

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

## Corporate Update

**London, 14 January 2020** - Serica Energy plc (AIM: SQZ) today releases a Corporate Update presentation for the year ended 31 December 2019 which can be found on the Company's website at [www.serica-energy.com](http://www.serica-energy.com)

### Highlights

- Estimated net production from Serica's interests in Bruce, Keith, Rhum ("BKR") and Erskine was 30,000 boe/d during 2019. This is around 13% higher than the production from the same assets in 2018 on a like-for-like basis and is towards the higher end of the 2019 guidance
- Operating costs (including production, processing, transportation and insurance) before non-cash depletion charges were reduced from approximately \$18/boe in 2018 to around \$13/boe in 2019
- Realised sales income for 2019 was approximately \$30/boe before realised hedging income of approximately £3.9 million
- Unaudited 31 December 2019 cash, cash equivalents and term deposits totalled £101.8 million (this compares with £43.1 million at 31 December 2018)
- The company now has no borrowings having repaid in full during 2019 the £16.5 million BP gas prepayment facility
- On 1 January 2020 Serica's share of BKR Net Cash Flow increased from 50% to 60% under the relevant agreements with BP, Total E&P and BHP. Serica's share has increased from 40% in 2018 and 50% in 2019 to 60% in 2020/21 and will be 100% thereafter
- Over 80% of our production is natural gas, which has significant environmental advantages over other fossil fuels and so is a key element of the Energy Transition. Our Carbon Intensity is below UKCS average and our gas flaring has been reduced significantly in 2019
- Serica received an Out of Round award of a 100% interest in the UK petroleum licence P2501, blocks 3/24c and 3/29c. The award contains the HPHT North Eigg and South Eigg prospects. The primary prospect is North Eigg which is estimated to contain 360 bcf (P50) and potentially over 1Tcf (P10) of recoverable gas
- Plans to workover the Rhum R3 well and bring it into production for the first time are expected to be carried out during the second half of 2020
- Two further high-impact capital projects are scheduled for 2020
  - Columbus Development Well
  - North Eigg Exploration Well preparation
- Serica expects to announce its maiden dividend at the time of the 2019 Annual Results in April 2020

**Mitch Flegg, Chief Executive of Serica Energy, commented:**

"2019 has been a year of strong performance and achievement for Serica. We have established our position as a leading UK independent producer and we entered 2020 with no borrowings, low decommissioning liabilities and in a strong cash position.

We focus on generating value and on the delivery of total shareholder return. We continue to seek to grow our portfolio, concentrating on the addition of value rather than volume, identifying the right opportunities where Serica can utilize its multi-skilled operating team and strong financial position to maximum benefit. I believe that we will be successful in this aim but we will be very disciplined in our approach with regard to both valuation and the assumptions of liabilities.

Operationally 2020 will bring new opportunities. We will strive to continue to improve our operating performance alongside planning and executing our three high-impact capital projects. The fact that we will operate production, development and exploration projects demonstrates the diversity in our portfolio.

With these opportunities, our balance sheet strength and our first-class operating team, we are exceptionally well-positioned to deliver sustainable value to all of our stakeholders through the successful implementation of our twin-track strategy of finding new growth opportunities whilst maximising production and minimising costs."

**Qualified Persons Statement**

The technical information contained in the announcement has been reviewed and approved by Clara Altobell, VP Technical at Serica Energy plc. Clara Altobell (MSc in Petroleum Engineering from Imperial College, London) has over 20 years of experience in oil & gas exploration, production and development and is a member of the Society of Petroleum Engineers (SPE) and the Petroleum Exploration Society of Great Britain (PESGB).

**Regulatory**

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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## **NOTES TO EDITORS**

Serica Energy is a British independent oil and gas exploration and production company with exploration, development and production assets in the UK and exploration interests offshore Namibia.

Serica is the operator of the producing Bruce, Keith and Rhum fields in the UK Northern North Sea, holding a 98% interest in the Bruce field, a 100% interest in the Keith field and a 50% interest in the Rhum field.

Serica holds an 18% non-operated interest in the producing Erskine field in the UK Central North Sea and a 50% operated interest in the Columbus field for which development has been approved by the OGA and has commenced.

Further information on the Company can be found at [www.serica-energy.com](http://www.serica-energy.com).

The Company's shares are traded on the AIM market of the London Stock Exchange under the ticker SQZ and the Company is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.