Serinus Energy plc

Third Quarter Report and Accounts 2020
(US dollars)

THIRD QUARTER 2020 HIGHLIGHTS

Operational

- Serinus Energy plc ("Serinus", the "Company", or the "Group"), has continued to operate safely and effectively through the COVID-19 pandemic, with the successful implementation of operational and monitoring protocols in line with the recommendations of local jurisdictions to ensure the health and safety of our employees.
- For the nine months ended 30 September 2020, average production (boe/d) increased by 1,247 or 107% to 2,415 (2019 – 1,168), consisting of 1,841 (2019 – 814) in Romania and 574 (2019 – 354) in Tunisia, an increase of 1,027 or 126% and 220 or 62%, respectively.
- The production exit rate (boe/d) at 30 September 2020 was 2,211 consisting of 1,730 in Romania and 481 in Tunisia.
- The Company performed routine maintenance on the Moftinu Gas Plant in September, which was completed ahead of schedule, safely and on-budget, and production restarted with no issues.
- Due to the effects of the COVID-19 pandemic, the Company was unable to fulfil its existing work commitment to complete a 3D seismic acquisition programme by 28 October 2020. The Company worked closely with the Romanian National Agency for Mineral Resources ("NAMR") to agree to a programme that would satisfy the Company's commitment and could be completed given the restrictions imposed by the pandemic.
- Subsequent to the third quarter, the Company received approval from NAMR to amend the last outstanding work commitment for the third exploration phase of the Satu Mare Concession and was granted a 12-month concession licence extension until 27 October 2021.
- The amendment replaces the previous seismic commitment with a modified work commitment to drill two wells, one to be drilled to a depth of 1,000 metres and the second to be drilled to a depth of 1,600 metres.
- The Company has permitted and finalised plans to drill the M-1008 development well, which is anticipated to be spud in January 2021. M-1008 will qualify as one of the commitment wells under the licence extension and amended work commitment as announced on 13 October 2020.
- The Company 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 Oilfield Exploration Business Solutions S.A.'s ("OEBS") 40% participating interest ("40% Interest") in the Satu Mare Concession and an order to formally compel OEBS to take all necessary steps to transfer the 40% Interest to the Company as a result of OEBS' failure to carry out its obligations under the Joint Operating Agreement.

Financial

- For the nine months ended 30 September 2020 the Company generated $18.2 million (2019 - $15.5 million) in gross revenue or $16.9 million (2019 - $14.3 million) net of royalties. This consisted of $12.8 million (2019 - $9.8 million) in Romania and $5.4 million (2019 - $5.7 million) in Tunisia.
- For the nine months ended 30 September 2020 funds from operations amounted to $5.9 million (2019 - $5.6 million).
- For the nine months ended 30 September 2020 realised crude oil price per barrel ("bbl") averaged $34.81 (2019 – $61.20) and realised natural gas price per thousand cubic feet ("mcf") averaged $4.28 (2019 - $7.45).
- Capital expenditure for the nine months ended 30 September 2020 of $3.7 million (2019 - $3.0 million). This was largely related to the successful drilling of the M-1004 producing well in January 2020.
- The Company has continued to focus on cost management and has lowered the production expense per barrel for the nine months ended 30 September 2020 to $8.96 (2019 - $11.96). This cost reduction allows the Company to successfully manage the significant decline in commodity prices.
- The Company is currently in ongoing discussions with the European Bank of Reconstruction and Development ("EBRD") with regards to the renegotiation of the current debt and has received a waiver from the EBRD, as announced on 2 November 2020, formally waiving compliance with the debt service coverage ratio for the period ending 31 December 2020 together with a waiver to complete the restructuring of the terms and conditions of the Convertible Loan which has been deferred until 26 February 2021.

OPERATIONAL UPDATE

In Romania, the Company currently has three wells producing from the Moftinu field and has permitted a fourth well (M-1008) which is expected to be drilled in January 2021. During the third quarter, the Company undertook a routine maintenance shutdown of the Moftinu Gas Plant, which was completed ahead of schedule, safely and on-budget. Production has restarted with no issues and the Company has only experienced a slight decrease in production during the third quarter due to the shutdown as well as natural declines.

Subsequent to the third quarter, the Company received approval from NAMR to amend the last outstanding work commitment for the third exploration phase of the Satu Mare Concession and was granted a 12-month licence extension until 27 October 2021. The amendment replaces the previous seismic commitment with a modified work commitment to drill two wells, one to be drilled to a depth of 1,000 metres and the second to be drilled to a depth of 1,600 metres. The Company has received approval to include the drilling of the previously planned M-1008 well as the first of these commitments. It is anticipated that the second commitment well, to be drilled to a depth of 1,600 metres, will be drilled on the Sancrai prospect. The Sancrai prospect lies directly to the south of the Moftinu gas field and, should this well be successful, the Company anticipates that the well may be tied-in to the Moftinu Gas Plant thus offering the Company an early production opportunity.

Tunisia continued to operate safely from the Sabria, Chouech and Ech Chouech fields. The Company has finalised, with third party engineering support, an artificial lift programme whereby the first subsurface pumps may be installed in the Sabria field to increase the productivity of existing producing wells. The Company is also continuing to identify programmes to replace older pumps and other low-cost workovers that have demonstrated positive production increases. The travel restrictions created by the COVID-19 pandemic have slowed the Company's ability to execute these production enhancements and throughout this period the Company has continued to work with its contractors to find ways to mitigate these disruptions safely.

OUTLOOK

COVID-19

The Company continues to place the health, safety, and wellbeing of all staff as our top priority. The Company continues to follow government recommendations for each jurisdiction to ensure that the Company abides by local rules, such as social distancing and wearing masks. Our producing fields continue to modify daily tasks and routines to ensure safe practices for all staff. Existing operations have had no operational setbacks resulting from the COVID-19 pandemic.

Romania

During September 2020, the Company successfully completed a routine maintenance shutdown programme of the Moftinu Gas Plant. The gas plant was restarted with no issues and production has returned to normal. Permits for the M-1008 production well have been finalised and the Company is targeting a spud date in January 2021. The Company and its contractors have worked diligently to ensure that proper protocols are in place to deal with the uncertainty regarding the COVID-19 pandemic and is confident the well can be drilled while maintaining safe protocols for all employees and contractors during the drilling programme.

Subsequent to the quarter, the Company received approval from NAMR to amend the last outstanding work commitment and received a 12-month extension for the Satu Mare Concession until 27 October 2021. A further extension, corresponding to the duration of the Romanian "State of Emergency/State of Alert", will be added to the extension once the COVID-19 related "State of Emergency/State of Alert" has been lifted. The modified commitments require the Company to drill two exploration wells, one to a total depth of 1,000 metres and the second well to a depth of 1,600 metres. The M-1008 well, to be drilled to a depth of 1,000 metres will be accepted as one of these wells and the second, deeper well is expected to be drilled in Sancrai directly south of the Moftinu field.

Tunisia

During the nine months ended 30 September 2020, the Company performed additional work in the Chouech and Ech Chouech fields focused on pump replacements and pump performance within existing wells. The Company is continually monitoring the COVID-19 pandemic and commodity prices and is planning additional workover projects to enhance production. Oil prices have recovered after the initial disruptions associated with the onset of the COVID-19 pandemic in March and April. Gas prices in Tunisia have maintained pre-pandemic levels. The Company continues to identify work in Tunisia focused on low capital, high return production enhancements that can be implemented in the future.

FINANCIAL REVIEW

Liquidity, Debt and Capital Resources

In Romania, the Group invested $2.6 million (2019 - $2.0 million) in the nine months ended 30 September 2020 primarily to drill, complete, and tie-in the M-1004 well. Romania continued to be a significant cash flow generating unit during the period as production increased from the addition of M-1004. For the nine months ended 30 September 2020 the Moftinu field generated an after-tax netback per boe of $18.18 (2019 - $36.10).

In Tunisia, the Group invested $1.1 million (2019 - $1.0 million) for the nine months ended 30 September 2020. The capital was spent in the Chouech field, related to workovers on the CS-1 and CS-3 wells. Tunisia continued to see positive production from the Sabria, Chouech, and Ech Chouech fields during the quarter while realising an after-tax netback per boe of $11.48 (2019 - $26.24) for the nine months ended 30 September 2020.

Funds from operations increased to $5.9 million (2019 - $5.6 million) for the nine months ended 30 September 2020. This increase is mainly attributable to the additional production from both operating segments that more than offset the decrease in commodity prices in 2020.

The Convertible Loan with the EBRD was due to be repaid in four annual instalments commencing 30 June 2020. On 24 June 2020, the Company announced an agreement with the EBRD to pay $2.0 million of the $8.4 million debt payment that was due at 30 June 2020 and defer the balance of $6.4 million, for a period of one year. The outstanding balance will be combined with the 30 June 2021 payment for a combined payment of $15.6 million due on 30 June 2021 and is reported as a current liability at 30 September 2020.

On 28 September 2020, the Group announced that it had received a waiver from the EBRD formally waiving compliance with the financial covenant for the period ended 30 September 2020.

As at ($000)	**30 September 2020**	**31 December 2019**
Current assets	13,169	15,243
Current liabilities	35,465	32,194
Working capital deficit	(22,296)	(16,951)

The working capital deficit of the Group at 30 September 2020 was $22.3 million, an increase of $5.3 million since 31 December 2019, largely due to the deferral of $6.4 million of the debt repayment, which is included in current liabilities at 30 September 2020.

Included in current liabilities at 30 September 2020 was $15.6 million of EBRD debt (31 December 2019: $7.7 million); accounts payable of $12.5 million (31 December 2019: $16.2 million), of which $6.0 million relates to Brunei and dates back to 2012/2013; decommissioning provision of $6.6 million (31 December 2019: $6.3 million); income taxes payable of $0.6 million (31 December 2019: $1.4 million); and lease obligations of $0.2 million (31 December 2019: $0.5 million). Included in the asset retirement obligations are $1.8 million relating to Brunei, $1.0 million relating to Canada, $0.3 million relating to Romania, and $3.5 million relating to Tunisia. The obligations in Canada are offset by cash held on deposit as restricted cash of $1.1 million (2019 - $1.1 million) in current assets.

Going Concern Statement

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

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

FINANCIAL REVIEW – THIRD QUARTER 2020

FUNDS FROM OPERATIONS

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

	Nine months ended 30 September	
($000)	**2020**	**2019**
Cash flow from operations	4,335	5,585
Changes in non-cash working capital	1,603	(33)
Funds from operations	5,938	5,552
Funds from operations per share	0.02	0.02

The increase in funds from operations in 2020 was primarily attributable to the increase in production from the Chouech, Ech Chouech, and Moftinu operating segments for the entire year, whereas in the comparative period Chouech and Ech Chouech only produced during the third quarter and Moftinu produced effective 25 April 2019. This was partly offset by a decline in commodity prices as the Company's average sales price ($/boe) was $27.45 (2019 - $48.61). Funds from operations generated in Romania were $8.0 million (2019 - $6.0 million), Tunisia funds from operations were $0.5 million (2019 - $2.2 million) and funds used corporately was $2.6 million (2019 – $2.6 million). The increase in Romania is directly attributable to the production from the additional well (M-1004), and a full period of production at the Moftinu field compared to limited production in the comparative period as the field started producing 25 April 2019. The decrease in Tunisia is the result of reduced commodity prices along with tax payments totaling $1.2 million (2019 - $0.3 million).

PRODUCTION

	Nine months ended 30 September	
	2020	**2019**
Tunisia		
Crude oil (bbl/d)	465	270
Natural gas (Mcf/d)	659	504
Total Tunisia (boe/d)	574	354
Romania		
Natural gas (Mcf/d)	10,965	4,791
Condensate (bbl/d)	14	16
Total Romania (boe/d)	1,841	814
Group		
Crude oil (bbl/d)	465	270
Natural gas (Mcf/d)	11,624	5,295
Condensate (bbl/d)	14	16
Total Group production (boe/d)	2,415	1,168
% liquids weighting	20%	24%
% gas weighting	80%	76%

For the nine months ended 30 September 2020 Romania production (boe/d) averaged 1,841 (2019 – 814), an increase of 1,027 (126%). The increase is due to the addition of the M-1004 well and a full nine months of production compared to the prior period as production originally commenced on 25 April 2019.

Tunisia production (boe/d) was from the Sabria, Chouech and Ech Chouech fields and averaged 574 (2019 – 354), an increase of 220 (62%). The increase in production is due to the Chouech and Ech Chouech fields producing for the full period compared to being shut-in during the first half of 2019.

For the Group, production (boe/d) averaged 2,415 (2019 – 1,168), an increase of 1,247 (107%).

OIL AND GAS REVENUE

($000)	Nine months ended 30 September 2020	2019
Tunisia		
Oil revenue	4,418	4,496
Gas revenue	1,004	1,226
Total Tunisia revenue	5,422	5,722
Romania		
Gas revenue	12,623	9,535
Condensate revenue	119	212
Total Romania revenue	12,742	9,747
Group		
Oil revenue	4,418	4,496
Gas revenue	13,627	10,761
Condensate revenue	119	212
Total Group revenue	18,164	15,469
Liquids revenue (%)	25%	30%
Gas revenue (%)	75%	70%

Realised Price		
Tunisia		
Oil ($/bbl)	34.81	61.20
Gas ($/Mcf)	5.55	8.91
Tunisia average realised price ($/boe)	34.52	59.37
Romania		
Gas ($/Mcf)	4.20	7.29
Condensate ($/bbl)	31.51	54.93
Romania average realised price ($/boe)	25.25	43.94
Group		
Oil ($/bbl)	34.81	61.20
Gas ($/Mcf)	4.28	7.45
Condensate ($/bbl)	31.51	54.93
Group average realised price ($/boe)	27.45	48.61

Oil and gas revenues for the nine months ended 30 September 2020 increased by $2.7 million (17%) to $18.2 million (2019 – $15.5 million). The increase was attributable to the increase in production, offset by a 44% decrease in the average realised price per boe. The average realised price was impacted by the decrease in the Brent crude price, due to the world-wide COVID-19 pandemic along with the global oil price war.

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, for which the Group has a marketing agreement with Shell International Trading and Shipping Company Limited. Natural gas prices are nationally regulated and in Sabria are tied to the current month average of high sulphur heating oil (benchmarked to Brent). In Romania, the Company is required to sell at least 40% of the natural gas production on the open market.

ROYALTIES

($000)	Nine months ended 30 September 2020	2019
Tunisia	646	605
Romania	661	563
Total Group	1,307	1,168
Total ($/boe)	1.98	3.66
Tunisia (% of revenue)	11.9%	10.6%
Romania (% of revenue)	5.2%	5.8%
Total (% of revenue)	7.2%	7.6%

Royalties for the nine months ended 30 September 2020 increased by $0.1 million (12%) to $1.3 million (2019 - $1.2 million) largely due to the increased production from both Romania and Tunisia. The realised royalty rate in Tunisia was 11.9% (2019 – 10.6%). The increase is due to the Chouech and Ech Chouech fields having a flat royalty rate of 15% and producing during the year compared to being shut-in in during the first half of 2019. In Romania, the realised royalty rate was 5.2% (2019 – 5.8%). The decrease in Romania is due to a change in the price structure used in the royalty calculation, using a statutory price in the royalty calculation instead of the realised price that was used in the comparative period.

Tunisian royalties are based on individual concession agreements. In Sabria, the royalty rate varies depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the "R factor". As the R factor increases, so does the royalty percentage to a maximum rate of 15%. The royalty rates for the nine months ended 30 September 2020 in the Sabria concession for oil was 10% (2019 – 10%) and for gas 8% (2019 – 8%). In the Chouech and Ech Chouech concession, royalty rates were flat at 15% (2019 – 15%).

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

PRODUCTION EXPENSES

($000)	Nine months ended 30 September 2020	2019
Tunisia	2,972	2,595
Romania	2,909	1,180
Canada	48	40
Total Group	5,929	3,815
Tunisia production expense ($/boe)	18.92	26.87
Romania production expense ($/boe)	5.76	5.31
Total production expense ($/boe)	8.96	11.96

For the nine months ended 30 September 2020, the Group incurred production expenses of $5.9 million (2019 - $3.8 million). The overall increase is due to the addition of the Moftinu, Chouech and Ech Chouech production in 2020. Production expenses per boe were $8.96 (2019 - $11.96). The decrease per boe is attributable to the low-cost production in Romania along with the significant increase in overall production.

Tunisian production expenses for the period were $3.0 million (2019 - $2.6 million). Additional costs are directly attributable to the addition of producing fields, Chouech and Ech Chouech, though the incremental production reduced production costs per boe to $18.92 (2019 - $26.87).

Romanian production expenses for the period were $2.9 million (2019 - $1.2 million). The increase is due to the additional months of production, along with the costs associated with the addition of the M-1004 well.

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

OPERATING NETBACK

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

	Nine months ended 30 September	
($/boe)	**2020**	**2019**
Tunisia		
Production volume (boe/d)	574	354
Realised price	34.52	59.37
Royalties	(4.12)	(6.26)
Production expense	(18.92)	(26.87)
Operating netback - Tunisia	11.48	26.24
Romania		
Production volume (boe/d)	1,841	814
Realised price	25.25	43.94
Royalties	(1.31)	(2.53)
Production expense	(5.76)	(5.31)
Operating netback - Romania	18.18	36.10
Group		
Production volume (boe/d)	2,415	1,168
Realised price	27.45	48.61
Royalties	(1.98)	(3.66)
Production expense	(8.96)	(11.96)
Operating netback - Group	16.51	32.99

For the nine months ended 30 September 2020, the operating netback per boe for the Group was $16.51 (2019 - $32.99). The decrease was primarily due to lower realised pricing resulting in a decrease in royalty expenses, as well as reduced production expenses implemented by the Company.

WINDFALL TAX

	Nine months ended 30 September	
($000)	**2020**	**2019**
Windfall tax	1,152	2,074
Windfall tax ($/Mcf - Romania gas)	0.38	1.59
Windfall tax ($/boe - Romania gas)	2.30	9.51

In Romania, the Group is subject to a windfall tax on its natural gas production which is applied to supplemental income once natural gas prices exceed 47.53 RON/Mwh (approximately $3.62 per mcf). This supplemental income is taxed at a rate of 60% between 47.53 RON/Mwh and 85.00 RON/Mwh and at a rate of 80% above 85.00 RON/Mwh. Expenses deductible in the calculation of the windfall tax include royalties and capital expenditures (limited to 30% of the supplemental income).

For the nine months ended 30 September 2020, the Group incurred windfall taxes of $1.2 million (2019 - $2.1 million) which equates to $0.38/Mcf (2019 - $1.59/Mcf) of Romanian gas production volumes. The decrease in gas prices beginning in Q2 2020 has pushed prices below the windfall tax thresholds resulting in no windfall tax during Q3 2020. The Company is anticipating that we will start to incur windfall taxes again starting in October as Romanian gas prices have strengthened and are now in excess of 47.53 RON/Mwh.

Depletion and Depreciation

($000)	Nine months ended 30 September 2020	2019
Tunisia	2,387	1,383
Romania	8,609	5,168
Corporate	514	515
Total	11,510	7,066
Tunisia ($/boe)	15.20	14.32
Romania ($/boe)	17.06	23.25
Total ($/boe)	17.39	22.16

For the nine months ended 30 September 2020, depletion and depreciation expense in Tunisia was $2.4 million (2019 - $1.4 million). This increase in directly attributable to the increased production from the Chouech and Ech Chouech fields.

For the nine months ended 30 September 2020, depletion and depreciation expense in Romania was $8.6 million (2019 - $5.2 million). This increase was due to nine months of production in the current year compared to five months in the comparative period, due to the Moftinu field commencing production on 25 April 2019.

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

General and Administrative Expense ("G&A")

($000)	Nine months ended 30 September 2020	2019
G&A expense	2,526	2,587
G&A expense ($/boe)	3.82	8.11

For the nine months ended 30 September 2020, G&A costs were $2.5 million (2019 - $2.6 million). The decrease is due to cost reductions across the Company in response to the sharp decrease in commodity prices. On a per boe basis G&A expenses significantly decreased due to higher production volumes from the Moftinu, Chouech, and Ech Chouech fields compared to the prior period.

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

Share-based payment expense

($000)	Nine months ended 30 September 2020	2019
Share-based payment expense	360	648
Share-based payment expense ($/boe)	0.54	2.03

For the nine months ended 30 September 2020, the share-based payment expense was $0.4 million (2019 - $0.6 million). The decrease was a result of fewer unvested corporate stock options being expensed during the quarter offset by the executive directors receiving shares in lieu of salary in response to the commodity price crash.

Impairment Expense

($000)	Nine months ended 30 September 2020	2019
Impairment expense	9,600	-

At 30 June 2020, an impairment expense of $9.6 million (2019 – nil) was booked as a result of an impairment test completed 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. As at 30 September 2020, there were no additional triggers for further impairment or an impairment recovery. See note 4 for details.

NET FINANCE EXPENSE

	Nine months ended 30 September	
($000)	**2020**	**2019**
Interest expense on long-term debt	2,270	2,523
Amortization of debt costs	87	122
Amortization of debt modification	192	33
Interest on leases	72	81
Accretion on decommissioning provision	504	1,021
Other interest and foreign exchange	(10)	(181)
	3,115	3,599

For the nine months ended 30 September 2020, the net finance expense was $3.1 million (2019 - $3.6 million). Overall, interest on long-term debt has decreased due to the $2.0 million repayment to the EBRD in June 2020, as well as a decrease in the interest rate resulting from the decrease in LIBOR. Accretion expense has significantly decreased compared to the prior period due to the large reduction in the ARO liability, as well as the significant reduction in discount rates due to the COVID-19 pandemic.

SHARE DATA

As at the date of issuing this report, the following are the options outstanding and changes to directors' shares owned since 30 September 2020, up to the date of this report. An agreement with the executive directors was reached to settle 20% of their salaries in common shares in lieu of cash payments. For the second and third quarters of 2020, this amounted to 917,090 common shares issued. These shares were issued in two tranches; 405,007 on 14 July 2020 and 512,083 on 9 October 2020 for services rendered during the two quarters.

	Options held at		Shares held at	
Name of Director	30 September 2020	13 November 2020	30 September 2020	13 November 2020
Executive Directors:				
Jeffrey Auld	8,000,000	8,000,000	258,451	557,166
Andrew Fairclough	1,750,000	1,750,000	168,753	382,121
Non-Executive Directors:				
Jim Causgrove	100,000	100,000	-	-
Eleanor Barker	100,000	100,000	100,000	100,000
	9,950,000	9,950,000	527,204	1,039,287

As of the date of issuing this report, management is aware of the following shareholders holding more than 5% of the ordinary shares of the Group, as reported by the shareholders to the Group: Kulczyk Investments S.A. 37.94%, Marlborough Fund Managers 9.83% and JCAM Investments Ltd 6.69%.

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

OTHER COMPREHENSIVE LOSS

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

DECLARATIONS OF THE BOARD OF DIRECTORS CONCERNING ACCOUNTING POLICIES

The Board of Directors of the Company confirms that, to the best of their knowledge, the interim condensed consolidated financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group for the period ended 30 September 2020.

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

		Nine months ended 30 September	
	Note	**2020**	**2019**
Revenue		**18,164**	15,469
Cost of sales			
Royalties		**(1,307)**	(1,168)
Production expenses		**(5,929)**	(3,815)
Depletion and depreciation		**(11,510)**	(7,066)
Windfall tax		**(1,152)**	(2,074)
Total cost of sales		**(19,898)**	(14,123)
Gross (loss) profit		**(1,734)**	1,346
Administrative expenses		**(2,526)**	(2,587)
Share-based payment expense		**(360)**	(648)
Listing costs		**-**	(7)
Total administrative expenses		**(2,886)**	(3,242)
Impairment expense	**4**	**(9,600)**	-
Release of provision	**5**	**1,905**	-
Well incident recovery		**-**	53
Operating loss		**(12,315)**	(1,843)
Finance expense		**(3,115)**	(3,599)
Net loss before tax		**(15,430)**	(5,442)
Tax recovery (expense)		**1,686**	(167)
Net loss for the period		**(13,744)**	(5,609)
Other comprehensive loss			
Other comprehensive loss to be classified to profit and loss in subsequent periods:			
Foreign currency translation adjustment		**198**	(1,199)
Comprehensive loss for the period		**(13,546)**	(6,808)
Loss per share:			
Basic	**6**	**(0.06)**	(0.02)
Diluted	**6**	**(0.06)**	(0.02)

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

As At	**Notes**	**30 September 2020**	**(*audited*) 31 December 2019**
Non-current assets			
Property, plant and equipment	**4**	**75,724**	93,396
Exploration and evaluation assets		**804**	1,004
Right-of-use assets		**406**	817
Total non-current assets		**76,934**	95,217
Current assets			
Restricted cash		**1,111**	1,122
Trade and other receivables		**10,313**	11,341
Cash and cash equivalents		**1,745**	2,780
Total current assets		**13,169**	15,243
Total assets		**90,103**	110,460
Equity			
Share capital		**378,018**	377,942
Warrants		**97**	97
Share-based payment reserve		**24,119**	23,835
Cumulative translation reserve		**(45)**	(243)
Accumulated deficit		**(400,857)**	(387,113)
Total Equity		**1,332**	14,518
Liabilities			
Non-current liabilities			
Decommissioning provision		**24,437**	25,304
Deferred tax liability		**11,261**	13,392
Long-term debt		**16,043**	23,387
Lease liabilities		**242**	342
Other provisions		**1,323**	1,323
Total non-current liabilities		**53,306**	63,748
Current liabilities			
Current portion of decommissioning provision		**6,608**	6,334
Current portion of long-term debt		**15,581**	7,709
Current portion of lease liabilities		**203**	534
Accounts payable and accrued liabilities	**5**	**13,073**	17,617
Total current liabilities		**35,465**	32,194
Total liabilities		**88,771**	95,942
Total liabilities and equity		**90,103**	110,460

These condensed consolidated interim financial statements were approved by the Board of Directors and authorised for issue on 12 November 2020.

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

	Share capital	Share-based payment reserve	Warrants	Accumulated deficit	Cumulative translation reserve	Total
Balance at 31 December 2018	375,208	23,307	-	(385,173)	-	13,342
Net loss for the period	-	-	-	(5,609)	-	(5,609)
Other comprehensive income for the period	-	-	-	-	(1,199)	(1,199)
Transactions with equity owners						
Share issue, net of issue costs	2,733	-	-	-	-	2,733
Warrants issued	1	-	97	-	-	98
Share-based payment expense	-	648	-	-	-	648
Balance at 30 September 2019	377,942	23,955	97	(390,782)	(1,199)	10,013
Balance at 31 December 2019	377,942	23,835	97	(387,113)	(243)	14,518
Net loss for the period	-	-	-	(13,744)	-	(13,744)
Other comprehensive loss for the period	-	-	-	-	198	198
Transactions with equity owners						
Share-based payment expense	76	284	-	-	-	360
Balance at 30 September 2020	378,018	24,119	97	(400,857)	(45)	1,332

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

		Nine months ended 30 September	
	Notes	**2020**	**2019**
Operating activities			
Loss for the period		**(13,744)**	(5,609)
Items not involving cash:			
Depletion and depreciation		**11,510**	7,066
Accretion expense		**504**	1,021
Share-based payment expense		**360**	648
Foreign exchange unrealised gain		**(24)**	(195)
Current tax expense		**445**	1,486
Deferred tax expense		**(2,131)**	(1,319)
Impairment expense	**4**	**9,600**	-
Release of provision	**5**	**(1,905)**	-
Other income		**(43)**	-
Interest expense		**2,528**	2,765
Income taxes paid		**(1,162)**	(311)
Funds from operations		**5,938**	5,552
Changes in non-cash working capital		**(1,603)**	33
Cashflows from operating activities		**4,335**	5,585
Finance activities			
Proceeds from equity issuance		**-**	3,000
Share issue costs		**-**	(170)
Warrants exercised		**-**	1
Repayment of long-term debt		**(2,000)**	(5,400)
Interest and financing fees		**-**	(355)
Lease payments		**(434)**	(317)
Cashflows used in financing activities		**(2,434)**	(3,241)
Investing activities			
Property, plant and equipment expenditures		**(2,983)**	(2,633)
Interest earned on restricted cash		**(9)**	(16)
Proceeds on disposal		**23**	-
Cashflows used in investing activities		**(2,969)**	(2,649)
Impact of foreign currency translation on cash		**33**	(7)
Cash and cash equivalents, beginning of period		**2,780**	2,283
Change in cash and cash equivalents		**(1,035)**	(312)
Cash and cash equivalents, end of period		**1,745**	1,971

1. General information

Serinus Energy plc ("Serinus", the "Company", or the "Group") and its subsidiaries are principally engaged in the exploration and development of oil and gas properties in Tunisia and Romania. Serinus is incorporated under the Companies (Jersey) Law 1991. The Group's registered office is located at 28 Esplanade, St. Helier, Jersey, JE2 3QA.

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

2. Basis of presentation

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

These condensed consolidated interim financial statements are expressed in U.S. dollars unless otherwise indicated. All references to US$ are to U.S. dollars. All financial information is rounded to the nearest thousands, except per share amounts and when otherwise indicated. The AIM rules do not require compliance with IAS 34 'Interim Financial Reporting' therefore this quarterly report has not been prepared in order to comply with the provisions of IAS 34.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements are described in note 5 to the consolidated financial statements for the year ended 31 December 2019. There has been no change in these areas during the nine months ended 30 September 2020.

Going concern

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

Since March 2020, the price of oil has been affected by the global spread of COVID-19 and the resultant reduction in oil demand. Although global oil prices have partially recovered since April, there remains significant uncertainty over the continuing impact of COVID-19 on future global oil demand and the outlook for commodity prices including gas prices in Romania.

The Company has taken effective steps to protect its staff and maintain the operational integrity of the business, and management continues to take action to reduce cash outflows including the deferral of capital expenditures and reductions in costs and other non-essential expenditures. However, the directors are mindful of the speed with which circumstances may change, both positive and negative, and the cashflow forecast has been updated to reflect the information currently available, with key assumptions reflecting the current environment.

The Group meets its day-to-day working capital requirements from net operating cash flows, cash balances, equity, and fully drawn debt facilities (Convertible Loan from the EBRD of $32.5 million).

The Group's Convertible Loan accumulated interest to 30 June 2020 at which point the outstanding amount was repayable in four equal instalments on 30 June 2020, 2021, 2022 and 2023 with interest after 30 June 2020 to be paid annually on the loan repayment dates. On 22 June 2020, the Group entered into an agreement with the EBRD (the "Deferral Agreement") to pay $2.0 million and defer $6.4 million of the instalment for a period of twelve months. The Group also agreed to complete a restructuring of the terms and conditions of the Convertible Loan Agreement with the EBRD by 18 December 2020. Failure to do so would constitute an event of default, and the Group has commenced discussions with the EBRD to restructure the terms and conditions of the Convertible Loan Agreement.

As at 30 September 2020, the Group was not in compliance with the debt service coverage ratio, however the Group sought, and received, a waiver from the EBRD as announced on 28 September 2020, formally waiving compliance with this covenant for the period ended 30 September 2020.

The base case cashflow forecast indicates that the Group will continue its operations for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of operations. However, the base case cashflow indicates that, under the current assumptions, the Group will not be able to repay the 30 June 2021 revised instalment under the Deferral Agreement.

The Group is currently engaged in ongoing negotiations with the EBRD to restructure the outstanding debt and has received a waiver from the EBRD, as announced on 2 November 2020, formally waiving compliance with the debt service coverage ratio for the period ending 31 December 2020 together with a waiver to complete the restructuring of the terms and conditions of the Convertible Loan which has been deferred until 26 February 2021.

While the directors are pleased with the progress to date, there can be no certainty that the Group will be able to restructure the terms and conditions of the Convertible Loan Agreement or obtain new financing.

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

3. Significant accounting policies

The condensed consolidated interim financial statements have been prepared following the same basis of measurement, accounting policies and methods of computation as described in the notes to the consolidated financial statements for the year ended 31 December 2019.

4. Impairment expense

As at 30 September 2020, the Company determined there were no indicators of additional impairment, or an impairment recovery. At 30 June 2020, an impairment test was conducted on the Group's Property, plant, and equipment to assess the impact of the continuing weakness and volatility of commodity prices, largely as a result of the economic impact of the global COVID-19 pandemic. Management performed impairment assessments on all cash generating units ("CGUs") and identified that impairment tests were required for the following CGUs: Sabria, Chouech, and Satu Mare. The Group determined the estimated recoverable amount based on a discounted cash flow, using an after-tax discount rate equal to the weighted average cost of capital of each subsidiary (Romania - 12%, Tunisia – 22%).

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

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

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

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

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

5. Release of provision

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

6. Loss per share

($000s, except per share amounts)	Nine months ended 30 September 2020	2019
Loss for the period	(13,744)	(5,609)
Weighted average shares outstanding		
Shares outstanding	239,286	232,637
Loss per share – basic and diluted	(0.06)	(0.02)

For the nine months ended 30 September 2020, there were 13.5 million (2019 – 8.6 million) exercisable options and 2.3 million warrants (2019 – 2.3 million) that were excluded from the calculation as the impact was anti-dilutive.

7. Subsequent events

On 13 October 2020, the Company announced that it had received approval in Romania from NAMR to amend the last outstanding work commitment for the third exploration phase of the Satu Mare Concession and that NAMR had granted a 12-month extension to the work commitment due to the COVID-19 related disruptions, with the new exploration phase now expiring on 27 October 2021. It also announced that a further extension, corresponding to the duration of the Romanian "State of Emergency/State of Alert" will be added to the extension once the COVID-19 related "State of Emergency/State of Alert" has been lifted.

On 22 October 2020, the Company announced that it had filed a Request for Arbitration with the Secretariat of the International Court of Arbitration of the International Chamber of Commerce, concerning the Company's former joint venture partner on the Satu Mare Concession in Romania, OEBS, under which the Company is seeking to have arbitral tribunal issue a declaration affirming the Company's rightful claim of ownership of OEBS' 40% Interest in the Concession. The Company has also sought an order to compel OEBS to take all necessary steps to formally transfer the 40% Interest to the Company due to OEBS' failure to carry out its obligations under the Joint Operating Agreement.

On 2 November 2020, the Company announced that it had received a formal waiver from the EBRD in relation to the debt service covenant on its Convertible Loan for the period ending 31 December 2020, together with a waiver to complete the restructuring of the terms and conditions of the Convertible Loan, deferred until 26 February 2021.