

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

**KAMBUNA GAS SALES AGREEMENT**

London, 16 January 2008 - Serica Energy plc (AIM & TSX-V: SQZ) announces that the terms of a sale of gas from the Kambuna Field offshore North Sumatra, Indonesia, have been agreed.

The majority of the gas from the Kambuna Field will be sold to the Indonesian State electricity company Perusahaan Listrik Negara ("PLN") at an initial price of US\$4.50 per million Btu escalating at 3% per annum. The gas will be delivered to Pangkalan Brandan and will be transported to PLN's Belawan power station near the city of Medan, via the existing gas transmission network. Medan, in North Sumatra, is the third largest city in Indonesia. The remainder of the gas will be sold at an equal or higher price to an industrial customer through an auction process, with bids due in early February.

Kambuna gas has a high calorific value, and the Company expects an initial realisation of over US\$5.00 per thousand standard cubic feet. In addition to the gas, Serica will initially be marketing 4,000-5,000 barrels per day of condensate at a price close to that of crude oil.

The Kambuna Field is currently under development. A production platform will be installed later this month and three development wells will then be drilled and completed. Onshore and offshore facilities and a 14-inch offshore pipeline will be installed later this year, with production targeted to commence by the end of 2008.

Serica is the operator of the Kambuna Field and holds an interest of 65% in the project.

Paul Ellis, Serica Chief Executive said: "We are delighted to have achieved excellent terms for the sale of gas from Kambuna. The city of Medan has been short of power for some years and we are pleased that we shall be able to make this new supply of gas available for power generation and industrial uses. "

**Enquiries:**

**Serica Energy plc**

Paul Ellis, [paul.ellis@serica-energy.com](mailto:paul.ellis@serica-energy.com) +44 (0)20 7487 7300

Chief Executive Officer

Chris Hearne, [chris.hearne@serica-energy.com](mailto:chris.hearne@serica-energy.com) +44 (0)20 7487 7300

Finance Director

**JPMorgan Cazenove**

Steve Baldwin [steve.baldwin@jpmorgancazenove.com](mailto:steve.baldwin@jpmorgancazenove.com) +44 (0)20 7588 2828

**Tristone Capital Limited**

Majid Shafiq [mshafiq@tristonecapital.com](mailto:mshafiq@tristonecapital.com) +44 (0)20 7355 5872

**Pelham Public Relations**

-UK

James Henderson [james.henderson@pelhampr.com](mailto:james.henderson@pelhampr.com) +44 (0)20 7743 6673

Alisdair Haythornthwaite [alisdair.haythornthwaite@pelhampr.com](mailto:alisdair.haythornthwaite@pelhampr.com) +44 (0)20 7743 6676

**CHF – Canada**

Sarah Gingerich [sarah@chfir.com](mailto:sarah@chfir.com) +1 416 868 1079

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

To receive Company news releases via email, please contact [sarah@chfir.com](mailto:sarah@chfir.com) and specify “Serica press releases” in the subject line.