

# Serica Energy plc

(the "Company")

## **Cairn Energy PLC ("Cairn") to farm-in to Serica's Fom Draa Block, offshore Morocco**

**London, 28th August 2012** - Serica Energy plc (AIM & TSX: SQZ) announces that, subject to the consent of the Moroccan Authorities, Cairn through its subsidiary Capricorn Exploration and Development Company Limited ("Capricorn") will be joining Serica's wholly owned subsidiary Serica Fom Draa B.V. ("Serica") and its partners, San Leon Offshore Morocco B.V. and Longreach Oil and Gas Ventures Limited (respectively "San Leon" and "Longreach"), in the exploration of the set of permits which comprise the Fom Draa Offshore area ("Fom Draa") in Morocco.

Serica, San Leon and Longreach (together the "Fom Draa Participants") hold a combined 75% equity interest in Fom Draa with the balancing 25% interest held by the Office National des Hydrocarbures et des Mines ("ONHYM"), the Moroccan State oil company. In accordance with the terms of the permits the costs relating to ONHYM's 25% interest are carried in full by the Fom Draa Participants during the exploration and appraisal stage.

Under the transaction, Cairn will acquire a 50% operated equity interest in Fom Draa, pro rata from each of the Fom Draa Participants according to its equity interest. In return Cairn will pay its equity interest share of past costs, being US\$1.5 million (US\$500,000 net to Serica) and the first US\$60 million towards the drilling of the commitment well required in the First Extension Period (including the costs relating to the ONHYM carried interest). As a result of the farm-out, Serica will hold an ongoing interest of 8.3333% in the Fom Draa permits with San Leon and Longreach holding 14.1667% and 2.5% respectively.

Over the past two and a half years Serica and its partners have been carrying out extensive 3D seismic reprocessing and geological/geophysical analyses of the sub surface in Fom Draa. Having identified several prospective exploration targets, a farm-out process was initiated to attract a partner with the requisite financial and technical capability to drill in the relatively deep waters of Fom Draa. The transaction with Cairn is the successful result of that process.

The partnership has already informed the Moroccan authorities of their intention to proceed into the First Extension Period, which entails the drilling of a commitment well targeted for 2013.

**Tony Craven Walker, Serica's Chairman and Interim Chief Executive said:**

***"We welcome Cairn as a new partner in Fom Draa. Given the materiality of the many prospects already identified, we are delighted that Cairn's deep water drilling expertise will assist in bringing forward an early drilling programme. Serica's retained 8.3333% interest in the block exposes Serica to the very significant upside potential of these prospects in the event of drilling success.***

***The transaction with Cairn is the third successful farm-out by Serica since the start of the year. These farm-outs to major industry players have provided strong backing to the quality and potential of Serica's licenses, particularly our holdings in Atlantic margin basins off West Africa. The transactions, one in Namibia (Luderitz) and two in Morocco (Sidi Moussa and Fom Draa), have recovered past costs, accelerated activity, partnered Serica with substantial E&P players, given us a share in approximately US\$160 million of exploration work programmes funded by others and substantiated the significant value of prospects in Serica's licenses.***

***In addition to providing third party verification of the very significant potential lying in Serica's exploration portfolio, Serica's farm-out programme has enabled Serica to retain large exposure to exploration success but at considerably reduced risk and cost to Serica shareholders. We are pleased that, through our farm-out efforts, we have greatly increased the value of Serica's acreage and the prospects for Serica shareholders."***

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The technical information contained in the announcement has been reviewed and approved by Peter Sadler, Business Development Director of Serica Energy plc. Peter Sadler is a qualified Petroleum Engineer (MSc Imperial College, London, 1982) and has been a member of the Society of Petroleum Engineers since 1981.

## NOTES TO EDITORS

Serica Energy was formed in 2004 and, since then, has drilled 19 wells in locations as diverse as the UK Offshore, the Atlantic margin offshore Ireland, offshore Indonesia (North West Sumatra, East Kalimantan and Java) and offshore Vietnam. Seventeen of these wells were drilled by the Company as Operator, fourteen of the wells encountered oil or gas and six of these were commercial. The first of the commercial discoveries, the Kambuna field in North West Sumatra, was developed by the Company. The second, the Columbus field in the UK North Sea, is now in the pre-development stage with project sanction pending. The Company also has a residual economic interest in the Bream oil field offshore Norway, which will be crystallised when the field is developed, and licence interests offshore Ireland, Morocco and Namibia.

The Company is listed on both the Toronto Stock Exchange and the London AIM under the ticker SQZ.

To receive Company news releases via email, please contact [nick.elwes@collegehill.com](mailto:nick.elwes@collegehill.com) and specify "Serica press releases" in the subject line.

## 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: geological, geophysical and technical risk, 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 therefrom.