



Wednesday 30 June 2004

Serica Energy Corp. announces \$7.5 to \$11 million private placement; Acquisition of Firstearl Limited

TORONTO, June 30 - Serica Energy Corporation (TSX Venture: SQZ) today announced that it has signed an agreement with Canaccord Capital Corporation for a private placement of Special Warrants at a price of C\$0.80 per Special Warrant for gross subscription proceeds of a minimum C\$7,500,000 to a maximum of C\$11,000,000, which includes a 10% over-allotment option granted to Canaccord and exercisable prior to the closing of the private placement.

Each Special Warrant is convertible, for no additional consideration, into one common share of the Corporation and one-half of one common share Placement Warrant of the Corporation. Each whole Placement Warrant entitles the holder to purchase one additional Common Share within two years of the closing date of the private placement, at a price of C\$1.20 per share.

Canaccord will act as agent for the private placement and will receive a cash commission of up to 6% of the gross proceeds. Canaccord will also receive compensation options entitling it to purchase up to 5% of the total number of Special Warrants sold under the private placement at a price of C\$0.80 per Special Warrant, exercisable within one year of the closing date of the private placement.

The Common Shares, Placement Warrants and compensation options issued pursuant to the private placement are subject to a four-month hold period, as required by the TSX Venture Exchange.

The Company also announced today that it has signed a Sale and Purchase Agreement to acquire all of the issued share capital of Firstearl Limited, a private British-registered company with net assets of approximately C\$9.0 million in the form of cash and marketable corporate securities. The consideration payable by Serica will be approximately C\$9.0 million, of which approximately C\$6.6 million in cash will be provided from the proceeds of the placement.

The balance of approximately C\$2.4 million will be satisfied by the issuance of Serica common shares (separate from the Canaccord financing disclosed above) at a price of C\$0.80 per common share together with one-half of one common share Purchase Warrant of the Corporation for each common share so issued. Each whole share Purchase Warrant will have the same rights as apply to the Placement Warrants issued in connection with the private placement.

Following completion of the acquisition, Firstearl director and founder Tony Craven Walker will join the Board of Directors of Serica and assume the responsibilities of Chairman of the Board.

Tony Craven Walker has 37 years experience in the international oil and gas industry. He was the founder and chief executive of two of Britain's most successful independent oil and gas exploration and production companies, Charterhouse Petroleum and Monument Oil and Gas. Charterhouse Petroleum was formed in 1974 and floated on the London Stock Exchange in 1980. It was acquired by Petrofina, the major Belgian oil company, in 1985 for approximately US\$400 million.



Monument Oil and Gas grew, during the period of Tony Craven Walker's leadership, from a US\$10 million company in 1988 to the time of its take-over by Lasmo in 1999 for approximately US\$966 million. Monument was listed on the London Stock Exchange and Tony Craven Walker was Chairman at the time of the take-over.

On completion of the private placement and Firstearl transactions, Serica will be well placed to fund its significant drilling program in Indonesia planned for the fourth quarter 2004 and first quarter 2005. Each of the private placement, Firstearl acquisition and Mr Craven Walker's Board appointment is subject to regulatory approval.

If the Firstearl acquisition is not completed on or before November 8, 2004, each holder of Special Warrants will be entitled to cause the Corporation to repurchase all of the Special Warrants held by the holder at a price of C\$0.80 per Special Warrant (the "Repurchase Price"). The Corporation will also be required to pay Canaccord a fee equal to 3% of the Repurchase Price which shall be paid in Common Shares at a deemed issued price of C\$0.80 per Common Share.

Serica's Chief Executive, Christopher Rivett-Carnac, said "The Canaccord placement and transaction with Firstearl strengthens our financial resources as we move forward with our drilling program in Indonesia. The addition of Tony Craven Walker to Serica's Board and his appointment as Chairman will strengthen the oil and gas capabilities of the board at a time when Serica's exploration program is gaining momentum. I and the whole board are delighted that he has agreed to accept this position."

The Corporation currently has 44,402,521 common shares outstanding and 58,367,580 common shares on a fully diluted basis.

About Serica Energy Corporation

Serica Energy Corporation is an international oil & gas exploration and production company with primary activities in Indonesia, the UK North Sea and Spain. Serica was formed in 2004 as a result of a merger of publicly traded Kyrgoil Holding Corporation and the private Petroleum Development Associates (pda) Group of Companies. Serica currently has offices in Singapore, Jakarta and the United Kingdom, and is a publicly traded company listed in Toronto, Canada on the TSX Venture Exchange with the share symbol "SQZ". Please visit the Company website, www.serica-energy.com.

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

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