

SERICA ENERGY PLC

QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE 2018

Introduction:

The Board of directors of the Company fully endorses the importance of good corporate governance and applies The Quoted Companies Alliance Corporate Governance Code (2018) (the “QCA Code”), which they believe is the most appropriate recognised governance code for a company of its size with shares admitted to trading on the AIM market of the London Stock Exchange. It is believed that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all its stakeholders.

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles are:

1. Establish a strategy and business model which aims to promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Consider wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning balanced team led by the Chair;
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board;
10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

Chairman’s Corporate Governance Statement:

As Chairman of the Company, I have a keen interest in ensuring that an effective and focused Board leads the business and builds upon its successes to date. Strong corporate governance helps underpin the foundations of a solid and successful business. The Board is committed to ensuring good corporate governance, from executive level and throughout the operations of the business. Following the revisions to the AIM Rules for Companies in March 2018 pursuant to which all AIM companies are required to comply with a recognised corporate governance code, the decision has been made by the Company that it will adopt the Quoted Companies Alliance Corporate Governance Code 2018. The directors believe that the QCA Code is the most appropriate recognised governance code for the Company.

As Chairman it is my duty to ensure that good standards of governance are delivered and fed down throughout the organisation. The Board is supportive of embracing the highest level of corporate governance possible and works to instil a culture across the Company which delivered strong values and behaviours.

The importance of engaging with our shareholders underpins the essence of the business, ensuring that there are numerous opportunities for investors to engage with both the Board and executive team.

As the Company enters the next phase of development, as Chairman I will work with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be present within the organisation and delivered throughout the business, ensuring that we grow with foundations of integrity and strong principles for the benefit of all stakeholders.

Antony Craven Walker

Executive Chairman

Website disclosures:

The QCA Code requires us to apply the ten principles and publish certain disclosures in our annual report and also on our website. Our website disclosures are as follows:

Principle Two - Seek to understand and meet shareholder needs and expectations.

Disclosure: explain the ways in which the Company seeks to engage with shareholders.

Serica (the 'Company') engages with its shareholders through updates to the market via regulatory news flow, providing operational updates and additional news flow when there is a deviation from the operational updates or on matters of a regulatory nature or of material importance.

Whilst being mindful of the requirements of the AIM Rules and Market Abuse Regulations the Chairman and Chief Executive Officer ('CEO') engage with the Company's shareholders directly from time to time in relation to questions that they may have and on other matters.

Copies of the Company's annual report, interim report and other regulatory documents are made available to all shareholders.

The Company's annual general meeting is a regular opportunity for shareholders to meet with the Company, and a corporate presentation on recent developments is given by the Chairman and CEO. There is also an opportunity for shareholders to ask questions during the formal business of the meeting and informally following the meeting.

At the annual general meeting separate resolutions are proposed for each matter under consideration. Shareholders are given the opportunity to vote in advance of the meeting by proxy if they are unable to attend the meeting and vote in person. The Company's registrar monitors the voting at all general meetings. The results of shareholder meetings are announced through a regulatory news service.

The Board ensures that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's annual general meeting are within the recommended corporate guidelines of the QCA Code.

Shareholders with queries should email info@serica-energy.com

Principle Three: Consider wider stakeholder and social responsibilities and their implications for long term success

Disclosure: Explain how the business model identifies the key resources and relationships on which the business relies. Explain how the company obtains feedback from stakeholders.

Our business model and strategy are clear and are set out in our annual report. The acquisition by Serica Energy (UK) Limited ('Serica (UK)'), a wholly owned subsidiary of the Company of interests in the Bruce, Keith and Rhum fields and associated infrastructure in the UK North Sea from BP completed and was announced on 30 November 2018 ('the BKR Acquisition'). Serica (UK) subsequently acquired interests in the Bruce and Keith fields and associated infrastructure from Total E&P UK Limited, BHP Billiton Petroleum Great Britain Limited and Marubeni Oil & Gas (UK) Limited ('the BK Transactions'). The BKR Acquisition and the BK Transactions (together 'the Acquisitions') are transformational for the Company. The directors believe that the UK North Sea will continue to provide new opportunities to grow the business and provide the basis to add shareholder value both in the UK and overseas.

The Company has many key relationships with stakeholders, both externally with its suppliers, customers, regulators and others and internally with its employees. The Company engages with its key stakeholders through various channels depending upon who they are and values the feedback it receives from them. The Company takes every opportunity to ensure that where possible the views of stakeholders are considered and acted on.

The Company seeks to be an equal opportunity employer at all levels. Employees across the business work closely together, and the Board seeks to engender an environment of openness.

Principle Six: Ensure that between them the directors have the necessary up to date experience, skills and capabilities

The Board now comprises of the Executive Chairman, CEO and four Non-Executive Directors, all of whom are considered independent. The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of skills to deliver on the Group's strategy.

Antony Craven Walker, Executive Chairman, started his career with BP and has been a leading figure in the British independent oil industry since the early 1970s. Mr Craven Walker founded two British independent oil companies, Charterhouse Petroleum, where he held the post of Chief Executive, and Monument Oil and Gas, where he held the post of Chief Executive and later became Chairman. Mr Craven Walker was also a founder member of BRINDEX (Association of British Independent Oil Exploration Companies). Mr Craven Walker was appointed Chairman of the Company in 2004 and following the retirement of the then Chief Executive in April 2011, initially acted as interim Chief Executive. With effect from 1 June 2015, he took the role of Executive Chairman following the departure of two Executive Directors.

Mitch Flegg, Chief Executive Officer, has over 35 years of experience in the upstream oil and gas industry, including positions at Shell and Enterprise Oil. Mr Flegg first joined the Company in 2006 and was responsible for all drilling and development operations. He was promoted to the position of Chief Operating Officer in March 2011 and appointed to the Board in September 2012. Mr Flegg left the Company in May 2015 to become CEO of Circle Oil Plc. Mr Flegg re-joined the Board on 21 November 2017 as Chief Executive Officer. Mr Flegg's background and experience ensures that the Company is effectively led to achieve the Company's long-term strategic goals.

Neil Pike, Non-Executive Director and Senior Independent Director joined the Company as a director in 2004. Mr Pike has been involved in the global petroleum business as a financier since joining the energy department at Citibank in 1975. Mr Pike remained an industry specialist with Citibank throughout his career until he joined the Company and was closely involved in the development of specialised oil field finance. Latterly he was responsible for Citibank's relationships with the oil and gas industry worldwide. Mr Pike with his financial background provides the experience required as chairman of the audit committee to challenge the business internally and also the Group's auditors.

Ian Vann, Non-Executive Director joined the Board in 2007. Mr Vann was employed by BP from 1976 and directed and led BP's global exploration efforts from 1996 until his retirement in January 2007. Mr Vann was appointed to the executive leadership team of the Exploration & Production Division of BP in 2001, initially as Group Vice President, Technology and later as Group Vice President, Exploration and Business Development. Mr Vann's industry background provides the Board with the necessary expertise to review and challenge decisions and opportunities presented both within the formal arena of the boardroom and as called upon when needed by the executives. Mr Vann is chairman of the Company's Remuneration and Compensation Committee.

Trevor William Garlick, Non-Executive Director joined the Board on 30 November 2018, on completion of the BKR Acquisition. Mr Garlick started his career in 1982 with Marathon Oil International, before joining BP in 1986, where he worked for 30 years, latterly as Regional President for BP in UK and Norway from 2010 until his retirement in 2016. Mr Garlick was the Operator's Chair of the industry association, Oil & Gas UK, from 2014 to 2016 and is currently a director of Opportunity North East Limited and Vice Chairman of the Oil & Gas Technology Centre. Mr Garlick holds a BSc in Geology

and an Meng in Petroleum Engineering. Mr Garlick is chairman of the Health, Safety and Environmental Committee and the Reserves Committee, which is a sub-committee of the Company's Audit Committee.

Malcolm Webb, Non-Executive Director joined the Board on 30 November 2018, on completion of the BKR Acquisition. Mr Webb started his career with Burmah Oil Company in 1974, before joining the British National Oil Corporation in 1976 and Charterhouse Petroleum in 1981, as a solicitor working in various legal roles. Between 1986 and 1999, Mr Webb worked in the Petrofina SA Group in various senior management roles, leaving as Managing Director of Fina plc. In 2001, Mr Webb joined the UK Petroleum Industry Association as Director General and between 2004 and 2015 served as Chief Executive to the industry association, Oil & Gas UK. Mr Webb is chairman of the Company's Nomination Committee.

The Board currently has an Executive Chairman, which the Board recognises is not regarded as best practice. However, prior to the appointment of Mitch Flegg as CEO, the Board did not have any executive representation apart from the Chairman, so the Board regarded it as vital for the chairman role to be executive in nature. The Company has gone through a transformational phase in its development and has recently appointed two further Non-Executive Directors. Whilst the Company works through this phase, the Board considers that in the medium term it is in the Company's best interests for Mr Craven Walker to continue as chairman in an executive capacity with Neil Pike acting as senior independent non-executive director.

Principle Seven: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Disclosure: A description of the Board performance evaluation process.

The Board considers that its effectiveness and the individual performance of its directors is vital to the success of the Company.

The Board meets monthly for formal Board meetings and ad hoc meetings take place from time to time. Informal communications between Board members take place frequently as and when the business demands.

The Board considers that it functions effectively and given the size of the Company and the current lean nature of the Board the need for formal Board evaluation has not been considered necessary. The Company currently conducts an informal Board self-evaluation process on an ad hoc basis. However, it is recognised that with the planned expansion of the Board in parallel with the anticipated expansion of the Company's activities and the need to meet the requirements of the QCA Code a more formal process will be necessary. The Company will introduce a structure to set clear targets and objectives for improving and monitoring performance of an enlarged Board and will introduce a formal evaluation for all Board members to monitor their individual contribution and commitment.

The evaluation process will set out criteria against which Board, committee and individual effectiveness is measured.

The directors have a wide knowledge of the Company's business and understand their duties as directors of a company quoted on AIM. The directors have access to the Company's Nominated Adviser, auditors and solicitors as and when required. These advisors are available to provide formal support and advice to the Board from time to time and do so in accordance with good practice. The directors are also able, at the Company's expense, to obtain advice from external advisers if required. The Board is mindful of the need for succession planning and the length of service of the Executive Chairman. The Board previously disclosed its intention to appoint two further Non-Executive Directors and was pleased to announce the appointments of Mr Trevor Garlick and Mr Malcolm Webb effective from 30 November 2018. The Nomination Committee will continue to meet and monitor the requirements for succession planning and Board appointments to ensure that the Board is fit for purpose. If external training or assistance with recruitment is required by the committee, this will be made available.

Principle Eight: Promote a corporate culture that is based on ethical values and behaviours

Disclosure: how the Board ensures that the Company has the means to determine ethical values and behaviours

The Company is committed to a corporate culture that is based on sound ethical values and behaviours and it seeks to instil these values across the organisation as a whole. The Company promotes its commitment to sound ethical values and behaviours through its public statements on its website, in its report and accounts and internally through its communications to its employees and other stakeholders.

The Company has a zero-tolerance approach to bribery and corruption and has adopted an anti-bribery policy to protect the Group, its employees and those third parties with which the Company engages.

The Company has adopted a whistleblowing policy-which enables employees to raise any concerns that they may have in confidence with the CEO or the Senior Independent Director.

Principle Nine – Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Disclosure: Roles and responsibilities of the chair, CEO and other directors with commitments. Describe the roles of the Committees

The Executive Chairman leads the Board and works with the CEO and the Non-Executive Directors to grow the Company and develop its business. The Executive Chairman is a member of the Nomination Committee and attends the other Board committees if requested. As Executive Chairman, Antony Craven Walker is primarily responsible for engaging with Shareholders and other stakeholders.

Mitch Flegg was appointed to the Board in November 2017 as CEO. Mr Flegg is accountable to the Board for the financial and operational performance of the Group. Mr Flegg is a member of the Reserves Committee and HSE Committee.

Neil Pike is the Senior Independent non-executive director and chairman of the Audit Committee. Mr Pike is a member of the Nomination Committee and Remuneration and Compensation Committee.

Ian Vann is a non-executive director of the Company and chairman of the Remuneration and Compensation Committee. Mr Vann is also a member of the Audit Committee, HSE Committee and Reserves Committee.

Malcolm Webb is a non-executive director of the Company and chairman of the Nomination Committee. Mr Webb is also a member of the Remuneration and Compensation Committee.

Trevor Garlick is a non-executive director of the Company and chairman of the HSE Committee and Reserves Committee. Mr Garlick is also a member of the Audit Committee.

The Audit Committee meets regularly and consists of two members, both non-executive directors. The Committee assists with the Board's oversight of the integrity of the financial reporting and the independence and performance of the Company's Auditor.

The Reserves Committee meets once a year prior to the publication of the annual results. The Committee is a sub-committee of the Audit Committee and meets to review the reports of the independent reserves auditors.

The Nomination Committee is responsible for ensuring that the Company complies with the QCA Code and AIM rules. It is responsible for monitoring the effectiveness of the Board and its Committee, appointment of new Board members and succession planning. The Committee will meet as and when required.

The Remuneration and Compensation Committee meets to consider all material elements of remuneration, including remuneration policy, executive remuneration, share incentive plans and other employee incentive schemes. The Committee proposes to meet at least twice a year.

The HSE Committee meets at least three times a year and is responsible for matters affecting health, safety and the environment.

The Board retains full and effective control over the Company and holds regular Board meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues. There are certain matters that are reserved for the Board. They include: approval of the Group's long-term objectives, policies and budgets, changes to management structure, internal control systems and approval of the annual report and accounts. All Board Committees report back to the Board following a committee meeting.

As the Company grows the Board will monitor the effectiveness of the governance framework and committee membership to ensure that it remains fit for purpose to support the development of the Group.

Principle Ten - Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board maintains a healthy dialogue between it and its stakeholders including its shareholders. The Executive Chairman is primarily responsible for communicating with shareholders, but the CEO will also maintain dialogue from time to time as required in conjunction with the Executive Chairman. The senior independent Non-Executive Director, Neil Pike, is also available to communicate with Shareholders if required.

Copies of the Company's report and accounts, and all other shareholder communications are maintained on the Company's website.

Historically the Company has not announced the detailed results of shareholder voting at its general meetings to the market. The Company will provide this detail in the future. Should there be a situation where there is a significant vote against a resolution at general meeting the Company will provide an explanation of what action it intends to take to understand the reasons behind the vote result and any action it has taken or will take as a result of the vote.

Annual report disclosures:

Our annual report disclosures are as follows:

QCA Code Principle	Disclosure	
1	Explain the company's business model and strategy, including key challenges in their execution and how those will be addressed.	2017 annual report: p6-25
4	Describe how the board has embedded effective risk management in order to execute and deliver strategy. This should include a description of what the board does to identify, assess and manage risk and how it gets assurance that the risk management and related control systems in place are effective.	2017 annual report: p21-23

5	Identify those directors who are considered to be independent; where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained.	<p>2017 annual report p30</p> <p>Neil Pike, Senior independent Director joined the Company as a director in 2004.</p> <p>Ian Vann, Non-Executive Director joined the Board in 2007.</p> <p>The Board currently has an Executive Chairman, which the Board recognises is not regarded as best practice. However, prior to the recent appointment of Mitch Flegg as CEO the Board did not have any executive representation apart from the Chairman, so the Board regarded it as vital for the chairman role to be executive in nature. The Company is currently going through a transformational phase in its development and continues to have a lean team at Board level. The Board therefore considers that in the medium term it is in the Company's best interests for Mr Craven Walker to continue as chairman in an executive capacity.</p> <p>Both Mr Pike and Mr Vann have held office for over ten years and therefore they stand for re-election at every AGM due their length of service.</p> <p>Trevor William Garlick, Non-Executive Director joined the Board in November 2018.</p> <p>Malcolm Webb, Non-Executive Director joined the Board in November 2018.</p>
	Describe the time commitment required from directors (including non-executive directors as well as part-time executive directors).	The executive directors are expected to devote substantially the whole of their time to their duties with the Company. Both non-executives have a lesser time commitment. It is anticipated that non-executive directors will each dedicate 12 days a year in addition to their duties as Board members .
	Include the number of meetings of the board (and any committees) during the year, together with the attendance record of each director.	2017 annual report: p29
6	Identify each director.	<p>2017 annual report: p30</p> <p>Trevor William Garlick and Malcolm Webb joined the Board in November 2018. See website disclosure, Principle Six above.</p>

	<p>Describe the relevant experience, skills and personal qualities and capabilities that each director brings to the board (a simple list of current and past roles is insufficient); the statement should demonstrate how the board as a whole contains (or will contain) the necessary mix of experience, skills, personal qualities (including gender balance) and capabilities to deliver the strategy of the company for the benefit of the shareholders over the medium to long-term.</p>	<p>The Board comprises of the Executive Chairman, CEO and four Non-Executive Directors both of whom are considered independent. The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of skills to deliver on the Group's strategy.</p> <p>Antony Craven Walker, Executive Chairman, started his career with BP and has been a leading figure in the British independent oil industry since the early 1970s. Mr Craven Walker founded two British independent oil companies, Charterhouse Petroleum, where he held the post of Chief Executive, and Monument Oil and Gas, where he held the post of Chief Executive and later became Chairman. Mr Craven Walker was also a founder member of BRINDEX (Association of British Independent Oil Exploration Companies). Mr Craven Walker was appointed Chairman of the Company in 2004 and following the retirement of the then Chief Executive in April 2011, initially acted as interim Chief Executive. With effect from 1 June 2015, he took the role of Executive Chairman following the departure of two Executive Directors. Mr Craven Walker's experience in the oil and gas and public market sectors gives him the skills necessary to lead the Company.</p> <p>Mitch Flegg, Chief Executive officer has over 35 years of experience in the upstream oil and gas industry, including positions at Shell and Enterprise Oil. Mr Flegg first joined the Company in 2006 and had been responsible for all drilling and development operations. He was promoted to the position of Chief Operating Officer in March 2011 and appointed to the Board in September 2012. Mr Flegg left the Company in May 2015 to become CEO of Circle Oil Plc. Mr Flegg re-joined the Board on 21 November 2017 as Chief Executive Officer. Mr Flegg's background and experience ensures that the Company is effectively led to achieve the Company's long-term strategic goals.</p> <p>Neil Pike, Senior Independent non-Executive Director joined the Company as a director in 2004. Mr Pike has been</p>
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		<p>involved in the global petroleum business as a financier since joining the energy department at Citibank in 1975. Mr Pike remained an industry specialist with Citibank throughout his career until he joined the Company and was closely involved in the development of specialised oil field finance. Latterly he was responsible for Citibank's relationships with the oil and gas industry worldwide. Mr Pike with his financial background provides the experience required as chairman of the audit committee to challenge the business internally and also the Group's auditors.</p> <p>Ian Vann, Non-Executive Director joined the Board in 2007. Mr Vann was employed by BP from 1976 and directed and led BP's global exploration efforts from 1996 until his retirement in January 2007. Mr Vann was appointed to the executive leadership team of the Exploration & Production Division of BP in 2001, initially as Group Vice President, Technology and later as Group Vice President, Exploration and Business Development. Mr Vann's industry background provides the Board with the necessary expertise to review and challenge decisions and opportunities presented both within the formal arena of the boardroom and as called upon when needed by the executives.</p> <p>Trevor William Garlick, Non-Executive Director joined the Board on 30 November 2018, on completion of the BKR transaction. Mr Garlick started his career in 1982 with Marathon Oil International, before joining BP in 1986, where he worked for 30 years, latterly as Regional President for BP in UK and Norway from 2010 until his retirement in 2016. Mr Garlick was the Operator's Chair of the industry association, Oil & Gas UK, from 2014 to 2016 and is currently a director of Opportunity North East Limited and Vice Chairman of the Oil & Gas Technology Centre. As a newly appointed non-executive to the Board, Mr Garlick brings a wealth of experience and a fresh pair of eyes to the business.</p> <p>Malcolm Webb, Non-Executive Director joined the Board on 30 November 2018,</p>
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		<p>on completion of the BKR transaction. Mr Webb started his career with Burmah Oil Company in 1974, before joining the British National Oil Corporation in 1976 and Charterhouse Petroleum in 1981, as a solicitor working in various legal roles. Between 1986 and 1999, Mr Webb worked in the Petrofina SA Group in various senior management roles, leaving as Managing Director of Fina plc. In 2001, Mr Webb joined the UK Petroleum Industry Association as Director General and between 2004 and 2015 served as Chief Executive to the industry association, Oil & Gas UK. Mr Webb's industry background, together with his corporate and legal experience shall provide the Board with the expertise to review and challenge decisions and opportunities presented.</p>
	<p>Explain how each director keeps his/her skillset up-to-date.</p>	<p>The Board as a whole has significant experience both within the industry and in public and financial markets. The Board receives support and advice from its Nomad on AIM requirements as and when required.</p>
	<p>Where the board or any committee has sought external advice on a significant matter, this must be described and explained.</p>	<p>No such advice was sought in 2017.</p>
	<p>Where external advisers to the board or any of its committees have been engaged, explain their role.</p>	<p>Details of the Company's advisors can be found on the website https://www.serica-energy.com/aim-rule-26</p> <p>The directors have access to the Company's Nomad, company secretary, lawyers and auditors and are able to obtain advice from other external bodies as and when required.</p>
	<p>Describe any internal advisory responsibilities, such as the roles performed by the company secretary and the senior independent director, in advising and supporting the board.</p>	<p>The Company Secretary helps keep the Board up to date on areas of new governance and liaises with the Nomad on areas of AIM requirements. The Company Secretary has communication with both the Chairman and CEO and is available to other members of the Board if required.</p> <p>The Senior Independent Director helps ensure that impartiality is maintained.</p>

7	Include a high-level explanation of the board performance effectiveness process.	See website disclosure, Principle Seven above.
	Where a board performance evaluation has taken place in the year, provide a brief overview of it, how it was conducted and its results and recommendations. Progress against previous recommendations should also be addressed.	As the Company develops and rebuilds through transactions such as the acquisition of the BKR assets further consideration will be given to formal Board evaluation. Over the last few years, with a small well-developed Board formal evaluation has not been considered necessary. However with the enlarged Board and in order to meet the requirements of the QCA Code the directors recognise that a more formal process may need to be addressed to reflect the requirements of an expanding company.
8	Include in the Chair's corporate governance statement how the culture is consistent with the company's objectives, strategy and business model in the strategic report and with the description of principal risks and uncertainties. The statement should explain what the board does to monitor and promote a healthy corporate culture and how the board assesses the state of the culture at present.	see Website disclosures: Principle Eight above.
10	Describe the work of any board committees undertaken during the year.	2017 annual report: p27-28
	Include an audit committee report (or equivalent report if such committee is not in place).	2017 annual report: p28
	Include a remuneration committee report (or equivalent report if such committee is not in place).	2017 annual report: p28
	If the company has not published one or more of the disclosures set out under Principles 1-9, the omitted disclosures must be identified and the reason for their omission explained.	N/A