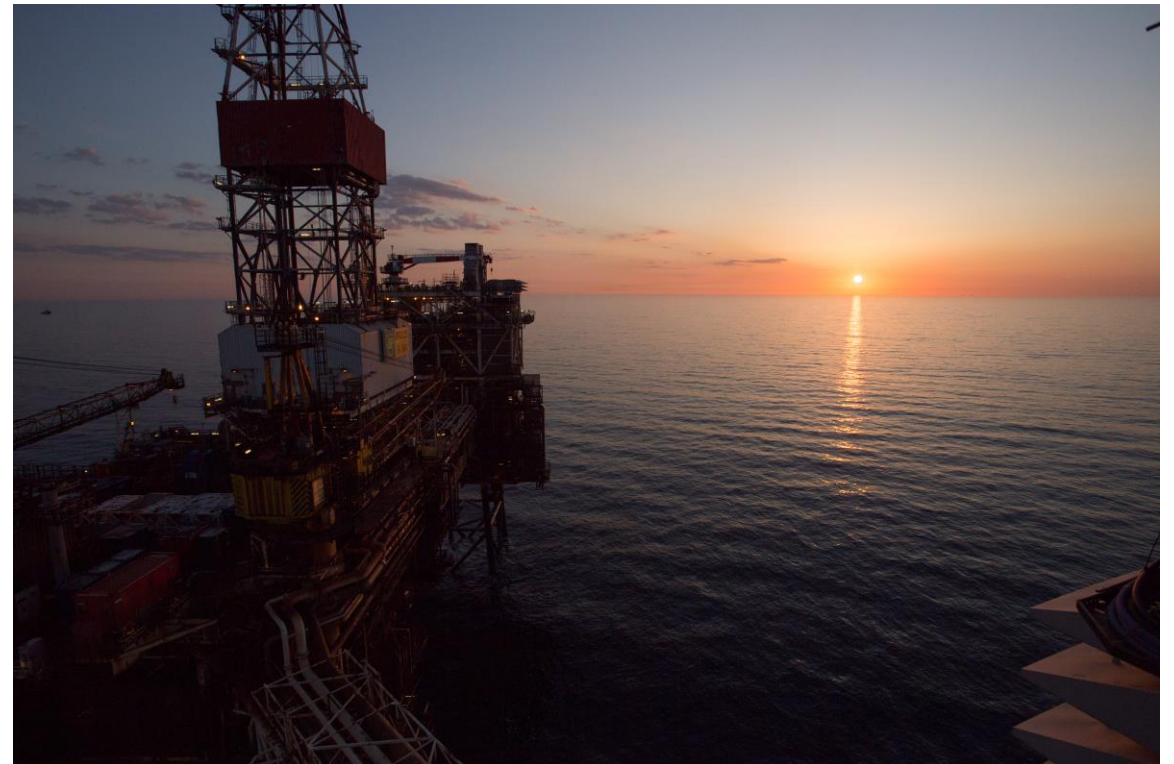
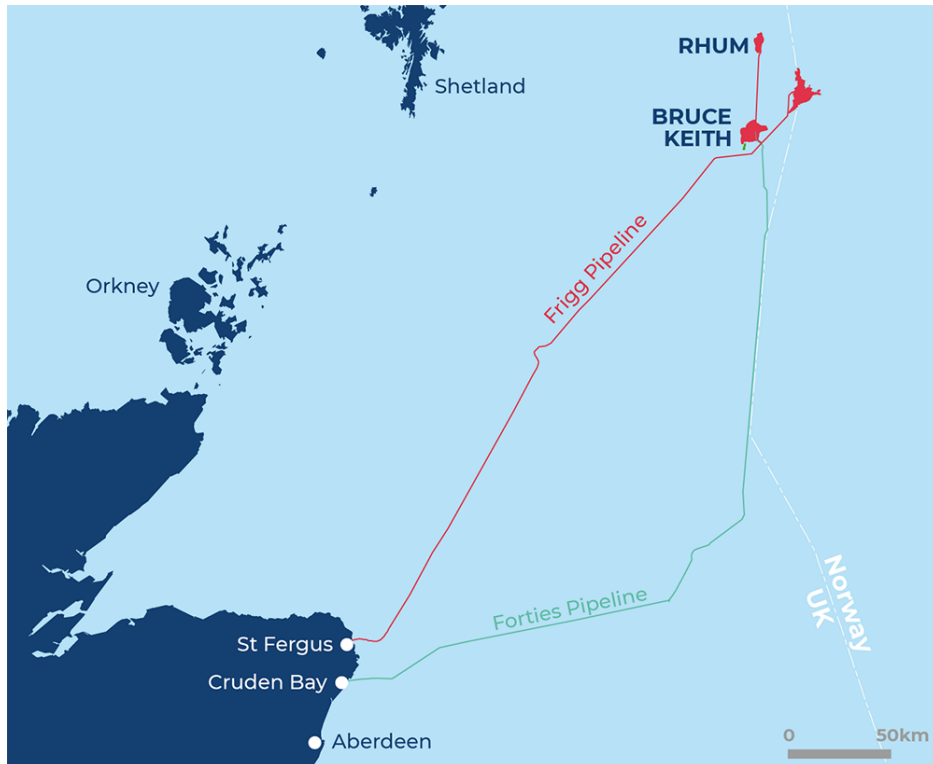
3 August 2018

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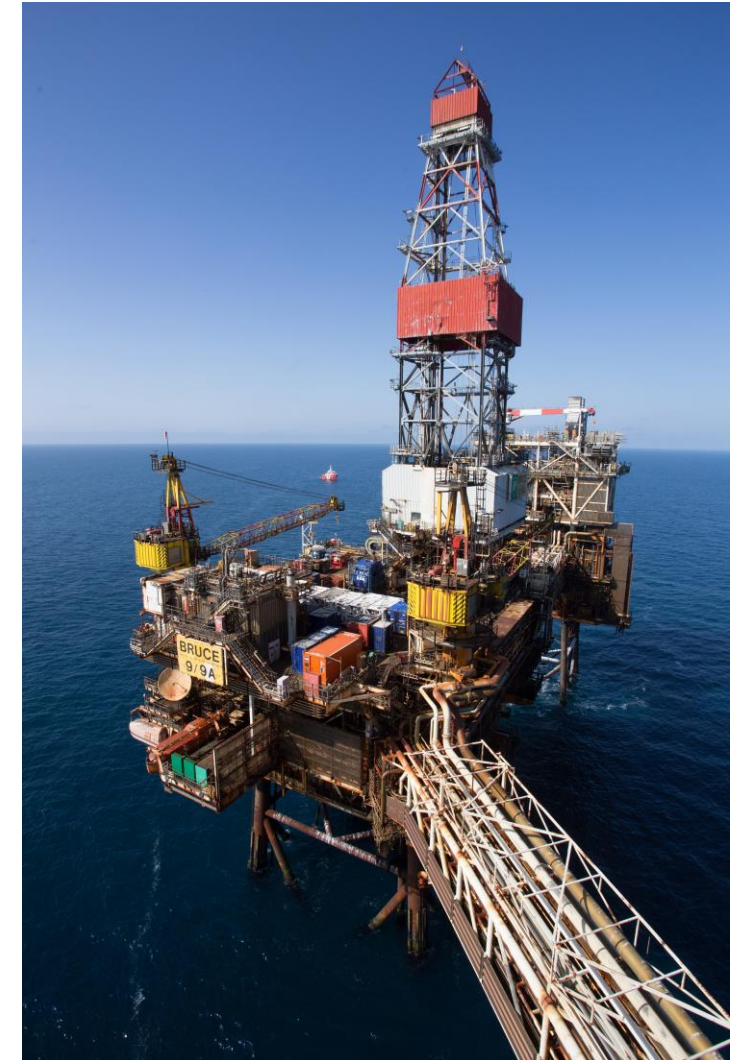
Background

- On 21 November 2017 Serica announced that it was acquiring BP's interests in the Bruce, Keith and Rhum assets located in the UK Northern North Sea, with access to established infrastructure
- As part of that transaction, operatorship of the Bruce, Keith and Rhum fields will be transferred from BP to Serica, along with approximately 110 BP staff



Acquisition of Further Interests in Bruce & Keith

- Serica has now signed a Sale and Purchase Agreement to acquire further interests in the Bruce and Keith fields and associated infrastructure in the UK North Sea from Total E&P UK Limited
- Under the Sale and Purchase Agreement, Serica will acquire a further 42.25% interest in the Bruce Field and a further 25% interest in the Keith Field and associated infrastructure
- This acquisition has an effective date of 1 January 2018 and completion will be subject to completion of the previously announced acquisition of interests in the Bruce, Keith and Rhum fields from BP (“the BKR Transaction”), which is targeted for the end of Q3 2018
- This new acquisition is subject to certain regulatory, government and partner consents and is expected to complete immediately upon completion of the BKR Transaction



Transaction Details

- Transaction effective from 1 January 2018; completion targeted for end of Q3 2018 subject to regulatory, government and partner consents
- Initial consideration of US\$5million cash payable on completion
- Deferred consideration of US\$15million to be paid in three instalments of US\$5million. Instalments are payable every 8 months following completion of the acquisition subject to continued production from Rhum
- Additional earn-out structure enables Serica and Total E&P to share risk and benefit from future asset performance. Total E&P to receive share of pre-tax net cash flow from the relevant Bruce and Keith interests over four years:

2018	2019	2020	2021
60%	50%	40%	40%

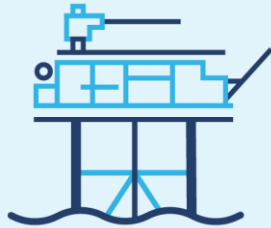
- No amounts payable by Serica unless cash flow is positive
- Calculated on monthly basis with offset of positive and negative cash flows
- Decommissioning cost of existing assets retained by Total E&P
- Serica to pay Total E&P additional consideration equal to 30% of such costs at time of decommissioning net of tax, capped at Serica's net cash flows from the relevant Bruce and Keith interests



Impact

This transaction builds on the transformational acquisition of BP's operated interests in the Bruce, Keith and Rhum fields, announced 21 November 2017, targeted to complete late Q3 2018

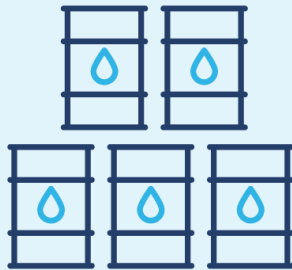
- **Additional interest in Bruce and Keith will allow further investment for the benefit of Bruce, Keith and Rhum**



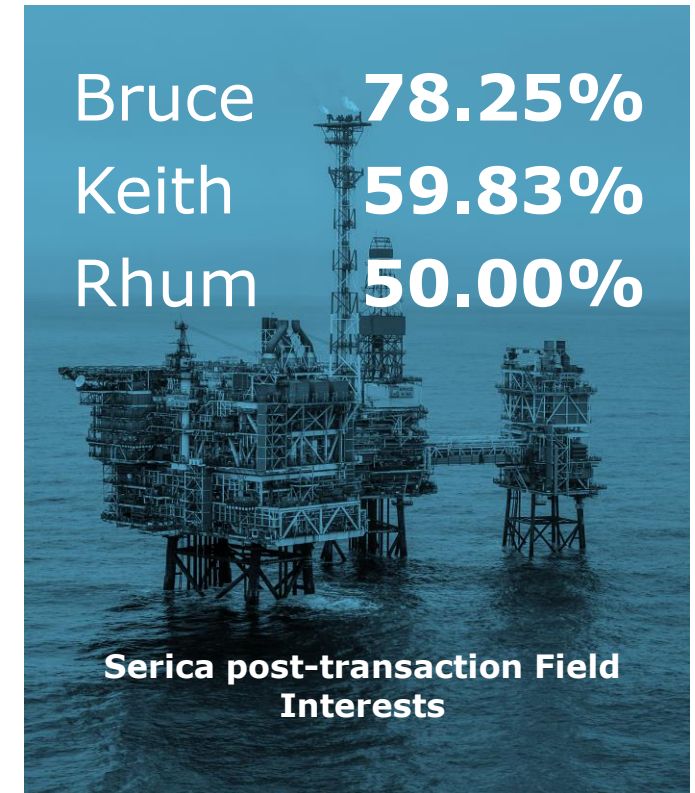
- **Production for Total E&P interests in Bruce and Keith averaged ~4,700 boe/d net in 1H 2018**



- **The net 2P Reserves attributable to the Total E&P interest in Bruce and Keith (at 1 July 2018) projected to be ~11 mmboe***



- **Further increases Serica's scale and profile, improving our ability to attract further growth opportunities**



*Reserve figures taken from the CPRs contained in the Serica Admission Document published on 30 November 2017 updated for production to 1 July 2018

Another Enabling Acquisition



MITIGATES RISK

- Deal structure protects Serica downside
- Initial consideration expected to be funded by Serica's share of net cash flow from the BK Assets between January 2018 and Completion
- Bulk of consideration deferred and contingent



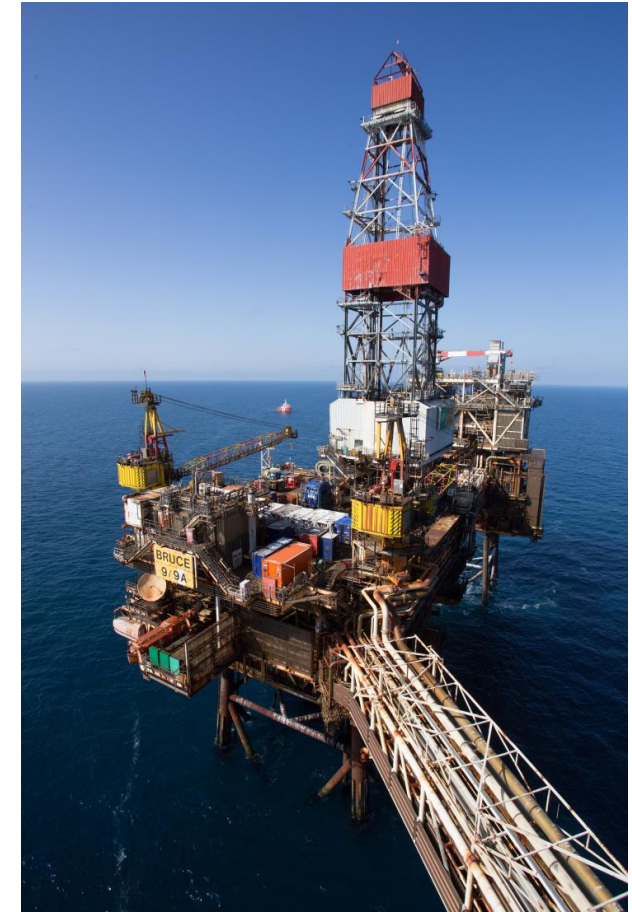
MAINTAINS BALANCE SHEET STRENGTH

- No shareholder dilution
- No impact on existing cash resources
- No requirement for new borrowing
- Expected to be immediately cash-flow and value accretive
- Tax efficient



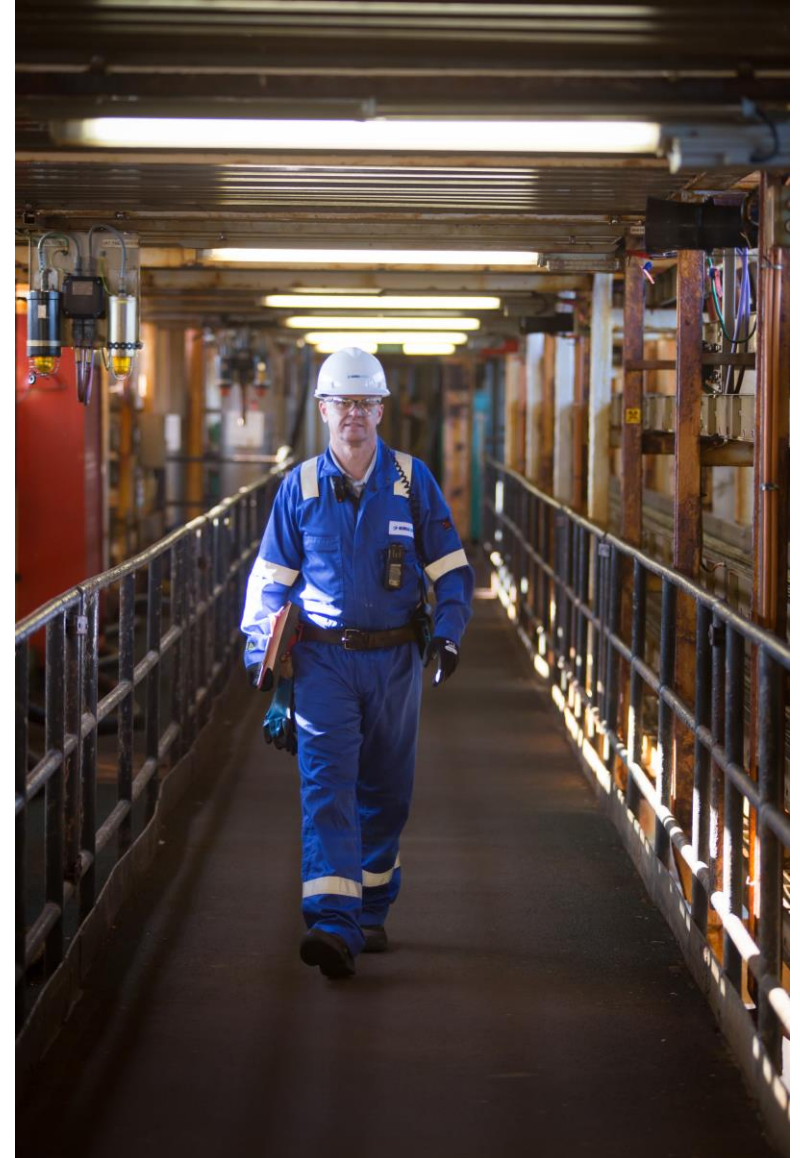
UTILISES CAPABILITY

- Existing infrastructure and enlarged team already being put into place as part of the BKR Transaction so no additional resources will be required



Maximising Economic Recovery

- Serica intends to build upon BP's operational performance at Bruce, Keith and Rhum to extend field life
- Objectives are fully aligned with the aims of the OGA's Maximising Economic Recovery strategy (MER)
- Serica is focused, flexible and financially robust, enabling it to pursue additional opportunities to increase ultimate recovery and extend field life
- Serica is committed to maintaining the highest HSE and employment standards



Preparation for Bruce, Keith and Rhum Operatorship

- Completed consultation process for all BP employees transferring from BP to Serica
- Secured new office space for Aberdeen Operational Headquarters
- Progressing office fit-out and IT installation
- Hiring new staff and continuing recruitment campaign
- Making good progress on technical preparations for safe and efficient transfer of systems and operational practices from BP to Serica
- Completion targeted for late Q3 2018
- Continuing regulatory and Joint Venture approval process
- Working with partners, the UK Government and US authorities to provide the basis on which the necessary licence consents can be obtained and thereby enable continuing safe and efficient Rhum operations and ensure maximum economic recovery of reserves



A Robust Business Base for Future Growth



INVEST

Investing to enhance production and increase reserves



GROW

Increased scale and diversification of revenue streams



BUILD

Commitment to operational excellence with Aberdeen HQ



TEAM

Combining expert skillsets for team breadth and depth



EXPLORE

Exploring future opportunities