

# Serica Energy plc

(the "Company")

## Genel Energy to farm-in to Serica's Sidi Moussa Block, offshore Morocco

**London, 23rd August 2012** - Serica Energy plc (AIM & TSX: SQZ) announces that, subject to the consent of the Moroccan Authorities, Genel Energy plc ("Genel") will be joining Serica's wholly owned subsidiary Serica Sidi Moussa 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 Sidi Moussa Offshore area ("Sidi Moussa") in Morocco.

Serica, San Leon and Longreach (together the "Sidi Moussa Participants") hold a combined 75% equity interest in Sidi Moussa 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 Sidi Moussa Participants during the exploration and appraisal stage.

Under the transaction, Genel will acquire a 60% equity interest in Sidi Moussa, pro rata from each of the Sidi Moussa Participants according to its equity interest. In return Genel will pay a contribution to past costs of US\$1.3 million (US\$433,000 net to Serica) and pay for the drilling of the commitment well required in the First Extension Period (including the full costs relating to the ONHYM carried interest), up to a cap of US\$50 million. As a result of the farm-out, Serica will hold an ongoing interest of 5% in the Sidi Moussa permits with San Leon and Longreach holding 8.5% and 1.5% respectively.

Over the past two and a half years Serica and its partners have been carrying out extensive geological and geophysical analyses of the sub surface in Sidi Moussa. 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 Sidi Moussa. The transaction with Genel 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.

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

***"The work undertaken by Serica and our partners in Sidi Moussa has demonstrated the considerable exploration opportunity of the Sidi Moussa permits. We are therefore very pleased that a company of Genel's financial and technical capability has decided to join us through a transaction which enables Serica to participate in near term exploration drilling with the potential for very large upside.***

***The farm-out of our interest in Sidi Moussa follows similar transactions in Namibia and the UK and demonstrates the underlying quality of our international exploration portfolio. "***

**Enquiries:**

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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 targeted for early 2012. 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.