SERICA WELCOMES SALAMANDER WITHDRAWAL

London, 21 October 2008 - Serica Energy plc (AIM & TSX-V: SQZ) ("Serica" or "the Company") notes the announcement made by Salamander Energy plc ("Salamander") earlier today, stating that it is no longer considering making an offer for Serica (the "Announcement").

Tony Craven Walker, Serica Chairman, said: "We are glad that Salamander has decided not to proceed with its hostile all paper approach as this now allows both companies to get back to the business of growing their assets for the benefit of shareholders. It is the view of the Serica board that Salamander's proposed offer significantly undervalued Serica's core assets, put no value on its growth prospects, paid no premium for change of control and would have greatly diluted Serica shareholders' exposure to its material upside potential. As a result the proposed offer did not represent fair relative valuation of the two companies and was rejected unanimously by the Serica board.

Serica has a clear independent strategy for growth and its prospects are excellent. Kambuna field production and Columbus field development are both slated to get underway in 2009, and the Company has major stakes in an important exploration drilling programme in the UK, Ireland, Indonesia, Norway and Vietnam due to start in November and to continue through 2009. We have developed a significant balanced portfolio in two areas of focus, North West Europe and South East Asia. Serica has built a portfolio centred on large gas-prospects rather than oil prospects and, with the price of gas tending to be less volatile than that of oil, we believe that our programme is less exposed to the current uncertain oil price scenario.

With an increasing amount of sector consolidation occurring, we remain fully mindful of opportunities for acquisitions that present themselves at times such as these. However, any transaction must take full recognition of strategic intent, the balance of assets and the additional value that can be generated for shareholders."

Background
On Friday 26 September 2008, Salamander made a non-binding proposal to the board of Serica to acquire the Company on the basis of one new Salamander share to be issued for every three Serica shares held (the "Proposal") and gave the board of Serica 48 hours to respond. On 28 September 2008, Serica informed the board of Salamander that the Serica board had unanimously rejected the Proposal. On 29 September 2008, Salamander publicly announced the Proposal, following which Serica made an announcement informing shareholders why it had rejected the Proposal. On 16 October 2008, the Panel on Takeovers and Mergers in London ruled that Salamander must, by 5:00pm on 10 November 2008, either announce a firm intention to make an offer for Serica or announce that it does not intend to make an offer.

Following the Announcement, under the rules of the City Code on Takeovers and Mergers, Salamander is now prevented from announcing an offer or possible offer for Serica within the next six months, unless one of the events specified in the Announcement occurs.

Further information on Serica's interests can be found on Serica's web-site at www.serica-energy.com

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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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