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Serica Energy Increases Stake In Indonesian Gas Discoveries; Appraisal Drilling Planned For Fourth Quarter

Toronto, Canada, April 29 - Serica Energy Corporation (TSX Venture: SQZ) recently completed a series of agreements with owners of Asahan Production Sharing Contract (PSC) increasing Serica's ownership from 20% to 58.8235%. The agreements also cover the adjoining Glagah-Kambuna block where Serica currently holds a 20% working interest and which is the subject of negotiations with the Indonesian authorities to extend the current contract.

Both blocks are off-shore North Sumatra in the Straits of Malacca approximately 50 km from Medan, Indonesia's third largest city. Glagah Kambuna already contains two discoveries, one of which will be appraised by the drilling of an additional well later this year. The Asahan block contains a third discovery which will also be appraised in early 2005. The Asahan block also contains four, drill-ready, low risk prospects which Serica and its partners aim to drill late 2004.

Chris Carnac, Serica CEO, said 'the acquisition of the additional equity in both blocks demonstrates our level of confidence in the potential of the fields. The fact that they are in one of Indonesia's most populated and industrially developed, but energy-deficient regions, only adds to their appeal.'

The transaction is subject to regulatory approval. Serica has agreed to an additional funding of drilling costs as part of its earn-in obligations through one well on each contract area. The cost of the 2004 work program is estimated to be not less than US\$5 million.

The sellers are Vitol SA, an international oil trader, and Australian investors who were secured creditors of Matrix Oil NL, the previous owner of the two blocks. The ongoing work programs and revalidation of the blocks are currently being negotiated with the Indonesian authorities.

