

TAKEOVER PANEL RULING ON SALAMANDER APPROACH TO SERICA

London, 16 October 2008 - Serica Energy plc (AIM & TSX-V: SQZ) (“Serica” or “the Company”) advises its shareholders that the Executive of the Takeover Panel in London (the “Panel Executive”) has made a ruling under the Takeover Code (the “Code”) that Salamander Energy plc (“Salamander”) must by 5pm on 10 November 2008 either announce an offer for Serica or announce that it does not intend to make an offer. The full text of the Panel’s ruling, released on 16 October 2008, is shown below:

“Following recent representations made by the advisers to Serica, the Panel Executive has been considering the application of Rule 2.4(b) of the Code to the approach by Salamander to Serica. Following discussions with all parties’ advisers, the Panel Executive has ruled that, unless the Panel Executive consents otherwise, Salamander must, by 5.00 p.m. on 10 November 2008, either announce a firm intention to make an offer for Serica under Rule 2.5 of the Code or announce that it does not intend to make an offer for Serica. In the event that Salamander announces that it does not intend to make an offer for Serica, Salamander and any person acting in concert with it will, except with the consent of the Panel Executive, be bound by the restrictions contained in Rule 2.8 of the Code for six months from the date of such announcement. Each of the parties has accepted this ruling.” (See Explanatory Note below)

This ruling by the Panel follows a highly preliminary, non-binding proposal (the “Proposal”) from Salamander which was, as announced on 29 September 2008, unanimously rejected by the Board of Serica.

The Proposal was to acquire Serica on the basis of Serica shareholders receiving one new Salamander share for every three Serica shares currently held. The Board of Serica unanimously concluded that the Proposal failed to reflect both the underlying value and potential which exists in Serica or a premium for control of the Company.

Following the rejection of the Proposal by the Company, Serica’s advisers sought this ruling by the Panel in order to remove the uncertainty surrounding the situation and ensure that Salamander makes its intentions clear.

Paul Ellis, Serica CEO, said: “We welcome this ruling from the Takeover Panel and hope that it brings a speedy resolution to this ill-advised approach which grossly undervalues Serica’s assets. We urge our shareholders to take no action at this time”

Explanatory Note

The principal effect of Rule 2.8 of the Code is that, with certain limited exceptions, if an offeror announces that it does not intend to make an offer, neither the offeror nor any person acting in concert with the offeror may announce an offer or possible offer for a further six months.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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