SERINUS
ENERGY

2021 ANNUAL REPORT

SERINUS ENERGY

2021 ANNUAL REPORT

STRATEGIC REPORT

03 2021 Highlights
04 Serinus at a Glance
05 Operational Summary and Outlook
06 COVID-19
07 Serinus Investment Thesis
08 Serinus' Strategy
09 Chairman's Letter
10 Letter from the CEO
11 Report from the CFO
15 Review of Operations
- **15** Romania
- **16** Tunisia

17 Reserves
20 Environmental, Social and Governance
24 Risk Management Statement

GOVERNANCE

26 Board of Directors and Management Team
28 Senior Management
30 Corporate Governance Statement
33 Remuneration Committee Report
36 Audit Committee Report
37 Report of the Directors

FINANCIAL STATEMENT

38 Independent Auditor’s Report to the Members of Serinus Energy
42 Consolidated Statement of Comprehensive Income
43 Consolidated Statement of Financial Position
44 Consolidated Statement of Shareholder's Equity
45 Consolidated of Cash Flows
46 Notes to the Consolidated Financial Statements
70 Advisors

Visit our website for more information
www.serinusenergy.com

2021 HIGHLIGHTS

FINANCIAL

- Revenue for the year ended 31 December 2021 was $40.0 million (31 December 2020 - $24.0 million)
- The Company generated net income of $8.4 million (31 December 2020 – loss of $9.3 million)
- EBITDA for the year ended 31 December 2021 was $12.3 million (31 December 2020 - $6.6 million)
- The Company realised a net price of $66.82/boe for the year ended 31 December 2021, comprising:
  - Realised oil price - $65.19/bbl
  - Realised natural gas price - $11.25/Mcf
- The Group's operating netback remained strong for the year ended 31 December 2021 and was $44.60/boe (31 December 2020 - $14.55/boe), comprising:
  - Romania operating netback - $52.44/boe (31 December 2020 - $16.44/boe)
  - Tunisia operating netback - $29.77/boe (31 December 2020 - $8.71/boe)
- Capital expenditures of $10.7 million (31 December 2020 - $5.5 million), comprising:
  - Romania - $9.5 million
  - Tunisia - $1.2 million
- Cash balance as at 31 December 2021 was $8.4 million

OPERATIONAL

- Drilled two wells in Romania in 2021, bringing the Moftinu-1008 well into production in February 2021 and discovering gas at the Sancrai-1 well, which has subsequently been suspended
- The first of two compressors at the Moftinu field was commissioned in the fourth quarter of 2021 with the second installed and commissioned in February 2022. It is expected that compression on the wells will stabilise production and extend overall field life
- A new 2D seismic acquisition programme has been completed and interpretation work to support the drilling of up to three prospects adjacent to the Moftinu field, is underway
- Subject to well permitting approvals, the Company intends to begin a multi-well drilling programme in the latter half of 2022 in Romania
- In Tunisia, the first submersible pump for the Artificial Lift programme has been delivered to the Sabria field. The Company is awaiting rig mobilization for the workover and pump installation at the Sabria W-1 well to commence. Plans for additional pumps in the Sabria field are being progressed. Workovers in the Chouech Es Saida field has resulted in increased production from wells CS-3 and CS-1
- Production for the year averaged 1,649 boe/d, comprising:
  - Romania – 1,078 boe/d
  - Tunisia - 571 boe/d
- Serinus has continued to operate safely and effectively through the COVID-19 pandemic, with the successful implementation of operational and monitoring protocols to ensure the health and safety of our employees and achieved 1,000 accident-free days of continuous operation at the Moftinu gas plant

SERINUS AT A GLANCE

Serinus is an oil and gas exploration, appraisal and development company. The Group acts as the operator for all of its assets and has operations in two business units: Romania and Tunisia.

ROMANIA

In Romania the Company currently holds one large concession area, Satu Mare, approximately 3,000km^2, located in a highly sought-after hydrocarbon province. The Moftinu Gas Project was brought on production in April 2019 and has produced approximately 8.4 Bcf to the end of 2021. The Company has identified numerous additional shallow gas prospects near the Moftinu field that it hopes to discover and develop in the near-term. The concession is extensively covered by legacy 2D seismic, augmented by the Company's own 3D and 2D acquisition programs that have further refined the identified prospects.

TUNISIA

The Company's Tunisian operations are comprised of three concession areas. The Company's Tunisian concessions all have discovered oil and gas reserves and all are currently producing. The largest asset in the Tunisian portfolio is the Sabria field, which is a large oilfield play with an estimated original oil in place of 445 million barrels -of-oil-equivalent of which 1.0% of this volume has been produced to date. Serinus considers this historically under-developed field to be an excellent asset for development work to significantly increase production in the near-term. The Chouech Es Saida and Ech Chouech concessions in southern Tunisia have significant gas prospectivity that can be developed in the medium term, with the ability to access near-by under-utilised gas transmission capacity.

OPERATIONAL SUMMARY AND OUTLOOK

CORPORATE

The elimination of the Company's legacy debt in 2020 allows Serinus to focus its operating cashflow on high-return investments that position the Company for significant near-term growth. For the year to 31 December 2021, the Company generated cashflow from operating activities of $14.1 million and invested $10.7 million of capital expenditure. It has also eliminated its working capital deficit.

The Company has proactively managed its production, stabilising natural declines in Romania and adding incremental production in Tunisia through workovers on its Chouech assets. The Company is well-advanced on the implementation of its artificial lift programme in the Sabria field in Tunisia, beginning with the Sabria-W1 well. In 2021, the Company's capital programme was concentrated on the two wells drilled in Romania, the installation of the first of two compressors onto the Moftinu field, and the acceleration of the design and permitting of a new 2D seismic programme. The new 2D seismic will complement legacy 2D seismic and tie to existing 3D seismic data to refine the high-rank prospects adjacent to the Moftinu gas field.

The Company, under the authority granted by the shareholders at the 2020 Annual General Meeting, executed the purchase of its own shares. The Board believes that the share price at the time of its purchases did not reflect the intrinsic value of the business and will continue to evaluate the investment return of share buybacks as part of its allocation of capital across the Group (note 17).

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 produces gas from four wells - Moftinu -1003, Moftinu-1004, Moftinu-1007 and Moftinu-1008. During 2021, the Company's Romanian operations produced a total of 2.3 Bcf of gas and 3,311 barrels of condensate, equating to an average daily production of 1,078 boe/day.

The Company has completed all of its commitments under the third exploration phase of the Satu Mare Concession Agreement, and in October 2021, received an additional two-year evaluation phase on the Satu Mare Concession until 27 October 2023. The Company has agreed to the following work commitments over the term of this evaluation phase:

- Phase 1: From 28 October 2021 to 27 October 2022, the Company is required to reprocess 160.9 km 2D seismic in the Madaras area at an estimated cost of $100,000; and
- Phase 2: From 28 October 2022 to 27 October 2023, the Company is required to reprocess 30.1 km 2D seismic in the Santau-Nusfalau area at an estimated cost of $50,000.

During the year the Company successfully drilled two wells, a production well on the Moftinu gas field (Moftinu-1008) and the first exploration well on the Satu Mare concession since 2015, the Sancrai-1 exploration well. The Moftinu-1008 well, was drilled to a total depth of 1,000 metres, completed and tied into the Moftinu gas plant with an initial flow rate of 4.0 MMscf/d (approximately 667 boe/d) in February. The Sancrai-1 exploration well was originally budgeted to be drilled towards the end of 2021 but as a result of the Company's unlevered balance sheet and strong cash generation, it was able to accelerate this project and commenced drilling on 29 June 2021. Sancrai-1 was drilled to a depth of 1,600 metres and discovered gas, however the testing programme was unable to record the flow of gas in the selected zones and the well was suspended pending further technical evaluation. The technical review identified a range of potential factors preventing the flow of gas; however, it was determined that the additional capital expenditure required to re-enter the well and pursue further investigation, would be better allocated to new wells.

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, a new 105km 2D seismic acquisition programme over high-ranked prospects was executed over this area and will compliment reprocessed legacy 2D seismic and the existing Moftinu 3D data-set. The programme objective is to further de-risk the prospects, confirm their extent and potential gas volumes in place, and determine the optimal drilling locations for a near-term multi-well drilling programme expected to commence in the latter half of 2022. 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.

The first compressor was installed and commissioned onto the Moftinu-1003 gas well in November 2021. The first compressor installation occurred at the same time as the routine gas plant maintenance to minimise the impact on production. The second compressor was successfully installed and commissioned in February 2022.

The Company incorporated a new gas trading subsidiary, Serinus Energy Romania Trading S.r.l. in October 2021, which has commenced trading the Company's Romanian gas production not committed under its marketing agreement into the Romanian market. Serinus Energy Romania Trading S.r.l was created to allow our licensed gas traders to directly access the Romanian gas market and to capture the full value of gas prices in Romania through the ability to access all available types of contracts of various durations and respond accordingly to the price signals of these contracts that are not available under the formulaic-determined pricing of the marketing agreement. Gas pricing in Romania has recovered significantly since a low realised price in July 2020 of $2.77/mcf to an average realised price of $11.45/mcf for 2021, with an average realised gas price of $31.58/mcf in the fourth quarter of 2021. Gas prices on the Romanian Commodity Exchange ("BRM") remains strong over the first quarter of 2022.

Serinus has continued to operate safely and effectively in Romania throughout the period and despite local COVID-19 restrictions which have during periods of high case rates impacted the movement of goods and personnel internally and across national borders.

Subsequent to the year-end, the Company announced that the Moftinu gas project had achieved 1,000 accident-free days of continuous operation which was a testament to the professionalism and hard work of our team in Romania.

The Company has a deemed 100% working interest in the concession as its partner has defaulted on its obligations under the Joint Operating Agreement. The Company has filed a Request for Arbitration with the Secretariat of the International Court of Arbitration of the International Chamber of Commerce seeking a declaration affirming the Company's rightful claim of ownership of its defaulted partner's 40% participating interest and to compel transfer of that interest to the Company.

TUNISIA

The Company currently holds three concession areas within Tunisia. During the course of 2021 the Zinnia and the Sanrhar, non-producing concession areas, expired and were relinquished by the Company. All of the remaining Tunisian licence areas have discovered oil and gas reserves and are currently producing; Sabria, Chouech Es Saida, and Ech Chouech. The largest asset is the Sabria field. Sabria is 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. Serinus has spent extensive time studying the best means of further developing this field and considers this to be an excellent asset for remedial work to increase production and, on completion of ongoing reservoir studies, to conduct further development operations.

A major project for the operations in Tunisia in 2022 is the introduction of the first Artificial Lift programme to be implemented on the W-1 well in the Sabria field. The W-1 is a currently suspended well that was identified as a candidate to benefit from the installation of a pump. Long lead items have been ordered and the first submersible pump has been delivered. This is a significant achievement by our procurement team who have had to work hard given the effects of COVID-19 on supply chains and workplace restrictions. The Company is now awaiting the mobilization of the rig to commence the workover and pump installation in the second quarter 2022. Following this, the Company will follow a programme to install artificial lift in the remaining candidate wells in Sabria.

The Company has also accelerated the re-entry workover of the N-2 well in Sabria. 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. The Company anticipates that the N-2 well will be on-production in mid-2022.

During the year, the Company conducted further workover operations in the Chouech Es Saida area to replace and standardise pumps in order to increase production and efficiency. This was completed despite a difficult operating environment in Tunisia due to the impact of COVID-19 which, as a result of travel restrictions for extended periods, delayed our vendor’s technical personnel entering the country to work on our workover programmes. Further workovers are planned in 2022.

COVID-19

The Company continues to place the health, safety and wellbeing of all our staff as our top priority. The Company continues to follow government recommendations such as enhanced sanitation of work sites, social distancing and wearing masks. Where government advice has required, the Company has closed or reduced the presence of staff in our Head Office, Administration Office and our Business Unit Offices. Our field operations continue to modify daily tasks and routines to ensure safe practices for all staff. Existing operations have remained in production and our producing assets have seen no significant operational setbacks resulting from the COVID-19 pandemic.

SERINUS INVESTMENT THESIS

Investment in Serinus offers shareholders an ability to access international oil and gas upstream operations with strong cash flow generation through the oil and gas commodity cycle. Our low-cost onshore asset base provides significant near-term production growth opportunities. The size of the existing asset base allows for significant organic growth without incremental asset acquisition cost in areas where our technical knowledge has been refined over the years that Serinus has operated these concession areas. Serinus offers a compelling growth opportunity where risks are mitigated by our extensive experience in our operating areas and the low-cost nature of our assets. The Company's existing assets also include large exploration prospects within close proximity of existing infrastructure. The Company allocates capital to these exploration prospects which if successful can add meaningful production and cash flow to the Group.

Serinus' operations in Romania are focused on the large Satu Mare Concession Area. The Satu Mare Concession Area is located in the north west of Romania along-side the Hungarian border. This large block contains the Moftinu gas field, and the Company believes that numerous shallow gas opportunities with similar characteristics to the Moftinu field are present in the immediate surrounding area. In addition, the southern portion of the concession offers excellent exploration opportunities for large oil prospects as across the southern boundary of the Satu Mare concession is the Suplacu de Barcau oil field (held by OMV Petrom). This is a significant oilfield estimated to have produced in excess of 100 million barrels.

In Tunisia, the Company's operations are focused on the Sabria, Chouech Es Saida ("Chouech") and Ech Chouech fields. Sabria is a very large conventional oilfield where our independent reservoir engineers have accessed a field with 445 million barrels of oil equivalent originally in place. Of that number approximately 1.0% has been recovered to date. This is a very low recovery factor for a conventional oilfield and the Company expects to increase that recovery factor materially. The Chouech and Ech Chouech fields in southern Tunisia offer excellent opportunities to increase production from existing oilfields through the application of standard oilfield practices. Serinus' Tunisian assets can be typified as existing discovered and producing oilfields where field optimisation provides the path to production, revenue and cash flow growth with no exploration risk.

In addition to the strong asset base Serinus has a strong and experienced management team. Within each jurisdiction, we have local professionals managing the operations. Within the Company we have significant technical and commercial experience and are able to apply that experience across our business units.

SERINUS' STRATEGY

VISION

The Group's goal is to transform the potential of its extensive land base in Romania and Tunisia into enhanced shareholder value through the efficient allocation of capital.

STRATEGY

Serinus is focused on significant growth potential within its existing concession and license holdings in Romania and Tunisia through the development of low cost, high return projects, as follows:

1. Leverage Land Position:
   - One concession in Romania with two work commitments remaining in the current evaluation phase
   - Three exploration and production concessions in Tunisia with all work commitments completed
   - Extensive oil and natural gas exploration and development potential within multiple play horizons
2. Commitment to Shareholders:
   - Cohesive management team with a commitment to enhancing shareholder value
   - Abide by the highest thresholds of disclosure for an AIM-listed Company
   - Extensive experience and a proven track record of the allocation of shareholder capital
3. Manage Risks:
   - Managing surface and subsurface risks through constant evaluation and introduction of new technologies
   - Allocate capital to projects with attractive returns at relatively low risk profiles
   - Operator of all concessions allows for cost control
4. Focus on Growth:
   - Leverage cash flow to grow through expanded exploration and development of the existing asset base
   - Seek acquisitions that will provide synergies at a cost that is accretive to shareholders

CHAIRMAN'S LETTER

Dear shareholders,

I hope to find you in good health.

It is again my pleasure to address our valued shareholders on the achievements and challenges of the Company in 2021 and to highlight the significant activities that will help direct it onto a sustainable path of growth in 2022 and beyond. This past year saw the Company recover from the pandemic-induced difficulties it faced in 2020. The Company's successful restructuring of its legacy debt in December 2020 provided us with the ability to allocate the Company's cash flow to capital investments that can grow production and, in consequence, shareholder value.

While Covid-related disruptions continued to impact us in all our locations, particularly with respect to global logistics and the supply chain, the Company successfully drilled two wells in Romania, the Moftinu-1008 development well and Sancrai-1 exploration well. The Moftinu-1008 well was a success and began producing in March 2021, the Sancrai-1 well discovered gas but it failed to flow it to the surface. While the Sancrai-1 result was not what we were hoping for, we were able to drill this well six months ahead of schedule due to the performance of our assets and the strong commodity prices. It is important to remember that this is the first discovered gas field outside of Moftinu and validates the view that there are significant gas resources on the Satu Mare concession.

Our ability to generate significant cash flow in 2021 has continued into 2022 and has allowed the Company to initiate an intensive capital investment program for 2022, including a multi-well drilling program in Romania and the artificial lift and well workover programs in Tunisia. We expect these programs to increase the Company's production by the end of 2022. Further opportunities to invest capital and increase production exist beyond 2022.

With the anticipated production growth and expected continuing strong commodity prices in the years to come, the Company can further exploit its sizable land acreage. I have full confidence in the strategy and plans being proposed by management and the ability of our Romanian and Tunisian teams to execute and deliver for shareholders.

We are very disappointed in our share price performance over the past year, as I am sure you are as well. It defies logic as to how we saw no transfer of value to equity when we completed the debt restructuring and no response to our strong growth in cash flow. However, I firmly believe that this value will soon be recognised by investors as we firmly continue with our growth strategy this coming year and beyond. I hope all our patience is duly rewarded.

ESG is an increasingly important factor to consider in all our investment decisions. Given our historic banking arrangements we have complied with the most stringent of ESG reporting and compliance requirements for over a decade. We have continued and enhanced our monitoring programs and formalised ESG oversight through the creation of our ESG committee. Over the past year, the board and management carried out a comprehensive review of our ESG compliance outputs with the intention to enhance our already significant ESG disclosures.

In closing, I wish to pass on my sincere appreciation of the senior management team and all employees of the Company. I have witnessed first-hand the hard work they have put in over the last year, often under trying and demanding circumstances. Through their dedication and focus on excellence, the Company is positioned for significant growth that equity markets will soon be unable to ignore.

Yours sincerely,

Lukasz Rędziniak, Chairman of the Board of Directors

18 March 2021

LETTER FROM THE CEO

Dear fellow shareholders,

2021 has been a busy year for your Company. The year began on an optimistic note with the expectations of a waning pandemic and the Company newly re-energised through the redemption of debt held by the European Bank for Reconstruction and Development. 2021 also marked the first year in more than ten years where the cash flow generated by the successful developments of the Company could be fully and freely applied to future growth opportunities. A capital plan to reflect the ability to apply our operating cash flow to growth reflected that new opportunity. Key capital plans included the receipt of partner approvals and the initiation of workflows to install the first pumps into the Sabria field in Tunisia. The drilling of another production well in Romania and the drilling of the Company's first exploration well since 2015, the Sancrai-1 well in Romania.

Critical to the execution of these plans was the Company's goal of matching its operational and capital spending with its operating cash flow generation. As the year progressed and commodity prices strengthened, especially in Romania where gas prices reached record highs, the Company was able to accelerate its capital plans. Most critically the plans to drill the Sancrai-1 well were accelerated by approximately six months and drilling commenced on this target in July of 2021. The Sancrai-1 well was drilled on time and under budget. The well discovered gas but disappointingly the Company has not been able to get the discovered gas to flow to surface. This is clearly not the result that was desired, but it is important to recognise that the Sancrai-1 well is by no means a failure. The well discovered gas. This is the first gas discovered outside of the Moftinu gas field and validates our view that there are many gas fields surrounding Moftinu. The Company sought to determine why the well would not flow and whilst there are many plausible technical explanations no one explanation was certain, and this meant that further work on the well was not certain to resolve the issues. The decision was made to keep the well suspended for potential re-entry in the future and continue to explore our extensive and attractive prospect inventory.

Whilst the operating cash flow allowed the acceleration of capital plans the Company continued to be impacted by the effects of the Covid pandemic on global supply chains. In the planning of any project, it is imperative to identify and manage the procurement of long lead items which act as gating items to the execution of the programme. This has been increasingly difficult as supply chains around the world became disrupted. Critically, for example, items that would normally have taken four weeks to procure began to have procurement times of many months. Equally the approvals of the results of tendering were drawn out as the pandemic affected the ability of procurement and tendering audits to occur in person. The effect of these disruptions meant that the pumps for the W1 well in Sabria were delayed from the fourth quarter of 2021 to the first quarter of 2022.

It has been frustrating to have the Company move to a position where it is free to allocate its operating cash flow to its growth projects only to have procurement, partner approvals and supply chain issues delay these projects, but it has been encouraging to see the dynamism of our teams as they have implemented creative solutions to solve the issues caused by these unprecedented operating hurdles. As an example, our Tunisian teams have cut the procurement time for a tubing hanger in half by working with our Romanian colleagues and using the facilities and relationships in Romanian to expedite the procurement process.

In the face of a challenging year, Serinus has advanced the business. This year marks the first full year of positive earnings in the Company's history. The Company is generating strong cash flow, has a deep portfolio of exploration and development opportunities, and is excited for the future.

In closing I would like to thank our shareholders for their continued support. Serinus looks forward to growing the business by investing prudently in our high return projects.

Yours sincerely,

Jeffery Auld, Chief Executive Officer

18 March 2021

LIQUIDITY, DEBT AND CAPITAL RESOURCES

During the year the Company invested a total of $10.7 million (2020 - $5.5 million) on capital expenditures before working capital adjustments. In Romania, the Group invested $9.5 million (2020 - $4.2 million) on the drilling, completion and tie-in of the Moftinu-1008 well and the drilling and completing of the Sancrai-1 exploration well. In Tunisia, the Company invested $1.2 million (2020 - $1.3 million) completing workovers on wells to enhance production.

The Company's funds from operations for the year ended 31 December 2021 were $10.2 million (2020 - $7.3 million). Including changes in non-cash working capital, the cash flow generated from operating activities in 2021 was $14.1 million (2020 – $6.8 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)	Year ended 31 December	
Working Capital	**2021**	**2020**
Current assets	**17,625**	16,037
Current liabilities	**16,994**	22,236
Working Capital (deficit)	**631**	(6,199)

The working capital at 31 December 2021 was $0.6 million (2020 – deficit of $6.2 million). The increase in working capital is primarily a result of strong cash flows and the release of provisions relating to historic liabilities.

Current assets as at 31 December 2021 were $17.6 million (31 December 2020 - $16.0 million), an increase of $1.6 million. Current assets consist of:

- Cash and cash equivalents of $8.4 million (2020 - $6.0 million).
- Restricted cash of $1.1 million (2020 - $1.2 million).
- Trade and other receivables of $7.4 million (2020 - $8.9 million).
- Product inventory of $0.7 million (2020 - $nil)

Current liabilities as at 31 December 2021 were $17.0 million (2020 – $22.2 million), a decrease of $5.2 million. Current liabilities consist of:

- Accounts payable and accrued liabilities of $9.7 million (2020 - $14.3 million).
- Decommissioning provision of $6.6 million (2020 - $7.1 million).
  - Brunei - $1.6 million (2020 - $1.8 million).
  - Canada - $1.0 million (2020 - $1.0 million) which are offset by restricted cash in the amount of $1.1 million (2020 - $1.2 million) in current assets.
  - Romania - $0.3 million (2020 - $0.6 million).
  - Tunisia - $3.7 million (2020 - $3.7 million).
- Income taxes payable of $0.5 million (2020- $0.6 million).
- Current portion of lease obligations of $0.2 million (2020 - $0.2 million).

NON-CURRENT ASSETS

Property, plant and equipment ("PPE") decreased to $71.7 million (2020 - $77.8 million), primarily due to depletion expense of $10.1 million, which was partially offset by capital expenditures in PPE of $5.8 million. Exploration and evaluation assets ("E&E") increased to $4.9 million (2020 - $0.01 million), primarily due to expenditures incurred on the Sancrai-1 well.

FINANCIAL REVIEW – YEAR ENDED 31 DECEMBER 2021

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:

	Year ended 31 December	
($000)	**2021**	**2020**
Cash flow from operations	**14,099**	6,781
Changes in non-cash working capital	**(3,866)**	536
Funds from operations	**10,233**	7,317
Funds from operations per share	**0.01**	0.03

Romania generated funds from operations of $10.9 million (2020 – $10.7 million) and Tunisia generated $3.9 million (2020 - $0.5 million). Funds used at the Corporate level were $4.6 million (2020 - $3.9 million) resulting in a net funds from operations of $10.2 million (2020 – $7.3 million).

PRODUCTION

Year ended 31 December 2021	Tunisia	Romania	Group	%
Crude oil (bbl/d)	471	-	471	28%
Natural gas (Mcf/d)	597	6,419	7,016	71%
Condensate (bbl/d)	-	9	9	1%
Total (boe/d)	571	1,078	1,649	100%

Year ended 31 December 2020				
Crude oil (bbl/d)	443	-	443	19%
Natural gas (Mcf/d)	654	10,643	11,297	80%
Condensate (bbl/d)	-	14	14	1%
Total (boe/d)	552	1,788	2,340	100%

During the year, production volumes decreased 691 boe/d (29%) to 1,649 boe/d (2020 – 2,340 boe/d). The Company's production volume reduced through natural well declines as well as COVID-related workover delays.

Romania's production volumes decreased by 710 boe/d (40%) to 1,078 boe/d (2020 – 1,788 boe/d). The introduction of the first compressor onto the Moftinu gas field in the fourth quarter is expected to stabilise production and, together with further compressors to be introduced, extend the life of the field.

Tunisia's production volume increased by 19 boe/d (3%) to 571 (2019 – 552 boe/d). The Company completed workovers on the Chouech field during the year, despite COVID-related delays and is underway with the first Artificial Lift programme which will be implemented on the W-1 well in the Sabria field. The first submersible pump has been delivered to the field and the Company is awaiting the rig to be mobilized to commence with the well workover and pump installation.

OIL AND GAS REVENUE

($000) Year ended 31 December 2021	Tunisia	Romania	Group	%
Oil revenue	10,984	-	10,984	27%
Gas revenue	1,993	26,809	28,802	72%
Condensate revenue	-	198	198	1%
Total revenue	12,977	27,007	39,984	100%

Year ended 31 December 2020				
Oil revenue	5,762	-	5,762	24%
Gas revenue	1,361	16,740	18,101	75%
Condensate revenue	-	167	167	1%
Total revenue	7,123	16,907	24,030	100%

REALISED PRICE[1]

Year ended 31 December 2021	Tunisia	Romania	Group
Oil ($/bbl)	65.19	-	65.19
Gas ($/Mcf)	9.18	11.45	11.25
Condensate ($/bbl)	-	59.75	59.75
Average realised price ($/boe)	63.40	68.61	66.82

Year ended 31 December 2020			
Oil ($/bbl)	35.56	-	35.56
Gas ($/Mcf)	5.68	4.30	4.38
Condensate ($/bbl)	-	32.85	32.85
Average realised price ($/boe)	35.28	25.84	28.06

Revenue during the year increased to $40.0 million (2020 – $24.0 million) as the Group saw the average realised price increase by $38.76/boe (138%) to $66.82/boe (2020 - $28.06/boe).

The Group's average realised oil price increased by $29.63/bbl (83%) to $65.19/bbl (2020 – $35.56/bbl), and average realised natural gas prices increased by $6.87/Mcf (157%) to $11.25/Mcf (2020 - $4.38/Mcf). Pricing remains strong with the December average realised gas price in Romania at $35.59/Mcf and the December realised oil prices in Tunisia at $74.27/bbl.

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 is sold to the international market through periodic liftings. In 2021, the Group completed four liftings (2020 – two liftings).

ROYALTIES

	Year ended 31 December	
($000)	2021	2020
Tunisia	**1,715**	844
Romania	**1,605**	960
Total	**3,320**	1,804
Total ($/boe)	**5.55**	2.11
Tunisia (% of revenue)	**13.2%**	11.9%
Romania (% of revenue)	**5.9%**	5.7%
Total (% of revenue)	**8.3%**	7.5%

Royalties increased for the full year to $3.3 million (2020 - $1.8 million) while the Group's average royalty rate increased to 8.3% (2020 – 7.5%). The Romanian royalty rate increased as a result of the royalty reference price exceeding the realised price, compared to the comparative period when the realised price exceeded the reference price; this was partially offset by the statutory royalty rate decreasing to 3.5% in the fourth quarter of 2021 due to lower production. Within the Tunisian royalties is a historic penalty for delayed gas royalty payments of $0.1 million (2020 - $nil).

In Romania, the Company incurred a royalty rate of 7.5% for gas revenues and a rate of 3.5% for condensate during the first three quarters of 2021; in the fourth quarter royalties on gas revenues decreased to 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 a quarter. Natural gas royalty rates range from 3.5% to 13.0% and condensate royalty rates 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 2021, the royalty rate remained unchanged in Sabria at 10% for oil and 8% for gas. Chouech and Ech Chouech royalty rates are flat at 15% for both oil and gas.

[1] For the year ended 31 December 2021, Tunisia realised oil prices are calculated using oil sales volumes of 461 bbl/d (2020 – 443 bbl/d). As at 31 December 2021 there were 12,229 bbls of oil in inventory (2020 – nil).

PRODUCTION EXPENSES

($000)	2021	2020
	Year ended 31 December	
Tunisia	**5,174**	4,520
Romania	**4,748**	3,706
Canada	**44**	54
Group	**9,976**	8,280
Tunisia production expense ($/boe)	**25.26**	22.33
Romania production expense ($/boe)	**12.09**	5.67
Total production expense ($/boe)	**16.67**	9.67

During the year production expenses increased by $1.7 million (20%) to $10.0 million (2020 - $8.3 million), being an increase of $7.00/boe (73%) to $16.67 (2020 - $9.67). The increase in costs is the result of additional workovers being completed in Tunisia and $0.3 million (2020 - $nil) of historic mining taxes related to Sanrhar and Zinnia. On a per barrel basis, the increase is due to lower comparative production.

Tunisia's production expenses increased by $0.7 million (16%), to $5.2 million (2020 - $4.5 million), being an increase of $2.93/boe (13%) to $25.26/boe (2020 - $22.33/boe). The increase is due to the workover programs and included historic mining taxes of $0.3 million related to Sanrhar and Zinnia.

Romania's overall operating costs increased by $1.0 million (28%) to $4.7 million (2020 – $3.7 million), being an increase of $6.42/boe (113%) to $12.09/boe (2020 - $5.67/boe) during the year. The change in production costs are the result of operating additional wells and additional workovers in the current year. The Company continues to focus on cost control measures within 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)	Tunisia	Romania	Group
	Year ended 31 December 2021		
Sales volume (boe/d)	561	1,078	1,639
Realised price	63.40	68.61	66.82
Royalties	(8.37)	(4.08)	(5.55)
Production expense	(25.26)	(12.09)	(16.67)
Operating netback	29.77	52.44	44.60

($/boe)	Tunisia	Romania	Group
	Year ended 31 December 2020		
Sales volume (boe/d)	552	1,788	2,340
Realised price	35.28	25.84	28.06
Royalties	(4.17)	(1.47)	(2.11)
Production expense	(22.33)	(5.67)	(9.67)
Operating netback	8.78	18.70	16.28

The Group operating netback increased by $28.32/boe (174%) to $44.60/boe (2020 - $16.28/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 $7.2 million (2020 – gross loss of $2.8 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 AMORTISATION ("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 12 months ended 31 December, the Group's EBITDA increased by $5.7 million to $12.3 million (2020 - $6.6 million).

WINDFALL TAX

($000)	2021	2020
	Year ended 31 December	
Windfall tax	**9,432**	1,486
Windfall tax ($/Mcf - Romania gas)	**3.99**	0.38
Windfall tax ($/boe - Romania gas)	**23.96**	2.29

During 2021, the Group incurred windfall taxes in Romania of $9.4 million (2020 - $1.5 million). This increase is directly related to higher realised gas prices which increased from $4.30/Mcf in 2020 to $11.45/Mcf in 2021.

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

($000)	2021	2020
	Year ended 31 December	
Tunisia	**3,256**	2,912
Romania	**6,650**	11,739
Corporate	**149**	644
Total	**10,055**	15,295
Tunisia ($/boe)	**15.89**	14.39
Romania ($/boe)	**16.89**	17.95
Total ($/boe)	**16.80**	17.86

Depletion and depreciation expense decreased by $5.2 million (34%) to $10.1 million (2020 - $15.3 million), being a decrease of $1.06/boe (5%) to $16.80/boe (2020 - $17.86/boe). The decrease is primarily due to a lower depletable base on the Group's assets and lower production during the year.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

	Year ended 31 December	
($000)	2021	2020
G&A expense	**4,479**	3,944
G&A expense ($/boe)	**7.47**	4.61

G&A costs increased during the year by $0.6 million (14%) to $4.5 million (2020 - $3.9 million), being an increase of $2.86/boe (62%) to $7.47/boe (2020 - $4.61/boe), due to higher compliance expenses and the impact of foreign exchange rates in the current year.

SHARE-BASED PAYMENT

	Year ended 31 December	
($000)	2021	2020
Share-based payment	**213**	1,418
Share-based payment ($/boe)	**0.36**	1.66

Share-based compensation decreased by $1.2 million or 85% to $0.2 million (2020 – $1.4 million). This decrease is due to only 1.8 million share options being granted in the current year. In 2020, the Group awarded 22.5 million ordinary shares under the Long-Term Incentive Plan ("LTIP") and a further 22.4 million share options as well as shares issued in lieu of salary as part of the Group's cost savings initiatives in response to the uncertainties created by the COVID-19 pandemic and collapse in commodity prices during that period.

NET FINANCE EXPENSE

	Year ended 31 December	
($000)	2021	2020
Interest expense on long-term debt	-	2,890
AmortizationAmortisation of debt costs	-	83
AmortizationAmortisation of debt	-	249
modification	**53**	88
Interest on leases	**377**	460
Accretion on decommissioning provision	**14**	37
Foreign exchange and other		
	444	3,807

Net finance expense for 2021 decreased by $3.4 million (88%) to $0.4 million (2020 – $3.8 million). This decrease is a result of extinguishing the European Bank for Reconstruction and Development ("EBRD") Convertible Loan in December 2020 and the Company becoming debt-free. Accretion on decommissioning provision also decreased by $0.1 million due to foreign exchange differences

RELEASE OF PROVISION

Year ended 31 December	2021	2020
Release of provision	6,636	1,905

In 2021, the Company reversed a provision of $6.0 million related to an exploration penalty due to the passage of statute of limitations. Management deemed that a previously uncollectable VAT receivable of $0.6 million, as collectible due to changing circumstances during the year.

The release of provision in 2020 was the elimination of a long-standing disputed payable for $1.9 million related to drilling costs on Block L in Brunei, which has passed the relevant statute of limitation period

IMPAIRMENT

At 31 December 2021, the Company completed an impairment assessment on its PP&E to determine if there were any indicators of impairment or impairment reversals. In South Tunisia and Sabria, no indicators of impairment or impairment reversals were identified. In Moftinu, the Company determined that there was an indicator of impairment, and an impairment test was conducted on the Moftinu cash generating unit ("CGU"). No impairment was recorded following the completion of the impairment test.

At 30 June 2020, due to the COVID-19 pandemic, the Company was faced with a commodity price collapse that resulted in the Company testing for impairment. At 30 June 2020, the Company recorded an impairment expense on both operating assets totalling $9.6 million (Romania $6.2 million and Tunisia $3.4 million). In the second half of 2020, commodity prices began to recover to pre COVID-19 levels.

At 31 December 2020, the preliminary costs spent on a seismic program in Romania, which was cancelled due to the COVID-19 pandemic, were impaired and $0.7 million was recorded as additional impairment at 31 December 2020.

TAXATION

During the year ended 31 December 2021 income tax expense was $0.4 million (31 December 2020 - $0.8 million). The change in income tax expense is due to the recovery of tax basis in Tunisia during the year.

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 Romanian business unit has a functional currency in Romanian Leu which has realised a fluctuation of approximately 9% from 0.252 to 0.229 USD:RON. The revaluation of the balance sheet to the year-end rate resulted in a $2.5 million loss through other comprehensive income (loss).

GOING CONCERN

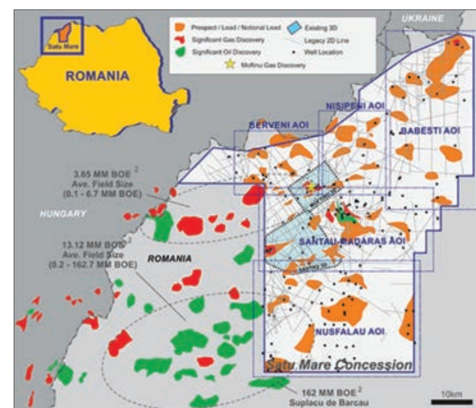
The Directors have considered the going concern of the Group and are satisfied that the Group has sufficient resources to operate and to meet its commitments in the normal course of business for not less than 12 months from the date of these consolidated financial statements. On that basis, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

As at 28 February 2022, the Group had cash balances of $6.4 million.

Andrew Fairclough, Chief Financial Officer

18 March 2021

ROMANIA



- Satu Mare Block – 2,949 km² of onshore land.
- Located within the Pannonian Basin (Hajdusag sub-Basin) on trend with discovered and producing oil and gas fields and close to infrastructure.
- Multiple play types that have produced or are producing along the same trend, including shallow amplitude-supported gas reservoirs; conventional siliciclastic oil reservoirs; and fractured-basement oil and gas reservoirs.
- Serinus operates with a 100% deemed working interest which is owned and operated through the wholly owned subsidiary Serinus Energy Romania S.A. The Company has completed all of its commitments under the third exploration phase of the Satu Mare Concession Agreement, and in October 2021, received an additional two-year evaluation phase on the Satu Mare Concession until 27 October 2023. The Company has agreed to the following work commitments over the term of this evaluation phase:
  - Phase 1: From 28 October 2021 to 27 October 2022, the Company is required to reprocess 160.9 km 2D seismic in the Madaras area at an estimated cost of $100,000; and
  - Phase 2: From 28 October 2022 to 27 October 2023, the Company is required to reprocess 30.1 km 2D seismic in the Santau-Nusfalau area at an estimated cost of $50,000.

SATU MARE CONCESSION – HISTORY

- Serinus farmed-in to the Satu Mare Concession in 2008 and earned 60% working interest by funding 100% of work commitments for Exploration Phases 1 and 2.
- The Company has a deemed 100% working interest in the concession as its partner has defaulted on its obligations under the Joint Operating Agreement. The Company has filed a Request for Arbitration with the Secretariat of the International Court of Arbitration of the International Chamber of Commerce seeking a declaration affirming the Company's rightful claim of ownership of its defaulted partners' 40% participating interest and to compel transfer of that interest to the Company.
- Serinus has completed all the phase 1 and 2 work commitments, as follows:
  - Acquired two 3D seismic surveys covering a total of 260 km² (80 km² Moftinu & 180 km² Santau Surveys).
  - Drilled four wells resulting in Moftinu gas discovery (Madaras-109, Moftinu 1000, 1001 & 1002bis wells).
- Completion of Phase 2 entitled Serinus to enter Exploration Phase 3.
- The Phase 3 work program included the following commitments:
  - To drill two wells: one well to a depth of 1,000m and one well to a depth of 1,600m.
    - Serinus drilled Moftinu-1007 (a re-drill of Moftinu-1001) and Moftinu-1003 (1600m).
  - Renegotiated commitment - to drill two exploration wells: one well to a depth of 1,000m and one well to a depth of 1,600m. These wells replaced the previous commitment of 120 km2 of 3D seismic.
    - The Moftinu-1008 well was drilled in February 2021 and will qualify as the 1,000m commitment well.
- The Company has completed all of its commitments under the third exploration phase of the Satu Mare Concession Agreement, and in October 2021, received an additional two-year evaluation phase on the Satu Mare Concession until 27 October 2023. The Company has agreed to the following work commitments over the term of this evaluation phase:
  - Phase 1: From 28 October 2021 to 27 October 2022, the Company is required to reprocess 160.9 km 2D seismic in the Madaras area at an estimated cost of $100,000; and
  - Phase 2: From 28 October 2022 to 27 October 2023, the Company is required to reprocess 30.1 km 2D seismic in the Santau-Nusfalau area at an estimated cost of $50,000.

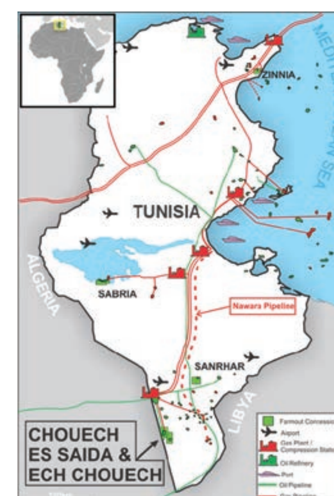
Serinus generated the first gas production in the region in April 2019, after the successful completion of the Moftinu Gas Plant. The Moftinu Gas Project is the development of the shallow (800-1,000m), multi-zone Moftinu gas field. The field has relatively low drilling and completion costs, with strong initial well production rates. Serinus also built a three-kilometre sales line that ties-in the Moftinu Gas Plant into the Transgaz pipeline, Abramut. The infrastructure created by Serinus in the Satu Mare area represents a very important addition and investment which has established the Group as one of the most significant investors in the area.

The Moftinu gas plant was designed at a capacity of 15 MMscf/d and can accommodate up to six flowlines. During 2021, production was predominantly comprised from four wells (Moftinu-1003, Moftinu-1004, Moftinu-1007, and Moftinu-1008) and averaged 6.4 MMscf/d (2020 – 10.6 MMscf/d). The Company continues to explore future drilling locations both within the existing field of Moftinu, and throughout the rest of the Satu Mare concession. The Company believes there are similar shallow gas fields to the Moftinu gas field, providing Serinus with additional low-cost shallow gas reserves to tie into the gas plant. The Group drilled two wells in 2021, Moftinu-1008 in Q1 2021 within the Moftinu gas field, and a prospect well in Sancrai in the second half of 2021.

Subsequent to the year-end, the Company has completed a 105 km 2D seismic acquisition programme. The programme objective is to further de-risk the prospects, confirm their extent and potential gas volumes in place, and determine the optimal drilling locations for a near-term multi-well drilling programme expected to commence in the latter half of 2022.

TUNISIA

The Group currently holds three Tunisia concessions, each of which currently produces oil and gas (Sabria, Chouech and Ech Chouech). This production has been sustained with a low-cost, low-risk development program, but has significant growth opportunities over the medium to long-term. The Group has no outstanding work commitments.



License	Serinus Working Interest	Approximate Gross Area (acres)	Expiry
Sabria	45% (ETAP 55%)	26,196	November 2028
Chouech Es Saida	100%	42,526	December 2027
Ech Chouech	100%	35,139	June 2022
Sanrhar	100%	36,879	Relinquished 2021
Zinnia	100%	17,471	Relinquished 2021

The Company has previously held the non-producing Zinnia and Sanrhar concessions, but these were relinquished in 2021.

Sabria

- Produced over 6.7 million boe (gross) to date.
- Large Ordovician light oil field with stable production from its large reserve base and long reserves life index.
- The Ordovician reservoir at Sabria contains 445 million bbl OIIP (P50), into which only eight wells (12 including re-entries) have been drilled. The reservoir comprises a large stratigraphic trap with a continuous oil column that spans the Upper Hamra, Lower Hamra and the El Atchane formations.
- The Group has received delivery of the first artificial lift pump for the W-1 well in the Sabria field. The Company is now awaiting the mobilization of the rig to commence the workover and pump installation. Plans for additional pumps in the Sabria field are being progressed.

Chouech Es Saida

- Produced over 3.8 million boe to date from the TAGI Formation in the Triassic reservoir.
- The deeper Silurian Acacus Sands and the Tannezuft fan, which have been penetrated successfully and produced hydrocarbons from two wells in the concession, hold enormous growth potential for Serinus. The Silurian Acacus sands, which are hydrocarbon-charged in the Chouech block, are emerging in Southern Tunisia as a major new oil, condensate and gas play with exploration success rates of nearly 100%.
- The Company conducted workover operations in the Chouech Es Saida wells in 2021 to replace and standardise pumps in order to increase production and efficiency.

Ech Chouech

- Produced oil intermittently from the TAGI formation, dating back to the discovery of the field in 1970.
- Adjacent to the Chouech block, the concession similarly carries significant upside potential in Silurian exploration targets that are not yet drilled but are defined on 3D seismic (acquired in 2008).
- The Group is looking to install artificial lift in the well in 2022.

RESERVES[2]

COMPANY GROSS 1P & 2P RESERVES – USING FORECAST PRICES

	2021			2020			
	Oil & Liquids (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Oil & Liquids** (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Change**
Tunisia							
Proved (1P)	2,840	5,670	3,785	3,510	6,220	4,547	(17%)
Probable	2,810	7,030	3,982	2,150	7,390	3,381	18%
Proved & Probable (2P)	5,650	12,700	7,767	5,660	13,610	7,928	(2%)
Romania							
Proved (1P)	4	3,110	522	16	7,650	1,291	(60%)
Probable	6	1,990	338	5	2,460	415	(19%)
Proved & Probable (2P)	10	5,100	860	21	10,110	1,706	(50%)
Group							
Proved (1P)	2,844	8,780	4,307	3,526	13,870	5,838	(26%)
Probable	2,816	9,020	4,320	2,155	9,850	3,796	14%
Proved & Probable (2P)	5,660	17,800	8,627	5,681	23,720	9,634	(10%)

The downward revision in Group reserves was attributable to 2021 production and a reduction in reserve volumes in Romania associated with water encroachment in the A1 zone.

NET PRESENT VALUE OF FUTURE NET REVENUES – AFTER TAX, USING FORECAST PRICING

	2021			2020			
	Discount rates						
(US$ millions)	**0%**	**10%**	**15%**	**0%**	**10%**	**15%**	**PV10% Change**
Tunisia							
Proved (1P)	54.3	28.9	27.1	62.2	26.7	18.3	8%
Probable	69.9	42.2	30.1	57.2	29.5	23.7	43%
Proved & Probable (2P)	124.2	71.1	57.2	119.4	56.2	42.0	27%
Romania							
Proved (1P)	10.3	10.2	10.0	13.4	12.0	11.4	(15%)
Probable	9.0	7.9	7.5	6.5	5.4	5.0	47%
Proved & Probable (2P)	19.3	18.1	17.5	19.9	17.4	16.4	4%
Group							
Proved (1P)	64.6	39.1	37.1	75.6	38.7	29.7	1%
Probable	78.8	50.1	37.6	63.7	34.9	28.7	44%
Proved & Probable (2P)	143.4	89.2	74.7	139.3	73.6	58.4	21%

The Group's net present values at 10% increased by 1% for 1P reserves, whilst the 2P reserves increased by 21%.

[2] Source: 2021 and 2020 results from Gaffney Cline & Associates Limited Reserves audit at 31 December 2021 and 31 December 2020, respectively.

CONTINGENT RESOURCES

The Tunisian contingent resources are related to two further potential development wells. Currently the specific contingency which would convert these contingent resources to reserves is the Company committing to the development program and setting out a development plan.

The Romanian contingent resources consist of the resources in two specific reservoir sand layers which are expected to be recovered from existing wells but which will require additional completion work or future recompletion prior to the start of production. The specific contingency which would convert these resources to reserves is the Group's decision to recomplete the producing wells to access recovery of the gas resources from these sands, which is forecast to occur once production from the current producing sands have become depleted.

COMPANY GROSS UNRISKED CONTINGENT RESOURCES – USING FORECAST PRICES

	2021			2020			
	Oil & Liquids (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Oil & Liquids** (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Change**
Tunisia							
1C Contingent Resources	400	1,000	567	400	1,000	567	0%
2C Contingent Resources	1,000	2,900	1,483	1,000	2,900	1,483	0%
3C Contingent Resources	1,900	5,300	2,783	1,900	5,300	2,783	0%
Romania							
1C Contingent Resources	-	2,500	417	-	2,500	417	0%
2C Contingent Resources	-	4,300	717	-	4,300	717	0%
3C Contingent Resources	-	7,000	1,167	-	7,000	1,167	0%
Group							
1C Contingent Resources	400	3,500	984	400	3,500	984	0%
2C Contingent Resources	1,000	7,200	2,200	1,000	7,200	2,200	0%
3C Contingent Resources	1,900	12,300	3,950	1,900	12,300	3,950	0%

PRICE FORECASTS

The commodity price forecast used in preparing the evaluation of the 2021 reserves and resources is as follows:

Year	**Brent** (US$/bbl)	**Sabria Gas** (US$/Mcf)	**South Tunisia Gas** (US$/Mcf)	**Romania Gas** (US$/Mcf)
2022	75.92	9.49	8.35	20.35
2023	71.00	8.88	7.81	11.60
2024	70.00	8.75	7.70	8.99
2025	71.40	8.93	7.85	8.28
2026	72.82	9.10	8.01	8.45
2027[3]	74.27	9.29	8.17	8.61

[3] +2% inflation per year on commodity prices for 2028 and beyond

ta cr om

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Serinus is an oil and gas exploration, development and production company whose strategic purpose is to develop and produce natural resources. These business activities provide the energy essential to many of the processes and materials that support our daily lives but ultimately contribute to many of the environmental issues which are of concern to us today and in the future.

Climate change is an increasingly prominent issue, both globally and for our industry. The majority of our production is natural gas which we view as a transition fuel towards a low-carbon economy. Our gas production is primarily utilised in the generation of electricity and as such displaces coal in that energy mix. In all net-zero carbon scenarios oil and gas will remain essential elements of energy supplies for decades to come, our role in this process is to deliver our operations as cleanly and efficiently as possible.

Whilst extractive industries are essential to our modern way of life we are strongly aware of the wider range of responsibilities that industries such as ours have. In addition to the management and protection of the environment in those countries in which we operate we also have a clear responsibility to the welfare and the safety of our employees, our investors and stakeholders, local communities that may be impacted by our business, host governments and all of our business partners.

The COVID-19 pandemic reminds us that risk management needs to be dynamic and able to adapt to new threats and the Group quickly implemented stringent and effective protocols to protect our workforce from the risk of infection across all of its offices and operations, which included, amongst other measures, testing, on-site care and support, amended shift patterns and alternate working days. Safety of our staff and contractors remains a key concern.

Therefore, a long-term goal of the Group is to be a positive influence in the regions in which we operate through good corporate stewardship of our assets, our people and their communities. It is a key component of the ethos of Serinus that we maintain responsible and sustainable development while adhering to the highest operating standards and financial discipline. We carry out our operations in full compliance with relevant regulations and comply with all safety and environmental requirements and aim to conduct our business in an environmentally responsible manner. The Group has established an Environmental, Social and Governance ("ESG") Committee, led by the Chief Executive Officer, supported by other key personnel, and overseen by the Board, which reviews the policies and metrics under which we operate and measure ourselves and also evaluates the environmental framework being adopted and recommended, such as that of the Taskforce on Climate-Related Financial Disclosure ("TCFD"), in order to determine how we may best comply with these evolving disclosures.

Whilst the TCFD is currently voluntary for smaller companies, we are applying governance, risk management and strategy processes to manage climate-related financial risks and develop this within our ESG strategy and integrate into the corporate strategy, growth plans, capital allocation, operations and executive management key performance indicators.

The Sustainable Development Goals ("SDGs") as set out by the United Nations, particularly SDG 13 (Climate Action), are often referenced as reporting criteria for many energy companies. Serinus will continually evaluate at the Board level, through our ESG Committee, how this may be incorporated into our ESG reporting in an appropriate and relevant manner in the future.

ENVIRONMENT

Serinus has existing concession and licence holdings in Romania and Tunisia. Both asset portfolios cover extensive acreage but in vastly different topographic settings with the Satu Mare licence covering 2,949 km^2 in the north-west of Romania, across primarily agricultural farmland, while the three Tunisian concessions are located in the north, central and southern regions of the country in both remote desert and populated, agricultural environments.

Serinus' goal is to manage the distinct local environmental requirements of its operations in full compliance with the relevant regulations and to reduce our carbon footprint by minimising emissions and waste and mitigate the potential impact of our operations on the environment.

ROMANIA

Serinus Energy Romania S.A. has continued to present an excellent HSE track record through 2021, with a zero-frequency rate (per one million man hours worked) for Total Recordable Injuries across all sites (2020 - zero for Serinus Romania employees) and in January 2022, the Moftinu Gas Plant reached 1,000 accident-free days of continuous operation. There have been no spills or environmental incidents at the Moftinu Gas Plant since its commissioning in 2019. Serinus Romania

has maintained full compliance with all of its regulatory and environmental obligations.

Serinus Energy Romania S.A. completed its annual certification inspection and is certified for ISO 14001:2015 (Environmental Management Systems) and ISO 9001:2015 (Quality Management).

Romanian operations currently produce gas through the Moftinu Gas Plant which was brought onstream in April 2019 and is currently supplied by four producing gas wells. The Moftinu-1004 well was drilled and brought into production in February 2020, and the most recent well, Moftinu-1008, was completed in February 2021. The process to plan and permit the drilling of these wells involved extensive engagement with a wide range of stakeholders from local landowners, regional agencies and national regulators. This process included gaining permission from each local landowner impacted by the drilling location; receiving local environmental permits which required environmental impact studies and a Natura 2000 study to assess the impact on local environmental protection zones (Natura 2000 is a network of protected habitats across the European Union); an archaeological assessment and studies to ensure the preservation of the local area; agricultural approvals, which required soil sampling before and after operations to demonstrate the absence of soil contamination; the development and approval of a flaring strategy; and regulatory permits from local and national authorities. There were no incidents of spillage or pollution at the Moftinu Gas Plant in 2021 (no incidents in 2020).

During 2021, energy use from grid electricity at the Moftinu Gas Plant was 314 MWh, 0.042% of the annual production of 749.980 MWh, compared with 254 MWh in 2020, which was 0.021% of that year's annual production of 1,223,200 MWh. A trial project to install solar panels to provide electricity to power water pumps for the firefighting system and provide fresh water for the accommodation units was completed during the year and produced 2.7 MWh of electricity to date, offsetting the equivalent of 5,761 kg of CO^2 emissions. This coming year, the intent is to utilise further available space within the Moftinu Gas Plant and install additional solar panels to increase the contribution of solar generated electricity. The aim is to install sufficient numbers of solar panels so as to generate up to 70% of the gas plant's electricity consumption, during the summer months.

In 2021, 9.6 MMscf of gas was flared from the four wells in production, being less than 0.4% of annual production, and equivalent to flared gas of 0.20 MMscf per month per being 14.3% lower on a month per well basis than in 2020 when 8.4 MMscf of gas flared from three wells in production, being the equivalent to flared gas of 0.23 MMscf per month per well. 3,292 m^3 of produced water was generated from the four wells in 2021, compared with 736 m3 of produced water from three wells during 2020.

Flue gas emissions tests are performed annually, in accordance with the requirements specified in the environmental permit. The most recent test was undertaken in September 2021 which monitored an average CO2 emission level of 2.04% of total flue gas.

A Fugitive Emissions Monitoring Report was undertaken by a European accredited emission monitoring and pipeline integrity organisation, The Sniffers (www.the-sniffers.com), for the Moftinu Gas Plant in February 2021. The company collected data and presented its report in accordance with the Environmental Protection Agency of the United States ("US EPA") "Method 21" EPA-453/R-95-017. The Sniffers has been accredited ISO 17025 by BELAC (the Belgian accreditation body) on 17 December 2017 for the Method: "EPA 21 Protocol for equipment leak emission estimates, 1995, EPA-453/R-95-017". All data and calculations were generated by proprietary software designed by The Sniffers called Sniffers Full Emission Management Platform "SFEMP". Measured parts per million values are converted to emission loss (kg/year). These calculations are based on US EPA "Correlation factors for Petroleum Industry". This method uses conversion factors depending on the source type and the measured value. The monitoring exercise completed a Leak Detection and Repair programme through which it identified a total of 2,468 potential emission sources, of which 26 were not accessible (a source of emission that cannot be measured as it cannot be reached physically or safely without additional tools and is recalculated to be representative of all sources) and 2,442 were accessible.

Of the 2,442 accessible potential emission sources identified, there were only eight registered leaks, being 0.33% of accessible sources and resulted in an emission loss of 275 kg/year. One leak was detected above the Repair Definition threshold (the threshold concentration indicating obligatory repair of leaking sources which under the US EPA definition is 10,000 parts per million volume), amounting to 264 kg/year. The report concluded that a successful repair of the leak above Repair Definition could reduce the emission loss by 264 kg/year, equating to 69.96% of the total emission. The leak has been repaired.

TUNISIA

Serinus Tunisia B.V. maintained a strong HSE track record through 2021, with a zero-frequency rate (per one million man hours worked) for Total Recordable Injuries across all sites (2020 – zero for Serinus Tunisia employees). There were no environmental incidents at Sabria and six minor incidents at Chouech which were addressed and repaired. Serinus Tunisia has maintained full compliance with all of its regulatory and environmental obligations.

Environmental monitoring has been undertaken across all of our Tunisian fields since 2014 in compliance with legal requirements and the Company's responsibilities to the local environment. The annual environmental report for 2020 was submitted to the Agence Nationale de Protection de l'Environnement ("ANPE") in June 2021 and the report for 2021 will be filed during 2022, as required.

During 2021, annual environmental monitoring was undertaken by Le Centre Mediterraneen d'Analyses ("CMA") at the Sabria and Chouech fields, assessing: air emissions from stacks at both fields; air quality monitoring; groundwater monitoring; produced water; fresh water; soil sampling and noise pollution.

Stack air emission analysis and air quality monitoring was conducted at Sabria and Oum Chiah in August 2021. Analysis of the results demonstrated that most pollutants are compliant with limits, except for some excess carbon monoxide levels from a number of older compressors, heaters and generators. Mitigation measures have been investigated, a short- and medium-term action plan with an enhanced preventative maintenance programme has been implemented to address this, including the refurbishment and overhaul of affected equipment. Ground water monitoring is conducted on a yearly basis from existing water wells drilled at Sabria. No evidence of pollution has been reported. Five piezometer wells were drilled at Sabria to monitor the ground water table in 2014 which continue to be monitored.

The water disposal project manages produced water production at Sabria. This formation water has high salinity (360 grams/litre) with traces of heavy metals. Until 2015, disposal at Sabria was conducted by discharge into lined surface pits for natural evaporation of fluids. The low efficiency of natural evaporation together with the ongoing need to construct additional lined pits led to the introduction of automated fracturing evaporator technology in 2015 and which has enabled the acceleration of evaporation of produced water through an automated and a more efficient process. At Sabria, 45,598 m^3 of produced water was disposed of in 2021 (2020 – 38,322 m^3) and at Chouech 193,400 m^3 of produced water was evaporated from lined surface pits in 2021 (2020 – 193,929 m^3). The Company is investigating alternative environmentally-responsible produced water disposal solutions.

Further environmental analysis was conducted by First North African Consultancy for the Environment ("FNAC" www.fnac-environment.com), an engineering consultancy, in September

2020, to review the environmental management of the Sabria fields, compliance with Tunisian environmental regulations and analyse underground water and soil pollution in proximity to the water disposal project. The scope of work included: recovering, analysing and assessing environmental and technical documents and reports related to the evaporation ponds; analysing all previous waste pit treatment operations and related reports; analysing existing red register (hazardous waste) and blue register (domestic waste); carry out coring and sampling investigations of the potential impacted areas (soil and underground water) within the Sabria field; undertake water sampling and laboratory analysis from existing piezometers and production water discharge; and perform an environmental monitoring program of the potential impacted areas within Sabria field. The program was conducted in conjunction with representatives of ANPE and the environmental reports were submitted to ANPE. Results from the assessment showed below threshold levels of potential pollutants set under Tunisian regulations and equivalency with both groundwater and soil control samples. These demonstrated the efficacy of the water disposal project and the process of produced water storage in evaporation pits, with no evidence of leakage or overflow from the pits into the soil or groundwater. Recommendations from the report are being implemented.

The environmental monitoring programme for remote locations has been reviewed by management and has been implemented at all sites. The Company purchased a portable stack gas analyser in 2014 and it is used at Sabria and Chouech for ongoing air emissions monitoring (started in August 2015). In addition the Company has engaged the services of FNAC and CMA to conduct an annual environmental monitoring programme at Sabria and Chouech. In September 2021 an annual review was conducted at Sabria and at the pumping facility at Oum Chiah. The Company was in compliance with approved thresholds of groundwater and soil contaminants and required solid waste management. The Company's own review of air emissions showed compliance in all areas except for carbon monoxide ("CO") emissions from older fixed equipment. The Company has enhanced its maintenance of the older machinery to reduce emissions. In November 2021, the most recent annual review conducted at Chouech found that in accordance with the air quality limits set by Decree No. 2018-447 of 18 May 2018 and Decree No.2010-2519 of 28 September 2010 the Company complied with all measurements except for those relating to CO and CO vapour. The report made recommendations for remedial actions and the Company is addressing these. The annual review also determined that the Company's operations were within the limits for soil quality for industrial use and that groundwater was free of any contamination as a result of the activities of the central processing facility. Greenhouse Gas ("GHG") emissions were calculated for the years 2012-2016 for the Sabria, Chouech and Sanrhar fields. During the years 2017-2019 GHG emissions were calculated for Sabria only, as a result of the shutdown of the Chouech and Sanrhar fields:

1. Field gas consumption: CO_2 - N_2O - CH_4
2. Flaring: CO_2- N_2O - CH_4
3. Venting: CH^4
4. Diesel consumption: CO_2- N_2O - CH_4
5. Vehicle transport: CO_2- N_2O

Guidelines followed for the calculation of GHG emissions were the Decree No. 2010-2519 dated 28 September 2010, fixing the limit of air pollution caused by fixed sources, and Decree No. 2018-447 dated 18 May 2018, fixing the limit and alert level of ambient air quality.

Waste management procedures have been implemented in all locations in Tunisia and monitor a comprehensive range of waste products including industrial waste (dry cell batteries, lead acid batteries, empty gas cylinders, oil filters, used oil, contaminated waste, used fluorescent lighting), resource waste (diesel consumption), hazardous waste (sewage, medical waste), domestic waste (food waste, plastic bottles, cooking oil, paper) and office waste (plastic bottles, paper, printer cartridges, batteries). For example, 757 kg of paper and plastic bottles were recycled in the Tunis office in 2020, which increased to 822 kg of paper and plastic bottles being recycled in 2021, as a result of training and greater awareness of wastage. Electricity consumption at the Tunis office in 2021 was 57,066 kWh, a further decline in consumption in 2020 from 59,336 kWh as the impact of COVID-19 related stay at home measures continued through that period. At Sabria electricity consumption remained consistent with prior years at 717,836 kWh (2020 – 714,056). Chouech is not connected to the electricity grid and power at Chouech is provided by on site gas generators. Fresh water consumption in 2021 at Sabria was 14,949 m^3 (2020 - 14,214 m^3) and at Chouech, 65,558 m^3 (2020 - 54,925 m^3). Diesel consumption across all operational locations was 160 m^3 an increase over 2020 - (114 m^3) but remains a significant reduction from 2019 (305 m^3) reinforced by a combination of greater awareness of wastage, training, optimisation and more efficient transport management.

SOCIAL

Serinus seeks to ensure the health, safety, security and welfare of our employees and those with whom we work and to ensure that we have a workforce that is performing at its best and to contribute to the economic and social development of the countries in which we operate. Serinus Energy Romania S.A. has been certified for ISO 45001:2018 (Occupational Health and Safety).

The safety, security and welfare of all of our colleagues is a key priority for the Group and governs the manner in which we aim to conduct our business. Serinus has emergency response plans in place for all projects and assets. These plans are reviewed for relevance and updated by senior management annually. The plans are communicated to the workforce and personnel receive training to ensure they are competent to carry out their emergency roles. This is supplemented by periodic refresher training. Drills and training exercises are routinely carried out. Where relevant, the Group monitors the security situation at a local level and ensures that personnel are aware and appropriate measures are taken and updated as required. In Tunisia the HSSE team ensures the effective implementation of the Emergency Preparedness and Response Procedures and maintains and updates the Security Emergency Response Plan on a regular basis.

We undertake a range of activities to continuously improve our HSE Management Plan to ensure that the Company's policy commitments are applied. Routine monitoring is undertaken to assess and improve performance and periodic audits are conducted. Our procedures are set out as corporate standards that define the company expected practices within the whole organisation. The standards have been shared across the organisation and employees and contractors are trained as required at country level. In 2021, a total of 53 HSSE training drills and asset protection drills took place in Tunisia and 288 HSSE training sessions took place in Romania. Regular HSSE audits are undertaken to review policies and procedures with 25 internal HSSE audits completed in Tunisia in 2021 (2020 - 25) and an annual audit was undertaken by Lloyds Register for ISO certifications in Romania.

Serinus has an Emergency Response Plan in place for all projects

and assets. This plan is reviewed annually with consultation from the Business Units. The plans are communicated to the workforce and response personnel receive training to ensure they are competent to carry out their emergency roles. The plan is recirculated to the Serinus team involved, prior to the launch of any major works campaign. These circulations are further supplemented by periodic refresher training, with drills and training exercises regularly carried out. In Romania, there have been no accidents since commencing production in 2019. There had been 981 days without accidents as at 31 December 2021 and the Company passed the 1,000-day milestone on 19 January 2022. In Tunisia, there were 2,218 days with no accidents as at 31 December 2021. In 2021, there were no Lost Time Injuries recorded across both Tunisia and Romania operations and we maintain a continuous focus on providing a safe working environment for our workforce. Our goal is to maintain this high level of safety and efficiency.

A key health and safety issue for the Group in 2021 has continued to be dominated by measures implemented to protect its workforce from COVID-19 which included amended shift patterns and working from home schedules as required by local regulations, additional operational protocols to minimise the risk of infection, the provision of protective equipment, regular disinfection of facilities and testing of personnel, as well as on-site access to medical staff.

Our Code and Policies commit us to providing a workplace free of discrimination where all employees can fulfil their potential based on merit and ability. We value a diverse workforce and are committed to providing a fully inclusive workplace, which ensures we recruit and retain the highest calibre candidates while providing the right development opportunities to ensure existing staff have rewarding careers. Both the Romanian and Tunisian business units are led and managed by Romanian and Tunisian nationals respectively, and we currently have no expatriates in either of the business units. Our Romanian business is led by Ms. Alexandra Damascan and 50% of the staff in Romania are women, while in Tunisia 32% of the local head office are female. We value a diverse and equal opportunities workforce and we aim to recruit locally in all jurisdictions as we believe in the quality of our staff and the available pool of talent in each local market.

Serinus' Anti-Slavery and Human Trafficking Policy commits the Group to act ethically and with integrity in all our business dealings and relationships and to implement and enforce effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains. The Group is also committed to ensuring there is transparency in our own business and in our approach to tackling modern slavery throughout our supply chains, consistent with our disclosure obligations under the UK Modern Slavery Act 2015. We expect the same high standards from all our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards. The prevention, detection and reporting of slavery in any part of our business or supply chains is the responsibility of all those working for the Group or under our control and they are encouraged to raise concerns about any issue or suspicion of slavery in accordance with our Whistleblowing policy.

Serinus Tunisia developed its CSR program in conjunction with local communities and stakeholders to identify those areas which would make a significant impact to those groups, focussing on support for healthcare, education and culture in the local areas within which it operates. It has managed a program since 2013 to undertake this, with support and contributions for providing medical equipment to hospitals, repairing classrooms and school facilities, providing books for school libraries, improving nurseries and sponsoring local cultural events. Serinus Tunisia also participated in projects with local and regional authorities and other oil and gas companies operating in its areas, such as the Kébili CSR Consortium with which it has been involved with since 2015 and which promotes the regional development of the Governorate of Kebili, in collaboration with the regional authorities, the Ministry of Industry, Energy and Mines, ETAP and the oil and gas companies operating in the region (the "Kebili CSR Consortium"). Since 2015 the Kebili CSR Consortium has supported education programs, restoring schools and providing facilities and infrastructure, health initiatives, purchasing medical equipment and renovations, and other social projects. The CSR program for Kébili also includes a cultural component with a specific focus on encouraging women to preserve the local handicraft traditions amongst others by setting up and equipping a handicraft centre for women in Kébili. This project has a training and development component and will ensure the economic empowerment of women.

Social tensions and political instability in Tunisia, particularly in the southern regions, over the past few years has impacted the ability to execute many of these initiatives and CSR programs, but these initiatives have been an important part of maintaining the company's relationships with local stakeholders throughout this period and it is expected that with renewed stability it will become possible to resume such support in the coming years.

GOVERNANCE

The Group recognises the importance of good corporate governance and is managed under the direction and supervision of the Board of Directors. As required under the AIM Rules, we have adopted and comply with a recognised corporate governance code, being the Quoted Companies Alliance Corporate Governance Code (the "Code") and set out a summary of how we comply with it on pages 30 to 33 of the Annual Report.

Serinus currently operates in Romania and Tunisia. Romania is allocated a mid-score on Transparency International's most recently published Corruption Perception Index ("CPI") and is ranked number 66 out of 180 countries in the 2021 CPI. Tunisia is ranked number 70 on the same CPI. Neither country is designated as high risk, Romania is within the European Union and both have well-evolved legal systems in place, however the Group's policies, procedures and working practices need to remain fit for purpose and be regularly reviewed and updated as required. The Group maintains internal control systems to guide and ensures that our ethical business standards for relationships with others are achieved.

Bribery is prohibited throughout the organisation, both by our employees and by those performing work on our behalf. Our Anti-Bribery and Corruption ("ABC") programme is designed to prevent corruption and ensure systems are in place to detect, remediate and learn from any potential violations. This includes due diligence on new vendors, annual training for all personnel, requisite compliance declarations from all associated persons, Gifts and Hospitality declaration and comprehensive 'whistleblowing' arrangements.

RISK MANAGEMENT STATEMENT

The Group is subject to several potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation. The management of risk is the responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage the risks. The following list outlines the Group's key risks and uncertainties and provides details as to how these are managed.

POLITICAL AND REGULATORY RISK

Operating in multiple jurisdictions poses a variety of political, regulatory and social environments, and risks, such as social unrest, political violence, corruption, expropriation and non-compliance with laws and regulations. Currently the Company is doing the following in order to mitigate this risk:

- Actively monitors political developments and maintains relationships with government, authorities and industry bodies, as well as with other stakeholders.
- Weekly reports assessing security, social unrest and political developments are provided to the Executive management team to allow for real time reaction to dynamic situations.
- Manages compliance with laws, regulations, and contractual obligations by employing the requisite skills or engaging consultants to supplement internal knowledge.
- Internal policies and procedures, as well as monitoring of performance, help mitigate risks of non-compliance.
- Actively involved with the regulatory bodies of both operating units to ensure commitments are agreed upon and concessions may be extended as required.

OPERATIONAL AND DEVELOPMENT RISK

The nature of oil and gas operations brings risks such as equipment failure, well blow-outs, fire, pollution, performance of partners/contractors, delays in installing property, plant or equipment, unknown geological conditions and failure to achieve capital costs, operating costs, production or reserves. Staff recruitment, development and retention is also key to managing operational risk. Currently the Company is doing the following in order to mitigate this risk:

- Has extensive monitoring and review of HSE and crisis management policies and procedures.
- Strict tendering protocols, physical inspection of all contractor fabrication facilities and extensive financial due diligence of counterparties is designed to minimise contractor performance and counterparty credit risk.
- Carries adequate levels of insurance.
- Rigorous review processes when selecting vendors and contractors. Once engaged

as a contractor the Company monitors contractor performance to ensure contractor compliance with Company policies.

- Rigorously monitors costs, actual to budget trends and adjusting forecasts on a frequent basis.
- Employs geological and technical experts to review data and work programs, and undertakes an annual reserves audit with external technical expert.
- Training and development opportunities are considered for all staff.
- Executive directors and senior staff have notice periods of between six and twelve months to ensure sufficient time to transfer responsibilities in the event of departure.
- Succession planning is considered regularly at board level.
- The Remuneration Committee meets quarterly and as additionally required to evaluate compensation and incentivisation plans to ensure they remain competitive.

AVAILABILITY OF FINANCING

The risk that the Company will not be able to raise funds through debt or equity if required. Currently the Company is doing the following in order to mitigate this risk:

- Monitor the cash position by producing monthly cash projections to determine future cash flow requirements.
- Publicly listed on the AIM equity market to access capital, if required, with its most recent fundraise in December 2020.
- The Company is currently debt-free, with a low operating cost base and has continued to generate positive cashflows during 2021.
- The Board considers the structure and differing capital costs of a variety of possible sources of funds as well as the timing and access to the various capital markets.

FINANCIAL RISK

The Group is subject to commodity price volatility, interest rates, foreign exchange rate volatility and credit risk of counterparties. Currently the Company is doing the following in order to mitigate this risk:

- Actively monitoring the business, preparing monthly forecasts with various sensitivities (commodity prices, interest rates, foreign exchange rates) to ensure the Company can sustain all macroeconomic changes.
- Careful cost management to preserve financial flexibility in the event of economic or commodity price downturns.
- The Company has restructured its balance sheet and is now debt-free to create greater financial flexibility.
- Exposure to both oil and gas pricing diversifies commodity price risk.
- The Group's financial risk policies are set out in Note 4 to the financial statements.

ENVIRONMENTAL

Investor and lender sentiment may become adverse towards the oil and gas sector. Longer term reduction in demand for oil and gas may result in lower oil and gas prices. Currently the Company is doing the following in order to mitigate this risk:

- 70% of the Company's production is gas, providing exposure to a cleaner, transition fuel.
- The company's main source of production is a modern energy, emission efficient and highly automated gas plant limiting the environmental impact of the Company's production.
- The company has in place strict emissions and environmental monitoring. Routine monitoring and third-party inspections for emissions, ground water contamination, solid waste management and soil protection are routinely performed in excess of all local government guidance.
- The Company's strategy is to maintain a low operating cost base in order to maintain operational flexibility in the event of lower commodity prices.

COVID-19

The Global pandemic may impact timing of operational performance, with delays in receiving equipment and delays in bringing international contractors out to the field to complete workovers. Currently the Company is doing the following in order to mitigate this risk:

- All office locations have adapted to work from home conditions when required by local health regulations, which include moving all IT services, data storage and software to cloud based solutions. This has allowed enhanced access for staff when working remotely, increased the security from cyberattacks and reduced physical maintenance requirements.
- The Company has increased the cleaning and sanitisation of all office locations.
- Operating fields in both Romania and Tunisia have adapted to ensure all staff are wearing face coverings and maintain social distance. Both fields have also implemented a sanitisation process to ensure that the field is sanitised on a frequent basis. Third party access to field locations has been restricted and enhanced access monitoring has been implemented.

BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS

Lukasz Rędziniak

Chairman, Non-Independent Director, Chair of Remuneration Committee, Chair of the Nomination Committee
Appointed March 2016

Mr. Rędziniak is a graduate of the Faculty of Law and Administration of the Jagiellonian University.

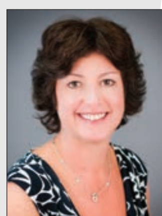
Mr. Redziniak is an Attorney and member of the District Bar Association in Warsaw. Between 1990 and 1991 he worked as an Assistant at the Faculty of Law and Administration of the Jagiellonian University. During the years 1991-1992 he was an in-house Lawyer at Consoft Consulting sp. z o.o. From 1997 to 2000 he worked as an Attorney - individual practice closely co-operating with Dewey Ballantine sp. z o.o. In the years 1993-2007 he worked in the law firm Dewey and LeBoeuf LLP and in 2001 he was appointed as a partner. Then, in the years 2007-2009 he was Undersecretary of State in the Ministry of Justice of the Republic of Poland. Since 2009 he was a Partner and Managing Partner at the Warsaw office at Studnicki, Płeszka, Ćwiąkalski, Górski sp. k. In 2013, he became a Member of the Board at Kulczyk Investments S.A. He was also appointed as a member of the Supervisory Board at Firma Oponiarska Dębica S.A. and a member of the Supervisory Board at Ciech S.A. He is also a member of the Supervisory Board of Autostrada Wielkopolska SA and A2 Route Sp. z o.o..

Jim Causgrove

Independent Director, Chair of the Reserves Committee, Member of the Audit Committee, Member of the Remuneration Committee, Member of the Nomination Committee
Appointed September 2017

Mr. Causgrove is an experienced Oil and Gas executive with over 35 years' experience. On November 14, 2017, Mr. Causgrove was appointed Chief Operating Officer of Harvest Operation Corporation. He offers both excellent technical engineering and business experience along with a strong track record in management and leadership. Since 1979, working for first Chevron Corporation and then Pengrowth Energy Corporation, Jim has gained experience and skills in virtually all facets of the oil and gas business; with a particular technical focus on drilling, production, operations and midstream. Jim gained excellent field and technical experience with Chevron working in both the Canadian head office as well as many field offices and field sites. As well as his technical roles Jim spent time working in Joint Ventures, Human Resources, Strategic and Business Planning and in the Midstream business. Jim gained valuable business insights as first a technical leader, then as a middle manager, and finally as an executive for Chevron and Pengrowth. In his role as Vice President at Pengrowth, Jim worked as part of the senior leadership team and also worked closely with the Board of Directors.

Mr. Causgrove graduated with a Chemical Engineering degree from the University of Alberta and has earned his P. Eng designation in Alberta.



Natalie Fortescue

Independent Director, Chair of the Environmental, Social, & Governance Committee, Member of the Audit Committee, Member of the Reserves Committee
Appointed March 2021

Ms. Fortescue has extensive capital markets and investor relations experience, including in the international oil and gas sector. She has spent over 20 years working in and advising companies on corporate finance transactions, fundraisings, strategy, debt refinancing and restructurings, investor relations and the impact of corporate transactions on stakeholders. After qualifying as a Chartered Accountant, Natalie had a long investment banking career at both Investec Investment Bank and Oriel Securities Limited. On leaving the City Natalie joined Genel Energy PLC to establish and lead an Investor Relations function and in recent years has worked with Premier Oil Plc on a number of capital markets transactions and debt refinancing, including the recent merger with Chrysaor Energy Limited. Current directorships/partnerships: FUTH Consulting Limited, Hot Penny Properties Limited, Clean Power Hydrogen plc.

Ms. Fortescue has an undergraduate degree in Accounting and Finance from Kingston University.

Jonathan Kempster
Independent Director, Chair of the Audit Committee, Member of the Remuneration Committee
Appointed March 2021

Mr. Kempster has held CFO board positions at Delta plc, Fii Group plc, Frasers Group plc, Linden plc, Low & Bonar plc, Utilitywise plc and Wincanton plc. Mr. Kempster was recently appointed as a Non-Executive Director and Audit Committee Chair of Bonhill Group plc and is a Non-Executive Director and Audit Committee Chair at Redcentric plc and Ted Baker plc. Mr. Kempster is currently a Non-Executive Director at FireAngel Safety Technology plc and a Trustee of the Delta plc pension scheme. Current directorships/partnerships: Portcentric Solutions Limited.

Mr. Kempster qualified as a Chartered Accountant with Price Waterhouse in 1990 and has a BA (Hons) in Business Studies from the University of Liverpool.

Jeffrey Auld
Chief Executive Officer, Executive Director
Appointed September 2016

Mr. Auld has been involved with the international oil and gas business for over 30 years. In that time he has managed companies and acted as an advisor to companies operating in the emerging markets oil and gas business. Mr. Auld has a depth of experience in corporate finance, mergers and acquisitions and strategic management.

Mr. Auld began his career in Canada and moved to the United Kingdom in 1995. He was the Commercial Manager for New Ventures for Premier Oil plc. Mr. Auld left Premier Oil and joined the Energy and Power team within the Mergers and Strategic Advisory group of Goldman, Sachs and Co. When Mr. Auld left Goldman Sachs he joined PetroKazakhstan, a NYSE listed company with assets in Kazakhstan, as a Senior Vice-President. After his time at PetroKazakhstan Mr. Auld became the Head of European Energy for Canaccord Genuity in London. Prior to joining Serinus Mr. Auld was the Head of EMEA Oil and Gas at Macquarie Capital in London.

Mr. Auld has an undergraduate degree in Economics and Political Sciences from the University of Calgary and a Masters of Business Administration with Distinction from Imperial College, London.

Andrew Fairclough
Chief Financial Officer, Executive Director
Appointed February 2020

Mr. Fairclough has held corporate finance, capital markets and management roles for nearly 30 years, through which he has gained a wide range of experience, including corporate strategy, debt and equity structuring and capital raising, M&A, capital management, financial planning, budgeting and financial reporting. Mr. Fairclough has over 17 years of investment banking experience after leaving the Army, at a number of financial institutions including Flemings, Rothschild and Merrill Lynch. Mr. Fairclough transitioned into the oil and gas sector in 2012, joining Xcite Energy Limited and subsequently was Chief Financial Officer of Whalsay Energy Limited prior to joining the Company.

Mr. Fairclough has an undergraduate degree in Law from University College London.

SENIOR MANAGEMENT

Stuart Morrison
Chief Operating Officer, Serinus Energy plc

Mr. Morrison has over 34 years of oil and gas industry operational experience in numerous senior management roles. Early in his career he worked as a Petroleum and Reservoir Engineer with BP Research, British Gas, Sun Oil and Oryx Energy UK prior to joining Premier Oil in 1997. At Premier, Mr. Morrison assumed a variety of technical and management positions such as Chief Petroleum Engineer, Business Development Manager and Exploration Manager in corporate roles and business units such as the Middle East and Falkland Islands.

Mr. Morrison has a Masters Degree in Petroleum Engineering and a Bachelor's Degree in Chemical Engineering, both from Heriot-Watt University (Edinburgh).

Calvin Brackman
Vice President, External Relations & Strategy

Mr. Brackman has more than 25 years' experience in the oil & gas industry, both in the public and private sector. He started his career working for the Department of Natural Resources of the Government of Canada, before moving to a senior position in the Minerals, Oil & Gas Division of the Government of the Northwest Territories. In 2003, Mr. Brackman moved to London, UK, to join PetroKazakhstan Inc. as Director of Government Relations. In this position he developed and implemented strategies to reduce the company's surface risk. Following the sale of PetroKazakhstan to CNPC in 2005, Mr. Brackman moved back to Canada and started a successful consulting practice, providing expert advice to various international companies and governments. In December 2016, he joined Serinus in his current role, working with the company's management team and business units to develop and implement the Group's exploration and development strategies and oversee government and stakeholder relations.

Mr. Brackman has a Masters Degree in Economics from the University of Waterloo and a Bachelor's Degree in Economics from the University of Calgary.

Alexandra Damascan
President, Serinus Energy Romania S.A.

Ms. Damascan has been with Serinus Energy Romania since 2008 and as a senior executive with expertise in all areas of the global oil and gas industry. Ms. Damascan has been an integral piece to bringing the Romanian assets from the exploration phase to production in 2019. Prior to joining Serinus, Ms. Damascan was a partner in a medium size Romanian company which handled technical and legal translations and language interpretation for different journals and professional magazines.

Ms. Damascan graduated from the Oil and Gas Institute as a Petroleum Engineer. Ms. Damascan also has a degree in Political Economics, an MBA in Business Transactions from the Academy of Economic Studies, a Law Degree and LLM in International Arbitration from the Romanian-American University and an MBA in Oil & Gas from the Oil and Gas Institute in Ploiesti, Romania.

Haithem Ben Hassen
President, Serinus Energy Tunisia B.V.

Mr. Ben Hassen joined Serinus Energy Tunisia B.V. in November 2014 as a Senior Project Engineer and was then promoted to Project Manager in May 2015. In January 2018, he was promoted to President of Serinus Energy Tunisia B.V. He has been responsible for the completion of numerous capital projects undertaken by Serinus Energy Tunisia B.V. He was also appointed to handle the technical aspect of the Moftinu Development Project in Romania.

Mr. Ben Hassen has over 15 years of experience in the oil and gas industry, as well as power plants and renewable energies. He has a very well-rounded breadth of knowledge including; project management, engineering, construction, completions, handover and closeout and operating, contract review, business plan development and budgeting and forecasting.

Mr. Ben Hassen has a degree in Mechanical Engineering from the École Polytechnique of Montréal in Canada.

CHAIRMAN'S INTRODUCTION

The Group is managed under the direction and supervision of the Board of Directors. Among other things, the Board sets the vision and strategy for the Group in order to effectively implement the business model which is the exploration and production of hydrocarbon resources from its current concessions in Romania and Tunisia.

Good corporate governance creates shareholder value by improving performance while reducing or mitigating risks that the Group faces as we seek to create sustainable growth over the medium to long-term. It is the role as Chairman to lead the Board effectively and to oversee the adoption, delivery and communication of the Group's corporate governance model. The Board has adopted the Quoted Companies Alliance Corporate Governance Code (the "Code").

The report that follows sets out in summary terms how we comply with the Code to be read in conjunction with the Statement of Compliance with QCA Corporate Governance Code available on our website at **http://serinusenergy.com/shareholder-information/**

As an issuer listed on the Warsaw Stock Exchange, Poland ("WSE"), the Company was subject and followed the recommendations and rules contained within the "Code of Best Practice for WSE Listed Companies 2016". These rules were adopted by the WSE Supervisory Board on 13 October 2015 (Annex to the Resolution No. 27/1414/2015) and are accessible at:

https://www.gpw.pl/best-practice
https://www.gpw.pl/pub/GPW/o-nas/DPSN2016_EN.pdf

PRINCIPLE 1: ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES THE LONG-TERM VALUE FOR SHAREHOLDERS

- The Group's strategy is defined in the "Serinus Strategy" section of this Annual Report.
- The objective is to grow the hydrocarbon production of the Group through efficient allocation of shareholder capital to produce long-term return on investments for shareholders.
- In order to capitalise on the available opportunities and to mitigate the key challenges facing the Group, the Group has assembled a high-quality Board of Directors, and set of advisers with relative experience in the upstream oil & gas environment. The Group has been structured to give the Board the necessary oversight of all investment decisions of the Group.
- The long-term commercial success of the Group, meaning the capability to generate positive net revenues on a sustainable basis, will depend on its ability to find, acquire, develop, and commercially produce oil and natural gas reserves.

PRINCIPLE 2: SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Group is committed to listening and communicating openly with its shareholders to ensure that its strategy, business model, and performance are clearly understood. Providing an open environment with investors and analysts allows us to build our relationships with these audiences, while providing the opportunity to further share our business model and allows us to drive our business forward. The initiatives taken by the Company to keep investors and analysts informed are as follows:

- Investor roadshows
- Attending investor conferences
- Hosting capital markets days
- Timely disclosure of material information
- Regular reporting

Due to the COVID-19 pandemic, the Company was unable to make physical appearances at shareholder meetings, roadshows, investor conferences, or other Company informational events. The Company explored alternatives in order to stay connected with current shareholders, and potential investors. The Company held virtual conferences, participated in online interviews, and continued updating shareholder presentations.

The Directors understand the importance of building relationships with institutional shareholders and will make presentations when appropriate. The Directors welcome all feedback and concerns from shareholders and will implement the appropriate action as required. The Board is in active communication with the management team to ensure they are up to date on all recent corporate activities.

The Annual General Meeting ("AGM") is one forum for dialogue with shareholders and the Board. The results of the AGM are subsequently published on the Company's website.

PRINCIPLE 3: TAKE INTO ACCOUNT WIDER STAKEHOLDER AND SOCIAL RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS

Key stakeholders are as follows:

- Shareholders.
- Employees.
- Communities in which we operate (landowners, local authorities and local citizens).

Engaging with all stakeholders strengthens our relationships and allows for better business decisions to ensure the Company delivers on our commitments to all parties.

The Company also actively engages stakeholders near our operations as follows:

- Regular meetings with local authorities and governments providing progress updates as required.
- Town hall meetings are held with local citizens as required to discuss development plans.
- We seek the input of the communities in identifying the funding needs of different community initiatives.

PRINCIPLE 4: EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

- The Company has a risk register that outlines the key financial and operational risks which has been circulated to all management and Board members. A summary of these risks is included in the Risk Management Statement of this annual report.

- The Audit Committee monitors the integrity of the financial statements.
- The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the relevant rules for the listings the Company resides (AIM and Warsaw).
- The Board acknowledges that the Group's international operations may give rise to possible claims of bribery and corruption. The Board has adopted a zero-tolerance policy toward bribery and has reiterated its commitment to carry out business fairly, honestly, and openly.
- The Group has also adopted a share dealing code, in conformity with the requirements of Rule 21 of the AIM Rules for Companies.
- All material contracts are required to be reviewed and signed by a Director and reviewed by our external counsel.

PRINCIPLE 5: MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Board comprises of a non-executive, independent Chairman, two Executive Directors and three non-executive independent Directors. The Board is satisfied that it has a well-diversified and balanced team with varying levels of expertise in different facets of the business. This allows the Board to act effectively and efficiently in the best interests of the Company.

Directors' attendance at Board and Committee meetings during 2021 was as follows:

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Reserves Committee
Total Meetings	**8**	**4**	**2**	**1**	**1**
Lukasz Redziniak	7	-	2	1	-
Jeffrey Auld	8	4	-	-	1
Andrew Fairclough	8	4	-	-	1
Jim Causgrove	6	4	2	1	1
Eleanor Barker[4]	3	2	2	1	1
Dawid Jakubowicz[5]	1	1	-	-	-
Natalie Fortescue[6]	5	2	-	1	-
Jon Kempster[6]	5	3	-	-	-

Key Board activities this year included:

- Continued an open dialogue with the investment community.
- Discussed and evaluated strategic priorities and shareholder growth opportunities.
- Discussed internal governance processes.
- Reviewed the performance of the Company's advisers.
- Reviewed the Group's risk profile.
- Reviewed feedback from shareholders post quarterly and full year results.

The Company has effective procedures in place to monitor and deal with conflicts of interest. Since the non-executive Directors perform their duties on a part-time basis, the Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests must be reported to and, where appropriate, agreed with the rest of the Board. The two executive directors are full time with the Company.

The Company's Board has a broad range of relevant experience suitable for issues pertaining to the oversight of a publicly listed Oil & Gas Company. These include financial, legal, capital markets and technical. The Board of Directors and Management team section of this annual report contains the biographies and experience of each of the Directors and key management personnel.

PRINCIPLE 6: ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

Members of the Board are listed in the Board of Directors section of this Annual Report which also details their experience, skills and personal qualities. The Corporate Secretary of the Company during 2020 was JTC Group. As announced 15 March 2021, the Company's Corporate Secretary is now Fairway Trust Limited. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including financial, legal, capital markets and technical skill sets. As the Board is a strong believer in diversity, the Board has one female director, Natalie Fortescue, and the President of the Romanian operations is Alexandra Damascan.

All Directors receive regular and timely information on the Group's operational and financial performance. Board members are provided with agendas and related materials in advance of all meetings. The Group's management provides the Board with a Monthly Directors' Report that contains share price performance, key financial and operating indices, cash flow forecast, capital expenditures, budget variance reports and commentary on the opportunities and risks facing the Group.

New Directors have access to the entire management team and other Directors to further develop their understanding of the business operations and risks. The Directors are encouraged to

[4] Eleanor Barker retired from the board on 13 May 2021
[5] Dawid Jakubowicz resigned on 26 March 2021
[6] Nathalie Fortescue and Jon Kempster were appointed on 27 March 2021

seek independent advice to ensure they are able to fulfil their duties at the expense of the Company.

PRINCIPLE 7: EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

The Company is constantly assessing the individual contributions of all Board members to ensure each member:

- Is actively contributing to the success of the Company.
- Is fully committed.
- Is maintaining their independence.

Periodically the non-Executive Directors discuss relevant succession planning with the CEO. These discussions focus on key individual risk as well as broader succession issues.

PRINCIPLE 8: PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The Group maintains and annually reviews a handbook that includes clear guidance on what is expected of every employee. Adherence to these standards is a key factor in the evaluation of performance within the Group.

PRINCIPLE 9: MAINTAIN GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Board meets at least four times annually in accordance with its scheduled quarterly meeting calendar. This may be supplemented by additional meetings if, and when required. During the year ended 31 December 2021, the Board met for its four scheduled meetings plus an additional four times.

The Board and the Committees are provided with the agenda and other appropriate material on a timely basis in order to prepare for each meeting. Any Director may challenge Group proposals and after all relevant discussions, proposals are voted on. Any Director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all Directors. Any specific actions arising from such meetings are agreed by the Board or relevant committee and then followed up by the Company's management.

The Board is responsible for the long-term success of the Group. There is a formal schedule of matters reserved for the Board. It is responsible for overall group strategy, approval of major investments, approval of the annual and interim results, annual budgets, and Board structure. It monitors the exposure to key business risks and reviews the annual budgets and their performance in relation to those budgets. There is a clear division of responsibility at the head of the Company.

The Chairman is responsible for running the business of the Board and for ensuring appropriate strategic focus and direction. The CEO is responsible for proposing the strategic focus to the Board and implementing and overseeing the projects as they are approved by the Board. The terms of reference for the Chairman and CEO are on the Group's website at **http://serinusenergy.com/shareholder-information**.

The Board is supported by the audit, remuneration, ESG and reserves committees:

- The Audit Committee is responsible for the financial reporting and internal control principals of the Group, oversight of the CFO and the finance team and maintaining a relationship with the Group's auditors.
- The Remuneration Committee is responsible for the consideration, development and implementation of policy on executive remuneration and fixing remuneration packages of individual directors, so that no director shall be involved in deciding his or her own remuneration. The committee ensures remuneration is aligned to the implementation of the Group strategy and effective risk management, considering the views of shareholders, and is also assisted by executive pay consultants as and when required.
- The ESG Committee ensures the Company maintains the highest standards in environmental, social, and governance. The Committee is responsible for the composition of the Board of Directors and that the Board maintains proper levels of governance suitable to the size and activities of the Company.
- The Reserves Committee is responsible for overseeing the evaluation of the Group's petroleum and natural gas reserves, including retaining an "independent" engineering firm which is a "Competent Person" (as such term is defined in "Note for Mining and Oil & Gas Companies" issued by AIM) to prepare a report (the "Report") of an evaluation of the Group's petroleum and natural gas reserves, and meeting with representatives of the Engineering Firm and management to discuss the Report's preparation results.

PRINCIPLE 10: COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Company communicates with shareholders through the Annual Report and Accounts, full-year and quarterly announcements and the AGM. Corporate announcements, results and presentations are available on the Company's corporate website, **www.serinusenergy.com**. The Board receives regular updates on the views of shareholders through briefings and reports from the CEO and the Company's brokers. The Company communicates with institutional investors frequently through briefings with management. In addition, analysts' notes, and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

For the Company's shareholder meetings, any resolutions voted by shareholders that have a significant number of dissenting votes

the Company will provide, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

This remuneration report has been prepared by the Remuneration Committee and approved by the Board. This report sets out the details of the remuneration policy for the Directors and discloses the amounts paid during the year.

MEMBERSHIP

- Lukasz Redziniak – Chairman
- Jim Causgrove
- Jon Kempster

RESPONSIBILITIES

The aim of the Remuneration Committee is to:

- Attract, retain and motivate the executive management of the Company.
- To offer the opportunity for employees to participate in share option schemes to incentivise employees to enhance shareholder value and to retain employees.

To achieve the above, the Committee considers the following categories of remuneration:

- Annual salary and associated benefits.
- Share option plan and long-term share-based incentive plan.
- Performance based annual bonuses.

The terms of reference of the Remuneration Committee are set out below:

- To determine and agree with the Board the overall remuneration policy of the Chairman of the Board, the executive directors and other members of the executive management as designated by the Board to consider.
- Review the ongoing appropriateness and relevance of the remuneration policy.
- Approve the design and targets for, any performance related pay schemes and approve the total annual payments made under such schemes.
- Review the design of all share incentive plans for approval by the Board and determine whether awards will be made under the share incentive plans, including the number of awards to each individual and the performance targets to be used.
- To review and approve any, and all, termination payments.
- To review and monitor the remuneration trends across the Group and if required undertake a benchmarking exercise to compare against a peer group, obtaining reliable, up to date third party remuneration.

2021 ACTIVITY

The Committee met twice (2020 – eight times) throughout the year.

EXECUTIVE DIRECTORS' REMUNERATION

Compensation for the executive Directors is shown in US dollars[7] in the table below.

Director	Salaries	Benefits[8]	2021 Total	2020 Total [9]
Jeffrey Auld	481,828	61,583	543,411	461,664
Andrew Fairclough	344,163	42,966	387,129	295,548
	825,991	104,549	930,540	757,212

The 2021 compensation package above for the executive Directors included salaries and benefits, and are short-term in nature. During 2021 the executive Directors received shares in lieu of a 20% salary reduction.

EXECUTIVE DIRECTORS' SHARE CAPITAL

The following tables outline the share options outstanding and shares owned as at 31 December 2021 for the executive Directors. There have been no changes between 31 December 2021 and 18 March 2022.

Director	Share Options	LTIP Awards [10]	Shares
Jeffrey Auld	26,800,000	13,000,000	3,506,752
Andrew Fairclough	1,750,000	7,000,000	1,080,533
	28,550,000	20,000,000	4,587,285

[7]The average GBP:USD rate for the year was 0.7264 (2020 – 0.7786).
[8]Benefits include medical insurance and UK pension scheme contributions.
[9]2020 shares and options consists of share options, shares issued in lieu of salary, and LTIP awards. Share options are priced at the fair value on the grant date, calculated using Black Scholes, and amortised over the vesting period. Shares issued in lieu of salary, were issued at the average share price over the period related to the salary forgone. The LTIP awards were priced using the closing share price on the issuance date and have no vesting conditions. Both the shares issued in lieu and LTIP awards are fully expensed at date of issuance.
[10]Each LTIP award represents a right to acquire a share of the Company at $nil consideration.

Stock Options

Director	Grant date	Strike Price	Share Options
Jeffrey Auld	22 Dec 2020	£0.02	18,800,000
Jeffrey Auld	27 May 2019	£0.02	1,000,000
Jeffrey Auld	03 Dec 2018	£0.02	2,500,000
Jeffrey Auld	31 May 2017	£0.02	1,000,000
Jeffrey Auld	22 Sep 2016	£0.02	3,500,000
Andrew Fairclough	02 Apr 2020	£0.02	1,750,000
			28,550,000

LTIP Awards

Director	Grant date	LTIP Awards
Jeffrey Auld	24 Dec 2020	13,000,000
Andrew Fairclough	24 Dec 2020	7,000,000
		20,000,000

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Director's receive a £30,000 annual fee, with each Chair receiving an additional £10,000 fee.

During the second and third quarter of 2020 as an effort to preserve capital, all non-executive directors agreed to a 25% reduction of their fees.

Director	Fees[11]	Share Options[12]	2021 Total	2020 Total
Jim Causgrove	55,066	-	55,066	46,713
Eleanor Barker	27,533	-	27,533	45,591
Lukasz Redziniak	68,833	-	68,833	44,952
Dawid Jakubowicz	10,325	-	10,325	33,714
Natalie Fortescue	41,300	-	41,300	-
Jon Kempster[13]	37,858	-	37,858	-
	240,915	-	240,915	170,970

NON-EXECUTIVE DIRECTORS' SHARE CAPITAL

The following tables outline the share options outstanding and shares owned as at 31 December 2021 for the non- executive Directors. There have been no changes between 31 December 2021 and 18 March 2022.

Director	Options held at 31 December 2021	Shares held at 31 December 2021
Jim Causgrove	100,000	400,000
Lukasz Redziniak	-	720,000
Jon Kempster [13]	-	602,607
	100,000	1,722,607

Director	Grant date	Strike Price	Share Options
Jim Causgrove	20 Nov 2017	C$0.36	100,000
			100,000

Lukasz Redziniak, Chairman of the Remuneration Committee

18 March 2022

[11]Translated using the average exchange rate for the year GBP:USD 0.7264 (2020 – GBP:USD 0.7786).
[12]Share options are priced at the fair value on the grant date, calculated using Black Scholes, and amortised over the vesting period.
[13] Shares held by Catherine Kempster (the spouse of Jon Kempster)

AUDIT COMMITTEE REPORT

This report addresses the responsibilities, the membership and the activities of the Audit Committee in 2021 up to the approval of the 2021 Annual Report and 2021 year-end Financial Statements.

MEMBERSHIP

- Jon Kempster – Chairman
- Jim Causgrove
- Natalie Fortescue

RESPONSIBILITIES

The main responsibilities of the Audit Committee are the following:

- Monitor the integrity of the annual and interim financial statements.
- Review the effectiveness of financial and related internal controls and associated risk management.
- Manage the relationship with our external auditors including plans and findings, independence and assessment regarding reappointment.

2021 ACTIVITY

The Committee met four (2020 – four) times throughout the year.

The Committee, together with the CFO, is responsible for the relationship with the external auditor. The Committee recommended the appointment of PKF Littlejohn LLP as the auditor for the 2021 fiscal year-end, which was approved.

For the 2021 fiscal year-end, the Committee has reviewed the following significant financial reporting issues:

1. Carrying value of E&E and PP&E Assets.
2. Decommissioning provisions.
3. Going concern (see page 15 of this Annual Report or Note 2 of the Financial Statements).
4. Cash flow forecasts.

INTERNAL CONTROLS AND RISK MANAGEMENT, WHISTLEBLOWING AND FRAUD

The Committee is vigilant regarding internal financial controls and risk management. During 2021, the Committee has undertaken anti-bribery and anti-corruption exercises and has reviewed whistle blowing arrangements.

Jon Kempster, Chairman of the Audit Committee

18 March 2022

REPORT OF THE DIRECTORS

The Directors' present their report, together with the audited consolidated financial statements of Group for the year ended 31 December 2021. During 2021 and 2020 the following changes have been made to the Group's directors:

- In February 2020, Andrew Fairclough was appointed CFO and was appointed a Director
- In March 2021, Dawid Jakubowicz resigned as a Director
- In March 2021, Jon Kempster and Natalie Fortescue were appointed as Directors
- In May 2021, Eleanor Barker did not stand for re-election as a Director

PRINCIPAL ACTIVITIES

The principal activity of the Group is oil and gas exploration and development.

DIRECTORS AND DIRECTORS' INTERESTS

Directors who held office during the year, their remuneration and interests held in the Company are detailed in the Remuneration Report. Directors' biographies for those holding office at the end of the year are detailed in the Board and Management Team section of this annual report.

SUBSTANTIAL SHAREHOLDERS

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 Company, as reported by the shareholders to the Company:

Richard Sneller	11.42%
Crux Asset Management	8.30%
Quercus TFI SA	7.16%

RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Loss. The results are further discussed in the CFO Report on pages 9 to 15 of this Annual Report..

The Directors do not recommend payment of a dividend in respect of these financial statements (2020 - $nil).

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether they have been prepared in accordance with IFRSs as adopted by the United Kingdom, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (note 2).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

STATEMENT OF DISCLOSURE TO AUDITORS

As far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all the steps that they ought to have undertaken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITORS

PKF Littlejohn LLP has indicated its willingness to continue in office, and a resolution that they are appointed will be proposed at the next annual general meeting.

On behalf of the Board

Jeffrey Auld, Chief Executive Officer

18 March 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SERINUS ENERGY PLC

PKF
Accountants & business advisers
PKF Littlejohn LLP

Opinion

We have audited the financial statements of Serinus Energy plc (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs)(UK).

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS (UK) and
- have been prepared in accordance with the requirements of The Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:Assessing and sensitising key cost and income streams included in the group cash flow forecast which has been prepared by the directors for a period of no less than twelve months from the date of approval of these financial statements

- Assessing and key cost and income streams included in the group cash flow forecast which has been prepared by the directors for a period of no less than twelve months from the date of approval of these financial statements. We reviewed management's sensitised versions of the cash flow forecast to assess whether a downturn could lead to future concerns.
- Challenging and critiquing the directors' assumptions included in the cash flow forecast and agreeing the inputs to evidence obtained during the course of the audit and the understanding of the business obtained during the course of the audit.
- Assessing management's price forecasts for oil and gas respectively to obtain an understanding of the appropriateness of these price inputs..
- Reviewing and considering the adequacy of the disclosure within the financial statements relating to the directors' assessment of the going concern basis of preparation

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit. No significant changes have come to light through the audit fieldwork which has required a revision of our materiality figure.

We calculated group materiality at 1% of gross assets which gives a figure of $900,000. Gross assets were determined as an appropriate basis for materiality because the principal focus of the group remains on the development of its oil and gas assets in Tunisia and Romania.

Materiality for the significant components of the group ranged from $400,000 to $600,000, based on 1% of gross assets for each component.

Group performance materiality was set at $540,000.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of $45,000. We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain. These included, but were not limited to the carrying value of both the production assets and exploration & evaluation assets, and the completeness and accuracy of the decommissioning provision. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Our group audit scope focused on the principal areas of operation, being Romania and Tunisia. Each component was assessed as to whether they were significant or not significant to the group by either their size or risk. The parent Company and two operating subsidiaries were considered to be significant due to identified risk and size. We have performed the audit of the Parent Company that is registered in Jersey. However, the two remaining components are located in Romania and Tunisia and have been subject to full scope audits by component auditors. As group auditors we maintained oversight and regular contact with the component auditor throughout all stages of the audit and we were responsible for the scope and direction of their work.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	
Carrying value of development and production assets (see note 11)	
The group's total development and production assets are highly material and are key to the group's operations.	The audit team obtained a detailed understanding of the business of Serinus Energy plc, to ensure that appropriate audit procedures were performed. As part of the audit work performed, the audit team specifically:
Management are required to assess at the end of the reporting period as to whether there are any indications of impairment in line with IAS 36. If such indicators are identified, the entity is required to estimate the recoverable amount.	• Held meetings with operational management in order to be able to assess the operating activity and development of the assets undertaken during the year • Ensuring ownership of licences; • Examining license concession agreements and supporting documentation in order to assess that appropriate legal and beneficial ownership percentages had been considered; • Reviewing management's impairment indicators assessment for each cash generating unit (CGU) against the criteria in the accounting standard to determine whether their assessment was complete and in accordance with the requirements of the accounting standard;
The assessments undertaken by management in undertaking these impairment reviews include significant judgements and estimates.	• Challenging managements' reserve stress testing analysis which was performed to determine the point at which there would be working capital issues. Our testing considered whether such scenarios, including significant reductions in commodity prices and production levels, would have a material impact on the carrying value of the development and production assets
There is the risk that the group's development and production assets are impaired and that the judgements and estimates made in the calculations are inappropriate.	• Checking the arithmetical accuracy and integrity of the impairment model; • Reviewing the reasonableness of key inputs, including discount rates, oil prices, production estimations, capex and opex; and • Assessing the competence and independence of the group's reserve expert and reviewing the latest reserves report provided and comparing key model inputs to data obtained elsewhere during the course of the audit, and to third party publicly available data Based on the testing performed and the challenge of management, we agreed with management's decision that an impairment for the group was not required however it should be noted that should licences not be renewed in accordance with expectation this may result in an impairment.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the regulations of the Warsaw Stock Exchange

In our opinion, the information contained in the Directors' Report
In our opinion, the information contained in the Directors' Report
on the Group's activities complies with the requirements of the regulations of the Warsaw Stock Exchange issuers and is consistent with the information presented in the accompanying consolidated financial statements.

Based on our knowledge obtained during the audit about the Group and its environment we have identified no material misstatements in the Directors' Report on the Group's activities.

The Company's Management and members of its Audit Committee are responsible for the preparation of a declaration on the application of corporate governance in accordance with regulations of the Warsaw Stock Exchange.

In connection with our audit of the consolidated financial statements it was our responsibility to read the declaration on the application of corporate governance, constituting a separate section of the Annual Report.

In our opinion, the declaration on the application of corporate governance contains all information specified in paragraph 70 section 6 point 5 of the Minister's of Finance Decree of 29 March 2018 on the current and periodic information provided by the issuers of securities and on the conditions for recognising as equally valid the information required by the regulations of a state that is not a member state (2018 Journal of Laws, item 757).

Information provided in paragraph 70 section 6 point 5 letters c-f, h and i of the regulations contained in the statement on the application of corporate governance are in accordance with the applicable regulations and information contained in the annual consolidated financial statements.

We draw the users attention to the fact that ESEF requirements related to the Warsaw Stock Exchange requirements have not been met.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which The Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Report of the Directors, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and the industry in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the industry sector.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM Rules for Companies July 2016, The Companies (Jersey) Law 1991, IFRSs, Health and Safety Regulations and License requirements and local laws and regulations applicable in the jurisdictions where the Group has operations. The team remained alert to instances of non-compliance with laws and regulations throughout the audit.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to: enquiries of management; review of minutes of board meetings; review of Regulatory News Service announcements and correspondence.
- We have also discussed among the engagement how and where fraud might occur and any potential indicators of fraud. We then challenged the key assumptions made by management in respect of their significant accounting estimates (see key audit matter).
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- The component auditors performed audit procedures for each of the components, based on the instructions issued to them by us. This included reviewing journal entries for evidence of material misstatement due to fraud; reviewing accounting estimates, judgements and assumptions for evidence of management bias; and performing a review of the bank transactions to ensure appropriate authorisation.
- The audit team was in constant communication with the component auditors during the component audits, including regular discussions on those areas that were of concern to the component auditors.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or *non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will* be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group's members, as a body, in accordance with our engagement letter dated 16 December 2021. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the group and the group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer
For and on behalf of PKF Littlejohn LLP
Chartered Accountants

15 Westferry Circus
Canary Wharf
London E14 4HD

18 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ENDED 31 DECEMBER 2021 (US$ 000s, EXCEPT PER SHARE AMOUNTS)

	Note	2021	2020
Revenue	6	**39,984**	24,030
Cost of sales			
Royalties		**(3,320)**	(1,804)
Windfall tax		**(9,432)**	(1,486)
Production expenses		**(9,976)**	(8,280)
Depletion and depreciation	11, 13	**(10,055)**	(15,295)
Total cost of sales		**(32,783)**	(26,865)
Gross profit (loss)		**7,201**	(2,835)
Administrative expenses		**(4,479)**	(3,944)
Share-based payment expense	7	**(213)**	(1,418)
Total administrative expenses		**(4,692)**	(5,362)
Impairment expense	11, 12	**-**	(10,348)
Release of provision	23	**6,636**	1,905
Decommissioning provision recovery	18	**142**	-
Operating income (loss)		**9,287**	(16,640)
Gain on extinguishment of debt		**-**	11,985
Finance expense	8	**(444)**	(3,807)
Net income (loss) before tax		**8,843**	(8,462)
Tax expense	9	**(419)**	(835)
Income (loss) after taxation attributable to equity owners of the parent		**8,424**	(9,297)
Other comprehensive income (loss)			
Other comprehensive income (loss) to be classified to profit and loss in subsequent periods:			
Foreign currency translation adjustment		**(2,463)**	1,332
Total comprehensive income (loss) for the year attributable to equity owners of the parent		**5,961**	(7,965)
Earnings (loss) per share:			
Basic	10	**0.01**	(0.03)
Diluted	10	**0.01**	(0.03)

The accompanying notes on pages 49 to 73 form part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (US$ 000s, EXCEPT PER SHARE AMOUNTS)

As at	Note	31 December 2021	31 December 2020
Non-current assets			
Property, plant and equipment	11	**71,747**	77,799
Exploration and evaluation assets	12	**5,042**	14
Right-of-use assets	13	**370**	512
Total non-current assets		**77,159**	78,325
Current assets			
Restricted cash	14	**1,144**	1,159
Trade and other receivables	15	**7,396**	8,876
Product inventory	16	**656**	-
Cash and cash equivalents	14	**8,429**	6,002
Total current assets		**17,625**	16,037
Total assets		**94,784**	**94,362**
Equity			
Share capital	17	**401,426**	401,426
Share-based payment reserve	7	**25,487**	25,274
Treasury shares	17	**(121)**	-
Accumulated deficit		**(387,986)**	(396,410)
Cumulative translation reserve		**(1,374)**	1,089
Total equity		**37,432**	**31,379**
Liabilities			
Non-current liabilities			
Decommissioning provision	18	**28,232**	26,950
Deferred tax liability	19	**10,516**	11,976
Lease liabilities	20	**252**	422
Other provisions	21	**1,358**	1,399
Total non-current liabilities		**40,358**	40,747
Current liabilities			
Current portion of decommissioning provision	18	**6,636**	7,124
Current portion of lease liabilities	20	**193**	164
Accounts payable and accrued liabilities	22	**10,165**	14,948
Total current liabilities		**16,994**	22,236
Total liabilities		**57,352**	62,983
Total liabilities and equity		**94,784**	94,362

The accompanying notes on pages 49 to 73 form part of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 18 March 2022 and were signed on its behalf by:

JON KEMPSTER
DIRECTOR, CHAIR OF THE AUDIT COMMITTEE

ANDREW FAIRCLOUGH
DIRECTOR AND CFO

CONSOLIDATED STATEMENT OF SHAREHOLDER'S EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (US$ 000S, EXCEPT PER SHARE AMOUNTS)

	Note	Share capital	Share-based payment reserve	Treasury Shares	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance at 31 December 2019		377,942	23,932	-	(387,113)	(243)	14,518
Loss for the year		-	-	-	(9,297)	-	(9,297)
Other comprehensive loss for the year		-	-	-	-	1,332	1,332
Total comprehensive loss for the year		-	-		(9,297)	1,332	(7,965)
Transactions with equity owners				-			
Shares issued	17	21,315	-	-	-	-	21,315
Share issue costs	17	(1,573)	-	-	-	-	(1,573)
Share-based payment expense	7	76	1,342	-	-	-	1,418
Shares issued to retire Convertible Loan	17	3,666	-	-	-	-	3,666
Balance at 31 December 2020		401,426	25,274	-	(396,410)	1,089	31,379
Income for the year		-	-	-	8,424	-	8,424
Other comprehensive loss for the year		-	-	-	-	(2,463)	(2,463)
Total comprehensive income for the year		-	-	-	8,424	(2,463)	5,961
Transactions with equity owners							
Share-based payment expense	7	-	213	-	-	-	213
Shares purchased to be held in Treasury	17	-	-	(121)	-	-	(121)
Balance at 31 December 2021		401,426	25,487	(121)	(387,986)	(1,374)	37,432

The accompanying notes on pages 49 to 73 form part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021
(US$ 000s, EXCEPT PER SHARE AMOUNTS)

	Note	**2021**	2020
Operating activities			
Income (loss) for the year		**8,424**	(9,297)
Items not involving cash:			
Depletion and depreciation	11, 13	**10,055**	15,295
Impairment expense	11, 12	**-**	10,348
Interest expense	8	**-**	3,222
Share-based payment expense	7	**213**	1,418
Tax expense	9	**419**	835
Accretion expense on decommissioning provision	18	**377**	460
Change in other provisions	21	**(41)**	76
Foreign exchange (gain) / loss		**(15)**	20
Decommissioning provision recovery		**(142)**	-
Other income		**(4)**	(4)
Release of provision	23	**(6,636)**	(1,905)
Gain on extinguishment of debt		**-**	(11,985)
Income taxes paid		**(2,085)**	(1,166)
Expenditures on decommissioning liabilities		**(332)**	-
Funds from operations		**10,233**	7,317
Changes in non-cash working capital	26	**3,866**	(536)
Cashflows from operating activities		**14,099**	6,781
Financing activities			
Proceeds from equity issuance	17	**-**	21,315
Share issue costs	17	**-**	(1,573)
Repayment of long-term debt		**-**	(18,500)
Lease payments	20	**(235)**	(537)
Shares purchased to be held in treasury	17	**(121)**	-
Cashflows (used in) generated from financing activities		**(356)**	705
Investing activities			
Capital expenditures	26	(11,248)	(4,360)
Proceeds on disposition of property, plant and equipment		**8**	49
Cashflows used in investing activities		**(11,240)**	(4,311)
Impact of foreign currency translation on cash		**(76)**	47
Change in cash and cash equivalents		**2,427**	3,222
Cash and cash equivalents, beginning of year		**6,002**	2,780
Cash and cash equivalents, end of year		**8,429**	6,002

The accompanying notes on pages 49 to 73 form part of the consolidated 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.

The consolidated financial statements for Serinus include the accounts of the Group and its subsidiaries for the years ended 31 December 2021 and 2020.

2. BASIS OF PRESENTATION

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated. The consolidated financial statements have been prepared on a historical cost basis except as noted in the accompanying accounting policies.

The consolidated financial statements of the Group for the 12 months ended 31 December 2021 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 consolidated 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.

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 Summary, the Chairman's Letter and the Letter from the CEO. The financial position of the Group is described in these consolidated 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 consolidated financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation

The consolidated financial statements include the results of the Group and all subsidiaries. Subsidiaries are entities over which the Group has control. All intercompany balances and transactions, and any recognised gains or losses arising from intercompany transactions are eliminated upon consolidation. Serinus has four directly held subsidiaries, Serinus Energy Canada Inc., Serinus Holdings Limited, Serinus Petroleum Consultants Limited and Serinus B.V. Through Serinus Holdings Limited, the Group has the following indirect wholly-owned subsidiaries: Serinus Energy Romania Trading S.r.l, Serinus Energy Romania S.A., SE Brunei Limited, AED South East Asia Ltd., KOV Borneo Limited, and Serinus Tunisia B.V. 99.999996% of Serinus Energy Romania S.A. is also held by Serinus Holdings Limited, with Serinus Tunisia B.V. owning the remaining 0.000004% of Serinus Romania S.A. On 21 December 2021, the Group completed a reorganisation whereby by the interests in Serinus Tunisia B.V. and Serinus Energy Romania S.A. were transferred from Serinus B.V. to Serinus Holdings Limited.

Some of the Group's activities are conducted through jointly controlled assets. The consolidated financial statements therefore include the Group's share of these assets, associated liabilities and cashflows in accordance with the term of the arrangement. The Group's associated share of revenue, cost of sales and operating costs are recorded within the Statement of Comprehensive Income (Loss).

Basis of consolidation

Where the Group has control over an investee, it is classified as a subsidiary. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Group has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Group considers all relevant facts and circumstances, including:

- The size of the Group's voting rights relative to both the size and dispersion of other parties.
- Substantive potential voting rights held by the Group and by other parties.
- Other contractual arrangements.
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Group as if they formed a single entity. Intercompany transactions and balances between group companies are eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive loss from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

b. Segment information

Operating segments have been determined based on the nature of the Group's activities and the geographic locations in which the Group operates and are consistent with the level of information regularly provided to and reviewed by the Group's chief operating decision makers.

c. Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the Group's functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the year-end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss.

ii. Foreign currency translation

In preparing the Group's consolidated financial statements, the financial statements of each entity are translated into U.S. dollars, the presentational currency of the Group. The assets and liabilities of foreign operations that do not have a functional currency of US dollars are translated into US dollars using exchange rates at the reporting date. Revenues and expenses of foreign operations are translated into US dollars using foreign exchange rates that approximate those on the date of the underlying transaction. Significant foreign exchange differences are recognised in Other Comprehensive Income (Loss).

d. Revenue recognition

The Group earns revenue from the sale of crude oil, natural gas and natural gas liquids. Royalties are recorded at the time of production.

Revenue from the sale of crude oil, natural gas and natural gas liquids is recorded when performance obligations are satisfied. Performance obligations associated with the sale of crude oil are satisfied at the point in time when the products are delivered to the loading terminal and the volumes and prices have been agreed upon with the customer, which is considered to be the point at which the Group transfers control of the product. Performance obligations associated with the sale of natural gas and natural gas liquids are satisfied upon delivery to the respective concession delivery points, which is where the Group transfers control.

e. Windfall tax

Within the Romanian operating segment, the Company incurs a windfall tax if the realised price of gas exceeds a price set by the Romanian authorities. The windfall tax is recognised on a production basis and is shown as a cost of sale.

f. Share-based compensation

The Group reflects the economic cost of awarding share options to employees and Directors by recording an expense in the Consolidated Statement of Comprehensive Income equal to the fair value of the benefit awarded. The expense is recognised in the Consolidated Statement of Comprehensive Income or Loss over the vesting period of the award. Fair value is measured by use of a Black-Scholes model which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Share awards issued under the Company's LTIP comprise of a right to acquire a share of the Company at no cost and are valued at the closing price on the date of issuance. There are no vesting conditions for these awards, therefore the full value of the awards are expensed upon issuance and carried within the Company's share-based payment reserve.

Shares issued in lieu of salary are issued to the equivalent amount of salary forfeited. In determining the number of shares awarded, the Company uses the volume weighted average share price for the equivalent period of the salary forfeited. As there are no vesting conditions for these shares, they are fully expensed during the period the salary was forfeited and are recorded within Share Capital.

When a share option modification is completed, the Company compares the original fair-value of the share option on the modification date, to the modified fair-value on the modification date. If the fair-value of the modified share option is lower than the original fair-value, no adjustment is required as the original fair-value is the minimum the Company is required to expense.

The increase in incremental fair-value is expensed over the remaining vesting period. If the share option is fully vested, the incremental fair-value is expensed immediately through profit and loss and carried under the share-based payment reserve.

g. Taxes

Current and deferred income taxes are recognised in profit or loss, except when they relate to items that are recognised directly in equity or other comprehensive income, in which case the current and deferred taxes are also recognised directly in equity or other comprehensive loss, respectively. When current income tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current income taxes are measured at the amount expected to be paid to or recoverable from the taxation authorities based on the income tax rates and laws that have been enacted at the end of the reporting period.

The Group follows the balance sheet method of accounting for deferred income taxes, where deferred income taxes are recorded for the effect of any temporary difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates expected to apply when the assets are realised, or the liabilities are settled. Deferred income tax balances are adjusted for any changes in the enacted or substantively enacted tax rates and the adjustment is recognised in the period that the rate change occurs.

Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised to the extent that it is probable future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered. Deferred income tax assets and liabilities are only offset where they arise within the same entity and tax jurisdiction. Deferred income tax assets and liabilities are presented as non-current.

Taxes in Tunisia are prepaid based on the prior year tax balance, and are used to reduce future taxes payable, and may not be refunded. The Company classifies these as prepaid taxes when they are paid. The Company reassesses the likelihood that these prepaid taxes will result in a benefit to the Company, and to the extent that these are deemed to have no value, the Company includes this through profit and loss as a tax expense.

h. Cash and cash equivalents and restricted cash

Cash and cash equivalents include short-term investments such as term deposits held with banks or similar type instruments with a maturity of three months or less. Restricted cash is comprised of cash held in trust by a financial institution for the benefit of a third party as a guarantee that certain work commitments will be met. Once the work commitments are met, the restricted cash is released from the trust and returned to cash.

i. Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument and are subsequently measured at amortised cost.

<u>Classification and measurement of financial assets</u>

The initial classification of a financial asset depends upon the Group's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Group classified its financial assets:

i. Amortised costs: includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cashflows that represent solely payments of principal and interest;Fair value through other comprehensive income ("FVOCI"): includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or

ii. Fair value through other comprehensive income ("FVOCI"): includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or

iii. Fair value through profit or loss ("FVTPL"): includes assets that do not meet the criteria for amortised cost or FVOCI and are measured at fair value through profit or loss.Trade receivables and other receivables are initially measured at fair value.

The Group holds trade receivables and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

Trade receivables and other receivables are initially measured at fair value. The Group holds trade receivables and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost. Trade receivables and other receivables are presented as current assets as collection is expected within 12 months after the reporting period.

The Group has no financial assets measured at FVOCI or FVTPL.

Impairment of financial assets

The Group recognised loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortised cost. Due to the nature of its financial assets, the Group measures loss allowances at an amount equal to the lifetime ECLs. Lifetime ECLs are the anticipated ECLs from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses.

Classification and measurement of financial liabilities

A financial liability is initially measured at amortised cost or FVTPL. A financial liability is classified and measured at FVTPL if it is held-for-trading, a derivative or designated as FVTPL on initial recognition.

The Group's accounts payable and accrued liabilities, lease liabilities and long-term debt are measured at amortised cost. Accounts payable and accrued liabilities are initially measured at fair value and subsequently measured at amortised cost. Accounts payable and accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Long-term debt is initially measured at fair value, net of transaction costs incurred. The contractual cash flows of the long-term debt are subsequently measured at amortised cost. Long-term debt is classified as current when payment is due within 12 months after the reporting period.

The Group has no financial liabilities measured at FVTPL.

The Group characterises its fair value measurements into a three-level hierarchy depending on the degree to which the inputs are observable, as follows:

Level 1: inputs are quoted prices in active markets for identical assets and liabilities;

Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

Level 3: inputs are unobservable inputs for the asset or liability.

j. Exploration and evaluation ("E&E") and Property, plant and equipment ("PP&E")

i. Exploration and evaluation expenditures

Pre-license costs are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred.

E&E costs, including the costs of acquiring licenses and directly attributable general and administrative costs, are capitalised as E&E assets. The costs are accumulated in cost centres by well, field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets are assessed for impairment when (i) facts and circumstances suggest that the carrying amount exceeds the recoverable amount, or (ii) sufficient data exists to determine technical feasibility and commercial viability, and the assets are to be reclassified.

The technical feasibility and commercial viability of extracting a resource is considered to be determinable based on several factors including the assignment of proved or probable reserves. A review of each exploration license or field is carried out, at least annually, to ascertain whether the project is technically feasible and commercially viable. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to a separate category within PP&E referred to as oil and natural gas interests.

ii. Development and production costs

Items of PP&E, which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash generating units ("CGU") for impairment testing and categorised within property and equipment as oil and natural gas interests. PP&E is comprised of drilling and well servicing assets, office equipment and other corporate assets. When significant parts of an item of PP&E, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (major components).

Gains and losses on disposal of an item of PP&E, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognised within profit or loss.

iii. Subsequent costs

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in profit or loss as incurred. Such capitalised costs generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such reserves and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is

recognised. The costs of the day-to-day servicing of PP&E are recognised in profit or loss as incurred.

iv. Depletion and depreciation

The net carrying value of development or production assets is depleted using the unit-of-production method based on estimated proved and probable reserves, taking into account future development costs, which are estimated costs to bring those reserves into production. For purposes of the depletion assessment, petroleum and natural gas reserves are converted to a common unit of measurement on the basis of their relative energy content where six thousand cubic feet ("Mcf") of natural gas equates to one barrel of oil.

Certain of the Group's assets are not depleted based on the unit of production method as they relate to infrastructure, corporate and other assets. Such plant and equipment items are recorded at cost and are depreciated over the estimated useful lives of the asset using the declining balance basis at rates ranging from 20% to 45%. The expected lives of other PP&E are reviewed on an annual basis and, if necessary, changes in expected useful lives are accounting for prospectively.

v. Impairment

The carrying amounts of the Group's PP&E are reviewed whenever events or changes in circumstances indicate that that the carrying value of an asset may not be recoverable and at a minimum at each reporting date. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGUs). The recoverable amount is then estimated. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

Value-in-use is generally computed as the present value of the future cash flows, discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, expected to be derived from production of proved and probable reserves.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation if no impairment loss had been recognised.

vi. Corporate assets

Corporate assets consist primarily of office equipment and computer hardware. Depreciation of office equipment and computer hardware is provided over the useful life of the assets on the declining balance basis between 20% and 45% per year.

k. ROU asset and lease liabilities

Serinus does not act as a lessor, and therefore this policy solely reflects Serinus acting in the manor of a lessee. Serinus recognises a right-of-use asset and an offsetting lease obligation on the date the asset is available to the Company for use. The asset and lease obligation are initially measured at the present value of the future lease payments, using the implicit interest rate stated in the agreement, if available. If no interest rate is defined in the contract, the Company uses the weighted average cost of capital of the business unit the lease is incurred within. Over the life of the lease, the Company incurs interest expense which is added to the lease obligation, which is reduced by each future lease payment.

Modifications to lease contracts results in remeasuring the lease asset and obligation as of the effective date, with the resulting change reflected through an addition to the underlying right-of-use asset and corresponding lease obligation.

Short-term leases and leases of low-value are not recognised on the balance sheet. Instead, these lease payments are recognised through profit and loss as incurred.

l. Product inventory

Product inventory consists of the Company's unsold Tunisia crude oil barrels, valued at the lower of cost, using the first-in, first-out method, or net realisable value. Cost includes royalties, operating expenses and depletion associated with the barrels as determined on a country-by-country basis.

m. Provisions

i. General

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses. Management uses its best judgement in determining the likelihood that the provision will be settled within one year; provisions that are settled within one year are classified as a current provision.

ii. Decommissioning provisions

Decommissioning provisions include legal or constructive obligations where the Group will be required to retire tangible long-lived assets such as well sites and processing facilities. The amount recognised is the present value of estimated future expenditures required to settle the obligation using the risk-free interest rate associated with the type of expenditure and respective jurisdiction. A corresponding asset equal to the initial estimate of the liability is capitalised as part of the related asset and depleted to expense over its useful life. The obligation is accreted until the date of expected settlement of the retirement obligation and is recognised within financial costs in the statement of comprehensive loss.

Changes in the estimated liability resulting from revisions to the estimated timing or amount of undiscounted cash flows or the discount rates are recognised as changes in the decommissioning provision and related asset. Actual expenditures incurred are charged against the provision to the extent the provision was established. Downward revisions to the liability in cases when the full decommissioning asset has been impaired, the resulting change in estimate will flow through the Statement of Comprehensive Income (Loss).

n. Long-term debt

Long-term debt is classified as a financial liability or equity instrument in accordance with the substance of the contractual arrangement. In determining whether a financial instrument is a financial liability rather than an equity instrument, the following conditions must both be met:

i. The instrument includes a contractual obligation to deliver cash or another financial asset, or to exchange financial assets and financial liabilities under conditions that are potentially unfavourable.

ii. If the instrument will or may be settled in equity instruments it is a non-derivative that includes a contractual obligation to deliver a variable number of equity instruments, or a derivative that will be settled by exchanging a fixed amount of cash or another financial asset for a fixed number of equity instruments.

Long-term debt that contains a conversion feature is assessed using the criteria above. If the conversion feature fails to meet the definition of an equity instrument it is classified as a derivative liability. Derivative liabilities are recorded at their fair value each reporting period with changes recognised in profit or loss.

During the retirement of any debt obligation, differences between the carrying value and the amount settled (cash and equity) will be recognised through profit and loss. If equity is issued during the extinguishment of debt, the shares will be valued at the fair value on the date of issuance.

o. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

p. Treasury shares

The Group also from time to time acquires own shares to be held as treasury shares. Treasury shares are held at cost and shown as a deduction from total equity in the Consolidated Statement of Financial Position.

Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the profit or loss on the purchase, sale, issue or cancellation of treasury shares.

q. Warrants

Warrants are classified as equity. Incremental costs directly attributable to the issuance of warrants are recognised as a deduction from equity, net of any tax effects. Fair value is measured by use of a Black-Scholes model which takes into account conditions attached to the vesting and exercise of the equity instruments.

r. Dividends

To date the Group has not paid a dividend and does not anticipate paying dividends in the foreseeable future. Should the Group decide to pay dividends in the future, it would need to satisfy certain liquidity tests as established in the Companies (Jersey) Law 1991.

s. Changes and amendments to accounting policies

During the year, there were no new standards or amendments to standards adopted that had a material effect to the Group.

t. Accounting standards issued but not yet adopted

The following standards have been published and are mandatory for accounting periods beginning after 1 January 2022 but have not been early adopted by the Group and could have an impact on the Group financial statements:

i. Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023

ii. Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework – effective 1 January 2022

iii. Amendments to IAS 16: Property, Plant and Equipment – effective 1 January 2022

iv. Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – effective 1 January 2022

v. Annual Improvements to IFRS Standards 2018-2020 Cycle – 1 January 2022

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of cash and cash equivalents, restricted cash, trade receivables and other receivables and accounts payable and accrued liabilities approximate their carrying amounts due to their short-term maturities.

The fair value of the lease liabilities and long-term debt approximates its carrying value as it is at a market rate of interest and accordingly the fair market value approximates the carrying value (level 2).

RISK MANAGEMENT

The Directors have overall responsibility for identifying the principal risks of the Group and ensuring the policies and procedures are in place to appropriately manage these risks. Serinus' management identifies, analyses and monitors risks and considers the implication of the market condition in relation to the Group's activities.

Market risk is the risk that the fair value of future cash flows of financial assets or financial liabilities will fluctuate due to movements in market prices. Market risk is comprised of commodity price risk, foreign currency risk and interest rate risk, as well as credit and liquidity risks.

COMMODITY PRICE RISK

The Group is exposed to commodity price risk in fluctuations in the price of oil, natural gas and natural gas liquids. In Tunisia, the Company enters into lifting agreements with trading counterparties based on the market price of Brent crude oil. In Romania, the Company enters into contracts with customers for a stated gas price based on the Romanian gas trading activity.

The Group has no commodity hedge program in place which could limit exposure to price risk. For the year ended 31 December 2021, a 10% change in the price of crude oil per bbl would have impacted revenue, net of royalties by $1.0 million (2020 - $0.6 million) and a 10% change in the price of gas per mcf would have impacted revenue, net of royalties by $2.7 million (2020 - $1.8 million).

FOREIGN CURRENCY EXCHANGE RISK

The Group is exposed to risks arising from fluctuations in various currency exchange rates. Gas prices are based in Romanian LEU ("LEU") or Tunisian dinar ("TND"), while condensate and oil prices are based in USD. The Company has payables that originate in GBP, CAD, LEU and TND. As such the Company is affected by changes in the USD exchange rate compared to the following currencies; GBP, CAD, LEU and TND.

The Company's day to day operations will often generate invoices in other currencies, but these are not sensitive to the foreign exchange practice of the business.

As at 31 December 2021	GBP	CAD	LEU	TND
Cash and cash equivalents	57	212	3,320	1,469
Restricted cash	-	1,449	30	-
Accounts receivable	-	4	15,731	1,909
Accounts payable	(369)	(72)	(19,526)	(3,306)
Lease liabilities	(70)	(258)	-	(431)
Net foreign exchange exposure	(382)	1,335	(445)	(359)
Translation to USD	1.3477	0.7851	0.2288	0.3464
USD equivalent	(515)	1,048	(102)	(124)

As at 31 December 2020	GBP	CAD	LEU	TND
Cash and cash equivalents	388	24	1,454	218
Restricted cash	-	1,441	109	-
Accounts receivable	-	6	16,456	2,334
Accounts payable	(474)	(79)	(5,559)	(1,405)
Lease liabilities	(93)	(242)	-	(537)
Net foreign exchange exposure	(179)	1,150	12,460	610
Translation to USD	1.3649	0.7854	0.2521	0.3697
USD equivalent	(244)	903	3,142	226

For the year ended 31 December 2021, a 1% change in foreign exchange rates would have impacted net income by $3,000 (2020 - $40,300).

CREDIT RISK

The Group's cash and cash equivalents and restricted cash are held with major financial institutions. The Group monitors credit risk by reviewing the credit quality of the financial institutions that hold the cash and cash equivalents and restricted cash. The Group's trade receivables consist of receivables for revenue in Tunisia and Romania, along with receivables from joint venture partners in Tunisia.

Management believes that the Group's exposure to credit risk is manageable, as commodities sold are under contract or payment within 30 days. Commodities are sold with reputable parties and collection is prompted based on the individual terms with the parties. For the year ended 31 December 2021, Tunisia's revenue was generated from five customers (2020 – three), with a 28%, 22%, 18%, 17% and 15% weighting (2020 – 62%, 19% and 19%). Romania's sales were made primarily to three customers (2020 – three), with a 58%, 38% and 4% weighting (2020 – 70%, 15% and 4%). At 31 December 2021, the Group had $nil (2020 - $0.8 million) of revenue receivables that were considered past due (over 90 days outstanding).

The Company applied the simplified model for assessing the ECLs under IFRS 9. This approach uses a lifetime expected loss allowance based on the days past due criteria. Upon reviewing the historical transactions with the Company's vendors, it was determined that the ECL was insignificant as there is no history of default or unpaid invoices. As a result the Company has determined the ECL percentage to be nominal and has not recorded any allowance for doubtful accounts as at 31 December 2021 and 31 December 2020.

The Company manages its current VAT receivables by submitting VAT returns on a monthly basis. This allows the Company to receive the VAT in a timely matter while any amounts that may come under scrutiny, only delays one month's refund. Management has no formal credit policy in place for customers and the exposure to credit risk is approved and monitored on an ongoing basis individually for all significant customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Group does not require collateral in respect of financial assets.

LIQUIDITY RISK

Liquidity risk is the risk that Serinus will not be able to pay financial obligations when due. There are inherent liquidity risks, including the possibility that additional financing may not be available to the Group, or that actual capital expenditures may exceed those planned. The Group mitigates this risk through monitoring its liquidity position regularly to assess whether it has the resources necessary to fund working capital, development costs and planned exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments. Alternatives available to the Group to manage its liquidity risk include deferring planned capital expenditures that exceed amounts required to retain concession licenses, farm-out arrangements and securing new equity or debt capital.

As at 31 December 2021	1 year	1 - 3 years	3+ years	Total
Accounts payable and accrued liabilities	10,165	-	-	10,165
Lease liabilities	193	183	69	445
Total	10,358	183	69	10,610

As at 31 December 2020	1 year	1 - 3 years	3+ years	Total
Accounts payable and accrued liabilities	14,948	-	-	14,948
Lease liabilities	236	224	218	678
Total	15,184	224	218	15,626

The Directors have considered the circumstances, current status and practical realisations of $5.3 million of current liabilities that relate to long-term historic liabilities and based on this assessment do not believe that these will become due in the next 12 months.

INTEREST RATE RISK

During the prior year, the Company fully repaid its long-term debt, and no longer has an interest rate risk. In the prior year the Group's interest rate risk arose from the floating rate on the Convertible Loan. The Convertible Loan's interest rate was based on LIBOR and incremental revenue with a floor of 8% and ceiling of 17%. In the prior year, if interest rates applicable to the long-term debt increased by 1%, assuming the debt remain unchanged, the impact to net loss before income taxes would have been $0.3 million.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make significant estimates and judgements based on currently available information. Management uses their professional judgement along with the most up to date information in making these estimates and judgements, however actual results could differ. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. Estimates and underlying assumptions are reviewed on an ongoing basis and any changes are recognised in the period that the estimates and judgements have changed. The significant estimates and judgements made by management in the statements are described below:

a. Cash generating units

The determination of CGUs requires judgment in defining a group of assets that generate independent cash inflows from other assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

b. Oil and gas reserves

The process of determining oil and gas reserves is complex and involves many different assumptions. The Company conducts a reserve audit at the end of each fiscal year, which is completed by independent qualified reserves engineers. The Company's reserve estimates are based on current production forecasts, commodity price forecasts, licences being renewed as and when required, and other economic conditions. Estimates are amended for all available information such as historical well performance and updated commodity prices.

The Company's reserves drive the calculation of depletion of the oil and gas assets, calculating the future cash flows of the assets and the recoverable amount for each CGU. The Company compares the recoverable amount to the carrying amount to determine any potential impairment. In determining the recoverable amount, the Company makes other key estimates and judgements which involve the proved and probable reserves, forecasted commodity prices, expected production, future development costs and discount rates. Any changes to these estimates may materially impact the expected reserves of the Company. An impairment sensitivity analysis is detailed in Note 11.

c. Deemed 100% interest in the Satu Mare concession

The Group currently holds a deemed 100% interest in the Satu Mare concession due to the working interest partner, who held a 40% interest in the Satu Mare concession, declining to participate in future exploration or development phases and not contributing their share of costs. The Group therefore issued a notice of default to the partner in December 2016 under the terms of the joint operating agreement ("JOA"). The partner did not have the necessary means or intention to remedy the situation and as such the partner is not entitled to participate in joint venture operations and has no right to transfer their interest to a third party.

The Group has provided the partner with a Notice of Deemed Transfer pursuant to the JOA. This Notice of Deemed Transfer

states that the Group has claimed this interest without any obligation to the partner. Under the terms of the JOA and pursuant to the notice of default and notice of deemed transfer, the Group has commercially assumed 100% of the joint operation. The Group has notified the National Agency for Mineral Resources ("NAMR") of the default of the partner and has provided the requisite guarantees to NAMR for 100% of the project.

d. Decommissioning provisions (Note 18)

The Group recognises liabilities for the future decommissioning and restoration of oil and gas assets. Management is required to apply estimates and judgements related to the estimated abandonment techniques, costs and abandonment dates. Technological advancements in the industry could lead to changes to reserve life delaying the abandonment dates, as well as possible cheaper abandonment techniques. Any changes to these estimates, along with the inflation and discount rates, could result in material differences and affect future financial results.

e. Income taxes (Notes 9 and 19)

Deferred income taxes require estimates and judgements from management in determining the future cash flows and taxable income of each business unit to determine the likelihood that any assets may be recognised by the Company.

Within Tunisia, taxes are at times paid in advance based on gross sales in certain circumstances. Management uses their best estimates and future cash flow projections to determine if these advances will be utilised against income taxes in the future periods. When it is deemed that these advances will not be utilised in the future, they are recorded through the Statement of Comprehensive Income as a tax expense.

f. VAT receivable

The Company has outstanding VAT claims that have been disputed by Romanian authorities dating back to 2017. The VAT in question relates to operational and developmental costs in Romania for costs paid in full by the Company at 100% working interest (see Note 5(c)). Management believes that these amounts are fully recoverable and therefore the Company has recorded 100% of the VAT balance in Trade and other receivables.

g. Product inventory (Note 16)

Within Tunisia, crude oil inventory volumes are estimated based on historical production less volumes sold and other adjustments for shrinkage, as well as estimates based on facility capacity and volume assumptions.

h. Exploration and evaluation assets (Note 12)

E&E assets are subject to ongoing technical, commercial and management review to confirm the continued intent to establish the technical feasibility and commercial viability of any prospect for which costs have been incurred. E&E assets remain capitalised until a point at which management determines whether a project is economically viable.

6. REVENUE

The Group sells its production pursuant to variable-price contracts with customers. The transaction price for these variable-priced contracts is based on underlying commodity prices, adjusted for quality, location and other factors depending on the contract terms. Under the contracts, the Group is required to deliver a variable volume of crude oil and natural gas to the contract counterparty. The disaggregation of revenue by major products and geographical market is included in the segment note (see Note 31).

As at 31 December 2021, the receivable balance related to contracts with customers, included within accounts receivable is $2.8 million (31 December 2020 - $2.9 million).

7. SHARE-BASED PAYMENT EXPENSE

The Group has granted ordinary share purchase options to directors and employees with exercise prices equal to or greater than the fair value of the ordinary shares on the grant date. Upon exercise, the options are settled in ordinary shares on the AIM market. For options issued prior to 2016, each tranche of the share purchase options had a five-year term and vested one-third immediately with the remaining two-thirds at one-third per year each anniversary of the grant date. In 2016, options were granted with a seven-year term and vested one-third per year on the anniversary of the grant date for the three subsequent years. In 2017, options were granted with a five-year term, which vested one-third per year on the anniversary date for the three subsequent years. In 2018, options were granted with a ten-year term, which vested one-third immediately with the remaining two-thirds at one-third per year each anniversary of the grant date for the two subsequent years.

In 2020, the Group repriced all stock options with the exception of those of the non-executive directors, to a strike price of £0.02, which constitutes a modification to the share-based payment plan. The Group expensed the incremental fair-value increase related to all vested stock options and will expense the fair-value increase related to unvested stock options over the remaining term of the options. The options granted to non-executive directors have not been repriced or converted to the Company's LTIP. The increase in the fair value was calculated using the Black-Scholes model as of the day of modification, with and without the amended strike price. The incremental fair value increase was determined to be insignificant.

In 2020, the Company issued 22.5 million awards under the LTIP ("Awards") to members of the management team on 21 December 2020. These Awards were issued to management and provide the right to acquire one share of the Company at $nil cost. These Awards were valued at the closing price (£0.0265) on the issuance date of the Awards. The total fair value of these awards was $0.8 million (£0.6 million). As at 31 December 2021, the total awards outstanding under this LTIP was 22.5 million (2020 – 22.5 million), with a weighted average valuation of £0.0265 (2020 £0.0265).

Also in 2020, the Company also issued shares to the executive Directors in lieu of a voluntary 20% salary reduction during the second and third quarters. These shares were awarded at the weighted average closing share price over the respective periods.

The weighted average fair value of options granted during the year ended 31 December 2021 was £0.01 per option (31 December 2020 - £0.03 per option) using the following assumptions:

Inputs used in the Black-Scholes model	2021	2020
Risk-free interest rate	**0.29%**	0.02%
Expected dividend yield	**nil**	nil
Expected volatility (based on actual historical volatility)	**71%**	146%
Forfeiture rate	**5%**	5%
Expected option life (in years)	**10**	7.3

A summary of the changes to the option plans during the year ended 31 December 2021, are presented below:

a. CAD denominated options

	2021		2020	
	Options	Exercise Price	Options	Exercise Price
Balance, beginning of year	200,000	0.37	200,000	0.37
Forfeited	(100,000)	-	-	-
Balance, end of year	100,000	0.37	200,000	0.37

b. GBP denominated options

	2021		2020	
	Options	Exercise Price	Options	Exercise Price
Balance, beginning of year	32,893,000	0.02	13,079,667	0.17
Granted	1,750,000	0.02	22,380,000	0.02
Expired	-	-	-	-
Forfeited	(1,000,000)	(0.02)	(2,566,667)	(0.19)
Balance, end of year	33,643,000	0.02	32,893,000	0.02

As at 31 December 2021 there are 33,643,000 (2020 – 32,893,000) options outstanding to executive directors and employees with a weighted average contractual life of 8.9 (2020 – 8.0) years and a weighted average exercise price of £0.02 (2020 - £0.02).

GBP denominated option breakdown	Exercise price (GBP)	Options outstanding	Options exercisable	Average life (years)
	0.02	33,643,000	25,349,668	8.9

8. FINANCE EXPENSE

Year ended 31 December	2021	2020
Interest expense on long-term debt	**-**	2,890
Amortisation of debt costs	**-**	83
Amortisation of debt modification	**-**	249
Interest of leases (Note 20)	**53**	88
Accretion on decommissioning provision (Note 18)	**377**	460
Foreign exchange and other	**14**	37
	444	3,807

9. TAXATION

	2021	2020
Current income tax expense	**1,879**	2,251
Deferred income tax		
Origination and reversal of temporary differences (Note 19)	**(1,460)**	(1,416)
Tax expense	**419**	835

Reconciliation of the effective tax rate:

Year ended 31 December	2021	2020
Income (loss) before income taxes	**8,843**	(8,462)
Statutory tax rate	**50.0%**	50.0%
Expected income tax	**4,422**	(4,231)
Non-taxable (deductible) items	(57)	(699)
Losses utilised/expired	(526)	207
Tax rate differences	(3,248)	(190)
Advance taxes unrecoverable	-	1,777
Foreign exchange and other	35	656
Net change in tax attributes not recognised	(207)	3,315
Income tax expense	419	835

The Company has elected to use the Sabria concession tax rate as the statutory rate instead of using 0% tax rate applicable to the Company in Jersey. Sabria is currently the only producing concession that does not have the ability to eliminate all tax liability through the utilisation of loss pools, and therefore the majority of the Company's tax expense relates to Sabria.

The advance taxes unrecoverable in the year ending 31 December 2020 is related to taxes that are prepaid within the various operating concessions in Tunisia. Tunisia requires taxes to be paid in advance based on the prior year tax balance. The amounts paid may only be deducted from future taxes and are unrecoverable. The Company has determined that based on the future development plans within Tunisia that the Company will not generate enough taxable income to fully utilise all advance taxes paid, losses carried forward and other taxable pools available to the Company.

10. EARNINGS (LOSS) PER SHARE

Year ended 31 December ($000's, except per share amounts)	2021	2020
Income (loss) for the year	8,424	(9,297)
Weighted average shares outstanding		
Basic	1,162,931	272,411
Diluted	1,172,911	272,411
Income (loss) per share		
Basic and diluted	0.01	(0.03)

In determining diluted net income 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 year ended 31 December 2021, the Group excluded 0.1 million (2020 – 33.1 million) stock options. In 2020 there were 2.3 million warrants excluded as they were anti-dilutive due to the Company being in a loss position. These warrants expired in 2021.

11. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas interests	Corporate assets	Total
Cost or deemed cost:			
Balance as at 31 December 2019	256,234	2,552	258,786
Capital additions	5,567	141	5,708
Change in decommissioning provision	1,646	-	1,646
Disposals	(91)	(1,069)	(1,160)
Balance as at 31 December 2020	263,356	1,624	264,980
Capital additions	5,797	69	5,866
Change in decommissioning provision	793	-	793
Disposals	-	(50)	(50)
Balance as at 31 December 2021	269,946	1,643	271,589
Accumulated depletion and depreciation			
Balance as at 31 December 2019	(163,048)	(2,152)	(165,200)
Depletion and depreciation	(14,307)	(443)	(14,750)
Impairment	(9,600)	-	(9,600)
Disposals	71	1,069	1,140
Balance as at 31 December 2020	(186,884)	(1,526)	(188,410)
Depletion and depreciation	(10,378)	-	(10,378)
Disposals	-	42	42
Balance as at 31 December 2021	(197,262)	(1,484)	(198,746)
Cumulative translation adjustment			
Balance as at 31 December 2020	1,211	18	1,229
Currency translation adjustments	(2,320)	(5)	(2,325)
Balance as at 31 December 2021	(1,109)	13	(1,096)
Net book value			
Balance as at 31 December 2020	77,683	116	77,799
Balance as at 31 December 2021	71,575	172	71,747

Future development costs associated with the proved plus probable reserves are included in the calculation of the Group's depletion. The future development costs for Tunisia are $30.1 million (2020 - $29.8 million) and for Romania are $5.3 million (2020 - $4.7 million).

IMPAIRMENT

At 31 December 2021, the Company completed an impairment assessment on its PP&E to determine if there were any indicators of impairment or impairment reversals. In South Tunisia and Sabria, no indicators of impairment or impairment reversals were identified. In Moftinu the Company determined that there was an indicator of impairment and an impairment test was conducted on the Moftinu CGU.

The Company determined the estimated recoverable amount based on a discounted cash flow model, using an after-tax discount rate equal to the weighted average cost of capital of Romania (10%), computed internally using external market data. The following table shows the forecast commodity prices used in the GCA 31 December 2021 Reserve Report and used in the discounted cash flow model:

Year	Brent (US$/bbl)	Romania Gas (US$/Mcf)
2022	75.92	20.35
2023	71.00	11.60
2024	70.00	8.99
2025	71.40	8.28
2026+	+2% inflation	+2% inflation

Although the discounted cash flow model indicated no further net impairment or reversal of impairment for the year ended 31 December 2021, the following table provides a sensitivity of the impairment expense that would arise with the following changes to the key assumptions used in the model.

	1% increase to discount rate	1% decrease to discount rate	10% increase to commodity prices	10% decrease to commodity prices
Additional impairment, net of tax	-	-	-	-

An impairment assessment was completed at 30 June 2020, which resulted in the Company recording $9.6 million of impairment within both operating units (Romania, $6.2 million and Tunisia, $3.4 million). An impairment test was conducted on the Group's Property, plant and equipment to assess the impact of the 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 CGUs and identified that impairment tests were required for the following CGUs: Sabria, Chouech and Moftinu. The Group determined the estimated recoverable amount based on a discounted cash flow. The following table shows the forecast consensus prices used at 30 June 2020:

Year	Brent (US$/bbl)	Sabria Gas (US$/Mcf)	Chouech Gas (US$/Mcf)	Romania Gas (US$/Mcf)
2020 (remaining)	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

At 31 December 2020, the Company completed an impairment assessment on its PP&E to determine if there were any indicators of impairment or impairment reversals. Due to the continued lower commodity prices the Company deemed that there were indicators of impairment and an impairment test was conducted on all CGUs. During the assessment, the Company combined two CGUs (Chouech and Ech Chouech) into one new CGU, "South Tunisia". The Company determined that the Ech Chouech concession is reliant on the Chouech facilities to operate. Therefore, the Company assessed that the two concessions are a single CGU.

The CGUs that remain unchanged resulted in no further impairment as the estimated recoverable amount exceeded the carrying value. The Company 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 – 8%, Tunisia – 18%), computed internally using external market data. The Company determined that no reversals of impairment were appropriate at this time due to the highly volatile commodity prices.

With regards to the South Tunisia CGU, the Company first tested for impairment on an individual CGU basis prior to combination to determine the potential impairment or reversal of impairment, and then compared the carrying value of the new South Tunisia CGU against the discounted cash flow model.

Prior to the combination, the Ech Chouech concession had a $nil carrying value, yet management's calculations using a discounted cash flow model resulted in positive value attributable to the CGU. Due to the current status of the field management determined that an impairment reversal in the amount of $5.4 million was appropriate as this aligned with the expected discounted future cash flows. The Chouech field had a carrying value in excess of the discounted cash flow model of $5.4 million therefore, management determined that on a stand-alone basis, that an impairment charge of $5.4 million is required. In completing the impairment analysis for the combined South Tunisia CGU, management determined there to be no impairment charge. The net impairment charge/reversal nets to $nil at 31 December 2020. In Romania, the Company determined that the 3D seismic acquired in 2014 in the Santau area of the Satu Mare Concession identified future prospects that are in a distinct geographic area from the Moftinu area and concluded that each of Santau and Moftinu should be identified as separate CGUs. There was no impairment expense identified in the Santau and Moftinu CGUs at 31 December 2020.

The following table shows the forecast commodity prices used in the GCA 31 December 2020 reserve report and used in the discounted cash flow model:

Year	Brent (US$/bbl)	Sabria Gas (US$/Mcf)	South Tunisia Gas (US$/Mcf)	Romania Gas (US$/Mcf)
2021	53.95	6.26	5.51	6.32
2022	56.70	6.59	5.80	5.96
2023	59.85	6.96	6.13	5.72
2024	63.00	7.34	6.46	6.00
2025+	+2% inflation	+2% inflation	+2% inflation	+2% inflation

Although the discounted cash flow indicated no further net impairment or reversal of impairment for the year ended 31 December 2020, the following table provides a sensitivity of the impairment expense that would arise with the following changes to the key assumptions used in the model.

	1% increase to discount rate	1% decrease to discount rate	10% increase to commodity prices	10% decrease to commodity prices
Additional impairment, net of tax	-	0.1	-	1.3

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, future development costs, change in reserves and production, or the 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.

At 31 December 2021, the Group recorded $0.5 million of depletion in inventory (2020 - $nil).

12. EXPLORATION AND EVALUATION ASSETS

Carrying amount	2021	2020
Balance, beginning of the year	14	1,004
Additions	4,888	-
Change in decommissioning provision	494	-
Recoveries	-	(235)
Impairment of exploration expense	-	(748)
Cumulative translation adjustment	(354)	(7)
Balance, end of the year	5,042	14

The Company currently holds land rights to a large amount of undeveloped land within Romania.

In the year ended 31 December 2020, within the Satu Mare concession, the Company incurred permitting and pre-seismic work in the Capleni-Domanesti area, after which no seismic acquisition was completed. The Company has determined that the costs related to the preliminary seismic work is fully impaired.

The Company has recorded an impairment expense of $nil (2020 - $0.7 million) as at 31 December 2021. All remaining E&E costs relate to work on the exploratory well in Sancrai and preliminary costs related to seismic acquisition in the Satu Mare Concession.

13. RIGHT-OF-USE ASSETS

The following table details the cost and accumulated depreciation of the ROU assets:

	Buildings	Vehicles	Total
Cost			
Balance as at 31 December 2019	1,293	39	1,332
Additions	247	-	247
Disposals	(700)	-	(700)
Balance as at 31 December 2020	840	39	879
Additions	97	-	97
Disposals	(66)	-	(66)
Balance as at 31 December 2021	871	39	910
Accumulated depreciation			
Balance as at 31 December 2019	(504)	(13)	(517)
Depreciation	(531)	(14)	(545)
Disposals	700	-	700
Balance as at 31 December 2020	(335)	(27)	(362)
Depreciation	(212)	(12)	(224)
Disposals	66	-	66
Balance as at 31 December 2021	(481)	(39)	(520)
Cumulative translation adjustment			
Balance as at 31 December 2019	2	-	2
Currency translation adjustments	(7)	-	(7)
Balance as at 31 December 2020	(5)	-	(5)
Currency translation adjustments	(15)	-	(15)
Balance as at 31 December 2021	(20)	-	(20)
Carrying amounts			
Balance as at 31 December 2020	500	12	512
Balance as at 31 December 2021	370	-	370

14. CASH

As at 31 December	**2021**	**2020**
Cash and cash equivalents	**8,429**	6,002
Restricted cash	**1,144**	1,159
Total cash	**9,573**	7,161

The Group has cash on deposit with the Alberta Energy Regulator of $1.1 million (2020 - $1.2 million), as required to meet future abandonment obligations existing on certain oil and gas properties in Canada (see Note 18). This deposit accrues nominal interest. The fair value of restricted cash approximates the carrying value.

15. TRADE AND OTHER RECEIVABLES

As at 31 December	**2021**	**2020**
Trade receivables		
VAT receivable	**4,269**	
2,605	**1,956**	5,317
Corporate tax receivable	**213**	228
Prepaids and other	**958**	726
Total trade and other receivables	**7,396**	8,876

The trade receivables consist of commodity sales in both Romania and Tunisia. The Group has determined that the ECL is nominal for the years ended 31 December 2021 and 2020 while using the days past due criteria to measure the ECL. The Company has reviewed the historical transactions with the vendors and has no history of default or unpaid invoices and has used a nominal percentage in calculating the ECL. The Company has not taken an allowance for doubtful accounts as at 31 December 2021 and 2020.

The VAT receivable relates to operating and development costs in Romania and are recovered through the Romanian government. Of the VAT receivable, $1.7 million relates to 2018 and prior which has been disputed by the Romanian authorities. In 2021, the Company received $1.1 million of the prior year balance from the Romanian authorities. Serinus strongly believes the Company is entitled to the remaining $1.7 million and is pursuing strategies to recover this.

16. PRODUCT INVENTORY

Product inventory consists of the Company's entitlement crude oil barrels in Tunisia, which are valued at the lower of cost or net realisable value. Costs include operating expenses and depletion associated with crude oil entitlement barrels and are determined on a concession-by-concession basis.

These costs are initially capitalised and expensed when sold. As at December 31, 2021, the Company held 12.2 Mbbls of crude oil in inventory valued at approximately $53.65/bbl..

17. SHAREHOLDER'S CAPITAL

AUTHORISED

The Group is authorised to issue an unlimited number of ordinary shares without nominal or par value. Changes in issued ordinary shares are as follows:

Year ended 31 December	2021		2020	
	Number of shares	Amount ($000s)	Number of shares	Amount ($000s)
Balance, beginning of the year	1,140,660,629	401,426	238,881,285	377,942
Issued for cash	100	-	787,936,852	21,315
Issuance costs, net of tax	-	-	-	(1,573)
Issued in lieu of salary	-	-	917,090	76
Issued to retire Convertible Loan	-	-	112,925,402	3,666
Warrants exercised	-	-	-	-
Balance, end of the year	1,140,660,729	401,426	1,140,660,629	401,426

TREASURY SHARES

Treasury shares represent the shares purchased and held by the Group. All treasury shares held, as below, are excluded from earnings per share calculations.

Year ended 31 December	2021		2020	
	Number of shares	Amount ($000s)	Number of shares	Amount ($000s)
Balance, beginning of the year	-	-	-	-
Shares purchased	5,925,000	121	-	-
Balance, end of the year	5,925,000	121	-	-

WARRANTS

Year ended 31 December		2021		2020
	Number of Warrants	Amount ($000s)	Number of Warrants	Amount ($000s)
Balance, beginning of the year	2,254,229	97	2,254,229	97
Warrants expired	(2,254,229)	-	-	-
Balance, end of the year	-	97	2,254,229	97

18. DECOMMISSIONING PROVISION

As at 31 December	2021	2020
Balance, beginning of the year	**34,074**	31,638
Liabilities incurred	**639**	843
Liabilities settled	**(332)**	-
Accretion	**377**	460
Change in estimate	**527**	838
Foreign currency translation	**(417)**	295
Balance, end of year	**34,868**	34,074

The Group's decommissioning provisions are based on its net ownership in wells and facilities in Tunisia, Romania, Brunei and Canada. Management estimates the costs to abandon and reclaim the wells and facilities using existing technology and the estimated time period during which these costs will be incurred in the future. During the year, liabilities were incurred in Romania relating to two new wells, reduced by the abandonment of one well. In Tunisia, the Company incurred liabilities related to two new water pits.

The Group has estimated as at 31 December 2021 the decommissioning provisions of Brunei's Block L and the wells in Canada to be $2.7 million. During the year, it was determined that the Company was no longer obligated to fulfil the decommissioning provisions of $0.2 million relating to one of the legacy properties. The remaining obligations are reported as current liabilities as they relate to non-producing properties or expired production sharing contracts.

The change in estimate in the current year is based on changes to interest rates, discount rates, the estimated date of abandonment and reclamation, and the expected costs of abandonment.

The Company anticipates the concession licenses will continue to be extended until they are no longer economical for the Company to continue operating. As at 31 December 2021, the Company has aligned the abandonment dates with the expected economic life of the asset.

The significant assumptions used in the calculation of the decommissioning provision are as follows:

As at 31 December		2021			2020	
	Risk-free rate (%)	Inflation rate (%)	Net present value	Risk-free rate (%)	Inflation rate (%)	Net present value
Tunisia	0.3 - 1.9	2.0	28,454	0.1 – 1.7	1.4	27,426
Romania	3.5 – 5.1	3.6	3,743	2.3 – 3.0	2.5	3,800
Brunei	-	-	1,643	-	-	1,801
Canada	-	-	1,028	-	-	1,047
Total			34,868			34,074
Due within one year			6,636			7,124
Long-term liability			28,232			26,950
Total			34,868			34,074

19. DEFERRED INCOME TAX

The deferred taxes are recognised on a taxable body basis, specifically on an entity-by-entity basis with the exception of Tunisia. Tunisia taxes each concession on a standalone basis, and therefore the deferred taxes are determined on each concession.

Movement in deferred income tax balances:

Tax effect related to:	31 December 2020	Recovery	31 December 2021
PP&E and E&E assets	(16,104)	808	(15,296)
Decommissioning provision	3,928	315	4,243
Other	200	337	537
Deferred income tax liability	(11,976)	1,460	(10,516)

Tax effect related to:	31 December 2019	Recovery	31 December 2020
PP&E and E&E assets	(16,962)	858	(16,104)
Decommissioning provision	3,661	267	3,928
Other	(91)	291	200
Deferred income tax liability	(13,392)	1,416	(11,976)

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following deductible temporary differences:

As at 31 December	2021	2020
PP&E and E&E assets	(3,063)	(3,718)
ROU assets and lease liabilities	-	157
Decommissioning provision	7,741	7,578
Non-capital losses carried forward and other	11,923	13,325
Unrecognised deferred tax asset	16,601	17,342

Deferred tax assets have not been recognised in respect of these items because it is uncertain that future taxable profits will be available against which they can be utilised due to the large amount of non-capital losses available to the Company.

The Group has Canadian non-capital losses of $0.3 million (2020 - $0.3 million) that do not expire, Cyprus tax losses of $14.6 million (2020 - $12.5 million) that expire between 2022 and 2026, Tunisian losses of $4.3 million that expire in five years and $24.0 million have no expiry date (2020 - $15.4 and $41.6 million respectively), and Romanian losses of $7.1 million (2020 - $5.6 million) that expire after seven years between 2022 to 2028.

The Group has temporary differences associated with its investments in its foreign subsidiaries. The Group has not recorded any deferred tax liabilities in respect to these temporary differences as they are not expected to reverse in the foreseeable future.

The Group operates in multiple jurisdictions with complex tax laws and regulations, which are evolving over time. The Group has taken certain tax positions in its tax filings and these filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax impact may differ significantly from that estimated and recorded by management.

20. LEASE LIABILITIES

The following table details the movement in the Group's lease obligations for the year ended 31 December 2021:

As at 31 December	2021	2020
Opening balance	**586**	876
Additions	**97**	247
Principle payments	**(235)**	(537)
Cumulative translation adjustment	**(3)**	-
Balance, end of the year	**445**	586
Lease liabilities due within one year	**193**	164
Lease liabilities due beyond one year	**252**	422

During the year the Company made total payments toward lease liabilities in the amount of $0.2 million (2020 - $0.6 million), of which $0.1 million (2020 - $0.1 million) was interest.

The Group has elected to exclude short-term leases and low-value leases from the Group's lease liabilities. Payments towards short-term leases, and leases of low-value assets for the year ended 31 December 2021 were nominal and have been included in G&A expense in the Statement of Comprehensive Loss. The Group's short-term leases and leases of low-value consist primarily of office equipment leases.

21. OTHER PROVISIONS

	JV audit	Severance	Other	Total
Balance as at 31 December 2019	1,135	147	41	1,323
Change in provision	76	-	-	76
Balance as at 31 December 2020	1,211	147	41	1,399
Reclassification	-	-	(41)	(41)
Balance as at 31 December 2021	1,211	147	-	1,358
Current	-	-	-	-
Non-current	1,211	147	-	1,358

The Group is subject to audits arising in the normal course of business, with its joint venture partner in the Sabria concession in Tunisia. A provision is made to reflect management's best estimate of eventual settlement of these audits. The years currently under audit are 2014-2019. Management has reviewed the audit claims and has made a provision for what it expects to settle. Management expects settlement of the joint venture audit provision to occur later than twelve months from 31 December 2021.

As at 31 December 2017, a provision was made for potential severance costs relating to the termination of employees in the Chouech field in Tunisia. Since shutting in the field, agreements have been reached with the majority of the employees. The remaining provision at 31 December 2021 reflects the potential costs to terminate the remaining employees.

22. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at 31 December	2021	2020
Accounts payable and accrued liabilities	**9,734**	14,319
Taxes payable	**431**	629
Total accounts payable and accrued liabilities	**10,165**	14,948

23. RELEASE OF PROVISION

Year ended 31 December	2021	2020
Release of provision	6,636	1,905

In 2021, the Company reversed a provision of $6 million related to an exploration penalty due to the passage of statute of limitations. Management deemed that a previously uncollectable VAT receivable of $0.6 million, as collectible due to changing circumstances during the year.

The release of provision in 2020 was the elimination of a long-standing disputed payable for $1.9 million related to drilling costs on Block L in Brunei, which has passed the relevant statute of limitation period.

24. AGGREGATE PAYROLL EXPENSE

The aggregate payroll expense of employees and executive management of Serinus was as follows:

Year ended 31 December	2021	2020
Wages, salaries, and benefits[14]	**5,049**	4,450
Share-based payment expense[15]	**213**	1,418
Total aggregate payroll expense	**5,262**	5,868

Of the total aggregate payroll expense, $0.1 million (2020 - $0.1 million) has been classified as E&E assets.

25. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2021 and 2020, related party transactions include the compensation of key management personnel. Key management personnel consist of Serinus' Board of Directors, both executive and non-executive. Transactions with key management personnel are noted in the table below:

Year ended 31 December	2021	2020
Wages and salaries	**1,067**	832
Benefits	**105**	94
Share-based payment expense	**224**	1,177
Total related party transactions	**1,396**	2,103

26. SUPPLEMENTAL CASH FLOW DISCLOSURE

Year ended 31 December	2021	2020
Cash provided by (used in):		
Trade receivables and other	**2,280**	932
Inventory	**(656)**	-
Accounts payable and accrued liabilities	**2,223**	(1,468)
Restricted cash	**19**	-
Changes in non-cash working capital from operations	**3,866**	(536)

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

Year ended 31 December	2021	2020
PP&E additions (Note 11)	**5,880**	5,708
E&E additions (recoveries) (Note 12)	**4,888**	(235)
Total capital additions	**10,768**	5,473
Changes in non-cash working capital	**480**	(1,113)
Total capital expenditures	**11,248**	4,360

[14] Includes amounts in general and administrative expenses, production expenses and exploration and development expenditures.
[15] Represents the amortization of share-based payment expense associated with options granted.

The following table reconciles the long-term debt movements:

As at 31 December	2021	2020
Balance, beginning of the year	-	31,096
Cash Changes:		
Principal payment on Convertible Loan	-	(18,500)
Non-cash Changes:		
Gain on extinguishment of debt	-	(11,985)
Shares issued to extinguish debt	-	(3,666)
Fees incurred to retire Convertible Loan	-	(167)
Interest on Convertible Loan	-	2,890
Amortisation of modification gain	-	249
Amortisation of discounts and debt costs	-	83
Balance, end of the year	-	-

27. CAPITAL MANAGEMENT

Year ended 31 December	2021	2020
Shareholders' equity	**37,432**	31,379
Total capital resources	**37,432**	31,379

The Group manages its capital structure to maximise financial flexibility as well as closely monitors cash forecasts. Management considers capital to include debt and equity instruments. The Group has the ability to manage its capital structure raising financing through debt or equity issuances, repurchasing shares and settling debt obligations. Further, each potential acquisition and investment opportunity is assessed to determine the nature and total amount of capital required together with the relative proportions of debt and equity to be deployed. The Group does not presently utilise any quantitative measures to monitor its capital.

In December 2020 the Company raised $19.7 million, net of issuance costs, in equity from the issuance of 787.9 million ordinary shares. The funds were used to facilitate the repayment of the Convertible Loan.

28. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

During the year, the Company met all the commitments of the third exploration phase on the Satu Mare Concession, and agreed with the National Agency for Mineral Resources ("NAMR") to enter a two-year evaluation phase from 28 October 2021 and 27 October 2023, with the following work commitments:

Phase 1: from 28 Oct 2021 to 27 Oct 2022 the Company is required to reprocess 160.9 km 2D seismic in the Madaras area at an estimated total cost of US$100,000.

Phase 2: from 28 Oct 2022 to 27 Oct 2023 the Company is required to reprocess 30.05 km of 2D seismic in the Santau-Nusfalau area at estimated total cost of US$50,000.

CONTINGENCIES

The Tunisian state oil and gas company, ETAP, has the right to back into up to a 50% working interest in the Chouech concession if, and when, the cumulative crude oil sales, net of royalties and shrinkage, from the concession exceeds 6.5 million barrels. As at 31 December 2021, cumulative liquid hydrocarbon sales net of royalties and shrinkage was 5.4 million (2020 – 5.3 million) barrels. The Company currently does not expect to meet this threshold by the expiry of the concession.

29. PRIOR YEAR COMPARATIVES

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

30. INCOME (LOSS) FROM OPERATIONS ANALYSIS

($000)	2021	2020
Administrative expenses	(4,479)	(3,944)
Share-based payment expense (Note 7)	(213)	(1,418)
Impairment recovery (expense) (Note 11, 12)	-	(10,348)
Release of provision (Note 23)	6,636	1,905

Included within administrative expenses of $4.5 million (2020 - $3.9 million) are the following:

($000)	2021	2020
Salaries and wages	(2,249)	(1,704)
Audit and review fees	(431)	(497)
Consulting fees	(237)	(350)

31. SEGMENT INFORMATION

The Group's reportable segments are organised by geographical areas and consist of the exploration, development and production of oil and natural gas in Romania and Tunisia. The Corporate segment includes all corporate activities and items not allocated to reportable operating segments and therefore includes Brunei.

As at 31 December 2021	Romania	Tunisia	Corporate	Total
Total assets	33,637	55,688	5,459	94,784
For the year ended 31 December 2021				
Crude oil revenue	-	10,984	-	10,984
Natural gas revenue	26,809	1,993	-	28,802
Condensate revenue	198	-	-	198
Total revenue	27,007	12,977	-	39,984
Cost of sales				
Royalties	(1,605)	(1,715)	-	(3,320)
Production expenses	(4,758)	(5,174)	(44)	(9,976)
Depletion and depreciation	(6,650)	(3,256)	(149)	(10,055)
Windfall tax	(9,432)	-	-	(9,432)
Total cost of sales	(22,445)	(10,145)	(193)	(32,783)
Gross profit (loss)	4,562	2,832	(193)	7,201
Administrative expenses	-	-	(4,479)	(4,479)
Share-based payment expense	-	-	(213)	(213)
Release of provision	636	-	6,000	6,636
Decommissioning (provision) recovery	-	(17)	159	142
Operating income	5,198	2,815	1,274	9,287
Finance expense	(99)	(290)	(55)	(444)
Net income before income taxes	5,099	2,525	1,219	8,843
Tax expense	-	(406)	(13)	(419)
Net income for the year	5,099	2,119	1,206	8,424
Capital expenditures	9,513	1,268	10	10,768

As at 31 December 2020	Romania	Tunisia	Corporate	Total
Total assets	31,077	57,212	6,073	94,362
For the year ended 31 December 2020				
Crude oil revenue	-	5,762	-	5,762
Natural gas revenue	16,740	1,361	-	18,101
Condensate revenue	167	-	-	167
Total revenue	16,907	7,123	-	24,030
Cost of sales				
Royalties	(960)	(844)	-	(1,804)
Production expenses	(3,706)	(4,520)	(54)	(8,280)
Depletion and depreciation	(11,739)	(2,912)	(644)	(15,295)
Windfall tax	(1,486)	-	-	(1,486)
Total cost of sales	(17,891)	(8,276)	(698)	(26,865)
Gross loss	(984)	(1,153)	(698)	(2,835)
Administrative expenses	-	-	(3,944)	(3,944)
Share-based payment expense	-	-	(1,418)	(1,418)
Impairment expense	(6,948)	(3,400)	-	(10,348)
Release of provision	-	-	1,905	1,905
Operating loss	(7,932)	(4,553)	(4,155)	(16,640)
Extinguishment of debt	-	-	11,985	11,985
Finance expense	(5)	(415)	(3,387)	(3,807)
Net income (loss) before income taxes	(7,937)	(4,968)	4,443	(8,462)
Tax expense	-	(824)	(11)	(835)
Net income (loss) for the year	(7,937)	(5,792)	4,432	(9,297)
Capital expenditures	4,210	1,251	12	5,473

ADVISORS

Registered Office
2nd Floor, The Le Gallais Building
54 Bath Street
St Helier
Jersey JE1 1FW

Executive Office
33 St. James's Street
Fifth Floor
London SW1A 1HD

Administrative Office
950, 800 – 6th Avenue S.W.
Calgary, Alberta, T2P 3G3
+1 (403) 264-8877

Registration Number
126344

Company Secretary
Fairway Trust Limited
2nd Floor, The Le Gallais Building
54 Bath Street
St Helier
Jersey JE1 1FW

Registrar
Computershare Investor Services (Jersey) Limited
13 Castle Street
St Helier
Jersey JE1 1ES

Auditors
PKF Littlejohn LLP
15 Westferry Circus
Canary Wharf
London E14 4HD

Competent Person
Gaffney, Cline & Associates
Bentley Hall, Blacknest Road
Alton
Hampshire GU34 4PU

Nominated Advisor & Joint Broker
Arden Partners plc
125 Old Broad Street
London EC2N 1AR

Joint Broker
Shore Capital Stockbrokers Limited
57 St James's Street
London SW1A 1LD

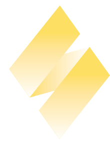
Legal Advisors
Jersey Solicitors to the Company
Mourant Ozannes
22 Grenville Street
St Helier
Jersey JE4 8PX

English Solicitors to the Company
McCarthy Tétrault, Registered Foreign Lawyers & Solicitors
18th Floor
1 Angel Ct
London EC2R 7HJ

Polish Solicitors to the Company
T. Studnicki, K. Płeszka, Z. Ćwiąkalski, J. Górski sp.k.
Oddział w Warszawie
ul. Złota 59
00-120, Warsaw

Financial Public Relations Advisor
Camarco
3rd Floor
62-64 Cannon Street
London, EC4N 6AE

TBT i Wspólnicy
ul. A. Branickiego 10, lok. 2
02-972 Warsaw



SERINUS
ENERGY

Registered Office
2nd Floor, The Le Gallais Building
54 Bath Street
St Helier
Jersey JE1 1FW

www.serinusenergy.com