

Serica Energy plc
("Serica" or the "Company")

BILITON OPERATIONS UPDATE

London, 31 December 2007 - Serica Energy plc (AIM & TSX-V: SQZ) announces that the GSF 136 drilling rig, on location in the Biliton Block in the Java Sea, Indonesia, has completed operations on the Batara Ismaya prospect, the first prospect to be drilled in a planned two well programme in the Bilton PSC, and is preparing to move to drill the second well of the programme on the separate Batara Indra prospect.

The first well, Batara Ismaya #1, was drilled to a total depth of 3,392 feet and encountered a sequence of tertiary sandstones between 2,484 and 3,192 feet.. The total net reservoir sand thickness in this interval was approximately 325 feet, twice as much as predicted prior to drilling, and the average porosity was approximately 35%. Although these sands did not contain hydrocarbons, this evidence of improved reservoir thickness may increase the potential of other prospects in the Biliton Block. The lack of hydrocarbons at Batara Ismaya may be due to failure of the anticipated stratigraphic trapping mechanism or to a barrier to the migration of hydrocarbons from the source rocks that lie to the west of the well.

The rig will shortly move approximately 24 kilometres to the south-east to drill the second well in the programme, Batara Indra North #1, on a separate four-way dip closed structure located in an area in which seabed oil seeps were detected in a survey carried out in 1999.

Serica has a 45% interest in the Biliton PSC and is the operator. The majority of the cost of these two wells is being carried by a farminee.

Paul Ellis, Serica Chief Executive said: "Whilst the first well in the Biliton programme has not encountered hydrocarbons, we are encouraged by the thickness and quality of the reservoir sands discovered in the well. The Biliton Block covers a very large area with a number of significant and separate prospects identified on seismic and will require several wells to explore fully. The evidence of seabed oil seeps at the next prospect to be drilled, Batara Indra, is an encouraging sign that hydrocarbons may have migrated into this area."

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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