



Friday 06 August 2004

**Serica Energy Corporation completes \$11 million private placement;
Acquires Firstearl Limited; Appoints new Chairman Tony Craven Walker**

TORONTO, Aug. 6 /CNW/ - Serica Energy Corporation (TSX Venture: SQZ) today announced that it has completed a private placement of 13,750,000 Special Warrants at a price of C\$0.80 per Special Warrant for gross subscription proceeds of C\$11 million. Each Special Warrant is convertible, for no additional consideration, into one Common Share and one-half of one Common Share Purchase Warrant of the Corporation. Each whole Purchase 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 Capital Corporation acted as agent for the private placement and received a cash commission of up to 6% of the gross proceeds. Canaccord also received 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, Purchase 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 Corporation also announced today that it has acquired Firstearl Limited, a private British-registered company with sole assets of cash and marketable corporate securities.

The total consideration payable by the Corporation for the acquisition of Firstearl Limited will be approximately C\$11.3 million. The consideration was satisfied by the issue of 3,043,750 Common Shares and 1,521,875 Purchase Warrants having an exercise price of C\$1.20 per share expiring two years from the closing date, with the balance of the consideration to be paid in cash.

Firstearl founder and director, Tony Craven Walker, has now joined the Board of Directors of Serica, as has Neil Pike, former head of Citibank's global energy financing division, who has over 20 years' experience of specialist oil and gas project financing and was responsible for the bank's relationships with the petroleum sector worldwide. Mr. Pike has been appointed new Chairman of Serica's Audit Committee, while Ken Pearce has stepped down as director, retaining his position as Corporate Secretary. Mr. Craven Walker has also been appointed non-executive Chairman of the Board.

"We are delighted that we have successfully completed the placement which was substantially over-subscribed. We believe the response also shows that investors recognize the potential value of the Firstearl acquisition and Mr. Craven Walker's appointment as Chairman," said Serica CEO Christopher Rivett-Carnac. "His history in building successful oil and gas companies speaks for itself and we believe his leadership adds a completely new element to Serica's growth prospects. We are also delighted to welcome Neil Pike as a non-executive director. Neil's experience in oil and gas financing will be very valuable as we move through exploration and into development of our Indonesian gas/condensate discoveries."

Mr. Rivett-Carnac added "Serica is now positioned for its next stage of growth in which, under the leadership of Tony Craven Walker, the Corporation's strategy will be increasingly directed towards mergers and acquisitions, including production purchases. Our strategy of growing through exploration will remain fundamental, particularly in our promising projects in Indonesia."



Mr. Craven Walker 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. Formed in 1974, Charterhouse Petroleum was eventually acquired by Belgian oil company Petrofina for £140 million, while Monument Oil and Gas grew under Mr. Craven Walker's leadership from a US\$10 million company in 1988 to US\$966 million in 1999 when it was taken over by Lasmo.

With the C\$11 million private placement and the Firstearl acquisition, Serica is well funded for its current drilling programs in Indonesia, which include the Banteng exploration well onshore South Sumatra which spudded in late June and its drilling programs under the Asahan Production Sharing Contract offshore North Sumatra.

The Corporation has received final regulatory approval for the Firstearl acquisition, conditional regulatory approval for the private placement and requires regulatory approval for the Board appointments.

The Corporation currently has, following the private placement and Firstearl acquisition announced above, 61,196,271 common shares outstanding and 87,095,681 common shares on a fully diluted basis.

