Serica Energy plc
("Serica" or the "Company")
Q2 2011 Results

London, 10 August 2011 – Serica Energy plc (TSX & AIM: SQZ), the oil and gas exploration and production company, today announces its financial results for the three and six months ending 30 June 2011. The results and associated Management Discussion and Analysis are included below and copies are available at www.serica-energy.com and www.sedar.com.

The following provides highlights for the second quarter ending 30 June 2011:

Operational:
- Kambuna field gas production averaged 39.7 mmscfd (gross)
- Kambuna field condensate production averaged 2,699 bpd (gross)
- Gas sales price averaged US$6.20 per mscf and condensate averaged US$120.20 per bbl
- Columbus Field Development Plan submitted
- Agreement announced to appraise the Spaniards discovery in the UK North Sea

Corporate:
- Agreement reached to sell the Company's Indonesian business excluding certain assets to Pace Petroleum for US$33 million as at 1 January 2011 with further contingent consideration of US$2 million

Financial:
- Cash and cash equivalents as at 30 June 2011 of US$15.4 million with no debt
- Loss before tax from continuing operations of US$2.63 million
- Indonesian business shown as discontinued operations following decision to sell
- Discontinued operations generated second quarter revenues of US$6.61 million with a gross profit of US$1.16 million
- After fair market adjustment, discontinued operations generates loss of US$8.71 million

Outlook:
- Columbus continues to move towards project sanction
- Multi-well drilling programme planned for 2012
- Efforts to increase this programme through farm out or acreage exchange
- Key objective is to enlarge portfolio through acquisitions of complementary assets, sharing or exchange of acreage and new licences in UK and overseas

Tony Craven Walker, Chairman of Serica commented**:**

"Serica is in a positive cash position with production in Indonesia, a near term field development at late planning stage and several material undrilled exploration prospects. Although we still await completion of the transaction by GEMS/Pace the agreement to sell our Indonesian business is aimed at refocusing resources to enable us to exploit our unrealised potential through a drilling campaign starting in 2012.

We are also committed to enlarge our portfolio in order to increase opportunity, reduce risk and provide increased scale and diversity for the benefit of shareholders. We are aiming to pursue this objective through the acquisition of complementary assets in existing and new areas and opportunities to exchange and share licence interests with other companies as well as through application for new licences.

The current difficult economic environment and volatile markets are likely to provide challenges and uncertainty as we go forward but we believe that the steps we have been taking to refocus our efforts and strengthen our resources will place us in a good position to achieve these objectives."

10 August 2011

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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 plc is an oil and gas exploration and production company based in London, England, and holds exploration and production licences in the UK offshore, onshore Spain, the Atlantic Margins of Ireland and Morocco and in Indonesia. The Company's producing and development assets are a 25% interest in the producing Kambuna field offshore Indonesia and a 50% stake in that part of the Columbus field lying in UK Central North Sea block 23/16f.

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 therefrom.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial and operational results of Serica Energy plc ("Serica") and its subsidiaries (together the "Group") contains information up to and including 9 August 2011 and should be read in conjunction with the attached unaudited interim consolidated financial statements for the period ended 30 June 2011. The interim financial statements for the three and six months ended 30 June 2011 have been prepared by and are the responsibility of the Company's management. The interim financial statements for the six months ended 30 June 2011 and 2010 have been reviewed by the Company's independent auditors.

References to the "Company" include Serica and its subsidiaries where relevant. All figures are reported in US dollars ("US$") unless otherwise stated.

The results of Serica's operations detailed below in this MD&A, and in the financial statements, are presented in accordance with International Financial Reporting Standards ("IFRS").

MANAGEMENT OVERVIEW – QUARTER ENDED 30 JUNE 2011

Serica is an oil and gas company with exploration, development and production activities in the UK, Ireland, Spain, Morocco and Indonesia. The Company produces gas and gas condensate in Indonesia and holds additional gas and gas condensate reserves for development in the UK.

Main operational developments in quarter ended 30 June 2011
During the second quarter of 2011 the Company announced agreement to sell the balance of its Indonesian exploration and production assets to Pace Petroleum, submitted a Field Development Plan for the Columbus gas field to the UK Department of Energy and Climate Change ("DECC") for approval on behalf of its partners in the field and announced an agreement to drill a well to appraise the Spaniards discovery in UK North Sea Block 15/21a, believed to extend into Block 15/21g. This well is expected to be part of a multi-well UK drilling programme that the Company is planning for 2012.

These main second quarter activities are described in more detail below.

Proposed sale of Indonesian properties
In November 2010 the Company announced a review of its holdings in Indonesia including its interest in the producing Kambuna gas field in North Sumatra.

After evaluating proposals from a number of companies, the Company announced on 30 June 2011 that it had accepted an offer from Pace Petroleum, a new company formed to invest in South East Asia oil and gas, under which Pace plans to acquire Serica's subsidiary group of companies which hold the Company's Indonesian business. The funding for this transaction is to be provided by a new resources fund being finalised by GEMS, an Asian Private Equity Group based in Hong Kong. Advice was received at the time of the announcement from GEMS that they expected completion of their fundraising in July and the transaction to complete expeditiously thereafter.

As of 8 August 2011 the Company has received updated advice from GEMS that the fundraising has not completed in accordance with this timetable but is anticipated to do so after a further short delay. In the light of current market conditions which introduce further uncertainty, and the possibility of the GEMS financing not completing in an acceptable time-frame, the Company is continuing to hold discussions with other parties who have made alternative proposals.

The proposed sale to Pace, which is subject to final approvals by both GEMS and Serica's Board, comprises the companies which hold the Company's 25% interest in the Kambuna field, its 30% interest in the Kutai exploration block offshore East Kalimantan and its 100% interest in the East Seruway block offshore North Sumatra. The agreed cash consideration, as at 1 January this year, is US$33 million adjusted for working capital plus a deferred payment of US$2 million, contingent on the outcome of the Kambuna #5 well planned for drilling later this year. The proposed sale excludes the value of certain oilfield equipment, which will be retained by Serica, and the value of VAT tax receipts in respect of past costs which will pass through to Serica as they are received.

As a result of the decision by the Company to dispose of its remaining Indonesian assets and the conditional sale agreed with Pace, the various assets and associated liabilities of the Company's Indonesian business form part of a disposal group and have been presented as held for sale in the Group Balance Sheet at 30 June 2011. The financial results of the Indonesian business disposal group are disclosed as discontinued operations and separate from the results of the retained business segments.

UK Columbus field

In June the Company, as operator, submitted the Columbus Field Development Plan to DECC for their approval on behalf of our partners in the field. Netherland Sewell & Associates estimate that the Columbus field contains some 79.5 bcf of gas and 4.9 mmbbls of condensate 2P reserves, together amounting to some 18.2 mmbbls of oil equivalent. The field extends from the Company's Block 23/16f to the south into Block 23/21 which contains the Lomond field and is operated by BG International Limited ("BG"). Bringing this valuable resource to development will be a major step for Serica.

Serica has been actively co-operating with BG in the front end engineering design studies for a new Bridge Linked Platform to handle production from the Columbus field. The construction and use of the Bridge Linked Platform forms the basis of the Field Development Plan agreed by the Columbus field partners, Endeavour Energy UK Limited, EOG Resources United Kingdom Limited, BG and SSE E&P UK Limited, and submitted to DECC. The Bridge Linked Platform is planned to be installed adjacent to the existing Lomond field platform and receive production from Columbus and other nearby fields for processing on the Lomond platform and onward transportation to the CATS and Forties pipeline systems.

Whilst the partners await DECC approval for the Columbus Field Development Plan discussions are continuing with BG to determine the relative interests of the 23/16f and 23/21 partners in the field and other items required to be agreed prior to project sanction. In view of the importance to the UK of the efficient development of new UK gas reserves it is hoped that these discussions will reach an expeditious conclusion enabling production to commence in 2014.

UK Drilling plans

Serica has several material undrilled prospects in its portfolio. These prospects have been subjected to in-depth evaluation by the Company during the second quarter with a view to a multi-well drilling programme in 2012. Wells are currently under review to test the Doyle prospect in Block 113/27c, to appraise the Spaniards discovery extending from Block 15/21a into Block 15/21g and to test a series of down-faulted oil prospects in northern North Sea Blocks 210/19a and 20a adjacent to the Otter oil field.

The Company holds material interests in each of these prospects. To maintain the appropriate portfolio balance the Company will be seeking partners for certain of these wells through farm-out but will also be seeking to increase its exploration drilling programme through exchange of interests in similarly attractive near-term drilling prospects.

At the end of the second quarter, Serica and its partners in Block 15/21g in the central North Sea, announced they had agreed terms to acquire a 70 per cent interest in a part of adjoining Block 15/21a through the cross-assignment of licence interests and the drilling of a well to appraise the Spaniards discovery. This well will be part of Serica's planned 2012 drilling programme.

Non-UK Drilling plans
The Company has material interests in a number of identified prospects lying in Irish offshore waters. These include the large undrilled Muckish prospect lying in the Rockall Basin, which shows strong characteristics similar to Shell's nearby Dooish gas-condensate discovery, and the Boyne and Liffey oil and gas prospects in the Slyne Basin where Serica's Bandon 27/4-1 well, drilled in 2009, discovered oil and proved that all the ingredients exist in the block for oil generation and trapping. In Morocco the Company is at the early stages of exploration but has already identified some large prospects in the deep water Tarfaya Basin, a basin which is geologically analogous to the oil producing salt basins of West Africa.

During the second quarter the Company continued to map these prospects to full delineation prior to commencing a campaign to identify new partners to share drilling costs. Since the start of the year the Company has also submitted applications for exploration licences in a number of new areas where it believes there is significant potential for material oil and gas discoveries.

Management changes during the quarter ended 30 June 2011
A number of executive changes were effected in the quarter. Paul Ellis, Chief Executive, reached normal retirement age on 10 April 2011 and, in accordance with his contract, retired from the Company on that date. With effect from that date, pending appointment of a successor, Tony Craven Walker is acting as Chairman and interim CEO. On 1 April, Peter Sadler was appointed Business Development Director to pursue acquisition opportunities for the Company and Mitch Flegg, who has been with Serica since 2006, was appointed Chief Operating Officer.

SUMMARY OF LICENCE HOLDINGS

The following provides a summary of licence interests in which activities took place during the second quarter.

United Kingdom

<u>Central North Sea: Block 23/16f - Columbus field</u>
Block 23/16f covers an area of approximately 52 square kilometres in the UK Central North Sea and contains the majority of the Columbus gas field. The gas in Columbus is rich in condensate and therefore requires processing before it can enter a gas transportation system. In an independent reserves report undertaken by Netherland, Sewell & Associates at the end of 2010, Serica's share of proved and probable reserves in the field is estimated to be 26.8 bcf of sales gas and 1.8 mmbbl of liquids, a net 6.3 mmboe to Serica. During the quarter ended 30 June 2011 Serica, on behalf of the partners in the Columbus field, submitted the Field Development Plan to DECC for approval. Serica has a 50% interest in Block 23/16f and is operator for the block.

<u>Central North Sea: Block 15/21g – Spaniards Prospect</u>
Block 15/21g, in which Serica has a 30% interest, lies immediately west of the Scott oilfield and contains a potentially significant extension to the existing Jurassic oil discovery well 15/21-38 in Block 15/21a, which flowed 2,660 bpd of 25° API oil from a good quality Jurassic-aged Upper Claymore sand. The Spaniards prospect is a stratigraphic trap and pressure interpretation suggests that the oil column in the discovery well may extend down-dip into Block 15/21g.

During the second quarter, the 15/21a and 15/21g groups concluded their discussions on plans to drill a joint well to test the prospect. On 30 June, the Block 15/21g partners, announced they had agreed terms to acquire a 70 per cent interest in a part of adjoining

Block 15/21a. The area in Block 15/21a to be acquired includes the 15/21a-38z Spaniards/Gamma discovery. In consideration, the Block 15/21g group have agreed to assign to the Block 15/21a group a 30 per cent interest in Block 15/21g, and have agreed to fund the cost of the first well to appraise the Spaniards/Gamma discovery. It has also been agreed that a subsequent appraisal well, if deemed necessary and approved by the partnership, would be funded on promoted terms by the current Block 15/21a partners, after which funding for any further wells would be by equity share.

As a result of the agreement, which is subject to DECC approval, Serica will have a 21% interest in the amalgamated area covering the Spaniards prospect and will be required to contribute a 30% share of the cost of drilling the first well to appraise the discovery and a 17.14% share of the cost of drilling a follow-up well.

East Irish Sea: Blocks 113/26b and 113/27c - Doyle Prospect
Serica has a 65% interest in these blocks and work during the second quarter of 2011 has focussed on detailing Doyle, the Sherwood sand gas prospect lying in the north of Block 113/27c. Following this evaluation a decision will be made with partners on plans to drill the prospect.

Northern North Sea: Blocks 210/19a and 210/20a
These blocks, in which Serica has a 100% interest, are contiguous part blocks lying immediately adjacent to the Otter oilfield. A number of oil prospects have been provisionally identified on the blocks at Jurassic Brent Group and Home Sand levels. Two of the Brent Group prospects are down-faulted traps, an emerging and successful play in the northern North Sea, and the other is a conventional Brent fault block. The fourth prospect is in a Jurassic reservoir known as the Home Sand.

Serica is currently evaluating seismic data with a view to fully delineating the prospects with the intention of drilling the first well to test the prospects in 2012. Before drilling, Serica is likely to seek a partner.

Pending UK Licences
The Company expects to receive the award of further licences under the 26th Round of UK Offshore Licensing when environmental assessments, currently being undertaken by DECC, have been completed.

Ireland

Slyne Basin: Blocks 27/4, 27/5 (west) and 27/9 - Liffey & Boyne Prospects
These blocks cover an area of 611 square kilometres in the Slyne Basin off the west coast of Ireland. Serica holds a 50% interest and operates the licence.

The shallow Jurassic oil discovery made by Serica in 2009 in the Bandon exploration well 27/4-1 provides clear evidence of the presence of oil in this part of the Slyne Basin although the discovery itself was not commercial. Deeper Jurassic oil prospects of potentially commercial size are, however, evident at the Liffey and Boyne locations in addition to the separate gas prospects at those locations. The Company has acquired site survey data in preparation for a drilling programme to test these prospects and is currently seeking a farm-in partner.

Rockall Basin: Blocks 5/17, 5/18, 5/22, 5/23, 5/27, and 5/28 - Muckish Prospect
Serica holds a 100% working interest in six blocks covering a total area of 993 square kilometres in the north-eastern part of the Rockall Basin off the west coast of Ireland.

The Rockall Basin extends over 100,000 square kilometres in which only three exploration wells have been drilled to date. The basin is therefore regarded as very underexplored. Of these exploration wells, the 12/2-1 Dooish gas-condensate discovery, approximately nine kilometres to the south of the licence, encountered a 214 metre hydrocarbon column.

A large exploration prospect, Muckish, has been identified on the licence and evaluation of the data has increased confidence in the potential of the prospect, which covers an area of approximately 30 square kilometres in a water depth of 1,450 metres. Serica intends to find a partner to join in drilling a well on Muckish.

Spain

Abiego, Barbastro, Binéfar and Peraltilla Exploration Permits
The Company holds a 75% interest and operatorship in the Abiego, Barbastro, Binéfar and Peraltilla Exploration Permits onshore northern Spain. The Permits cover an area of approximately 1,100 square kilometres between the Ebro Basin and the Pyrenees. Several gas prospects have been identified by Serica and Serica is currently seeking a partner to enable it to commit to drill an exploration well.

Morocco

Sidi Moussa and Foum Draa Petroleum Agreements
Serica holds a 25% interest in the Sidi Moussa and adjacent Foum Draa Petroleum Agreements offshore Morocco. The blocks together cover a total area of approximately 12,700 square kilometres in the sparsely explored Tarfaya Basin and extend from the Moroccan coastline into water depths reaching a maximum of 2,000 metres.

Sidi Moussa and Foum Draa are covered by over 5,200 square kilometres of modern 3D seismic data and over 2,000 kilometres of 2D seismic data and work during the quarter focussed on interpretation of this data. A drill or drop decision is required to be made at the end of the initial phases of the Agreements. The initial phase of the Sidi Moussa area is due to end in November 2011 and that of Foum Draa is due to end in February 2012.

The Tarfaya Basin is geologically analogous to the oil producing salt basins of West Africa. Although evaluation of the seismic data is not yet complete, Serica has identified a number of significant prospects in the blocks. It is the intention to seek a partner before entering the drilling phase.

Indonesia

As noted above in the Management Overview, Serica's interests in Indonesia have been subject to a strategic review which is expected to result in a sale of the properties.

A summary of Serica's interests in Indonesia and operational developments in the second quarter is detailed below.

North Sumatra: Glagah Kambuna TAC - Kambuna Field
The Glagah Kambuna TAC, containing the producing Kambuna gas field, covers an area of approximately 380 square kilometres and lies offshore North Sumatra. Serica holds an interest of 25% in the TAC. An independent reserves report by RPS Energy, undertaken at the end of 2010, estimated gross remaining proved and probable reserves in the Kambuna field as 28.1 bcf of sales gas and 2.3 mmbbl of condensate, a total of 8.2 mmboe as at 1 January 2011.

The Kambuna gas is used for power generation to supply electricity to the city of Medan in North Sumatra and for industrial uses. During the second quarter of 2011 gross production from the field amounted to 3.6 bcf of sales gas and 246,000 bbls of condensate. The average gas sales price realised was US$6.2 per mcf with condensate realising an average price of US$120 per barrel. The highest price achieved during 2011 to date is US$126 per barrel, achieved in April.

A well is planned to be drilled from the Kambuna platform, Kambuna #5, during the second half of 2011 to exploit the gas bearing potential of a likely northern extension of the field. This activity plus the planned installation of gas compression is intended to support the productive capacity of the field.

North Sumatra: East Seruway PSC
Serica holds a 100% interest in the East Seruway Production Sharing Contract ("PSC") offshore North Sumatra, Indonesia. The PSC, which lies adjacent to the Glagah Kambuna TAC, covers an area of approximately 5,864 square kilometres and is largely unexplored.

Following completion of the acquisition of 2,100 line kilometres of 2D seismic data in the PSC in 2010 the Company has identified a number of leads which will require further delineation before making a drilling decision. The Company will need the consent of both the Indonesian authorities and the semi-autonomous province of Aceh in order to undertake work in certain parts of the PSC.

East Kalimantan: Kutai PSC
Serica is the operator of the Kutai PSC and holds a 30% interest. The PSC is divided into five blocks located in the Mahakam River delta both onshore and offshore East Kalimantan.

The Company drilled two wells, Marindan and Dambus, in 2010. Both wells encountered hydrocarbons but in insufficient quantities to support standalone development. In the light of the Dambus result other prospects and leads in the area around the Dambus well are under review. Gas discovered at Dambus would reduce the threshold volume required for the development of any further resources that may be discovered in the immediate area.

FORWARD PROSPECTS

The Company is in a positive cash position with a portfolio of properties including a near-term field development and material exploration prospects lying in several different geological basins. The Company has the technical and proven operating skills to exploit these prospects and plans to commence a drilling programme in 2012 to establish their potential.

It is a key objective for the Company to enlarge this portfolio through applications for new licences, exchange and sharing of licence interests and acquisition of complementary assets to reduce risk and give it increased scale and diversity.

The agreement to dispose of Serica's properties in Indonesia is part of this strategy. Successful completion of the transaction will enable the Company to release and refocus resources for investment in the Company's existing acreage and in new areas where the Company sees greater growth opportunity.

FINANCIAL REVIEW

A detailed review of the Q2 2011 results of operations and other financial information is set out below.

As a result of the decision by the Company to dispose of its remaining Indonesian assets and the conditional sale agreed with Pace, the various assets and associated liabilities of the Company's Indonesian business form part of a disposal group and have been presented as held for sale in the Group Balance Sheet at 30 June 2011. The financial results of the Indonesian business disposal group are disclosed as discontinued operations and separate from the results of the retained business segments.

Results of Operations

	2011	2011	2010	2010	2010	2010
	Q2	Q1	Q4	Q3	Q2	Q1
	US$000	US$000	US$000	US$000	US$000	US$000
Continuing operations						
Sales revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross profit/(loss)	-	-	-	-	-	-
Expenses:						
Pre-licence costs	(641)	(231)	(364)	(134)	(612)	(738)
E&E and other asset write offs	-	-	(3,709)	(29)	(77)	-
Administrative expenses	(1,502)	(1,423)	(1,753)	(1,494)	(1,528)	(1,566)
Foreign exchange gain/(loss)	19	70	(146)	108	16	77
Share-based payments	(224)	(302)	(267)	(233)	(230)	(501)
Depreciation	(86)	(89)	(71)	(27)	(11)	(22)
Operating loss before net finance revenue and taxation	(2,434)	(1,975)	(6,310)	(1,809)	(2,442)	(2,750)
Finance revenue	2	8	11	13	20	13
Finance costs	(199)	(812)	(894)	(921)	(1,001)	(1,267)
Loss before taxation	(2,631)	(2,779)	(7,193)	(2,717)	(3,423)	(4,004)
Taxation (charge)/credit	-	-	-	-	-	-
Loss for the period from continuing operations	(2,631)	(2,779)	(7,193)	(2,717)	(3,423)	(4,004)
Discontinued operations						
(Loss)/profit for the period from discontinued operations	(8,711)	314	(32,919)	2,998	1,777	1,264
(Loss)/profit for the period	(11,342)	(2,465)	(40,112)	281	(1,646)	(2,740)
Earnings per share (EPS)	US$	US$	US$	US$	US$	US$
Basic and diluted EPS on loss from continuing operations	(0.01)	(0.02)	(0.04)	(0.02)	(0.02)	(0.03)
Basic and diluted EPS on (loss)/profit for the period	(0.06)	(0.01)	(0.22)	0.002	(0.01)	(0.02)

Continuing operations

The Company generated a loss before tax from continuing operations of US$2.6 million for the three months ended 30 June 2011 ("Q2 2011") compared to a loss before tax of US$3.4 million for Q2 2010.

Pre-licence costs include direct cost and allocated general administrative cost incurred on oil and gas interests prior to the award of licences, concessions or exploration rights. The expense of US$0.6 million for Q2 2011 was at a similar level to the Q2 2010 charge. Significant work was undertaken in Q2 2011 in new areas of focus in the Western Hemisphere and the UK. The Q2 2010 expense primarily related to the 26th Licensing Round in the UK. In 2010 the Company was awarded interests in two UK blocks but is still awaiting the outcome of certain other applications from the 26th Round.

There were no significant asset write offs in Q2 2011 or Q2 2010. Asset write offs in Q4 2010 of US$3.7 million primarily included the E&E asset costs of the Oates prospect in the UK North Sea (US$3.5 million). The Management's decision to write off the costs of Oates followed the unsuccessful well and the absence of any further drilling plans for the block. Other Q4 2010 write offs included costs from relinquished licences.

Administrative expenses of US$1.5 million for Q2 2011 were unchanged from the same period last year. The Company continues to manage carefully its financial resources.

The impact of foreign exchange was not significant in Q2 2011 or Q2 2010.

Share-based payment costs of US$0.2 million in Q2 2011 reflected share options granted and compared with US$0.2 million for Q2 2010.

Negligible depreciation charges in all periods represent office equipment and fixtures and fittings.

Finance revenue comprising bank deposit interest income has been negligible in all periods during 2010 and 2011 to date.

Finance costs consist of interest payable, arrangement costs spread over the term of the bank loan facility, and other financing fees. Finance costs of US$0.2 million in Q2 2011 have fallen significantly from US$1.0 million in Q2 2010. The arrangement costs associated with the November 2009 financing were fully amortised during Q1 2011 following the loan repayment in February 2011. Ongoing finance costs currently only consist of unutilised facility fees.

The net loss per share from continuing operations of US$0.01 for Q2 2011 compares to a net loss per share of US$0.02 for Q2 2010.

Discontinued operations

The results of discontinued operations below are those generated from Serica's South East Asia operations which are recognised in a disposal group as at 30 June 2011.

	2011	2011	2010	2010	2010	2010
	Q2	Q1	Q4	Q3	Q2	Q1
	US$000	US$000	US$000	US$000	US$000	US$000
Discontinued operations						
Sales revenue	6,613	8,577	9,413	10,018	6,537	5,334
Cost of sales	(5,452)	(7,013)	(8,014)	(4,612)	(3,450)	(2,682)
Gross profit	1,161	1,564	1,399	5,406	3,087	2,652
Expenses:						
Impairment of fixed assets	-	-	(11,797)	-	-	-
Pre-licence costs	(133)	(7)	-	-	(53)	(23)
E&E and other asset write offs	(170)	(339)	(25,671)	-	-	-
Administrative expenses	(268)	(226)	(281)	(220)	(230)	(281)
Foreign exchange gain/(loss)	3	(2)	(2)	(3)	2	3
Share-based payments	-	-	-	-	-	-
Depreciation	-	-	(1)	(2)	(1)	(2)
Operating profit/(loss)	593	990	(36,353)	5,181	2,805	2,349
Other	(363)	-	-	-	-	-
Loss recognised on remeasurement to fair value	(8,687)	-	-	-	-	-
Finance revenue	-	-	-	-	-	117
Finance costs	(11)	(10)	-	-	-	-
(Loss)/profit before taxation	(8,468)	980	(36,353)	5,181	2,805	2,466
Taxation (charge)/credit	(243)	(666)	3,434	(2,183)	(1,028)	(1,202)
(Loss)/profit for the period	(8,711)	314	(32,919)	2,998	1,777	1,264

Serica's Indonesian operations generated a gross profit of US$1.2 million in Q2 2011 (Q2 2010: US$3.1 million) from its 25% interest in the Kambuna Field.

The Company currently generates all its sales revenue from the Kambuna field in Indonesia. Revenue is recognised on an entitlement basis for the Company's net working field interest. Entitlement revenues are higher in those periods where the full capped amount of cost recovery entitlement is eligible to be claimed out of gross revenue. In Q2 2011, the cycle of eligible cost recovery was such that the full capped amount of cost recovery could not be claimed by the contractors, therefore giving lower contractor entitlement revenues and an increased government share of gross revenue. This has reduced Serica's reported entitlement revenues as a proportion of gross sales volumes in Q2 2011 compared to earlier periods. Unclaimed cost recovery amounts are carried forward to future periods.

In Q2 2011, gross Kambuna field gas production averaged 39.7 mmscf per day (Q2 2010 29.2 mmscf per day) together with average condensate production of 2,699 barrels per day (Q2 2010 2,666 barrels per day). The Q2 2011 gas production was sold at prices averaging US$6.20 per mscf (Q2 2010 US$5.48 per mscf) and generated US$3.9 million (Q2 2010 US$3.5 million) of revenue net to Serica. Condensate production is stored and sold when lifted at a price referenced to the Indonesia Attaka official monthly crude oil price. Liftings in the period earned US$2.7 million (Q2 2010 US$3.0 million) of revenue net to Serica at an average price of US$120.2 per barrel (Q2 2010 US$75.9 per barrel).

Cost of sales were driven by production from the Kambuna field and totalled US$5.5 million in Q2 2011 (Q2 2010: US$3.5 million). The most significant components of the total charge were non cash depletion of US$3.8 million (Q2 2010: US$1.8 million) and operating costs of US$1.7 million (Q2 2010: US$1.8 million). Depletion charges per boe increased significantly for Q4 2010, Q1 and Q2 2011 as the result of the 2010 year end reduction in estimated Kambuna field reserves.

The Q4 2010 US$11.8 million pre-tax impairment related to the Kambuna field and resulted from the year end reduction in estimated reserves. The impairment was recorded against oil and gas property, plant and equipment (US$11.7 million) and goodwill (US$0.1 million).

Minor asset write offs in Q2 2011 of US$0.2 million were in respect of the Kutai PSC in Indonesia. There were no asset write offs in Q2 2010. Asset write offs in Q4 2010 of US$25.7 million largely included E&E and other asset expenses from the Kutai PSC in Indonesia (US$25.1 million). The Management's decision to write off Kutai costs followed the impairment of the Kambuna field, whose reserves had previously covered the carrying cost of the Company's SE Asia assets.

Under IFRS 5, the assets and associated liabilities of the Indonesian disposal group have been reclassified at 30 June 2010. A fair value remeasurement exercise has been performed to measure the disposal group at the lower of its carrying amount and fair value less costs to sell. This remeasurement has generated a loss of US$8.7 million which is recognised in the results of discontinued operations. The write down of underlying assets has been apportioned in accordance with IFRS 5 on a pro rata basis to the non-current assets.

The Q2 2011 taxation charge of US$0.2 million (Q2 2010: US$1.0 million) comprised a current tax charge of US$1.6 million and a deferred tax credit of US$1.4 million.

Summary of Quarterly Results

Quarter ended:	2011 30 June US$000	2011 31 Mar US$000	2010 31 Dec US$000	2010 30 Sep US$000	2010 30 Jun US$000	2010 31 Mar US$000	2009 31 Dec US$000	2009 30 Sep US$000
Discontinued								
Sales revenue	6,613	8,577	9,413	10,018	6,537	5,334	3,476	4,167
Continuing and discontinued								
(Loss)/profit for the quarter	(11,342)	(2,465)	(40,112)	281	(1,646)	(2,740)	19,148	(925)
Basic and diluted loss per share US$	(0.06)	(0.01)	(0.22)	-	(0.01)	(0.02)	-	(0.01)
Basic and diluted earnings per share US$	-	-	-	0.002	-	-	0.11	-

The second quarter 2011 loss includes a loss of US$8.7 million recognised on the re-measurement to fair value of the Indonesian disposal group as at 30 June 2011.

The fourth quarter 2010 loss includes asset write offs of US$29.4 million attributed to the Kutai and Oates E&E assets and an impairment charge of US$11.8 against the Kambuna development and production asset.

The fourth quarter 2009 profit includes a profit of US$26.9 million generated on the disposal of a 25% interest in the Kambuna field, Indonesia and certain E&E asset interests in South East Asia.

The third quarter 2009 result includes first revenue streams from the Kambuna field.

Working Capital, Liquidity and Capital Resources

Current Assets and Liabilities

An extract of the balance sheet detailing current assets and liabilities is provided below:

	30 June 2011 US$000	31 March 2011 US$000	31 December 2010 US$000	30 June 2010 US$000
Continuing operations				
Current assets:				
Inventories	1,622	2,803	2,748	3,187
Trade and other receivables	3,743	11,517	14,669	14,927
Financial assets	537	-	-	-
Cash and cash equivalents	15,395	22,041	30,002	39,974
Total Current assets	21,297	36,361	47,419	58,088
Less Current liabilities:				
Trade and other payables	(4,251)	(12,709)	(13,574)	(8,452)
Income tax payable	-	(2,101)	(1,466)	(824)
Financial liabilities	-	-	(11,671)	-
Total Current liabilities	(4,251)	(14,810)	(26,711)	(9,276)
Net Current assets	17,046	21,551	20,708	48,812
Discontinued operations				
Assets held for sale	39,289	-	-	-
Liabilities associated with assets held for sale	(5,846)	-	-	-

At 30 June 2011, the Company had net current assets from continuing operations of US$17.0 million which comprised current assets of US$21.3 million less current liabilities of US$4.3 million, giving an overall decrease in working capital of US$4.5 million in the three month period.

Inventories decreased from US$2.8 million to US$1.6 million over the Q2 2011 period following the reclassification to 'assets held for sale' of stocks attached to the Indonesian joint venture interests. The balance as at 30 June 2011 relates to retained items of oilfield equipment.

Trade and other receivables at 30 June 2011 included advance payments on ongoing operations, recoverable amounts from partners in joint venture operations in the UK and Indonesia, sundry UK working capital balances, and prepayments. Trade and other receivables associated with Indonesian operations, including US$3.1 million of trade debtors from gas and condensate sales in May and June are now classified within 'assets held for sale'.

Financial assets at 30 June 2011 represented US$0.5 million of short term restricted cash deposits.

Cash and cash equivalents decreased from US$22.0 million to US$15.4 million in the quarter. In April 2011, the Company repaid significant liabilities outstanding from the Kutai exploration drilling programme including outstanding rig creditors, and also settled the full amounts of current Indonesian tax that had accrued since the start of field production in August 2009 to date. During Q2 2011 the Company generated US$6.6 million of revenues from the Kambuna field but also incurred ongoing field operating and capital costs. Other costs included new venture exploration work across the portfolio in the UK, Ireland and new areas of focus, Columbus Field Development Plan expense together with ongoing administrative costs and corporate activity. Cash balances held in Indonesian operations are no longer classified in cash and cash equivalents.

Trade and other payables at 30 June 2011 include trade creditors and accruals from ongoing operations on the Columbus field development, the UK, Ireland and Morocco exploration programmes, payables for administrative expenses and other corporate costs.

The current tax creditor of US$2.1 million at 31 March 2011 arose in respect of Indonesian operations and was settled in April. Current Indonesian tax liabilities are now classified as 'liabilities associated with assets held for sale'.

Financial liabilities at 31 December 2010 comprise drawings under the senior debt facility and are disclosed net of the unamortised portion of allocated issue costs. The balance was classified as short-term and was fully repaid in February 2011.

Assets held for sale and associated liabilities

The assets and liabilities recorded as at 30 June 2011 in respect of South East Asia interests being sold are now classified as part of a disposal group held for sale. These amounts stated in the balance sheet as at 30 June 2011 have been written down to the estimated fair value less costs to sell of the disposal group. The write down of underlying assets has been apportioned in accordance with IFRS 5 on a pro rata basis to the non-current assets.

	Book cost US$000	Loss on re-measurement US$000	30 June 2011 US$000
Asset held for sale			
Property, plant and equipment	28,524	(6,429)	22,095
Exploration & evaluation assets	6,722	(1,462)	5,260
Long-term other receivables	3,660	(796)	2,864
Inventories	999	-	999
Financial assets	333	-	333
Trade and other receivables	7,258	-	7,258
Cash	480	-	480
Total	47,976	(8,687)	39,289
Liabilities associated with assets held for sale			
Trade and other payables	(3,539)	-	(3,539)
Taxation payable	(580)	-	(580)
Provisions	(1,727)	-	(1,727)
Deferred income tax liabilities	(227)	227	-
Total	(6,073)	227	(5,846)

Assets held for sale

Exploration and evaluation assets ("E&E assets") represent capitalised costs incurred to date on the East Seruway PSC.

Property, plant and equipment chiefly comprise the net book amount of the capital expenditure on the Company's interest in the Kambuna field.

Long-term other receivables are represented by value added tax ("VAT") on Indonesian capital spend which will be recovered from future production.

Other working capital assets are all associated with South East Asia operations.

Liabilities associated with assets held for sale

Trade and other payables at 30 June 2011 chiefly include creditors and accruals from the Kambuna field operations. Significant liabilities from the Q4 2010 Kutai offshore drilling programme, including the final drilling rig costs were settled during Q2 2011. Other liabilities include sundry creditors and accruals from the ongoing Indonesian exploration programmes.

The current taxation creditor of US$0.6 million arises in respect of Kambuna operations.

Provisions of US$1.7 million were in respect of Kambuna field decommissioning payments.

Long-Term Assets and Liabilities

An extract of the balance sheet detailing long-term assets and liabilities is provided below:

	30 June 2011 US$000	31 March 2011 US$000	31 December 2010 US$000	30 June 2010 US$000
Exploration & evaluation assets	64,967	70,748	68,604	75,480
Property, plant and equipment	623	32,394	37,546	53,130
Goodwill	-	-	-	148
Financial assets	677	1,682	1,431	1,394
Long-term other receivables	-	4,585	4,748	5,858
Financial liabilities	-	-	-	(12,268)
Provisions	-	(1,716)	(1,706)	-
Deferred income tax liabilities	-	(1,370)	(1,339)	(3,231)

During Q2 2011, total investments in petroleum and natural gas properties represented by exploration and evaluation assets ("E&E assets") decreased from US$70.7 million to US$65.0 million. The overall decrease was largely due to the reclassification of Indonesia E&E asset costs on the East Seruway PSC (US$6.7 million) as 'assets held for sale' as at 30 June 2011. US$0.4 million of additions were incurred on the East Seruway PSC in Q2 2011 prior to the reclassification.

Also during Q2 2011, US$0.6 million of additions were incurred in respect of continuing operations. In the UK & Western Europe, US$0.2 million was incurred on the Columbus FDP and US$0.2 million on other UK and Ireland exploration work and G&A. US$0.2 million was incurred on the Morocco interests.

The property, plant and equipment balance of US$0.6 million at 30 June 2011 (31 December 2010: US$0.8 million) represents office fixtures and fittings and computer equipment.

In previous periods, property, plant and equipment chiefly comprised the net book amount of the capital expenditure on the Company's interest in the Kambuna development. These amounts were reclassified as 'assets held for sale' as at 30 June 2011. During Q2 2011, the Company's investment in Kambuna decreased from US$31.6 million to US$28.5 million. This US$3.1 million decrease comprised depletion charges of US$3.8 million arising from the production of gas and condensate, partially offset by US$0.7 million of capital additions in the period.

Goodwill, representing the difference between the price paid on acquisitions and the fair value applied to individual assets, was impaired following the 2010 year end reduction in estimated Kambuna reserves and fully written off in Q4 2010.

Financial assets at 30 June 2011 represented US$0.7 million of restricted cash deposits.

Long-term other receivables are represented by value added tax ("VAT") on Indonesian capital spend which will be recovered from future production. These assets are now classified as 'assets held for sale'.

Financial liabilities represented by drawings under the senior secured debt facility are disclosed net of the unamortised portion of allocated issue costs.

Provisions of US$1.7 million at 31 March 2011 and 31 December 2010 were in respect of Kambuna field decommissioning payments in Indonesia. This provision is now classified as 'liabilities associated with assets held for sale'.

The deferred income tax liabilities arise in respect of the Company's Kambuna asset interest in Indonesia. These liabilities have now been fully released in the period.

Shareholders' Equity

An extract of the balance sheet detailing shareholders' equity is provided below:

	30 June 2011 US$000	31 March 2011 US$000	31 December 2010 US$000	30 June 2010 US$000
Total share capital	207,702	207,702	207,657	207,657
Other reserves	18,954	18,730	18,428	17,928
Accumulated deficit	(109,900)	(98,558)	(96,093)	(56,262)

Total share capital includes the total net proceeds, both nominal value and any premium, on the issue of equity capital.

Other reserves mainly include amounts credited in respect of cumulative share-based payment charges. The increase in other reserves from US$18.7 million to US$19.0 million reflects a credit to equity in respect of share-based payment charges in Q2 2011.

Asset values and Impairment

At 30 June 2011 Serica's market capitalisation stood at US$68 million (£42 million), based upon a share price of £0.24, which was exceeded by the net book value at that date of US$117 million (£72 million). Management conducted a thorough review of the carrying value of its assets and determined that no further write-downs were required beyond those already disclosed above.

Capital Resources

Available financing resources and debt facility

Serica's prime focus has been to deliver value through exploration success. To-date this has given rise to the Kambuna gas field development in Indonesia and the Columbus gas field in the UK North Sea, for which development plans are being formulated.

Typically exploration activities are equity financed whilst field development costs are principally debt financed. In the current business environment, access to new equity and debt remains uncertain. Consequently, the Company has given priority to the careful management of existing financial resources.

In November 2009 the Company replaced its US$100 million debt facility with a new three-year facility for an equal amount. The new facility, which was arranged with J.P.Morgan plc, Bank of Scotland plc and Natixis as Mandated Lead Arrangers, was principally to refinance the Company's outstanding borrowings on the Kambuna field. It was also put in place to finance the appraisal and development of the Columbus field and for general corporate purposes.

Following the debt repayments in 2010, management reduced its debt facility to US$50 million total capacity so as to restrict ongoing facility costs. The ability to draw under the facility for development is determined both by the achievement of milestones on the relevant project and also by the availability calculated under a projection model. The Company's debt facility was fully repaid in February 2011.

At 30 June 2011, the Company held cash and cash equivalents of US$15.4 million and US$1.2 million of short and long term restricted cash in continuing operations. Overall, the current cash balances held, the crystallisation of value from Indonesia either through disposal or the revenues from a retained 25% Kambuna interest, and the control that the Company can exert over the timing and cost of its exploration programmes both through operatorship and through farm-outs leave it well placed to manage its commitments.

Summary of contractual obligations

The following table summarises the Company's contractual obligations as at 30 June 2011;

Contractual Obligations	Total US$000	<1 year US$000	1-3 years US$000	>3 years US$000
Long term debt	-	-	-	-
Operating leases	1,025	601	424	-
Other long term obligations	1,826	260	696	870
Total contractual obligations	2,851	861	1,120	870

All bank debt was repaid in February 2011.

Other long term obligations relate to decommissioning payments in Indonesia.

Lease commitments

At 30 June 2011, Serica had no capital lease obligations. At that date, the Company had commitments to future minimum payments under operating leases in respect of rental office premises and office equipment for each of the following period/years as follows:

	US$000
31 December 2011	304
31 December 2012	539

Capital expenditure commitments, obligations and plans

As at 30 June 2011, the Company's share of expected outstanding capital costs in respect of its 25% interest on the Kambuna project totalled approximately US$4.4 million. These expected costs primarily comprise budgeted costs for the proposed Kambuna North well.

In addition, the Company also has obligations to carry out defined work programmes on its oil and gas properties, under the terms of the award of rights to these properties, over the next two period/years as follows:

Period ending 31 December 2011 US$ 1,500,000
Year ending 31 December 2012 US$ nil

These obligations reflect the Company's share of the defined work programmes and were not formally contracted at 30 June 2011. The Company is not obliged to meet other joint venture partner shares of these programmes. The most significant 2011 obligations are in respect of the Kutai PSC in Indonesia. Significant drilling commitment obligations in respect of the East Seruway PSC were previously classified as falling in the period ending 31 December 2011. It has been confirmed that the Company will need the consent of both the Indonesian authorities and the semi-autonomous province of Aceh in order to undertake this work, and the expected timeframe of the obligation has now slipped beyond 2012. Other less material minimum obligations include G&G, seismic work and ongoing licence fees in the UK and Indonesia.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions or arrangements.

Critical Accounting Estimates

The Company's significant accounting policies are detailed in note 2 to the attached interim financial statements. International Financial Reporting Standards have been adopted. The costs of exploring for and developing petroleum and natural gas reserves are capitalised and the capitalisation and any write off of E&E assets, or depletion of producing assets necessarily involve certain judgments with regard to whether the asset will ultimately prove to be recoverable. Key sources of estimation uncertainty that impact the Company relate to assessment of commercial reserves and the impairment of the Company's assets. Oil and gas properties are subject to periodic review for impairment whilst goodwill is reviewed at least annually. Impairment considerations necessarily involve certain judgements as to whether E&E assets will lead to commercial discoveries and whether future field revenues will be sufficient to cover capitalised costs. Recoverable amounts can be determined based upon risked potential, or where relevant, discovered oil and gas reserves. In each case, recoverable amount calculations are based upon estimations and management assumptions about future outcomes, product prices and performance. Management is required to assess the level of the Group's commercial reserves together with the future expenditures to access those reserves, which are utilised in determining the amortisation and depletion charge for the period and assessing whether any impairment charge is required.

Financial Instruments

The Group's financial instruments comprise cash and cash equivalents, bank loans and borrowings, accounts payable and accounts receivable. It is management's opinion that the Group is not exposed to significant interest or credit or currency risks arising from its financial instruments other than as discussed below:

> Serica has exposure to interest rate fluctuations on its cash deposits and its bank loans; given the level of expenditure plans over 2011/12 this is managed in the short-term through selecting treasury deposit periods of one to three months. Treasury counterparty credit risks are mitigated through spreading the placement of funds over a range of institutions each carrying acceptable published credit ratings to minimise counterparty risk.
>
> Where Serica operates joint ventures on behalf of partners it seeks to recover the appropriate share of costs from these third parties. The majority of partners in these ventures are well established oil and gas companies. In the event of non payment, operating agreements typically provide recourse through increased venture shares.
>
> Serica retains certain cash holdings and other financial instruments relating to its operations, limited to the levels necessary to support those operations. The US$ reporting currency value of these may fluctuate from time to time causing reported foreign exchange gains and losses. Serica maintains a broad strategy of matching the currency of funds held on deposit with the expected expenditures in those currencies. Management believes that this mitigates much of any actual potential currency risk from financial instruments. Loan funding is available in US Dollars and Pounds Sterling and is drawn in the currency required.

It is management's opinion that the fair value of its financial instruments approximate to their carrying values, unless otherwise noted.

Share Options

As at 30 June 2011, the following director and employee share options were outstanding:

Expiry Date	Amount	Exercise cost Cdn$
December 2014	200,000	200,000
January 2015	600,000	600,000
June 2015	1,100,000	1,980,000

Expiry Date	Amount	Exercise cost £
August 2012	1,200,000	1,182,000
October 2013	750,000	300,000
January 2014	431,000	137,920
November 2015	334,000	323,980
November 2015	92,000	89,240
January 2016	1,065,000	1,102,275
June 2016	270,000	259,200
November 2016	120,000	134,400
January 2017	543,000	553,860
May 2017	210,000	218,400
March 2018	1,230,000	922,500
March 2018	850,000	697,000
January 2020	3,696,000	2,513,280
June 2020	250,000	162,500
April 2021	450,000	141,188

In April 2011, 200,000 share options were granted to an executive director with an exercise cost of £0.31 and an expiry date of 4 April 2021. The exercise of the options is subject to certain performance criteria. The options granted in April 2011 cannot be exercised until three years from the date of grant.

103,000 options with an expiry date of November 2015 were cancelled in July 2011.

Outstanding Share Capital

As at 9 August 2011, the Company had 176,660,311 ordinary shares issued and outstanding.

Business Risk and Uncertainties

Serica, like all companies in the oil and gas industry, operates in an environment subject to inherent risks. Many of these risks are beyond the ability of a company to control, particularly those associated with the exploring for and developing of economic quantities of hydrocarbons. Principal risks can be classified into four main categories: operational, commercial, regulatory and financial.

Operational risks include production interruptions, well or reservoir performance, spillage and pollution, drilling complications, delays and cost over-run on major projects, well blow-outs, failure to encounter hydrocarbons, construction risks, equipment failure and accidents. Commercial risks include access to markets, access to infrastructure, volatile commodity prices and counterparty risks. Regulatory risks include governmental regulations, licence compliance and environmental risks. Financial risks include access to equity funding and credit.

In addition to the principal risks and uncertainties described herein, the Company is subject to a number of other risk factors generally, a description of which is set out in the Company's latest Annual Information Form available on www.sedar.com.

Nature and Continuance of Operations

The principal activity of the Company is to identify, acquire and subsequently exploit oil and gas reserves. Its current activities are located primarily in Western Europe, North Africa and Indonesia.

The Company's financial statements have been prepared with the assumption that the Company will be able to realise its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. During the three month period ended 30 June 2011 the Company generated a loss of US$2.6 million from continuing operations. At 30 June 2011 the Company had US$15.4 million of net cash in continuing operations.

The Company intends to utilise its existing cash balances and future operating cash inflows, together with the currently available portion of the US$50 million senior secured debt facility, to fund the immediate needs of its investment programme and ongoing operations. Further details of the Company's financial resources and debt facility are given above in the Financial Review in this MD&A.

Key Performance Indicators ("KPIs")

The Company's main business is the acquisition of interests in prospective exploration acreage, the discovery of hydrocarbons in commercial quantities and the crystallisation of value whether through production or disposal of reserves. The Company tracks its non-financial performance through the accumulation of licence interests in proven and prospective hydrocarbon producing regions, the level of success in encountering hydrocarbons and the development of production facilities. In parallel, the Company tracks its financial performance through management of expenditures within resources available, the cost-effective exploitation of reserves and the crystallisation of value at the optimum point.

Additional Information

Additional information relating to Serica can be found on the Company's website at www.serica-energy.com and on SEDAR at www.sedar.com

Approved on Behalf of the Board

Tony Craven Walker	Christopher Hearne
Chairman	Finance Director

10 August 2011

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 therefrom.

Serica Energy plc

Group Income Statement

For the period ended 30 June

Unaudited ***Continuing operations***	*Note*	Three months ended 30 June 2011 US$000	Three months ended 30 June 2010 US$000	Six months ended 30 June 2011 US$000	Six months ended 30 June 2010 US$000
Sales revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Pre-licence costs		(641)	(612)	(872)	(1,350)
E&E and other asset write offs		-	(77)	-	(77)
Administrative expenses		(1,502)	(1,528)	(2,925)	(3,094)
Foreign exchange gain		19	16	89	93
Share-based payments		(224)	(230)	(526)	(731)
Depreciation		(86)	(11)	(175)	(33)
Operating loss from continuing operations		(2,434)	(2,442)	(4,409)	(5,192)
Finance revenue		2	20	10	33
Finance costs		(199)	(1,001)	(1,011)	(2,268)
Loss before taxation		(2,631)	(3,423)	(5,410)	(7,427)
Taxation charge for the period	10	-	-	-	-
Loss for the period from continuing operations		(2,631)	(3,423)	(5,410)	(7,427)
Discontinued operations					
(Loss)/profit for the period from discontinued operations	4a)	(8,711)	1,777	(8,397)	3,041
Loss for the period		(11,342)	(1,646)	(13,807)	(4,386)
Loss per ordinary share (EPS)					
Loss on continuing operations					
Basic and diluted EPS (US$)		(0.01)	(0.02)	(0.03)	(0.04)
Loss for the period					
Basic and diluted EPS (US$)		(0.06)	(0.01)	(0.08)	(0.02)

Total Statement of Comprehensive Income

There are no other comprehensive income items other than those passing through the income statement.

Serica Energy plc
Consolidated Balance Sheet

	Notes	30 June 2011 US$000 (Unaudited)	31 March 2011 US$000 (Unaudited)	31 Dec 2010 US$000 (Audited)	30 June 2010 US$000 (Unaudited)
Non-current assets					
Exploration & evaluation assets	5	64,967	70,748	68,604	75,480
Property, plant and equipment	6	623	32,394	37,546	53,130
Goodwill		-	-	-	148
Financial assets		677	1,682	1,431	1,394
Other receivables		-	4,585	4,748	5,858
		66,267	109,409	112,329	136,010
Current assets					
Inventories		1,622	2,803	2,748	3,187
Trade and other receivables		3,743	11,517	14,669	14,927
Financial assets		537	-	-	-
Cash and cash equivalents		15,395	22,041	30,002	39,974
		21,297	36,361	47,419	58,088
Assets held for sale	4b)	39,289	-	-	-
TOTAL ASSETS		126,853	145,770	159,748	194,098
Current liabilities					
Trade and other payables		(4,251)	(12,709)	(13,574)	(8,452)
Income taxation payable		-	(2,101)	(1,466)	(824)
Financial liabilities	7	-	-	(11,671)	-
Non-current liabilities					
Financial liabilities		-	-	-	(12,268)
Provisions		-	(1,716)	(1,706)	-
Deferred income tax liabilities		-	(1,370)	(1,339)	(3,231)
Liabilities associated with assets held for sale	4b)	(5,846)	-	-	-
TOTAL LIABILITIES		(10,097)	(17,896)	(29,756)	(24,775)
NET ASSETS		116,756	127,874	129,992	169,323
Share capital	8	207,702	207,702	207,657	207,657
Other reserves		18,954	18,730	18,428	17,928
Accumulated deficit		(109,900)	(98,558)	(96,093)	(56,262)
TOTAL EQUITY		116,756	127,874	129,992	169,323

Serica Energy plc
Statement of Changes in Equity
For the period ended 30 June 2011

Group

	Share capital US$000	Other reserves US$000	Deficit US$000	Total US$000
At 1 January 2011 (audited)	207,657	18,428	(96,093)	129,992
Share-based payments	-	302	-	302
Proceeds on exercise of options	45	-	-	45
Loss for the period	-	-	(2,465)	(2,465)
At 31 March 2011 (unaudited)	207,702	18,730	(98,558)	127,874
Share-based payments	-	224	-	224
Loss for the period	-	-	(11,342)	(11,342)
At 30 June 2011 (unaudited)	207,702	18,954	(109,900)	116,756

For the year ended 31 December 2010

Group

	Share capital US$000	Other reserves US$000	Deficit US$000	Total US$000
At 1 January 2010 (audited)	207,633	17,197	(51,876)	172,954
Share-based payments	-	501	-	501
Loss for the period	-	-	(2,740)	(2,740)
At 31 March 2010 (unaudited)	207,633	17,698	(54,616)	170,715
Conversion of options	24	-	-	24
Share-based payments	-	230	-	230
Loss for the period	-	-	(1,646)	(1,646)
At 30 June 2010 (unaudited)	207,657	17,928	(56,262)	169,323
Share-based payments	-	233	-	233
Loss for the period	-	-	281	281
At 30 September 2010 (unaudited)	207,657	18,161	(55,981)	169,837
Share-based payments	-	267	-	267
Loss for the period	-	-	(40,112)	(40,112)
At 31 December 2010 (audited)	207,657	18,428	(96,093)	129,992

Serica Energy plc
Consolidated Cash Flow Statement
For the period ended 30 June

Unaudited	Three months ended 30 June 2011 US$000	Three months ended 30 June 2010 US$000	Six months ended 30 June 2011 US$000	Six months ended 30 June 2010 US$000
Cash flows from operating activities:				
Loss for the period	(11,342)	(1,646)	(13,807)	(4,386)
Adjustments to reconcile loss for the period to net cash flow from operating activities				
Taxation	243	1,028	909	2,230
Net finance costs	208	981	1,022	2,118
Depreciation	86	12	175	36
Depletion and amortisation	3,777	1,793	9,063	3,185
Asset write offs	170	77	509	77
Loss on re-measurement to fair value	8,687	-	8,687	-
Share-based payments	224	230	526	731
Decrease/(increase) in receivables	2,545	(6,164)	4,222	(8,350)
Decrease/(increase) in inventories	77	(257)	22	(332)
(Decrease)/increase in payables	(5,949)	1,718	(6,224)	(346)
Cash generated from operations	(1,274)	(2,228)	5,104	(5,037)
Taxation paid	(3,134)	-	(3,134)	-
Net cash flow from operations	(4,408)	(2,228)	1,970	(5,037)
Cash flows from investing activities:				
Purchase of property, plant & equipment	(616)	(1,245)	(839)	(2,487)
Purchase of E&E assets	(941)	(5,916)	(3,085)	(9,450)
Proceeds from disposals	-	-	-	99,150
Interest received	2	20	10	714
Net cash (outflow)/inflow from investing	(1,555)	(7,141)	(3,914)	87,927
Cash proceeds from financing activities:				
Repayments of loans and borrowings	-	(12,500)	(11,800)	(60,050)
Proceeds on exercise of options	-	24	45	24
Finance costs paid	(201)	(610)	(464)	(1,302)
Net cash from financing activities	(201)	(13,086)	(12,219)	(61,328)
Cash and cash equivalents				
Net (decrease)/increase in period	(6,164)	(22,455)	(14,163)	21,562
Effect of exchange rates on cash and cash	(2)	-	36	-
Amount at start of period	22,041	62,429	30,002	18,412
Amount at end of period (see note 4b)	15,875	39,974	15,875	39,974

Serica Energy plc

Notes to the Unaudited Consolidated Financial Statements

1. Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 10 August 2011.

Serica Energy plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are traded on AIM and the TSX Exchange. The principal activity of the Company is to identify, acquire and exploit oil and gas reserves.

2. Basis of preparation and accounting policies

Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting.

These unaudited interim consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards following the same accounting policies and methods of computation as the consolidated financial statements for the year ended 31 December 2010. These unaudited interim consolidated financial statements do not include all the information and footnotes required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the consolidated financial statements and the notes thereto in the Serica Energy plc annual report for the year ended 31 December 2010.

Going Concern

The financial position of the Group, its cash flows and available debt facilities are described in the Financial Review in the Q2 2011 Management's Discussion and Analysis. As at 30 June 2011, the Group had US$15.4 million of net cash held in continuing operations.

The Directors are required to consider the availability of resources to meet the Group and Company's liabilities for the forseeable future.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the interim condensed financial statements.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of the following new standards and interpretations, noted below,

International Accounting Standards (IAS / IFRSs)		Effective date
IAS 24	Related Party disclosures	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
IFRS	Improvements to IFRS	Issued May 2010

The adoption of these did not affect the Group's results of operations or financial position.

The Group financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars (US$000) except when otherwise indicated.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Serica Energy Corporation, Serica Energy Holdings B.V., Asia Petroleum Development Limited, Petroleum Development Associates (Asia) Limited, Serica Energia Iberica S.L., Serica Holdings UK Limited, Serica Energy (UK) Limited, PDA Lematang Limited, APD (Asahan) Limited, APD (Biliton) Limited, Serica Kutei B.V., Serica Glagah Kambuna B.V., Serica East Seruway B.V., Serica Foum Draa B.V., Serica Sidi Moussa B.V., Serica Indonesia Holdings B.V. and Serica Energy Pte Limited. Together, these comprise the "Group".

All inter-company balances and transactions have been eliminated upon consolidation.

3. Segmental Information

The Group's business is that of oil & gas exploration, development and production. The Group's reportable and geographical segments are based on the locations of the Group's assets.

The following tables present profit information on the Group's geographical segments for the six months ended 30 June 2011 and 2010 and certain asset and liability information as at 30 June 2011 and 2010. Costs associated with Spain, the Morocco licences and the corporate centre in the UK are included in the UK & NW Europe reportable segment. Segmental assets classified as 'other' include oilfield equipment currently retained but held in South East Asia. The information for the Indonesia segment is classified as discontinued.

Six months ended 30 June 2011 (unaudited)	Continuing UK & NW Europe US$000	Continuing Other US$000	Continuing Total US$000	Discontinued US$000	Total US$000
Revenue	-	-	-	15,190	
Loss for the period	(5,410)	-	(5,410)	(8,397)	
Other segmental information					
Segmental assets	85,942	1,622	87,564	39,289	126,853
Unallocated assets			-	-	-
Total assets			87,564	39,289	126,853
Segmental liabilities	(4,251)	-	(4,251)	(5,846)	(10,097)
Unallocated liabilities			-	-	-
Total liabilities			(4,251)	(5,846)	(10,097)

Six months ended 30 June 2010 (unaudited)	Continuing UK & NW Europe US$000	Continuing Other US$000	Continuing Total US$000	Discontinued US$000	
Revenue	-	-	-	11,871	
(Loss)/profit for the period	(7,427)	-	(7,427)	3,041	
	UK & NW Europe US$000	Indonesia US$000	N/A	N/A	Total US$000
Other segmental information					
Segmental assets	69,779	89,423			159,202
Unallocated assets					34,896
Total assets					194,098
Segmental liabilities	(2,859)	(9,648)			(12,507)
Unallocated liabilities					(12,268)
Total liabilities					(24,775)

4. Discontinued operation

As a result of the decision by the Company to dispose of its remaining Indonesian assets and the conditional sale agreed with Pace, the various assets and associated liabilities of the Company's Indonesian business form part of a disposal group and have been presented as held for sale in the Group Balance Sheet at 30 June 2011. The financial results of the Indonesian business disposal group are disclosed as discontinued operations and separate from the results of the retained business segments.

a) Results of discontinued operations

The results of the discontinued operations are presented below:

Unaudited	*Note*	Three months ended 30 June 2011 US$000	Three months ended 30 June 2010 US$000	Six months ended 30 June 2011 US$000	Six months ended 30 June 2010 US$000
Sales revenue		6,613	6,537	15,190	11,871
Cost of sales		(5,452)	(3,450)	(12,465)	(6,132)
Gross profit		1,161	3,087	2,725	5,739
Pre-licence costs		(133)	(53)	(140)	(76)
E&E and other asset write offs		(170)	-	(509)	-
Administrative expenses		(268)	(230)	(494)	(511)
Foreign exchange gain		3	2	1	5
Depreciation		-	(1)	-	(3)
Operating profit		593	2,805	1,583	5,154
Other costs		(363)	-	(363)	-
Loss recognised on remeasurement to fair value		(8,687)	-	(8,687)	-
Finance revenue		-	-	-	117
Finance costs		(11)	-	(21)	-
(Loss)/profit before taxation		(8,468)	2,805	(7,488)	5,271
Taxation charge for the period		(243)	(1,028)	(909)	(2,230)
(Loss)/profit for the period		(8,711)	1,777	(8,397)	3,041
Loss per ordinary share (EPS)		US$	US$	US$	US$
Basic and diluted EPS on result in period		(0.05)	0.01	(0.05)	0.02

Analysis of Sales Revenue

Six months ended 30 June:	2011 US$000	2010 US$000
Gas sales	8,854	6,082
Condensate sales	6,336	5,789
	15,190	11,871

Analysis of Cost of sales

Six months ended 30 June:	2011 US$000	2010 US$000
Operating costs	3,297	3,280
Depletion	9,063	3,185
Movement in inventories of oil	105	(333)
	12,465	6,132

Taxation
The major components of taxation in the discontinued operations are:

Six months ended 30 June:	2011 US$000	2010 US$000
Current income tax charge	2,248	433
Deferred income tax (credit)/charge	(1,112)	1,797
Release of deferred tax on fair value remeasurement	(227)	-
Total tax charge	909	2,230

The net cash flows attributable to the disposal group in discontinued operations are as follows:

Six months ended 30 June:	2011 US$000	2010 US$000
Operating cash inflows	6,180	3,014
Investing cash (out)/inflows (1)	(1,731)	92,650
Financing cash outflows (2)	-	-
Net cash inflow	4,449	95,664

(1) Investing cash inflows in 2010 include proceeds of US$99,150,000 received from the 2009 asset disposal to Kris Energy.
(2) Repayments of loans and borrowings are classified as corporate cash outflows and excluded from discontinued operations analysis.

b) Assets and liabilites

The amounts stated in the balance sheet as at 30 June 2011 have been written down to the estimated fair value less costs to sell of the disposal group. The write down of underlying assets has been apportioned in accordance with IFRS 5 on a pro rata basis to the non-current assets.

The major classes of assets and liabilities of the South East Asia operations held as a disposal group as at 30 June 2011 were as follows:

	Book cost	Loss on remeasurement	30 June 2011
	US$000	US$000	US$000
Assets			
Plant, property and equipment	28,524	(6,429)	22,095
Exploration and evaluation assets	6,722	(1,462)	5,260
Other receivables – long term	3,660	(796)	2,864
Inventories	999	-	999
Financial asset	333	-	333
Cash	480	-	480
Trade and other receivables	7,258	-	7,258
	47,976	(8,687)	39,289
Liabilities			
Trade and other payables	(3,539)	-	(3,539)
Taxation payable	(580)	-	(580)
Provisions	(1,727)	-	(1,727)
Deferred tax liabilities	(227)	227	-
	(6,073)	227	(5,846)
Net assets of disposal group			33,443

Analysis of cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise amounts from both continuing and discontinued operations;

	30 June 2010
	US$000
Cash held in continuing operations	15,395
Cash held in discontinued operations	480
Total per consolidated cash flow statement	15,875

5. Exploration and Evaluation Assets

	Total US$000
Net book amount:	
At 1 January 2011 (audited)	68,604
Additions	3,085
Reclassifications to assets held for sale (see note 4b)	(6,722)
At 30 June 2011 (unaudited)	64,967

6. Property Plant and Equipment

	Oil and gas properties US$000	Computer / IT equipment US$000	Fixtures, fittings and equipment US$000	Total US$000
Cost:				
At 1 January 2011 (audited)	61,005	286	949	62,240
Additions	771	-	68	839
Reclassifications to assets held for sale	(61,776)	-	(110)	(61,886)
At 30 June 2011 (unaudited)	-	286	907	1,193
Depreciation and depletion:				
At 1 January 2011 (audited)	24,299	208	187	24,694
Charge for the period	9,063	20	155	9,238
Reclassifications to assets held for sale	(33,362)	-	-	(33,362)
At 30 June 2011 (unaudited)	-	228	342	570
Net book amount				
At 30 June 2011	-	58	565	623
At 1 January 2011	36,706	78	762	37,546

Oil and gas property costs associated with Indonesian operations have been reclassified as assets held for sale in the Group Balance Sheet as at 30 June 2011. See note 4b) for further information.

7. Financial Liabilities

	30 June 2011 US$000	31 December 2010 US$000
Current bank loans:		
Variable rate multi-option facility	-	(11,671)

On 16 November 2009 the Company entered into a new US$100 million senior secured revolving credit facility to replace its previous facility of a similar amount. The facility, which has been arranged with J.P.Morgan, Bank of Scotland plc and Natixis as Mandated Lead Arrangers, is for a term of three years. The facility was initially used to refinance the Company's outstanding borrowings on the Kambuna field and is also available to finance the appraisal and development of the Columbus field and for general corporate purposes. The facility is secured by first charges over the Group's interest in the Kambuna field in Indonesia and the Columbus field in the UK North Sea and the shares of certain subsidiary companies.

Following the debt repayments in 2010, management reduced the facility to US$50 million total capacity in Q4 2010 so as to restrict ongoing facility costs.

The total gross liability as at 31 December 2010 was US$11.8 million which is disclosed net of the unamortised portion of allocated issue costs. All drawings under the facility were repaid in February 2011 and were classified as current as at 31 December 2010.

Further details of the Company's financial resources and debt facilities are given in the Q2 2011 Management's Discussion and Analysis.

8. Equity Share Capital

The concept of authorised share capital was abolished under the Companies Act 2006 and shareholders approved the adoption of new Articles of Association at the 2010 Annual General Meeting which do not contain any reference to authorized share capital.

The share capital of the Company comprises one "A" share of £50,000 and 176,660,311 ordinary shares of US$0.10 each. The "A" share has no special rights.

The balance classified as total share capital includes the total net proceeds (both nominal value and share premium) on issue of the Group and Company's equity share capital, comprising US$0.10 ordinary shares and one 'A' share.

Allotted, issued and fully paid: **Group**	Number	Share capital US$000	Share premium US$000	Total Share capital US$000
At 1 January 2010	176,518,311	17,742	189,891	207,633
Options exercised (i)	52,000	5	19	24
At 31 December 2010	176,570,311	17,747	189,910	207,657
Options exercised (ii)	90,000	9	36	45
At 30 June 2011	176,660,311	17,756	189,946	207,702

i) In April 2010, 52,000 share options were converted to ordinary shares at a price of £0.32.

ii) In January 2011, 90,000 share options were converted to ordinary shares at a price of £0.32.

As at 8 August 2011 the issued voting share capital of the Company is 176,660,311 ordinary shares.

9. Share-Based Payments

Share Option Plans

Following a reorganisation (the "Reorganisation") in 2005, the Company established an option plan (the "Serica 2005 Option Plan") to replace the Serica Energy Corporation Share Option Plan (the "Serica BVI Option Plan").

Serica Energy Corporation ("Serica BVI") was previously the holding company of the Group but, following the Reorganisation, is now a wholly owned subsidiary of the Company. Prior to the Reorganisation, Serica BVI issued options under the Serica BVI Option Plan and, following the Reorganisation, the Company has agreed to issue ordinary shares to holders of Serica BVI Options already awarded upon exercise of such options in place of the shares in Serica BVI to which they would be entitled. There are currently options outstanding under the Serica BVI Option Plan entitling holders to acquire up to an aggregate of 1,900,000 ordinary shares of the Company. No further options will be granted under the Serica BVI Option Plan.

The Serica 2005 Option Plan will govern all future grants of options by the Company to Directors, officers, key employees and certain consultants of the Group. The Serica 2005 Option Plan is comprised of two parts, the basic share option plan and a part which constitutes an Enterprise Management Incentive Plan ("EMI Plan") under rules set out by the H.M. Revenue & Customs in the United Kingdom. Options granted under the Serica 2005 Option Plan can be granted, at the discretion of the Board, under one or other of the two parts but, apart from certain tax benefits which can accrue to the Company and its UK employees if options are granted under the part relating to the EMI Plan meeting the conditions of that part of the Serica 2005 Option Plan, all other terms under which options can be awarded under either part are substantially identical.

The Directors intend that the maximum number of ordinary shares which may be utilised pursuant to the Serica 2005 Option Plan will not exceed 10 per cent. of the issued ordinary shares of the Company from time to time, in line with the recommendations of the Association of British Insurers.

As at 30 June 2011, the Company has granted 14,137,500 options under the Serica 2005 Option Plan, 11,491,000 of which are currently outstanding. 5,595,000 of the 11,491,000 options outstanding at 30 June 2011 under the Serica 2005 Option Plan are exercisable only if certain performance targets being met.

The Company calculates the value of share-based compensation using a Black-Scholes option pricing model (or other appropriate model for those Directors' options subject to certain market conditions) to estimate the fair value of share options at the date of grant. The estimated fair value of options is amortised to expense over the options' vesting period. US$224,000 has been charged to the income statement in the three month period ended 30 June 2011 (three month period ended 30 June 2010: US$230,000) and a similar amount credited to other reserves.

The modification of options in December 2009 and options granted in 2010 were consistently valued in line with the Company's valuation policy, assumptions made included a weighted average risk-free interest rate of 4%, no dividend yield, and a volatility factor of 50%.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

Serica BVI Option Plan	Number	WAEP Cdn$
Outstanding at 31 December 2009	1,975,000	1.45
Expired during the year	(75,000)	1.00
Outstanding at 31 December 2010	1,900,000	1.46
Expired during the period	-	-
Outstanding as at 30 June 2011	1,900,000	1.46

Serica 2005 Option Plan		£
Outstanding at 31 December 2009	8,672,000	0.82
Granted during the year	4,453,500	0.67
Exercised during the year	(52,000)	0.32
Cancelled during the year	(209,000)	0.88
Outstanding at 31 December 2010	12,864,500	0.82
Exercised during the period	(90,000)	0.32
Cancelled during the period	(1,141,000)	0.84
Outstanding at 31 March 2011	11,633,500	0.78
Granted during the period	450,000	0.31
Cancelled during the period	(592,500)	0.77
Outstanding at 30 June 2011	11,491,000	0.76

In January 2011, 90,000 share options were exercised by employees other than directors at a price of £0.32.

In April 2011 450,000 share options were granted at an exercise price of £0.31. For 400,000 of these options the award granted is subject to performance criteria.

In July 2011, 103,000 share options were cancelled.

10. Taxation – continuing operations

There is no current or deferred income tax charge in the income statement in respect of continuing operations.

11. Publication of Non-Statutory Accounts

The financial information contained in this interim statement does not constitute statutory accounts as defined in the Companies Act 2006. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2010. Those accounts, upon which the auditors issued and unqualified opinion, are available at the Company's registered office at 52 George Street, London W1U 7EA and on its website at www.serica-energy.com and on SEDAR at www.sedar.com.

This interim statement will be made available at the Company's registered office at 52 George Street, London W1U 7EA and on its website at www.serica-energy.com and on SEDAR at www.sedar.com.

INDEPENDENT REVIEW REPORT TO SERICA ENERGY PLC

Introduction
We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises consolidated Income Statement, the consolidated Balance Sheet, consolidated statement of Total Comprehensive Income, consolidated Statement of Changes in Equity, consolidated Cash Flow Statement, and related notes 1 to 11 We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.
This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.
As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP
London
10 August 2011