

Serica Energy plc
("Serica" or the "Company")

2007 ANNUAL REPORT TO SHAREHOLDERS

London, 11 March 2008 - Serica Energy plc (TSX Venture & AIM: SQZ) today announces its financial results for the three and twelve months ending 31 December 2007. The results and associated Management Discussion and Analysis are included below and copies are available [here](#).

2007 Highlights

Developments

- Successful installation of the production platform on the Kambuna Field offshore North Sumatra with first production and cash flow expected at the end of 2008
- 15% increase in reserves: Kambuna 2P reserves estimated by RPS Energy at 29.7 million barrels of oil equivalent (100% basis)
- Excellent terms offered for Kambuna gas: initial tranche of 28 million cubic feet per day ("mmscfd") at approximately US\$5.40 per thousand cubic feet ("mcf") and second tranche of 10 mmscfd at over US\$6.50 per mcf with a further 10 mmscfd of gas to be marketed
- Serica's interest in Kambuna, based on the initial tranche gas sales price of approximately US\$5.40 per mcf, valued by RPS Energy as at 31 December 2007 at US\$145 million post tax (based on constant oil prices and costs)

Appraisal

- Two successful appraisal wells drilled in the Columbus field in the North Sea, confirming its commercial potential

Forward Drilling Programme

- Development drilling on Kambuna underway, with two new production wells currently being drilled and a recompletion of Kambuna #2
- Two appraisal wells in the Bream oil field in Norway to be drilled in 2H 2008 - best estimate of gross contingent resources 59 million barrels
- Planning to drill an exploration well off the west coast of Ireland in 2H 2008 - four gas prospects identified on the licence, with total best estimate gross prospective resources estimated at 3 tcf
- Vietnam exploration well to be drilled in 2H 2008 following the successful evaluation of new 3D Seismic data
- A site survey is to be undertaken in the Chablis field in preparation for appraisal drilling

Financial & Corporate

- Successfully raised US\$52 million in new equity from new and existing shareholders
- Completed a US\$100 million debt facility with JP Morgan and Bank of Scotland to fund field development activities
- Jonathan Cartwright, Finance Director of Caledonia Investments, to join board as a non-executive director in March 2008

Serica's Chief Executive, Paul Ellis commented:

"Serica made significant progress in 2007, increasing its proven and probable reserves and confirming that the Columbus field is a candidate for development."

"The Kambuna production platform in Indonesia is now installed and the development wells are being drilled with the company targeting first production by the end of 2008. Gas sales terms have been agreed for 80% of the Kambuna production at excellent prices. Furthermore, the company is due to commence drilling in Norway, Ireland and Vietnam in the second half of this year with all three projects offering significant upside potential."

"Serica is well funded for 2008 with an exciting forward drilling programme. It now has the opportunity to establish a growing reserve base, commence production and to build further its underlying asset value."

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Paul Ellis MA (Oxon) Engineering and Serica's Chief Executive, who has over 35 years' experience in the upstream oil and gas industry, has reviewed and approved the technical information contained in this announcement.

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.

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

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

