Serinus Energy plc

Half-Year Report and Accounts 2020
(US dollars)

FIRST HALF 2020 HIGHLIGHTS

Operational

- Serinus Energy plc ("Serinus", the "Company", or the "Group"), has continued to operate safely and effectively through the COVID-19 crisis, with the successful implementation of operational and monitoring protocols in line with the recommendations of local jurisdictions to ensure the health and safety of our employees.
- For the six months ended 30 June 2020, average production (boe/d) increased by 1,815 or 267% to 2,495 (2019 - 680), comprised of 1,903 (2019 – 372) in Romania and 592 (2019 – 308) in Tunisia, an increase of 1,531 or 412% and 284 or 92%, respectively.
- The first half production exit rate (boe/d) at the end of June 2020 was 2,514 comprised of 1,931 in Romania and 583 in Tunisia.
- The Company's Romanian 3D acquisition programme, due to be completed in the first half of 2020, has been postponed due to the restrictions caused by COVID-19 since mid-March.
- Production increases in Tunisia have been lower than anticipated due to the inability of the Company to mobilize necessary technical experts across national borders due to the COVID-19 pandemic.
- The Company has lowered the production expense per barrel, which averaged $8.68 (2019 - $16.54), in the face of a significant decline in commodity prices experienced during the period.

Financial

- For the six months ended 30 June 2020 the Company generated $13.3 million (2019 - $6.4 million) in gross revenue or $12.4 million (2019 - $6.4 million) net of royalties. This was comprised of $9.9 million (2019 - $3.0 million) in Romania and $3.4 million (2019 - $3.4 million) in Tunisia.
- For the six months ended 30 June 2020 funds from operations amounted to $4.3 million (2019 - $1.4 million).
- For the six months ended 30 June 2020 realised crude oil price per barrel ("bbl") averaged $31.96 (2019 – $63.07) and realised natural gas price per thousand cubic feet ("mcf") averaged $4.74 (2019 - $7.82).
- Capital expenditures for the six months ended 30 June 2020 of $3.1 million (2019 - $1.6 million).
- Given the ongoing uncertainty of the COVID-19 crisis and the difficulty in moving personnel and equipment during this crisis all future capital investment plans have been postponed. Capital will only be allocated to ensure the safe and continued operation of our production facilities.
- On 22 June 2020, the Group agreed with its lender, the European Bank for Reconstruction and Development ("EBRD"), to pay $2.0 million of its 30 June 2020 payment under the Convertible Loan and defer the remaining $6.4 million for a period of 12 months.

OPERATIONAL UPDATE

In Romania, the Company currently has three wells producing from the Moftinu field. The Company has begun the permitting process for M-1008 which was expected to be drilled in late 2020 or early 2021. Currently all drilling plans have been postponed due to the COVID-19 crisis. The Company expects to advance this well as soon as it is deemed safe and restrictions imposed by the Romanian Government are lifted. The Company had permitted a 148 km^2 3D seismic acquisition programme in the Capleni area just north of the Moftinu Gas Plant and reached land access agreements with all landowners within the seismic acquisition area. The Company had ordered the mobilization of the seismic equipment and staff to begin the programme, however, due to restrictions imposed by the declaration of a state of emergency in Romania as a result of the COVID-19 pandemic and the impacts on travel and services in Romania and the Satu Mare County, the Company and its seismic contractor have postponed the programme. The Company is in constructive discussions with the Romanian regulatory authorities to agree an extension to this commitment.

Production has continued to increase in Tunisia from more efficient subsurface pumps and the steady decrease in water cuts. Since returning the Chouech and Ech Chouech fields to production following their prolonged shut-in due to social disturbances, the Company has seen steady improvements in production. The Company has continued to identify programs to replace older pumps and other low-cost workovers that have demonstrated positive production increases. These programs will be implemented when there is more certainty with regard to the restrictions dictated by the COVID-19 crisis.

OUTLOOK

COVID-19

The Company's top priority is the health, safety and wellbeing of all our staff throughout this difficult time. During the second quarter, Tunisia and Romania have reopened their offices with strict safety measures, such as social distancing, reduced daily occupancy and wearing masks. Field operations have had modifications to ensure social distancing and to ensure safe practices and have continued to operate with no setbacks. Governments around the world are implementing strategies to reopen their economies gradually, therefore the Group is closely monitoring each jurisdiction and will continue to abide by the recommendations set forth by their local jurisdiction.

Romania

All capital plans in Romania have been postponed as well as the scheduled maintenance programme at the Moftinu Gas Plant that was set for May 2020, which is now scheduled for September 2020. Our teams have designed an incremental maintenance programme considering the postponed gas plant turn-around and has ensured this change will not have any negative impacts to the safety or performance of the gas plant.

The Company had previously announced that it had fully permitted and was preparing to commence a 3D seismic acquisition programme in the Capleni area. This programme has been delayed by the governmental restrictions on the movement of personnel and equipment and the limitations of large gatherings during this period. The Company has agreed with its seismic contractor to extend the existing contracts by one year to allow for the future completion of this programme. Subject to the ongoing uncertainty regarding the COVID-19 crisis the Company hopes to recommence this programme in early 2021.

The M-1008 production well has been permitted and was expected to be drilled in late 2020 or early 2021, however due to the COVID-19 restrictions, it is uncertain when any further work may be completed for the drilling of this well.

Tunisia

The Company continues to identify work in Tunisia focused on low capital, high return production enhancements that can be implemented in the future. During the period the Company performed additional work in the Chouech and Ech Chouech fields focused on pump replacement and pump performance, resulting in a gradual but progressive increase in production. Due to the COVID-19 crisis, there have been minor disruptions due to the availability of service providers, delaying further pump enhancement work. The Company will continue to monitor the crisis and the commodity prices to determine when to continue with the workover programs.

FINANCIAL REVIEW

Liquidity, Debt and Capital Resources

In Romania, the Group invested $2.3 million (2019 - $1.4 million) in the six months ended 30 June 2020 primarily to drill, complete, and tie in the M-1004 well. Romania remained a significant cash flow generating unit during the period as production increased from the addition of M-1004. The Moftinu field generated a netback per boe of $21.34 (2019 - $34.72) for the first half of the year.

In Tunisia, the Group invested $0.8 million (2019 - $0.2 million) for the six months ended 30 June 2020. The capital was spent in the Chouech field, related to workovers on the CS-1 and CS-3 wells. Tunisia continued to see positive production from the Sabria, Chouech, and Ech Chouech fields during the quarter while realizing a netback per boe of $9.42 (2019 - $27.61) for the first half of the year.

Funds from operations increased to $4.3 million (2019 - $1.4 million) for the six months ended 30 June 2020. This increase is mainly attributable to increased production from the Moftinu field in 2020 offset by lower commodity prices.

The Convertible debt with the EBRD was due to be repaid in four instalments commencing 30 June 2020, when 25% of the principal and accrued interest at that date would be repayable with the three remaining repayments made annually thereafter on 30 June. On 22 June 2020, the Company entered into an agreement with the EBRD to defer $6.4 million of the $8.4 million debt payment that was due at 30 June 2020, for a period of one year and paid $2 million to the EBRD. The outstanding balance will be combined with the 30 June 2021 payment for a combined payment of $14.9 million due on 30 June 2021 and is reported as a current liability at 30 June 2020.

On 22 June 2020, the Group received a waiver from the EBRD formally waiving compliance with the financial covenant for the period ended 30 June 2020.

As at ($000)	**30 June 2020**	**31 December 2019**
Current assets	13,002	15,243
Current liabilities	35,117	32,194
Working capital deficit	(22,115)	(16,951)

The working capital deficit of the Group at 30 June 2020 was $22.1 million, an increase of $5.2 million since 31 December 2019, largely due to the 30 June 2021 debt payment now being classified as current.

Included in current liabilities at 30 June 2020 was $14.9 million of EBRD debt (31 December 2019: $7.7 million); accounts payable of $13.3 million (31 December 2019: $16.2 million), of which $6.0 million relates to Brunei and dates back to 2012/2013; decommissioning provision of $6.3 million (31 December 2019: $6.3 million), income taxes payable of $0.3 million (31 December 2019: $1.4 million); and lease obligations of $0.3 million (31 December 2019: $0.5 million). Included in the asset retirement obligations are $1.8 million relating to Brunei, $1.0 million relating to Canada, and $3.5 million relating to Tunisia. The obligations in Canada are offset by cash held on deposit as restricted cash of $1.1 million (2019 - $1.1 million) in current assets.

Going Concern Statement

The Group's ability to settle its obligations as they come due is dependent on its ability to generate future cash flows from operations and/or obtain the necessary financing. The Group has modelled cash flow forecasts in order to identify how available funds could be managed in order to allow the Group to meet its obligations as they fall due or identify where additional funding may be required. Given the above, there are material uncertainties as to whether the Group can meet all its cash obligations as they fall due.

The ability to generate sufficient future cash flows from operations to meet obligations as they fall due and the continued availability of existing facilities, should loan covenants not be met, represent material uncertainties that may cast significant doubt on the ability of the Group to continue as a going concern. Refer to note 2 below for further information.

FINANCIAL REVIEW – FIRST HALF 2020

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)	**2020**	**2019**
Cash flow from operations	3,077	3,492
Changes in non-cash working capital	1,240	(2,090)
Funds from operations	4,317	1,402
Funds from operations per share	0.02	0.01

The increase in funds from operations in 2020 was primarily attributable to Romania generating cash flows for the full period in 2020, compared to just the second quarter in 2019. Funds from operations generated in Romania were $6.3 million (2019 - $1.7 million), Tunisia funds used in operations were $0.3 million (2019 - funds from operations were $1.4 million) and funds used corporately was $1.7 million (2019 – used $1.7 million). The increase in Romania is directly attributable to a full period of production at the Moftinu field compared to limited production in the comparative period as the field started producing 25 April 2019. The decrease in Tunisia is the result of tax payments totaling $1.2 million (2019 - $0.1 million).

PRODUCTION

	Six months ended 30 June	
	2020	**2019**
Tunisia		
Crude oil (bbl/d)	485	226
Natural gas (Mcf/d)	641	494
Tunisia (boe/d)	592	308
Romania		
Natural gas (Mcf/d)	11,331	2,188
Condensate (bbl/d)	14	7
Romania (boe/d)	1,903	372
Group		
Crude oil (bbl/d)	485	226
Natural gas (Mcf/d)	11,972	2,682
Condensate (bbl/d)	14	7
Total Group production (boe/d)	2,495	680
% liquids weighting	20%	34%
% gas weighting	80%	66%

For the six months ended 30 June 2020 Romania production (boe/d) averaged 1,903 (2019 – 372), an increase of 1,531 (412%). The increase is due to production only commencing on 25 April 2019, as well as M-1004 coming onto production in February 2020.

Tunisia production (boe/d) was from the Sabria, Chouech and Ech Chouech fields and averaged 592 (2019 – 308), an increase of 284 (92%). The increase in production is due to the Chouech and Ech Chouech fields producing for the full period compared to being shut-in during the first half of 2019, as well as the performance of the wells continuing to improve as water cuts decrease.

For the Group, production (boe/d) averaged 2,495 (2019 – 680), an increase of 1,815 (267%).

OIL AND GAS REVENUE

($000)	Six months ended 30 June 2020	2019
Tunisia		
Oil revenue	2,813	2,583
Gas revenue	611	845
Tunisia revenue	3,424	3,428
Romania		
Gas revenue	9,784	2,953
Condensate revenue	75	67
Romania revenue	9,859	3,020
Group		
Oil revenue	2,813	2,583
Gas revenue	10,395	3,798
Condensate revenue	75	67
Total Group revenue	13,283	6,448
Liquids revenue (%)	22%	41%
Gas revenue (%)	78%	59%

Realised Price		
Tunisia		
Oil ($/bbl)	31.96	63.07
Gas ($/Mcf)	5.23	9.46
Tunisia average realised price ($/boe)	31.86	61.39
Romania		
Gas ($/Mcf)	4.71	7.45
Condensate ($/bbl)	29.92	52.00
Romania average realised price ($/boe)	28.26	44.87
Group		
Oil ($/bbl)	31.96	63.07
Gas ($/Mcf)	4.74	7.82
Condensate ($/bbl)	29.92	52.00
Group average realised price ($/boe)	29.11	52.36

Oil and gas revenues for the six months ended 30 June 2020 increased by $6.8 million (106%) to $13.3 million (2019 – $6.4 million). The increase was attributable to the increase in production described above, offset by a 44% decrease in the average realised price per boe. The average realised price was impacted by the decrease in the Brent crude price as well as the product mix consisting of 80% gas (2019 – 66%) which realised a lower price per boe compared to crude oil.

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 is sold to the international market, which the Group has a marketing agreement with Shell International Trading and Shipping Company Limited. Natural gas prices are nationally regulated and in Sabria are tied to the current month average of high sulphur heating oil (benchmarked to Brent).

In Romania, at least 40% of the natural gas production must be sold on the open market, with the remainder sold through a gas sales agreement with Vitol Gas and Power BV. The sales price under this agreement is linked to an average of transactions concluded on the centralized markets of Romania.

ROYALTIES

($000)	Six months ended 30 June 2020	2019
Tunisia	415	336
Romania	488	227
Total	903	563
Total ($/boe)	1.99	4.57
Tunisia (% of revenue)	12.1%	9.8%
Romania (% of revenue)	5.0%	7.5%
Total (% of revenue)	6.8%	8.7%

Royalties for the six months ended 30 June 2020 were $0.9 million (2019 - $0.6 million) due to the increased production discussed above. The realised royalty rate in Tunisia was 12.1% (2019 – 9.8%). The increase is due to the Chouech and Ech Chouech fields having a flat royalty rate of 15% and producing during the quarter compared to being shut-in in the comparative period. In Romania, the realised royalty rate was 5.0% (2019 – 7.5%). The decrease in Romania is due to a change in the price structure used in the royalty calculation, using a statutory price in the royalty calculation instead of the realised price used in the comparative period.

Tunisian royalties are based on individual concession agreements. In Sabria, the royalty rate varies 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%. The royalty rates for the six months ended 30 June 2020 in the Sabria concession for oil was 10% (2019 – 10%) and for gas 8% (2019 – 8%). In the Chouech and Ech Chouech concession, royalty rates were flat at 15% (2019 – 15%).

Romanian natural gas royalties step-up from 3.5% to 13.0% and condensate from 3.5% to 13.5% based on the level of production in the quarter. Romanian royalties are calculated using the reference price set by Romania.

PRODUCTION EXPENSES

($000)	Six months ended 30 June 2020	2019
Tunisia	2,003	1,550
Romania	1,908	456
Canada	30	31
Group	3,941	2,037
Tunisia production expense ($/boe)	18.59	27.76
Romania production expense ($/boe)	5.51	6.78
Total production expense ($/boe)	8.68	16.54

For the six months ended 30 June 2020, the Group incurred production expenses of $3.9 million (2019 - $2.0 million). The overall increase is due to the addition of the Moftinu, Chouech and Ech Chouech production in 2020. Production expenses per boe were $8.68 (2019 - $16.54). The decrease per boe is attributable to the low-cost production costs in Romania along with the significant increase in overall production.

Tunisian production expenses for the period were $2.0 million (2019 - $1.6 million). Additional costs are directly attributable to the addition of producing fields, Chouech and Ech Chouech, though the incremental production reduced production costs per boe to $18.59 (2019 - $27.76).

Romanian production expenses for the period were $1.9 million (2019 - $0.5 million). The comparative period had minimal production expenses as production of the Moftinu field commenced on 25 April 2019.

Canadian 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.

	Six months ended 30 June	
($/boe)	**2020**	**2019**
Tunisia		
Production volume (boe/d)	592	308
Realised price	31.86	61.39
Royalties	(3.85)	(6.02)
Production expense	(18.59)	(27.76)
Operating netback - Tunisia	9.42	27.61
Romania		
Production volume (boe/d)	1,903	372
Realised price	28.26	44.87
Royalties	(1.41)	(3.37)
Production expense	(5.51)	(6.78)
Operating netback - Romania	21.34	34.72
Group		
Production volume (boe/d)	2,495	680
Realised price	29.11	52.36
Royalties	(1.99)	(4.57)
Production expense	(8.68)	(16.54)
Operating netback - Group	18.44	31.25

For the six months ended 30 June 2020, the operating netback per boe for the Group was $18.44 (2019 - $31.25). The decrease was primarily due to lower realised pricing offset by a decrease in royalty and production expenses described above.

WINDFALL TAX

	Six months ended 30 June	
($000)	**2020**	**2019**
Windfall tax	1,152	669
Windfall tax ($/Mcf - Romania gas)	0.56	1.69
Windfall tax ($/boe - Romania gas)	2.54	10.14

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 (approximately $3.22 per mcf). 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).

For the six months ended 30 June 2020, the Group incurred windfall taxes of $1.2 million (2019 - $0.7 million) which equates to $0.56 per Mcf (2019 - $1.69) of Romanian gas production volumes. The decrease in gas prices during Q2 2020 has pushed prices near the windfall tax thresholds resulting in $0.1 million of windfall tax during Q2 2020.

DEPLETION AND DEPRECIATION

	Six months ended 30 June	
($000)	**2020**	**2019**
Tunisia	1,739	728
Romania	6,378	1,358
Corporate	342	309
Total	8,459	2,395
Tunisia ($/boe)	16.14	13.04
Romania ($/boe)	18.42	20.18
Total ($/boe)	18.63	19.45

For the six months ended 30 June 2020, depletion and depreciation expense in Tunisia was $1.7 million (2019 - $0.7 million). This increase in directly attributable to the increased production from the Chouech and Ech Chouech fields. Depletion and depreciation expense in Romania was $6.4 million (2019 - $1.4 million). This increase was due to six months of production in the current year compared to two months in the comparative period, due to the Moftinu field being put onto production on 25 April 2019.

Depletion and depreciation expense is computed on a field by field basis considering the net book value, the future development costs associated with the reserves as well as the proved and probable reserves of each concession.

GENERAL AND ADMINISTRATIVE EXPENSE ("G&A")

	Six months ended 30 June	
($000)	**2020**	**2019**
G&A expense	1,684	1,643
G&A expense ($/boe)	3.72	13.34

For the six months ended 30 June 2020, G&A costs were $1.7 million (2019 - $1.6 million). The nominal increase is primarily attributable to higher professional fees. On a per boe basis G&A expenses significantly decreased due to higher production volumes from the Moftinu, Chouech, and Ech Chouech fields compared to the prior period.

G&A costs incurred by the Group are expensed, with certain costs directly related to exploration and development assets being capitalised or reported as production costs. The G&A expense reported is on a net basis, representing gross G&A costs incurred less recoveries of those costs presented as capital or production costs.

SHARE-BASED PAYMENT EXPENSE

	Six months ended 30 June	
($000)	**2020**	**2019**
Share-based payment expense	254	500
Share-based payment expense ($/boe)	1.14	4.06

For the six months ended 30 June 2020, the share-based payment expense was $0.3 million (2019 - $0.5 million). The decrease was a result of fewer unvested corporate stock options being expensed during the quarter offset by the executive directors receiving shares in lieu of salary during Q2 2020.

IMPAIRMENT EXPENSE

	Six months ended 30 June	
($000)	**2020**	**2019**
Impairment expense	9,600	-

At 30 June 2020, an impairment test was conducted on the Group's Property, plant, and equipment to assess the impact of the continuing weakness and volatility of commodity prices, largely as a result of the economic impact of the global COVID-19 pandemic. An impairment expense of $9.6 million (2019 – nil) was recorded as a result of the impairment test. See note 4 for details.

Net Finance Expense

($000)	Six months ended 30 June 2020	2019
Interest expense on long-term debt	1,575	1,650
Amortization of debt costs	44	99
Amortization of debt modification	127	22
Interest on leases	52	47
Accretion on decommissioning provision	336	614
Other interest and foreign exchange	7	(212)
	2,141	2,220

For the six months ended 30 June 2020, the net finance expense was $2.1 million (2019 - $2.2 million). This slight decrease is due to the repayment of the Senior Loan in 2019, lower interest rates on the convertible loan for the period, a decrease in accretion expense due to the decreased ARO liability, offset by a larger principal balance on the convertible loan with the EBRD debt.

Share Data

As at the date of issuing this report, the following are the options outstanding and changes to directors' shares owned since 30 June 2020, up to the date of this report. An agreement with the executive directors was reached to settle 20% of their salaries in common shares in lieu of cash payments. For the second quarter of 2020, this amounted to 405,007 common shares issued. These shares were issued on 14 July 2020 for services rendered during the quarter.

	Options held at		Shares held at	
Name of Director	30 June 2020	14 Aug 2020	30 June 2020	14 Aug 2020
Executive Directors:				
Jeffrey Auld	8,000,000	8,000,000	22,197	258,451
Andrew Fairclough	1,750,000	1,750,000	-	168,753
Non-Executive Directors:				
Jim Causgrove	100,000	100,000	-	-
Eleanor Barker	100,000	100,000	100,000	100,000
	9,950,000	9,950,000	122,197	527,204

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: Kulczyk Investments S.A. 38.02%, Marlborough Fund Managers 9.85% and JCAM Investments Ltd 7.88%.

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.

Other Comprehensive Loss

Other comprehensive loss consists of foreign currency translation adjustments to convert the functional currency of different business units to the reporting currency of the Group. The translation consists of adjusting Canadian dollars and Romanian Leu to USD at the end of the reporting period.

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 interim condensed consolidated 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 2020.

The Highlights Report 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 2020, and include a description of the major risks and uncertainties.

Serinus Energy plc
Condensed Consolidated Interim Statement of Comprehensive Loss
($US 000s) (unaudited)

	Note	**Six months ended 30 June 2020**	**2019**
Revenue		**13,283**	6,448
Cost of sales			
Royalties		**(903)**	(563)
Production expenses		**(3,941)**	(2,037)
Depletion and depreciation		**(8,459)**	(2,395)
Windfall tax		**(1,152)**	(669)
Total cost of sales		**(14,455)**	(5,664)
Gross (loss) profit		**(1,172)**	784
Administrative expenses		**(1,684)**	(1,643)
Share-based payment expense		**(254)**	(500)
Listing costs		**-**	(7)
Total administrative expenses		**(1,938)**	(2,150)
Impairment expense	**4**	**(9,600)**	-
Release of provision	**5**	**1,905**	-
Operating loss		**(10,805)**	(1,366)
Finance expense		**(2,141)**	(2,220)
Net loss before tax		**(12,946)**	(3,586)
Tax recovery (expense)		**479**	(620)
Net loss for the period		**(12,467)**	(4,206)
Other comprehensive loss			
Other comprehensive loss to be classified to profit and loss in subsequent periods:			
Foreign currency translation adjustment		**(633)**	826
Comprehensive loss for the period		**(13,100)**	(3,380)
Loss per share:			
Basic	**6**	**(0.05)**	(0.02)
Diluted	**6**	**(0.05)**	(0.02)

Serinus Energy plc
Condensed Consolidated Interim Statement of Financial Position
($US 000s) (unaudited)

As At	Notes	30 June 2020	(*audited*) 31 December 2019
Non-current assets			
Property, plant and equipment	4	**78,718**	93,396
Exploration and evaluation assets		**773**	1,004
Right-of-use assets		**524**	817
Total non-current assets		**80,015**	95,217
Current assets			
Restricted cash		**1,081**	1,122
Trade and other receivables		**10,167**	11,341
Cash and cash equivalents		**1,754**	2,780
Total current assets		**13,002**	15,243
Total assets		**93,017**	110,460
Equity			
Share capital		**377,979**	377,942
Warrants		**97**	97
Share-based payment reserve		**24,052**	23,835
Cumulative translation reserve		**(876)**	(243)
Accumulated deficit		**(399,580)**	(387,113)
Total Equity		**1,672**	14,518
Liabilities			
Non-current liabilities			
Decommissioning provision		**25,968**	25,304
Deferred tax liability		**12,714**	13,392
Long-term debt		**15,957**	23,387
Lease liabilities		**266**	342
Other provisions		**1,323**	1,323
Total non-current liabilities		**56,228**	63,748
Current liabilities			
Current portion of decommissioning provision		**6,269**	6,334
Current portion of long-term debt		**14,885**	7,709
Current portion of lease liabilities		**303**	534
Accounts payable and accrued liabilities		**13,660**	17,617
Total current liabilities		**35,117**	32,194
Total liabilities		**91,345**	95,942
Total liabilities and equity		**93,017**	110,460

These condensed consolidated interim financial statements were approved by the Board of Directors and authorised for issue on 13 August 2020.

Serinus Energy plc
Condensed Consolidated Interim Statement of Shareholder's Equity
($US 000s) (unaudited)

	Share capital	Share-based payment reserve	Warrants	Accumulated deficit	Cumulative translation reserve	Total
Balance at 31 December 2018	375,208	23,307	-	(385,173)	-	13,342
Comprehensive loss for the period	-	-	-	(4,206)	-	(4,206)
Other comprehensive income for the period	-	-	-	-	826	826
Transactions with equity owners						
Share issue, net of issue costs	2,734	-	-	-	-	2,734
Warrants issued	-	-	97	-	-	97
Share-based payment expense	-	500	-	-	-	500
Balance at 30 June 2019	377,942	23,807	97	(389,379)	826	13,293
Balance at 31 December 2019	377,942	23,835	97	(387,113)	(243)	14,518
Comprehensive loss for the period	-	-	-	(12,467)	-	(12,467)
Other comprehensive loss for the period	-	-	-	-	(633)	(633)
Transactions with equity owners						
Share-based payment expense	37	217	-	-	-	254
Balance at 30 June 2020	377,979	24,052	97	(399,580)	(876)	1,672

Serinus Energy plc
Condensed Consolidated Interim Statement of Cash Flows
($US 000s) (unaudited)

	Notes	Six months ended 30 June 2020	2019
Operating activities			
Loss for the period		**(12,467)**	(4,206)
Items not involving cash:			
Depletion and depreciation		**8,459**	2,395
Accretion expense		**336**	614
Share-based payment expense		**254**	500
Foreign exchange unrealised gain		**(65)**	(204)
Current tax expense		**199**	108
Deferred tax recovery (expense)		**(678)**	512
Impairment expense	**4**	**9,600**	-
Release of provision	**5**	**(1,905)**	-
Interest expense		**1,746**	1,825
Income taxes paid		**(1,162)**	(142)
Funds from operations		**4,317**	1,402
Changes in non-cash working capital		**(1,240)**	2,090
Cashflows from operating activities		**3,077**	3,492
Finance activities			
Proceeds from equity issuance		**-**	3,000
Share issue costs		**-**	(169)
Repayment of long-term debt		**(2,000)**	(2,700)
Interest and financing fees		**-**	(235)
Lease payments		**(279)**	(181)
Cashflows used in financing activities		**(2,279)**	(285)
Investing activities			
Property, plant and equipment expenditures		**(1,822)**	(2,432)
Interest earned on restricted cash		**(7)**	(10)
Proceeds on disposal		**23**	-
Cashflows used in investing activities		**(1,806)**	(2,442)
Impact of foreign currency translation on cash		**(18)**	(32)
Change in cash and cash equivalents		**(1,026)**	733
Cash and cash equivalents, beginning of period		**2,780**	2,283
Cash and cash equivalents, end of period		**1,754**	3,016

1. General information

Serinus Energy plc ("Serinus", the "Company", or the "Group") 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 registered office is located at 28 Esplanade, St. Helier, Jersey, JE2 3QA.

Serinus is a publicly listed company whose ordinary shares are traded under the symbol "SENX" on AIM and "SEN" on the WSE. Kulczyk Investments, S.A. ("KI") holds a 38.02% investment in Serinus as of 30 June 2020.

2. Basis of presentation

The condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU") but do not include all information required for full annual financial statements.

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. The AIM rules do not require compliance with IAS 34 'Interim Financial Reporting' therefore this half yearly report has not been prepared in order to comply with the provisions of IAS 34.

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 2019. There has been no change in these areas during the six months ended 30 June 2020.

Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that Serinus will continue its operations for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of operations.

The Group meets its day-to-day working capital requirements from net operating cash flows, cash balances, equity, and fully drawn debt facilities (Convertible loan from the EBRD of $31.8 million).

The Group's Convertible Loan accumulated interest to 30 June 2020 at which point the outstanding amount was repayable in four equal instalments on 30 June 2020, 2021, 2022 and 2023 with interest after 30 June 2020 to be paid annually on the loan repayment dates. At 30 June 2020, the instalment due under the terms of the Convertible Loan Agreement was $8.4 million. On 22 June 2020, the Group entered into an agreement with the EBRD (the "Deferral Agreement") to pay $2 million and defer $6.4 million of the instalment for a period of twelve months. The Group also agreed to complete a restructuring of the terms and conditions of the Convertible Loan Agreement with the EBRD by 18 December 2020. Failure to do so would constitute an event of default, and the Group has commenced discussions with the EBRD to restructure the terms and conditions of the Convertible Loan Agreement. As at 30 June 2020, the Group was not in compliance with the debt service coverage ratio, however the Group sought, and received, a waiver from the EBRD on 22 June 2020, formally waiving compliance with this covenant for the period ended 30 June 2020.

In the first half of 2020, the price of oil has been affected by the global spread of COVID-19 and the resultant reduction in oil demand, compounded by the collapse in oil and gas prices. Although global oil prices have partially recovered since April, there remains significant uncertainty over the impact of COVID-19 on future global oil demand and the outlook for commodity prices including gas prices in Romania. The Company has taken effective steps to protect its staff and maintain the operational integrity of the business, and management has taken action to reduce cash outflows including the deferral of capital expenditures and further reductions in costs and other non-essential expenditures. However, the directors are mindful of the speed with which circumstances may change, both positive and negative and the cashflow forecast has been updated to reflect the information currently available, with key assumptions reflecting the current environment.

The base case cashflow forecast indicates that the Group will continue its operations for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of operations. However, the base case cashflow indicates that, under the current assumptions, the Group will not be able to repay the 30 June 2021 revised instalment under the Deferral Agreement. The Group has commenced discussions with the EBRD to restructure the terms and conditions of the Convertible Loan Agreement. There can be no certainty that the Group will be able to restructure the terms and conditions of the Convertible Loan Agreement or obtain new financing. Also, under the base case assumptions, the Group is forecasting that the covenant will be breached in future periods. There can be no certainty that the Group will obtain waivers for future covenant breaches.

($US 000s) (unaudited)

Accordingly, this represents a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern. These condensed consolidated interim financial statements do not reflect the adjustments and classifications of assets, liabilities, revenues, and expenses which would be necessary if the Group were unable to continue as a going concern. Such adjustments could be material.

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 2019.

4. Impairment expense

At 30 June 2020, an impairment test was conducted on the Group's Property, plant, and equipment to assess the impact of the continuing weakness and volatility of commodity prices, largely as a result of the economic impact of the global COVID-19 pandemic. Management performed impairment assessments on all cash generating units ("CGU's") and identified that impairment tests were required for the following CGU's: Sabria, Chouech, and Satu Mare. The Group determined the estimated recoverable amount based on a discounted cash flow, using an after-tax discount rate equal to the weighted average cost of capital of each subsidiary (Romania - 12%, Tunisia – 22%).

In Tunisia, management elected to use a consensus of industry analysts external price forecasts, which are tied to widely-accepted commodity benchmarks. In Romania, management elected to use internal estimates as these represent the most likely outlook of forward gas prices. Management relies on these internal estimates due to the lack of a widely-accepted commodity benchmark, and the inability to tightly correlate to any external benchmark. The following commodity prices were used in the discounted cash flow model.

Year	Brent Crude (US$/bbl)	Sabria Gas (US$/Mcf)	Chouech Gas (US$/Mcf)	Romania Gas (US$/Mcf)
2020	42.45	5.91	4.64	3.60
2021	52.24	7.28	5.72	5.25
2022	57.26	7.98	6.27	5.75
2023	59.49	8.29	6.52	5.75
2024	62.97	8.78	6.90	5.75
2025	64.23	8.96	7.04	5.75
2026	65.51	9.14	7.18	5.75
2027	66.82	9.32	7.32	5.75
2028	68.16	9.51	7.47	5.75
2029	69.52	9.70	7.62	5.75
2030	70.91	9.89	7.77	5.75
Remainder	75.28	10.50	8.17	5.75

The following table provides a sensitivity of the estimated impairment expense with any changes to the key assumptions used in the model.

($ millions)	1% increase to discount rates	1% decrease to discount rates	5% increase to commodity prices	5% decrease to commodity prices
Additional impairment, net of tax	0.9	(0.4)	(2.1)	4.2

The results of the impairment tests completed by management are sensitive to changes with regards to any of the key assumptions such as commodity prices, discount rates, expected royalties, future development costs, change in reserves, or the expected future operating costs. Any changes to the assumptions could increase or decrease the expected recoverable amounts from the assets and may result in impairment or potential reversal of impairment.

5. Release of provision

The release of provision was the elimination of a long-standing disputed payable for $1.9 million in Brunei, which has passed the relevant statute of limitation period.

6. Loss per share

($000s, except per share amounts)	Six months ended 30 June 2020	2019
Loss for the period	(12,467)	(4,206)
Weighted average shares outstanding		
Shares outstanding	238,881	229,584
Loss per share – basic and diluted	(0.05)	(0.02)

For the six months ended 30 June 2020, there were 10.0 million (2019 – 8.7 million) exercisable options and 21.6 million warrants (2019 – 3.0 million) that were excluded from the calculation as the impact was anti-dilutive.

7. Subsequent events

During the period, an agreement with the executive directors was reached to settle 20% of their salaries in common shares in lieu of cash payments. For the second quarter of 2020, this amounted to 405,007 common shares which were issued on 14 July 2020.

INDEPENDENT REVIEW REPORT TO SERINUS ENERGY PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises of the Condensed Consolidated Interim Statement of Comprehensive Loss, Condensed Consolidated Interim Statement of Financial Position, Condensed Consolidated Interim Statement of Shareholder's Equity, Condensed Consolidated Interim Statement of Cash Flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts, and in accordance with the rules of the Warsaw Stock Exchange.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material uncertainty in relation to going concern

We draw attention to note 2 in the condensed set of financial statements which details the Group's potential non-compliance with future loan covenants and inability to repay its loan instalment falling due during the going concern review period. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM, and with the rules of the Warsaw Stock Exchange.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and the rules of the Warsaw Stock Exchange, and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

BDO LLP

Chartered Accountants

London

13 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).