Serinus Energy plc

Half Year Report and Accounts 2022
(US dollars)

HALF YEAR 2022 HIGHLIGHTS

FINANCIAL

- Revenue for the six months ended 30 June 2022 was $29.3 million (30 June 2021 - $15.9 million)
- Funds from operations for the six months ended 30 June 2022 were $8.2 million (30 June 2021 - $5.3 million)
- EBITDA for the six months ended 30 June 2022 was $8.1 million (30 June 2021 – $5.5 million)
- Gross profit for the six months ended 30 June 2022 was $8.0 million (30 June 2021 - $2.1 million)
- The Company realised a net price of $154.83/boe for the six months ended 30 June 2022 comprising:
    - Realised oil price – $101.63/bbl
    - Realised natural gas price - $33.80/Mcf
- The Group's operating netback remained strong for the six months ended 30 June 2022 and was $113.38/boe (30 June 2021 - $26.72/boe), comprising:
    - Romania operating netback - $171.01/boe (30 June 2021 - $28.73/boe)
    - Tunisia operating netback - $63.49/boe (30 June 2021 - $21.85/boe)
- Capital expenditures of $4.2 million (30 June 2021 – $5.9 million), comprising:
    - Romania – $3.5 million
    - Tunisia – $0.7 million
- Working capital improved to $2.8 million (31 December 2021 - $0.6 million)
- Cash balance as at 30 June 2022 was $7.2 million (31 December 2022 - $8.4 million)

OPERATIONAL

- Canar-1 exploration well commenced drilling on 4 August 2022
- Canar-1 will be drilled to 1,600 metres, targeting three prospective hydrocarbon zones and with success will be connected to the Moftinu gas plant, utilising current plant capacity
- Immediately upon completion of the drilling of Canar-1, the rig will be moved to the Moftinu Nord-1 location and will commence drilling of the Moftinu Nord-1 exploration well
- Moftinu Nord-1 will be drilled to a depth of 1,000 metres and will target a field similar to the Moftinu gas field. Moftinu Nord-1 is approximately five kilometres to the north of the Moftinu gas development project
- Management estimates 181 million barrels of mean unrisked resource are present within the Satu Mare concession area
- The Company has initiated a geological and geophysical review of the Satu Mare concession to high rank the 181 million barrels of oil equivalent prospects
- In Tunisia, production has remained stable in the first half of 2022. All material and consumables for the artificial lift programme at the Sabria W-1 well have been received in-field and the Company is awaiting mobilisation of the rig
- Workover at the CS-9 well at Chouech Es Saida is ongoing
- Production for the period averaged 1,006 boe/d, comprising:
    - Romania – 485 boe/d
    - Tunisia - 521 boe/d
- In April 2022, the Company performed a lifting of 42,000 bbls of Tunisian crude oil at a price of $104.79/bbl
- The Company has scheduled the next lifting and expects to perform this lifting in August 2022

OPERATIONAL UPDATE AND OUTLOOK

Serinus Energy plc and its subsidiaries ("Serinus", the "Company" or the "Group") is an oil and gas exploration, appraisal and development company. The Group is the operator of all its assets and has operations in two business units: Romania and Tunisia.

ROMANIA

The Group's Romanian operating subsidiary holds the licence to the Satu Mare concession area, covering approximately 3,000 km^2 in the north-west of Romania. The Moftinu Gas Development project began production in 2019. The development project includes the Moftinu gas plant, and currently operates four gas wells - Moftinu-1003, Moftinu-1004, Moftinu-1007 and Moftinu-1008 with a second compressor installed and commissioned on Moftinu-1007 in February 2022. During the six months ended 30 June 2022, the Company's Romanian operations produced a total of 524 MMcf of gas and 501 barrels of condensate, equating to an average daily production of 485 boe/day. Production continues to reflect the natural decline profile of shallow gas fields. The installation of compression has stabilised production from those wells with compression. The Company is reviewing the production performance versus the prognosed production as determined by the Company's technical staff and the Company's independent reserve engineers and is considering additional production wells on the Moftinu structure to maximise reservoir drainage.

The Company has commenced drilling of the first of two exploration wells scheduled in the second half of 2022 in Romania to find additional gas resources that can be produced and processed through the existing capacity available at the Moftinu gas plant. Canar-1 is a 1,600 metre exploration well targeting multi-stacked sands located approximately four kilometres from the Moftinu gas plant. Immediately upon completion of the drilling of Canar-1 the Company will move the rig to the Moftinu Nord-1 location and begin drilling this well. Moftinu Nord-1 is a 1,000 metre deep exploration well located approximately five kilometres to the north of the Moftinu gas plant. Upon success both wells may be tied into existing gas plant manifold points.

Serinus conducted a thorough review of the Satu Mare exploration portfolio and high-graded the area, and prospects to the immediate north and east of the Moftinu field. In February 2022, the 112km 2D seismic acquisition programme over high-ranked prospects was executed over this area and compliments reprocessed legacy 2D seismic and the existing Moftinu 3D dataset. The 2D seismic data was processed and AVO analysis and interpretation confirmed the recoverable resource potential of the highly ranked prospects. From this interpretation, the Company determined optimal drilling locations for the 2022 drilling programme. Additional interpretation work is also being conducted on the Santau 3D area with a view to confirming drilling locations on prospects that will form the basis for future multi-well drilling campaigns.

Serinus has also initiated a block-wide geological and geophysical study to verify and enhance our understanding of the exploration portfolio beyond the Moftinu area. Management has estimated the exploration potential of the block to be 181 million barrels of oil equivalent, on a mean unrisked recoverable resource. These additional studies will look to high rank future exploration prospects.

Gas pricing in Romania remained at high levels through the first half of 2022, with an average realised price of \$36.67/mcf. Gas prices on the Romanian Commodity Exchange continue to remain strong over the third quarter of 2022 to date.

TUNISIA

The Company currently operates two concession areas within Tunisia, Sabria and Chouech Es Saida, which have discovered oil and gas reserves and are currently producing. The Ech Chouech licence, which can only be produced through the Chouech Es Saida facilities, expired in May 2022. The Company has followed the regulatory process to seek an extension of this licence with the Tunisian authorities, but no progress has been forthcoming to date. The largest asset is the Sabria field**;** a large, conventional oilfield which the Company's independent reservoir engineers have estimated to have approximately 445 million barrels of oil-originally-in-place. Of this oil-in-place only 1.0% has been produced to date due to a low rate of development on the field.

The Company is in position to immediately begin workover operations on the Sabria W-1 well as soon as La Compagnie Tunisienne de Forage ("CTF"), the monopoly national drilling company, is able to comply with the terms of the agreed rig contract. The Sabria W-1 wellsite has been prepared for the intervention which will install the first submersible pump for the Artificial Lift programme in the Sabria field. All materials required for this intervention are in our in-country warehouse. The Company has signed a rig contract for the CTF 006 rig and is awaiting mobilization from another operator and the workover and pump installation at the Sabria W-1 well will commence as soon as the rig is available. CTF has notified the Company that it is now unable to deliver the CTF 006 rig as contractually agreed. The Company is working with CTF, its partner, ETAP, and the Ministry of Energy to procure an alternative rig as per the terms of the previously agreed CTF rig contract.

Upon completion of the workover and pump installation at Sabria W-1, the rig will move to the Sabria N-2 well to perform a workover to recomplete the well. This well was drilled in 1980 but was damaged during completion and, although in proximity to producing wells, was not able to flow oil to surface due to damage during completion. The workover program will re-complete the well and remove any wellbore restrictions.

Additional pumps and long-lead items for the Sabria field artificial lift programme have been ordered.

Production remains stable at the Chouech Es Saida field as a result of the Company's programme of pump installation and maintenance.

FINANCIAL REVIEW

LIQUIDITY, DEBT AND CAPITAL RESOURCES

During the six months ended 30 June 2022, the Company invested a total of $4.2 million (2021 – $5.9 million) on capital expenditures before working capital adjustments. In Romania, the Group invested $3.5 million (2021 – $5.2 million) on compression on the Moftinu-1007 well, the completion of the 2D seismic acquisition programme and expenditure ahead of the drilling campaign on the exploration wells. In Tunisia, the Company invested $0.7 million (2021 – $0.7 million) for workovers on wells.

The Company's funds from operations for the six months ended 30 June 2022 were $8.2 million (2021 – $5.3 million). Including changes in non-cash working capital, the cash flow generated from operating activities in 2022 was $3.4 million (2021 – $5.9 million). The Company continues to be in a strong position to expand and continue growing production within our existing resource base. The Company is debt-free and has adequate resources available to deploy capital into both operating segments to deliver growth and shareholder returns.

($000) **Working Capital**	**30 June 2022**	**31 December 2021**
Current assets	19,490	17,625
Current liabilities	(16,674)	(16,994)
Working Capital	2,816	631

Working capital at 30 June 2022 has improved to $2.8 million (31 December 2021 – $0.6 million). The increase in working capital is primarily due to an increase in Trade and other receivables as a result of strong cash flows.

Current assets as at 30 June 2022 were $19.5 million (31 December 2021 – $17.6 million), an increase of $1.9 million. Current assets consist of:

- Cash and cash equivalents of $7.2 million (31 December 2021 - $8.4 million)
- Restricted cash of $1.2 million (31 December 2021 - $1.1 million)
- Trade and other receivables of $10.4 million (31 December 2021 - $7.4 million)
- Product inventory of $0.7 million (31 December 2021 – $0.6 million)

Current liabilities as at 30 June 2022 were $16.7 million (31 December 2021 – $17.0 million), a decrease of $0.2 million. Current liabilities consist of:

- Accounts payable of $8.7 million (31 December 2021 - $9.7 million)
- Decommissioning provision of $6.6 million (31 December 2021 - $6.6 million)
  - Brunei - $1.6 million (31 December 2021 - $1.6 million)
  - Canada - $1.0 million (31 December 2021 - $1.0 million) which is offset by restricted cash in the amount of $1.2 million (31 December 2021 - $1.1 million) in current assets
  - Romania - $nil million (31 December 2021 - $0.3 million)
  - Tunisia - $4.0 million (31 December 2021 - $3.7 million)
- Income taxes payable of $1.0 million (31 December 2021 - $0.5 million)
- Current portion of lease obligations of $0.3 million (31 December 2021 - $0.2 million)

NON-CURRENT ASSETS

Property, plant and equipment ("PP&E") decreased to $63.9 million (31 December 2021 - $71.7 million), primarily due to depletion in the period of $3.5 million as well as a change in decommissioning estimates of $4.2 million which decreased due to the higher discount rates applied to the calculation during the period, partially offset by capital expenditures in PP&E of $1.2 million. Exploration and evaluation assets ("E&E") increased to $7.6 million (31 December 2021 - $5.0 million), primarily due to expenditures incurred on the 2D seismic acquisition programme and preparations for the drilling programme in Romania. Right-of-use assets increased to $0.5 million (31 December 2021 - $0.3 million) due to expenditures incurred on corporate assets.

FINANCIAL REVIEW – SIX MONTHS ENDED 30 JUNE 2022

FUNDS FROM OPERATIONS

The Group uses funds from operations as a key performance indicator to measure the ability of the Group to generate cash from operations to fund future exploration and development activities. The following table is a reconciliation of funds from operations to cash flow from operating activities:

	Six months ended 30 June	
($000)	**2022**	**2021**
Cash flow from operations	3,394	5,917
Changes in non-cash working capital	4,782	(576)
Funds from operations	8,176	5,341
Funds from operations per share	0.07	0.05

Romania generated funds from operations of $5.3 million (2021 – $5.8 million) and Tunisia generated $6.0 million (2021 – $1.8 million). Funds used at the Corporate level were $3.1 million (2021 - $2.3 million) resulting in net funds from operations of $8.2 million (2021 – $5.3 million). Changes in non-cash working capital increased by $5.4 million to $4.8 million (2021 - $0.6 million), due to an increase in accounts receivable for oil sales on contract, as well as an increase in prepaid expenditures, timing of payments, and is consistent with the prior quarter.

PRODUCTION

Six months ended 30 June 2022	**Tunisia**	**Romania**	**Group**	**%**
Crude oil (bbl/d)	454	-	454	45%
Natural gas (Mcf/d)	398	2,894	3,292	54%
Condensate (bbl/d)	-	3	3	1%
Total (boe/d)	521	485	1,006	100%

Six months ended 30 June 2021				
Crude oil (bbl/d)	463	-	463	23%
Natural gas (Mcf/d)	639	8,586	9,225	76%
Condensate (bbl/d)	-	11	11	1%
Total (boe/d)	570	1,442	2,012	100%

During the six months ended 30 June 2022 production volumes decreased 1,006 boe/d (50%) to 1,006 boe/d against the comparative period (2021 – 2,012 boe/d).

Romania's production volumes decreased by 957 boe/d (66%) to 485 boe/d against the comparative period (2021 – 1,442 boe/d). Production continues to reflect the natural decline profile of shallow gas fields. In February 2022, a second compressor was installed and commissioned on Moftinu-1007. The installation of compression has stabilised production from those wells with compression. The Company has commenced drilling the first of two exploration wells scheduled in the second half of 2022 in Romania to find additional gas resources that can be produced and processed through the existing capacity available at the Moftinu gas plant.

Tunisia's production volumes decreased by 49 boe/d (9%) to 521 boe/d against the comparative period (2021 – 570 boe/d). Production remains stable during the first half of 2022 as a result of the Company's programme of pump installation and maintenance. The Company is in position to immediately begin workover operations on the Sabria W-1 well as soon as CTF, the monopoly national drilling company, is able to comply with the terms of the agreed rig contract and the Company is working with CTF and its partner, ETAP, and the Ministry of Energy to procure an alternative rig as per the terms of the previously agreed CTF rig contract. Ongoing workover programmes continue in the Chouech Es Saida field, installing further pumps to enhance production.

OIL AND GAS REVENUE

($000)				
Six months ended 30 June 2022	**Tunisia**	**Romania**	**Group**	**%**
Oil revenue	9,043	-	9,043	31%
Natural gas revenue	927	19,248	20,175	68%
Condensate revenue	-	43	43	1%
Total revenue	9,970	19,291	29,261	100%

Six months ended 30 June 2021	Tunisia	Romania	Group	%
Oil revenue	4,813	-	4,813	30%
Natural gas revenue	964	10,032	10,996	69%
Condensate revenue	-	107	107	1%
Total revenue	5,777	10,139	15,916	100%

REALISED PRICE[1]

Six months ended 30 June 2022	Tunisia	Romania	Group
Oil ($/bbl)	101.63	-	101.63
Natural gas ($/Mcf)	12.86	36.67	33.80
Condensate ($/bbl)	-	82.21	82.21
Average realised price ($/boe)	98.72	219.22	154.83
Six months ended 30 June 2021			
Oil ($/bbl)	58.06	-	58.06
Natural gas ($/Mcf)	8.34	6.46	6.59
Condensate ($/bbl)	-	55.05	55.05
Average realised price ($/boe)	56.55	38.85	43.83

During the six months ended 30 June 2022 revenue increased by $13.4 million (84%) to $29.3 million (2021 – $15.9 million) as the Group saw the average realised price increase by $111.00/boe (253%) to $154.83/boe (2021 - $43.83/boe).

The Group's average realised oil price increased by $43.57/bbl (75%) to $101.63/bbl (2021 – $58.06/bbl), and average realised natural gas prices increased by $27.21/Mcf (413%) to $33.80/Mcf (2021 - $6.59/Mcf).

Under the terms of the Sabria Concession Agreement the Group is required to sell 20% of its annual crude oil production from the Sabria concession into the local market, which is sold at an approximate 10% discount to the price obtained on its other crude sales. The remaining crude oil production was sold to the international market.

ROYALTIES

	Six months ended 30 June	
($000)	2022	2021
Tunisia	1,119	806
Romania	629	822
Total	1,748	1,628
Total ($/boe)	9.25	4.48
Tunisia (% of revenue)	11.2%	14.0%
Romania (% of revenue)	3.3%	8.1%
Total (% of revenue)	6.0%	10.2%

During the six months ended 30 June 2022 royalties increased by $0.1 million (7%) to $1.7 million (2021- $1.6 million) while the Group's average royalty rate decreased to 6.0% (2021 – 10.2%).

In Romania, the decrease in the first half of 2022 in the royalty rate was due to the decrease in the level of production, as a result of which the royalty rate dropped to 3.5% (2021 – 7.5%), as well as the realised price exceeding the royalty reference price, compared to the comparative period when the reference price exceeded the realised price. The Company incurred a 3.5% royalty for gas (2021 – 7.5%) and 3.5% royalty for condensate (2021 – 3.5%). The royalty is calculated using a reference price that is set by the Romanian authorities and not the realised price to the Company. Romanian royalty rates vary based on the level of production during the quarter. Natural gas royalty rates range from 3.5% to 13.0% and condensate royalty rates range from 3.5% to 13.5%.

In Tunisia, royalties vary based on individual concession agreements. Sabria royalty rates vary depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the "R factor". As the R factor increases, so does the royalty percentage to a maximum rate of 15%. During the first half of 2022, the royalty rate remained unchanged in Sabria at 10% for oil and 8% for gas. Chouech Es Saida and Ech Chouech royalty rates are flat at 15% for both oil and gas.

[1] For the six months ended 30 June 2022, Tunisia realised oil prices are calculated using oil sales volumes of 492 bbl/d (30 June 2021 – 458 bbl/d). As at 30 June 2022 there were 9,117 bbls of oil in inventory (30 June 2021 – 913 bbls).

PRODUCTION EXPENSES

($000)	Six months ended 30 June 2022	2021
Tunisia	2,439	2,738
Romania	3,613	1,820
Canada	32	27
Group	6,085	4,585
Tunisia production expense ($/boe)	24.15	26.81
Romania production expense ($/boe)	41.06	6.97
Total production expense ($/boe)	32.20	12.63

During the six months ended 30 June 2022 production expenses increased by $1.5 million (33%) to $6.1 million (2021 - $4.6 million), being an increase of $19.57/boe (155%) to $32.20 (2021 - $ 12.63/boe).

Tunisia's production expenses decreased by $0.3 million (11%), to $2.4 million (2021 - $2.7 million), being a decrease of $2.66/boe (10%) to $24.15/boe (2021 - $26.81/boe). The decrease in production expenses is due to a lower number of workover programs initiated in the period and the inclusion of historic mining taxes of $0.3 million related to Sanrhar and Zinnia in the comparative period in 2021.

Romania's overall operating costs increased by $1.8 million (99%) to $3.6 million (2021 – $1.8 million), being an increase of $34.09/boe (489%) to $41.06/boe (2021 - $6.97/boe). The increase in production costs is primarily a result of higher water disposal costs and the impact of inflation in Romania.

Canada production expenses relate to the Sturgeon Lake assets, which are not producing and are incurring minimal operating costs to maintain the property.

OPERATING NETBACK

Serinus uses operating netback as a key performance indicator to assist management in understanding Serinus' profitability relative to current market conditions and as an analytical tool to benchmark changes in operational performance against prior periods. Operating netback consists of petroleum and natural gas revenues less direct costs consisting of royalties and production expenses. Netback is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities.

($/boe) **Six months ended 30 June 2022**	**Tunisia**	**Romania**	**Group**
Sales volume (boe/d)	558	485	1,043
Realised price	98.72	219.22	154.83
Royalties	(11.08)	(7.15)	(9.25)
Production expense	(24.15)	(41.06)	(32.20)
Operating netback	63.49	171.01	113.38

Six months ended 30 June 2021	**Tunisia**	**Romania**	**Group**
Sales volume (boe/d)	564	1,442	2,006
Realised price	56.55	38.85	43.83
Royalties	(7.89)	(3.15)	(4.48)
Production expense	(26.81)	(6.97)	(12.63)
Operating netback	21.85	28.73	26.72

During the six months ended 30 June 2022 the Group's operating netback increased by $86.66/boe (324%) to $113.38/boe (2021 – $26.72/boe). The increase is due to increased realised prices, partially offset by higher royalties and higher production expenses.

The Company also generated a gross profit of $8.0 million (2021 – $2.1 million), largely due to a significant increase in the Company's netbacks as well as a decrease to depletion as described below.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

Serinus uses EBITDA as a key performance indicator to assist management in understanding Serinus' cash profitability. EBITDA is computed as net profit/loss and adding back interest, taxation, depletion and depreciation, and amortisation expense. EBITDA is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities. During the six months ended 30 June 2022, the Group's EBITDA increased by $2.6 million to $8.1 million (2021 - $ 5.5 million).

	Six months ended 30 June	
(US$ 000s)	**2022**	**2021**
Net income (loss)	1,827	(660)
Interest expense	29	40
Depletion and amortization	3,704	5,916
Tax expense	2,522	217
EBITDA	8,082	5,513

WINDFALL TAX

	Six months ended 30 June	
($000)	**2022**	**2021**
Windfall tax	9,734	1,709
Windfall tax ($/Mcf - Romania gas)	18.55	1.10
Windfall tax ($/boe - Romania gas)	111.29	6.60

During the six months ended 30 June 2022 windfall taxes in Romania increased by $8.0 million (469%) to $9.7 million (2021 - $1.7 million). This increase is directly related to higher realised gas prices in Romania which increased from $6.46/Mcf to $36.67/Mcf.

In Romania, the Group is subject to a windfall tax on its natural gas production which is applied to supplemental income once natural gas prices exceed 47.53 RON/Mwh. This supplemental income is taxed at a rate of 60% between 47.53 RON/Mwh and 85.00 RON/Mwh and at a rate of 80% above 85.00 RON/Mwh. Expenses deductible in the calculation of the windfall tax include royalties and capital expenditures limited to 30% of the supplemental income below the 85.00 RON/Mwh threshold.

DEPLETION AND DEPRECIATION

	Six months ended 30 June	
($000)	**2022**	**2021**
Tunisia	1,421	1,911
Romania	2,217	3,937
Corporate	66	68
Total	3,704	5,916
Tunisia ($/boe)	14.07	18.50
Romania ($/boe)	25.19	15.09
Total ($/boe)	19.60	16.29

During the six months ended 30 June 2022 depletion and depreciation expense decreased by $2.2 million (37%) to $3.7 million (2021 - $5.9 million), primarily due to a lower production during the period. Per boe, depletion and depreciation expense increased by $3.31/boe (20%) to $19.60/boe (2021 - $16.29/boe), primarily due to lower reserves in the current period.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

	Six months ended 30 June	
($000)	**2022**	**2021**
G&A expense	2,963	2,187
G&A expense ($/boe)	15.68	6.02

During the six months ended 30 June 2022 G&A costs increased by $0.8 million (35%) to $3.0 million (2021 - $ 2.2 million), being an increase of $9.66/boe (160%) to $15.68/boe (2021 - $6.02/boe) due to higher compliance expenses and impact of foreign exchange rates in the current period.

SHARE-BASED PAYMENT

	Six months ended 30 June	
($000)	**2022**	**2021**
Share-based payment	44	104
Share-based payment ($/boe)	0.24	0.29

During the six months ended 30 June 2022 share-based compensation decreased to $0.04 million (2021 – $0.1 million) due to lower stock options granted in the preceding 12 months.

NET FINANCE EXPENSE

	Six months ended 30 June	
($000)	**2022**	**2021**
Interest on leases	18	33
Accretion on decommissioning provision	451	166
Foreign exchange and other	213	13
	682	212

During the six months ended 30 June 2022 net finance expenses increased by $0.5 million (322%) to $0.7 million (2021 – $0.2 million). This increase is mainly due to foreign exchange losses due to the strengthening of the US dollar, as well as higher accretion on decommissioning provision which increased due to the higher discount rates applied to the calculation during the period.

TAXATION

During the six months ended 30 June 2022 income tax expense was $2.5 million (2021 - $0.2 million). The increase in the tax expense is directly related to higher taxable income in Tunisia during the period.

SHARE DATA

As at the date of issuing this report, the following are the Directors stock options outstanding, LTIP awards, and shares owned up to the date of this report.

	Share Options	LTIP Awards	Shares
Executive Directors:			
Jeffrey Auld	2,580,000	1,565,355	448,875
Andrew Fairclough	175,000	903,631	108,053
Non-Executive Directors:			
Jim Causgrove	10,000	-	40,000
Lukasz Redziniak	-	-	72,000
Jon Kempster [2]	-	-	60,261
	2,765,000	2,468,986	729,189

As of the date of issuing this report, management is aware of the following shareholders holding more than 5% of the ordinary shares of the Group, as reported by the shareholders to the Group: Richard Sneller 11.47%, CRUX Asset Management 8.33%, and Quercus TFI SA 7.18%.

The Directors are responsible for the maintenance and integrity of the corporate and financial information on the Group's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FOREIGN CURRENCY TRANSLATION

Foreign currency translation occurs from the revaluation from fluctuations in the foreign exchange rates in entities with a different functional currency than the reporting currency (USD). The revaluation of the condensed consolidated interim statement of financial position to the period-end rates resulted in a loss of $2.0 million (2021 – loss of $1.1 million) through Other comprehensive income (loss).

[2] Shares held by Catherine Kempster (the spouse of Jon Kempster)

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Operational Update and Outlook. The financial position of the Group is described in these condensed consolidated interim financial statements and in the Report from the CFO.

The Directors have given careful consideration to the appropriateness of the going concern assumption, including cashflow forecasts through the going concern period and beyond, planned capital expenditure and the principal risks and uncertainties faced by the Group. This assessment also considered various downside scenarios including oil and gas commodity prices and production rates. Following this review, the Directors are satisfied that the Group has sufficient resources to operate and meet its commitments as they come due in the normal course of business for at least 12 months from the date of these condensed consolidated interim financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these condensed consolidated interim financial statements.

DECLARATIONS OF THE BOARD OF DIRECTORS CONCERNING ACCOUNTING POLICIES

The Board of Directors of the Company confirms that, to the best of their knowledge, the condensed consolidated interim financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group for the period ended 30 June 2022.

The Financial Review in this report gives a true and fair view of the situation on the reporting date and of the developments during the period ended 30 June 2022 and include a description of the major risks and uncertainties.

Serinus Energy plc
Consolidated Statement of Comprehensive Income (Loss)
(US$ 000s, except per share amounts)

	Six months ended 30 June	
	2022	**2021**
Revenue	**29,261**	15,916
Cost of sales		
Royalties	**(1,748)**	(1,628)
Windfall tax	**(9,734)**	(1,709)
Production expenses	**(6,085)**	(4,585)
Depletion and depreciation	**(3,704)**	(5,916)
Total cost of sales	**(21,271)**	(13,838)
Gross profit	**7,990**	2,078
Administrative expenses	**(2,963)**	(2,187)
Share-based payment expense	**(44)**	(104)
Total administrative expenses	**(3,007)**	(2,291)
Decommissioning provision recovery (expense)	**48**	(18)
Operating income (loss)	**5,031**	(231)
Finance expense	**(682)**	(212)
Net income (loss) before tax	**4,349**	(443)
Tax expense	**(2,522)**	(217)
Income (loss) after taxation attributable to equity owners of the parent	**1,827**	(660)
Other comprehensive income (loss)		
Other comprehensive income (loss) to be classified to profit and loss in subsequent periods:		
Foreign currency translation adjustment	**(1,956)**	(1,076)
Total comprehensive income (loss) for the year attributable to equity owners of the parent	**(129)**	(1,736)
Earnings (loss) per share:		
Basic	**0.02**	(0.01)
Diluted	**0.02**	(0.01)

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

Serinus Energy plc
Condensed Consolidated Interim Statement of Financial Position
(US$ 000s, except per share amounts)

As at	30 June 2022	31 December 2021
Non-current assets		
Property, plant and equipment	**63,931**	71,747
Exploration and evaluation assets	**7,626**	5,042
Right-of-use assets	**466**	370
Total non-current assets	**72,023**	77,159
Current assets		
Restricted cash	**1,156**	1,144
Trade and other receivables	**10,449**	7,396
Product inventory	**658**	656
Cash and cash equivalents	**7,227**	8,429
Total current assets	**19,490**	17,625
Total assets	**91,513**	94,784
Equity		
Share capital	**401,426**	401,426
Share-based payment reserve	**25,531**	25,487
Treasury shares	**(323)**	(121)
Accumulated deficit	**(386,159)**	(387,986)
Cumulative translation reserve	**(3,330)**	(1,374)
Total equity	**37,145**	37,432
Liabilities		
Non-current liabilities		
Decommissioning provision	**24,045**	28,232
Deferred tax liability	**12,119**	10,516
Lease liabilities	**172**	252
Other provisions	**1,358**	1,358
Total non-current liabilities	**37,694**	40,358
Current liabilities		
Current portion of decommissioning provision	**6,649**	6,636
Current portion of lease liabilities	**305**	193
Accounts payable and accrued liabilities	**9,720**	10,165
Total current liabilities	**16,674**	16,994
Total liabilities	**54,368**	57,352
Total liabilities and equity	**91,513**	94,784

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

Serinus Energy plc
Condensed Consolidated Interim Statement of Changes in Shareholder's Equity
(US$ 000s, except per share amounts)

	Share capital	Share-based payment reserve	Treasury Shares	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance at 31 December 2020	401,426	25,274	-	(396,410)	1,089	31,379
Loss for the period	-	-	-	(660)	-	(660)
Other comprehensive loss for the period	-	-	-	-	(1,076)	(1,076)
Total comprehensive loss for the period	-	-	-	(397,070)	13	29,643
Transactions with equity owners						
Share-based payment expense	-	104	-	-	-	104
Balance at 30 June 2021	401,426	25,378	-	(397,070)	13	29,747
Balance at 31 December 2021	**401,426**	**25,487**	**(121)**	**(387,986)**	**(1,374)**	**37,432**
Comprehensive income for the period	-	-	-	1,827	-	1,827
Other comprehensive loss for the period	-	-	-	-	(1,956)	(1,956)
Total comprehensive (income) loss for the period	-	-	-	1,827	(1,956)	(129)
Transactions with equity owners						
Share-based payment expense	-	44	-	-	-	44
Shares purchased to be held in Treasury			(202)	-	-	(202)
Balance at 30 June 2022	**401,426**	**25,531**	**(323)**	**(386,159)**	**(3,330)**	**37,145**

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

Serinus Energy plc
Condensed Consolidated Interim Statement of Cash Flows
(US$ 000s, except per share amounts)

	Six months ended 30 June	
	2022	**2021**
Operating activities		
Income (loss) for the year	**1,827**	(660)
Items not involving cash:		
Depletion and depreciation	**3,704**	5,916
Share-based payment expense	**44**	104
Tax expense	**2,522**	217
Accretion expense on decommissioning provision	**451**	166
Change in other provisions	**-**	70
Foreign exchange loss (gain)	**36**	(25)
Decommissioning provision recovery	**(48)**	18
Other income	**(3)**	(3)
Income taxes paid	**(357)**	(462)
Funds from operations	**8,176**	5,341
Changes in non-cash working capital	**(4,782)**	576
Cashflows from operating activities	**3,394**	5,917
Financing activities		
Lease payments	**(213)**	(157)
Shares purchased to be held in treasury	**(202)**	-
Cashflows (used in) generated from financing activities	**(415)**	(157)
Investing activities		
Capital expenditures	**(3,798)**	(6,098)
Cashflows used in investing activities	**(3,798)**	(6,098)
Impact of foreign currency translation on cash	**(383)**	38
Change in cash and cash equivalents	**(1,202)**	(300)
Cash and cash equivalents, beginning of period	**8,429**	6,002
Cash and cash equivalents, end of period	**7,227**	5,702

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

1. GENERAL INFORMATION

Serinus Energy plc and its subsidiaries are principally engaged in the exploration and development of oil and gas properties in Tunisia and Romania. Serinus is incorporated under the Companies (Jersey) Law 1991. The Group's head office and registered office is located at 2nd Floor, The Le Gallais Building, 54 Bath Street, St. Helier, Jersey, JE1 1FW.

Serinus is a publicly listed company whose ordinary shares are traded under the symbol "SENX" on AIM and "SEN" on the WSE.

2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the United Kingdom applied in accordance with the provisions of the Companies (Jersey) Law 1991.

These condensed consolidated interim financial statements are expressed in U.S. dollars unless otherwise indicated. All references to US$ are to U.S. dollars. All financial information is rounded to the nearest thousands, except per share amounts and when otherwise indicated.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements are described in Note 5 to the consolidated financial statements for the year ended 31 December 2021. There has been no change in these areas during the six months ended 30 June 2022.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Operational Update and Outlook. The financial position of the Group is described in these condensed consolidated interim financial statements and in the Report from the CFO.

The Directors have given careful consideration to the appropriateness of the going concern assumption, including cashflow forecasts through the going concern period and beyond, planned capital expenditure and the principal risks and uncertainties faced by the Group. This assessment also considered various downside scenarios including oil and gas commodity prices and production rates. Following this review, the Directors are satisfied that the Group has sufficient resources to operate and meet its commitments as they come due in the normal course of business for at least 12 months from the date of these condensed consolidated interim financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these condensed consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared following the same basis of measurement, accounting policies and methods of computation as described in the notes to the consolidated financial statements for the year ended 31 December 2021. There has been no change to the accounting policies or the estimates and judgements which management are required to make in the period. The business is not subject to seasonal variations. Information in relation to the operating segments and material primary statement movements can be found within the management discussion at the front of this report.

4. EARNINGS (LOSS) PER SHARE

	Period ended 30 June	
($000's, except per share amounts)	**2022**	**2021**
Income (loss) for the period	1,827	(660)
Weighted average shares outstanding		
Basic	114,728,593	114,066,063
Diluted	114,728,593	114,066,063
Income (loss) per share		
Basic and diluted	0.02	(0.01)

In determining diluted net loss per share, the Group assumes that the proceeds received from the exercise of "in-the-money" stock options are used to repurchase ordinary shares at the average market price. In calculating the weighted-average number of diluted ordinary shares outstanding for the period ended 30 June 2022, the Group excluded 3.4 million stock options (2021 – 3.3 million) as they were anti-dilutive.

(US$ 000s, except per share amounts, unless otherwise noted)

5. SUPPLEMENTAL CASH FLOW DISCLOSURE

	Period ended 30 June	
	2022	**2021**
Cash provided by (used in):		
Trade and other receivables	(3,492)	(156)
Product inventory	(98)	-
Accounts payable and accrued liabilities	(1,190)	732
Restricted cash	(2)	-
Changes in non-cash working capital from operating activities	(4,782)	576

The following table reconciles capital expenditures to the cash flow statement:

	Period ended 30 June	
	2022	**2021**
PP&E additions	1,184	3,939
E&E additions	3,055	1,995
Total capital additions	4,239	5,934
Changes in non-cash working capital from investing activities	(441)	164
Total capital expenditures	3,798	6,098

6. PRIOR YEAR COMPARATIVES

The prior year comparatives have been reclassified to align with the current year disclosure. These reclassifications are immaterial.

7. SUBSEQUENT EVENT

On 4 August 2022, the Company announced that it had commenced drilling the Canar-1 exploration well in Romania. The Canar-1 well will be drilled to a depth of 1,600 metres, targeting three prospective hydrocarbon zones. The Canar prospect is located on the northern flank of the Carei Basin, approximately four kilometres to the west of the Company's Moftinu Gas Plant. The Canar-1 exploration well is seeking to discover further hydrocarbons on the migration path from the Carei Basin source kitchen. With success, production from this well will be connected to the Moftinu Gas Plant, utlising existing plant capacity.