

Thursday 29 March 2007

Serica Energy plc Announces 2006 Full Year Results

TORONTO, March 29 /CNW/ - Serica (AIM and TSX Venture: SQZ) today announces its 2006 full year results. A summary of these results is included below, and the full 2006 results and management summary are available here and at www.sedar.com.

2006 Operating Highlights

During 2006, Serica:

- Drilled two North Sea exploration wells, both discovering natural gas.
- Added 8.4 million barrels of oil equivalent ("boe"), on a most likely basis, to its contingent hydrocarbon resources as a result of the Serica operated North Sea Columbus discovery, a new potentially commercial gas-condensate field.
- Booked probable reserves of 12.6 million boe in respect of its Kambuna gas-condensate field development in Indonesia.
- Increased its acreage portfolio significantly with the award of prospective new licence blocks in the UK, Norway, Indonesia, Ireland and Vietnam.

2006 Financial Highlights

Following the 2006 sale of its interest in the Lematang Block, Serica currently has no income from producing operations. During the year, the Company:

- Spent a net US\$25.9 million on exploration activities, including pre-application costs and overhead, resulting in the addition of new hydrocarbon resources at a cost of US\$3.08 per boe.
- Acquired an additional 10% interest in the Glagah-Kambuna Block in Indonesia for US\$4.5 million.
- Disposed of its 10% interest in the producing Lematang Block in Indonesia for US\$5 million, booking a profit of US\$2.3 million.
- Generated a loss of US\$14.4 million as the result of write-downs of exploration costs (a loss of US\$0.10 per share against a prior year restated loss of US\$0.13 per share).
- Net current assets of US\$84.4 million at 31 December 2006.

2007 Forward Programme

Serica has a significant forward investment programme. In 2007, Serica's plans include:

- Drilling one vertical well and one horizontal well to appraise its North Sea Columbus gas-condensate discovery with the possibility of production in 2009.
- Drilling a development well in its Kambuna gas-condensate field in Indonesia and pressing forward with Phase I of the field development, targeting production start-up for 2008.
- Drilling an appraisal well to test a possible north-west extension to the Kambuna field.
- Drilling two exploration wells in its Biliton Block in Indonesia, the costs of which are largely carried by a farminee.
- Drilling two exploration/appraisal wells in the Asahan PSC in Indonesia to identify further gas resources if Indonesian government approval is forthcoming.

- Commencing exploration work on licence blocks adjacent to the Columbus discovery to appraise its upside potential.
- Commencing exploration work on licence blocks awarded in Ireland and Norway, including preparations for a 2008 appraisal well to evaluate the Bream discovery in Norway.
- Commencing work on new production sharing contracts awarded in Indonesia and Vietnam.

Serica has contracted the SEDCO 704 drilling rig in the North Sea and the Seadrill 5 drilling rig in Indonesia to achieve this programme.

Tony Craven Walker, Non-Executive Chairman, commented:

"In 2006, with the Columbus Field discovery, Serica has established its ability both to add shareholder value through the drill-bit and to manage operational and financial risk through farm-outs and asset swaps. The management's strong operational expertise is also fully demonstrated by the quality of the licence awards achieved by Serica.

2007 will see extensive exploration, appraisal and development programmes across the Company's diversified portfolio, as we move towards our objective of achieving first production in 2008."

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Background Notes

Serica Energy plc is an international oil and gas exploration company with operations in the UK, Norway, Spain, Ireland, Indonesia and Vietnam.

The Company's ordinary shares are listed in London on AIM and on the Canadian TSX Venture Exchange under the symbol "SQZ". The 2006 Annual Report and Accounts can be obtained from the Company's web-site www.serica-energy.com and at www.sedar.com

Forward Looking Statements

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive there from.

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 heather@chfir.com and specify "Serica press releases" in the subject line.

