

SERICA ENERGY PLC

INVESTOR PRESENTATION

SHARES INVESTOR EVENING

13 February 2019



INTRODUCTION

- UKCS focused British independent upstream oil and gas company
- Full cycle portfolio of exploration, development and production assets
- Field operator with extensive technical and commercial experience
- Our aims are to:
 - add value to existing projects
 - maximise production and field life
 - continue to diversify production portfolio
 - add reserves through exploration and development
 - expand our business, both organically and through value enhancing acquisitions



Serica's North Sea Portfolio

- Exploration
- Development
- Production



01

BRUCE, KEITH AND RHUM TRANSACTIONS

Building a significant North Sea focused independent operator with diversified revenue streams and a strong balance sheet



A Series of Acquisitions

Four strategically important transactions to purchase interests in Bruce, Keith & Rhum



Additional revenue streams diversify production portfolio

- Serica's strategy has been to reduce reliance on a single producing asset (Erskine) by gaining interests in three more producing fields



Significant additions to production volumes and reserves

- The acquisition of interests in Bruce, Keith and Rhum has increased Serica's 2P reserves to 63.7mboe
- Net production from the acquired assets was over 24,000boe/d for 2018



Maintains balance sheet strength

- Bulk of consideration payments deferred and contingent
- No shareholder dilution



Immediate impact upon completion

- Acquisitions immediately cash flow and value accretive
- Transactions effective 1 January 2018 and completed on 30 November 2018

Transaction Details

- Four separate transactions to buy interests in Bruce, Keith and Rhum from BP, Total E&P, BHP and Marubeni
- Transactions effective from 1 January 2018; completed on 30 November 2018
- Modest upfront considerations paid on completion with deferred considerations payable on success

- Additional earn-out structure enables Serica, BP, Total E&P and BHP to share risk and benefit from future asset performance. BP, Total E&P and BHP to receive the following share of net cash flow from the relevant Bruce, Keith and Rhum interests over four years:

2018	2019	2020	2021
60%	50%	40%	40%

- No amounts payable by Serica unless cash flow is positive
- Calculated on monthly basis with offset of positive and negative cash flows
- No share of cash flow applicable to Marubeni transaction
- Prior to completion the share of net cash flow was computed on a notional post-tax basis, post completion, the share of net cash flow is calculated on a pre-tax basis

- Decommissioning cost of existing assets retained by BP, Total E&P and BHP. Serica assumed Marubeni share of decommissioning liability
- Serica to pay BP, Total E&P and BHP additional consideration equal to 30% of sellers' share of decommissioning costs net of tax relief, capped in each case at Serica's overall cash flow from the relevant transaction

Serica Field Interests

Bruce	98%
Keith	100%
Rhum	50%



02

IMPACT OF BKR TRANSACTIONS



Financial Impact of Bruce, Keith and Rhum Transactions



>\$45/boe

2018 commodity prices were strong with oil prices averaging ~\$72.50/bbl and gas prices ~59p/therm. Serica's share of BKR production in 2018 (>80% gas) realised more than \$45/boe

2018 cash BKR operating, processing and transportation costs in line with expectations at ~\$18/boe



\$50 million

Under the net cash flow sharing arrangements Serica received a 40% share of the net cash flow, which was then adjusted for notional tax of 40%, for the period from the effective date of the transaction until the completion date

\$50 million received by Serica before payment of initial consideration of approximately \$22 million



**2018 Net Production
>24,000boe/day**

Despite operational setbacks in H1, full year production (net to the BKR interests acquired by Serica) for 2018 amounts to over 24,000boe/day



**60mmboe
increased reserves**

The acquisition of interests in the Bruce, Keith and Rhum fields adds over 60mmboe to Serica's net 2P reserves



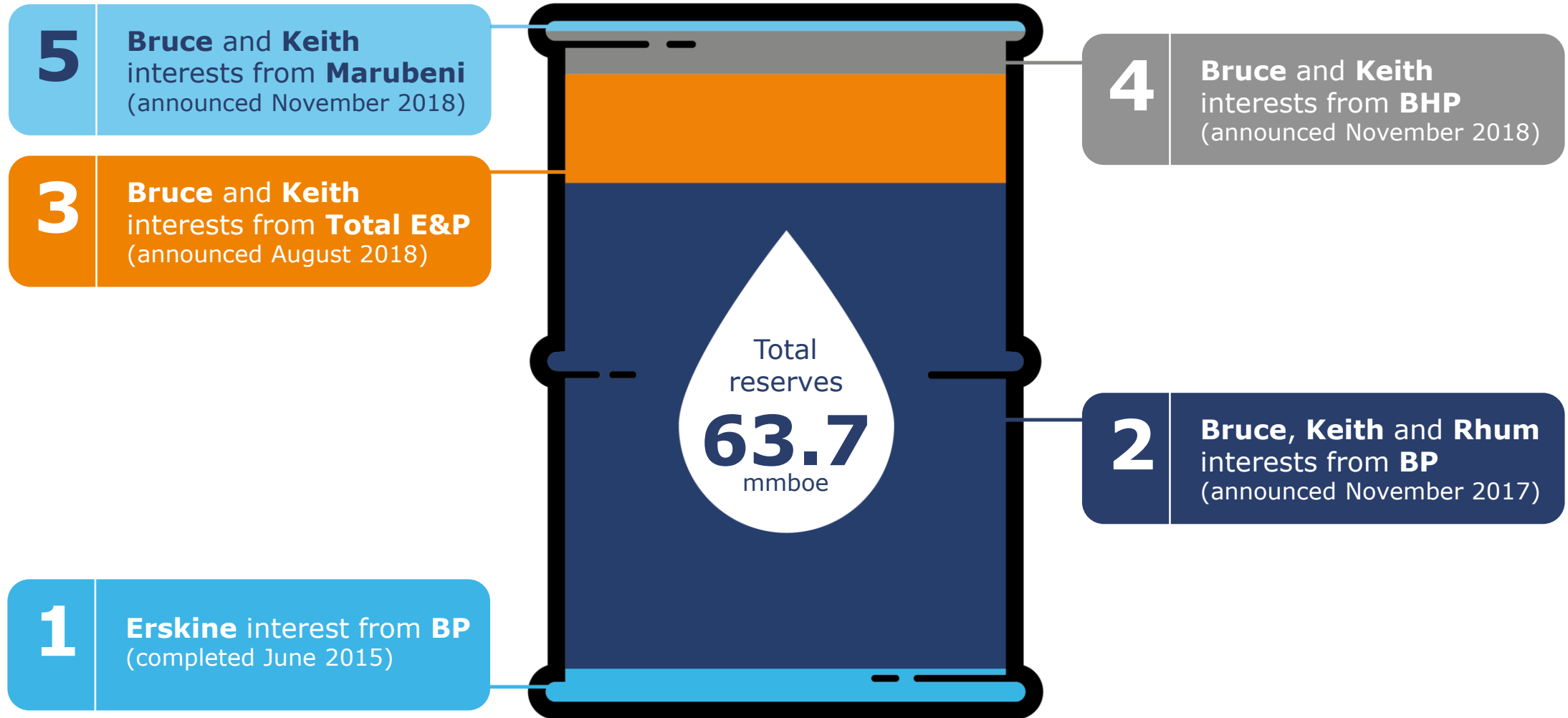
**Accelerates use of
Serica's tax losses**

Serica expects to optimise the value of its pool of brought forward UK tax losses by accelerating their use against future taxable profits

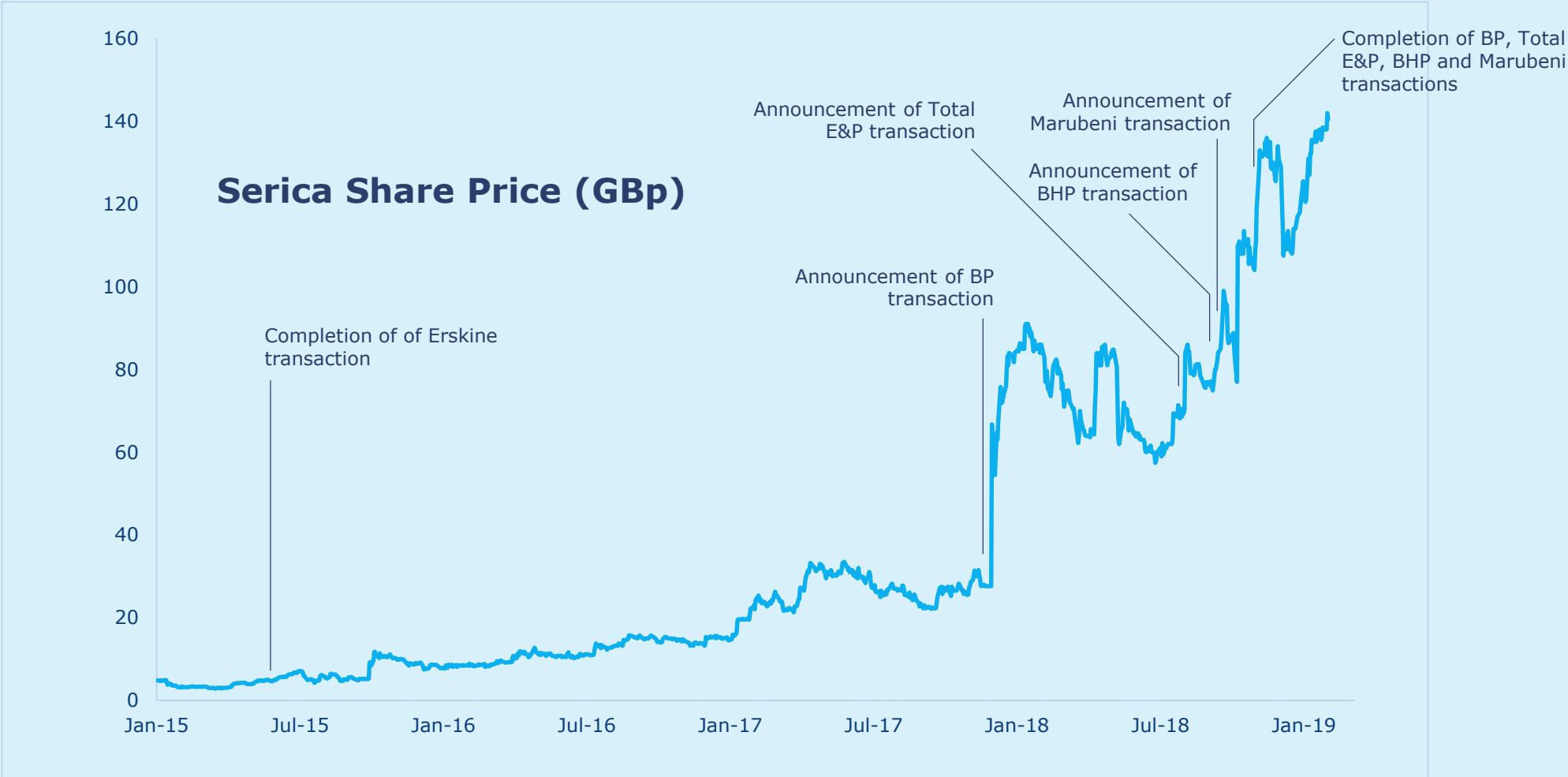
The amount of the pool was approximately \$146.5 million at 1 January 2018

Successful Acquisition Strategy

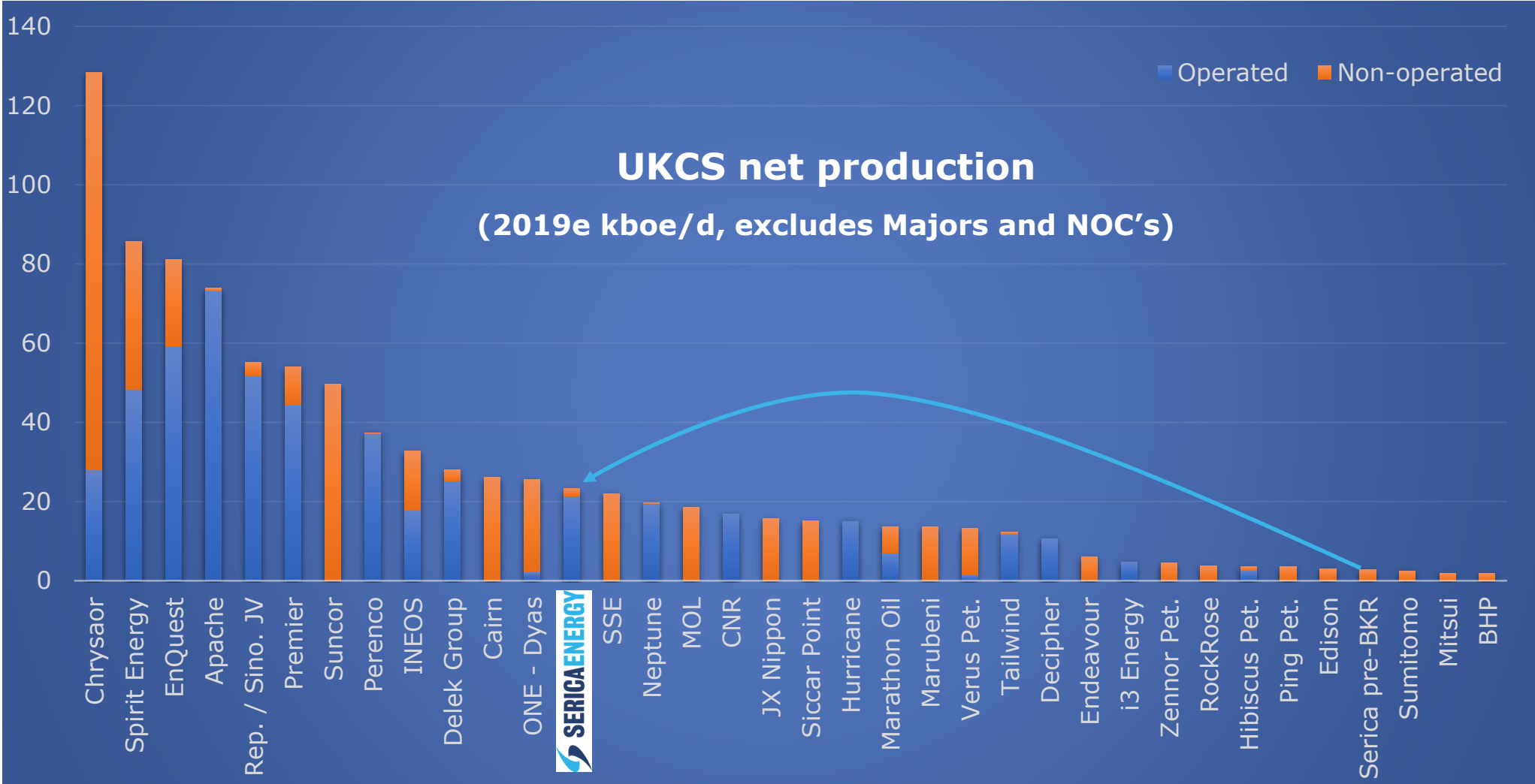
Building a North Sea production portfolio



Building Shareholder Value with Bruce, Keith & Rhum Acquisitions



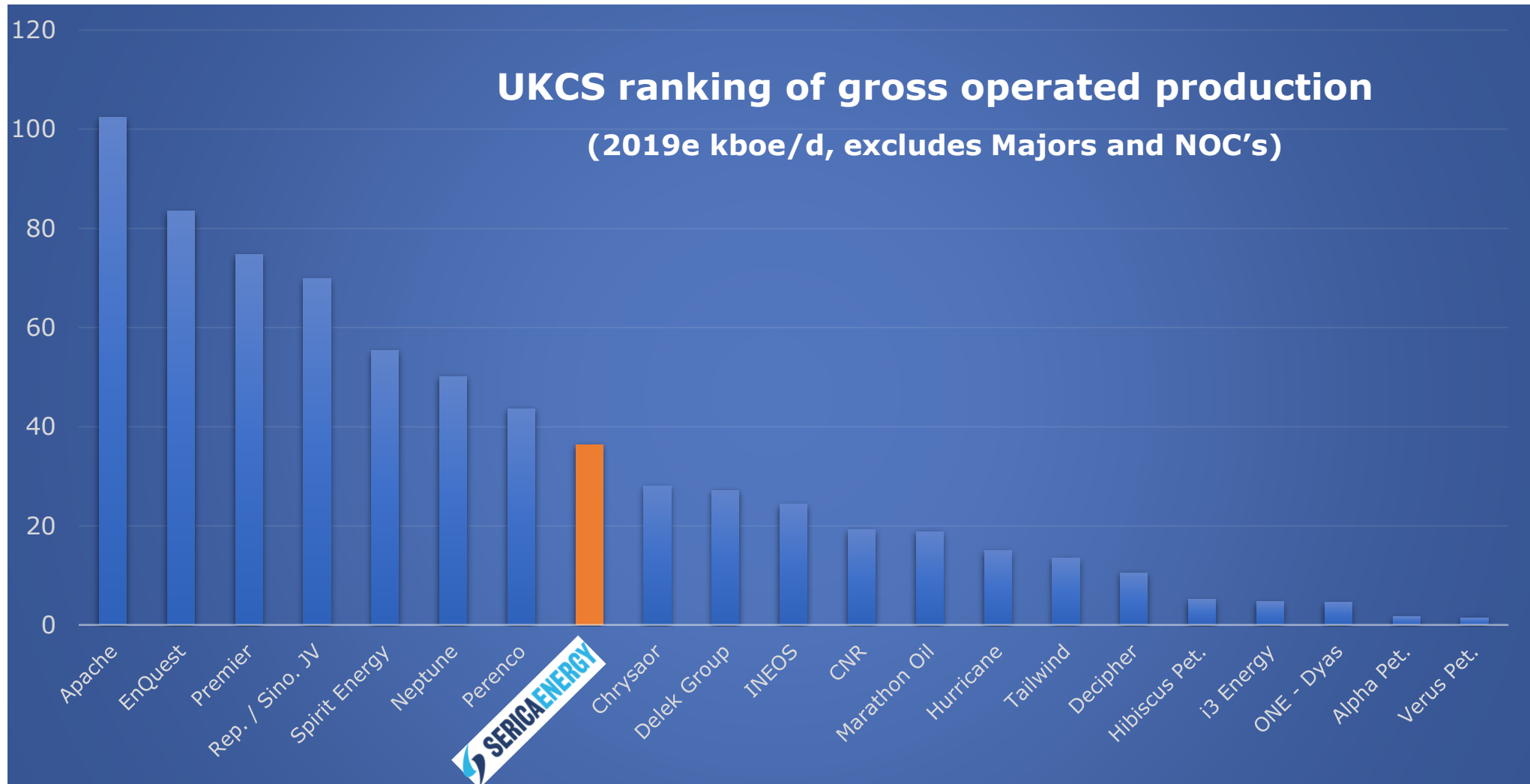
Serica is now a Leading Independent Producer on the UKCS



Source: Wood Mackenzie

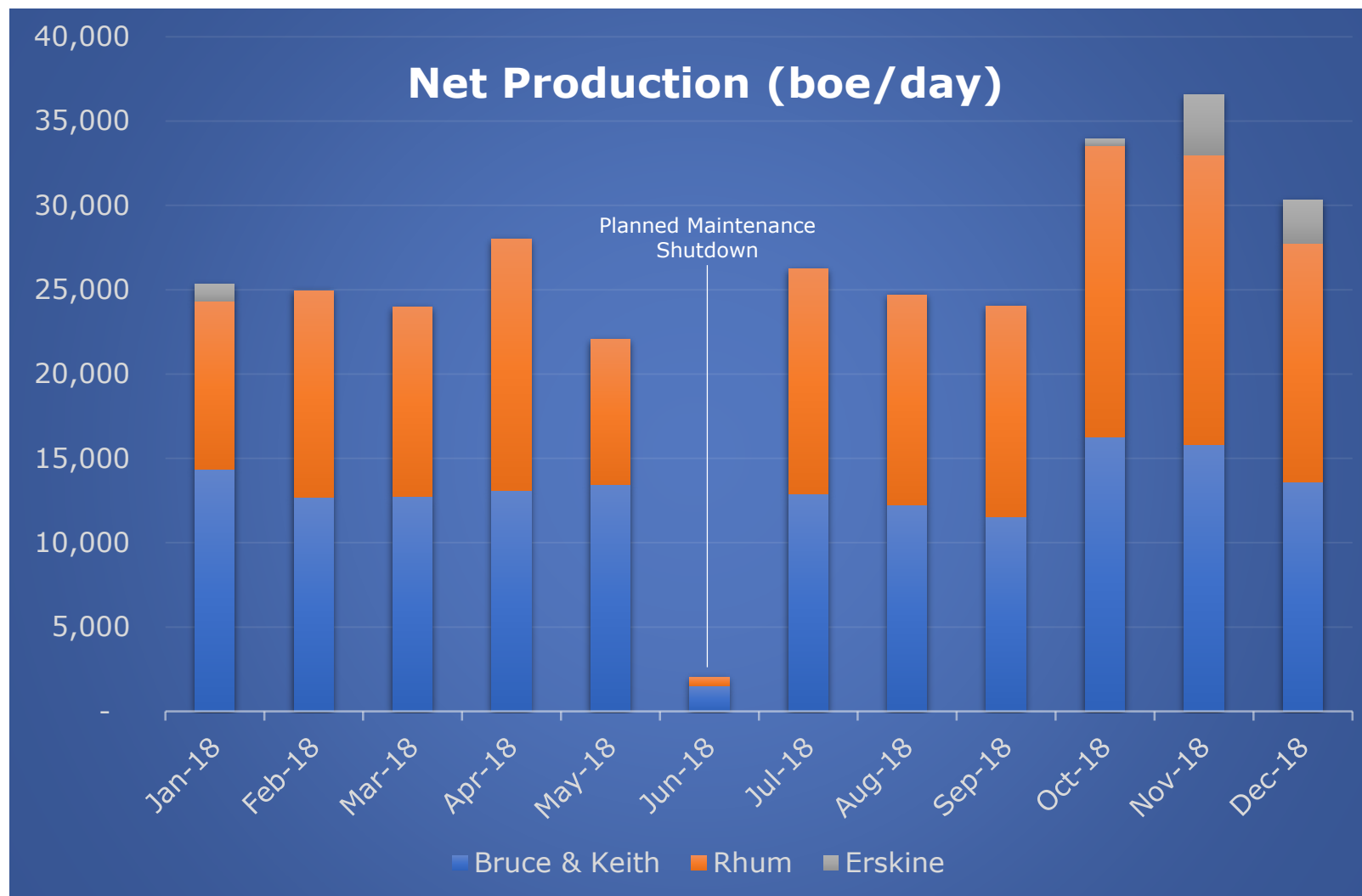


Serica is the 8th Largest Independent Operator on UKCS



Source: Wood Mackenzie

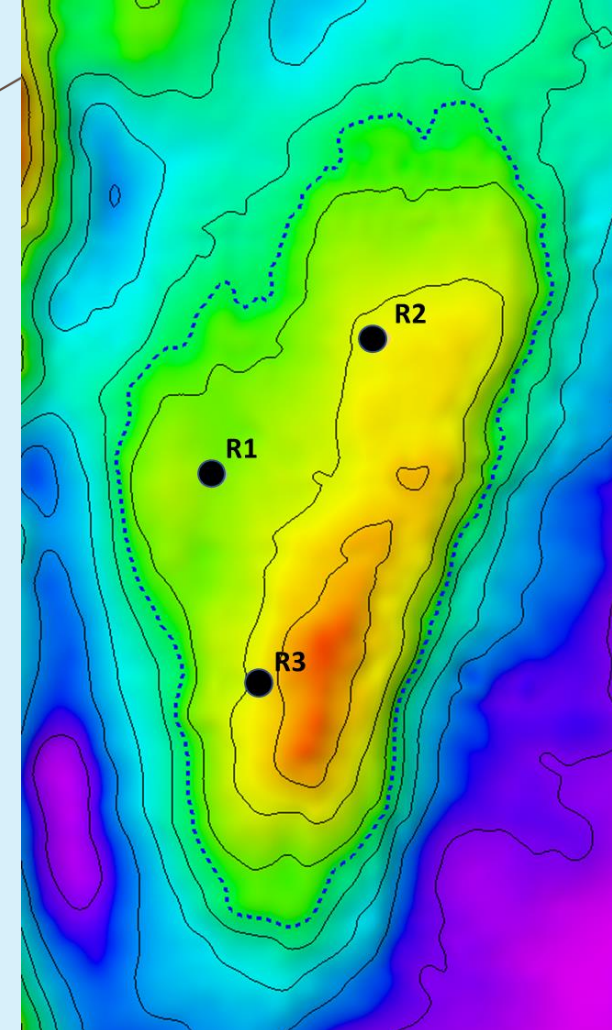
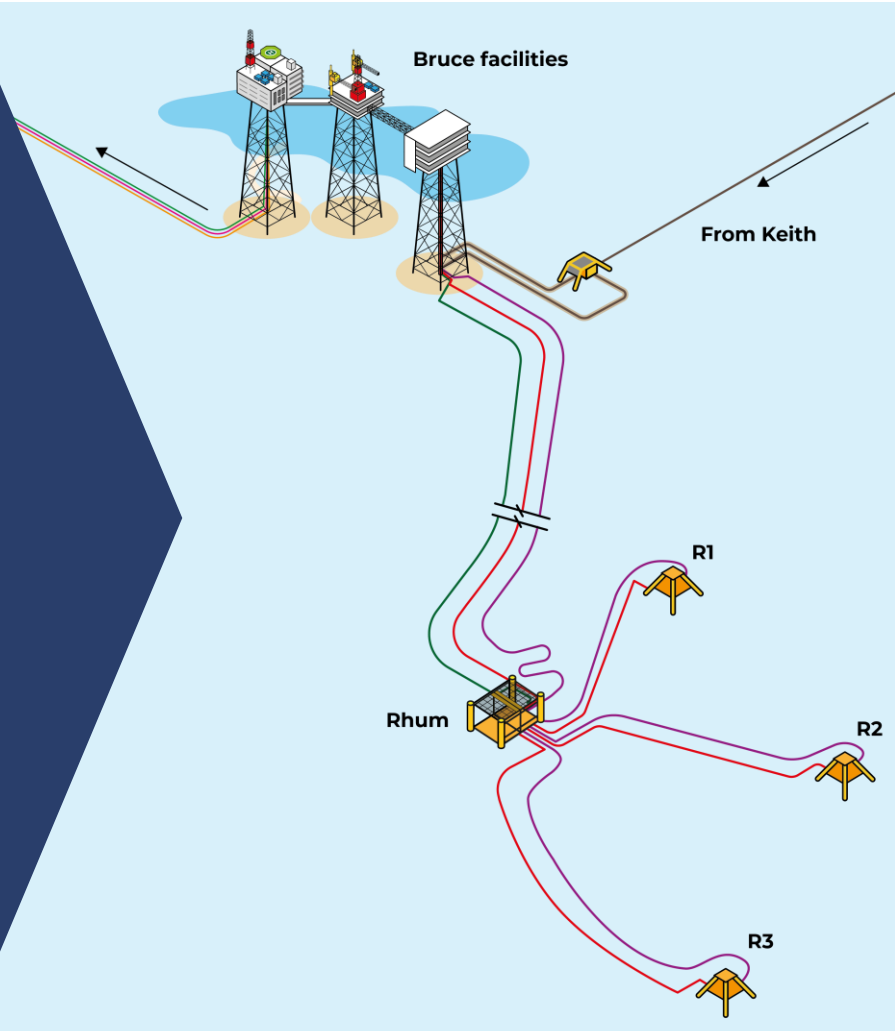
Serica 2018 Production Performance



2018 Net Full Year Production	
Field	Net Production (boe/day)
Bruce & Keith	>12,000
Rhum	>12,000
Erskine	>600

Rhum Reservoir Management

- Rhum is a gas field with producing capacity close to 185mmscfd gross from two subsea wells tied back to Bruce, R1 and R2
- A third well (R3) was drilled but never put into production due to technical issues
- A jack-up or semi-sub rig is required to carry out the work to establish R3 production
- R3 produces from the same reservoir as R1 and R2. When put in production, it is expected to accelerate reserve recovery
- Serica is planning the R3 intervention work and investigating rig availability
- Inspection work on R3 will commence in Q2 2019



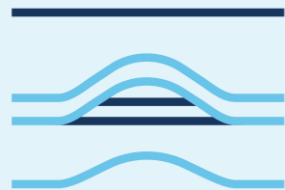
03

OTHER OPERATIONS

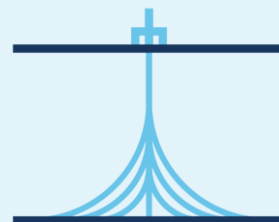
Maximising economic recovery and life of fields to deliver shareholder value



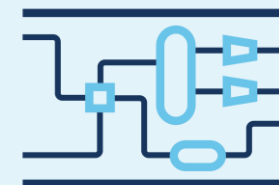
Full Lifecycle Portfolio



EXPLORE



DEVELOP



PRODUCE

Rowallan: December 2018 spud

- The Rowallan well spudded in December 2018 using the Ensco 121 heavy duty jack-up rig
- Serica is fully carried on all Rowallan well costs on this high pressure, high temperature prospect

Columbus: FDP approved

- As operator with a 50% interest, Serica is moving the Columbus field towards development
- The OGA granted approval of the FDP in October 2018
- The Columbus well is targeted to be drilled in 2020 with first production in 2021

BKR and Erskine

- Serica now has production from four fields into two platforms exported via three offtake routes
- There is currently high uptime in all assets with continued high gas price
- 2018 net production averaging over 24,000boe/d

Columbus Development (Serica 50%)



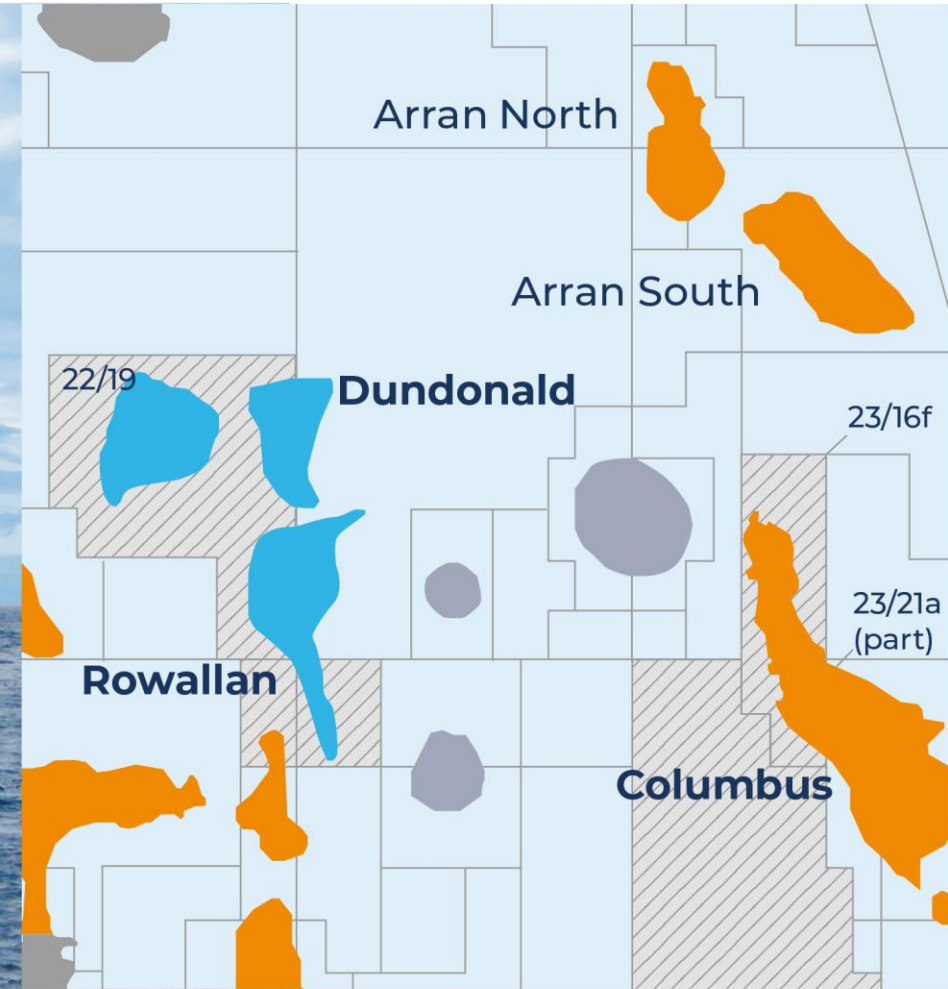
- ▶ Columbus development sanctioned by Serica and Columbus Partners
- ▶ FDP submitted in June 2018 and approved by OGA in October 2018
- ▶ The Columbus development area will be drained by a single producing well tied into the recently approved Arran to Shearwater pipeline and processed on the Shearwater platform
- ▶ The Columbus well is targeted to drill in 2020
- ▶ Production is expected to commence in 2021 after the Arran development is complete (pipeline laid and topsides modifications at Shearwater) and the Columbus well tied in



Rowallan: UK Block 22/19c (Serica 15%)



- ▶ Well spudded on 30 December 2018 with estimated duration of ~140 days
- ▶ The well is targeting Jurassic and Triassic HPHT sandstones below 4,000m
- ▶ Serica is fully carried and so pays no costs for drilling the well
- ▶ Approx. 20 mmbœ P₅₀ prospective resources net to Serica on block 22/19c
- ▶ The success case may extend onto Serica's 30th Round blocks
- ▶ A discovery at Rowallan will de-risk other potential drilling targets in 22/19c



A Two-Tier Strategy to Deliver Growth



Integrate team and technology to maximise efficiency

- transition complete
- talented, motivated team in place
- Aberdeen HQ fully operational
- focus on economic recovery of oil & gas
- encourage creativity to extend life of field



Use newly-earned scale and prominence to attract new investment opportunities

- market perception of Serica now changed
- enhanced operating capability
- diversified asset base
- greater opportunity for organic growth and further acquisition



Generate Value

**Deliver
Shareholder Returns**

04

APPENDIX



Our Board



Tony Craven Walker
Executive Chairman

- A leading figure in the British independent oil industry since the early 1970s, having started his career at BP in 1966
- Founded two British independent oil companies: Charterhouse Petroleum, where he held the post of Chief Executive; and Monument Oil and Gas, where he was Chief Executive and later Chairman
- Founder member of BRINDEX (Association of British Independent Oil Exploration Companies)
- Appointed non-executive Chairman of Serica in 2004. Became Executive Chairman in June 2015



Mitch Flegg
Chief Executive

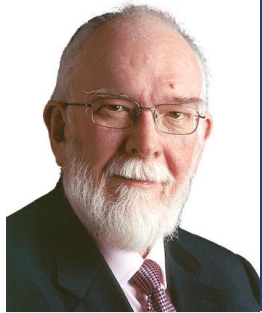
- Over 35 years' experience in the upstream oil and gas industry, including positions at Shell and Enterprise Oil
- First joined Serica in 2006
- Left Serica to become Chief Executive Officer of AIM-listed Circle Oil plc in 2015
- Re-joined Serica as CEO in November 2017



Neil Pike
Non-executive Director

- Involved in the global petroleum business as a financier since joining the energy department at Citibank in 1975
- An industry specialist with Citibank throughout his career, he 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
- Neil was appointed to the Board of Serica in 2004

Our Board



Ian Vann
Non-executive Director

- Joined BP in 1976
- Directed and led BP's global exploration efforts from 1996 until his retirement in January 2007
- 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
- Appointed to the Board of Serica in 2007



Trevor Garlick
Non-executive Director

- Over 35 years' experience in North Sea Upstream operations and development
- BP Head of Country in Norway 2007 and Regional President for UK and Norway 2010-2016
- Operator's Co-Chair of the industry association Oil and Gas UK 2014 – 2016
- Director of Opportunity North East Limited and Vice Chairman of the Oil & Gas Technology Centre
- Appointed to the Board of Serica in 2018



Malcolm Webb
Non-executive Director

- Joined Burmah Oil in 1974 as a legal adviser
- Held senior legal and management roles at the British National Oil Corporation, Charterhouse Petroleum Plc and PetroFina SA
- From 2000 to 2004, Director General of the industry association Oil & Gas UK
- From 2004 until his retirement in 2015, Chief Executive of Oil & Gas UK
- Appointed to the Board of Serica in 2018

Senior Management Team



Clara Altobell
VP Technical



Andy Bell
VP Finance



Stephen Lambert
VP Commercial



Mike Killeen
VP Operations



Danny Fewkes
Group Treasurer



Carol Stewart
Business Manager

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All reserves and resources estimates quoted in this presentation are taken from the relevant Competent Persons' Reports

- Bruce, Keith and Rhum assets – Ryder Scott CPR , 1 August 2018
- Erskine, Columbus and Rowallan assets – Netherland, Sewell and Associates CPR, 31 October 2018

These CPR's are published in full in the Supplementary Admission Document dated 26 November 2018 which can be found on the Serica website www.serica-energy.com



For further information visit www.serica-energy.com
or e-mail info@serica-energy.com

