SERINUS
ENERGY

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Temat: **Wstępne wyniki finansowe za 2020 rok**

Podstawa prawna: Art. 17 ust. 1 MAR - informacje poufne

Treść raportu:
W Kierownictwo SERINUS ENERGY plc przekazuje niniejszym wstępne wyniki finansowe Spółki za 2020 rok.

DZIAŁALNOŚĆ OPERACYJNA

- Serinus Energy plc oraz jej podmioty zależne („Serinus", „Spółka" oraz „Grupa" odpowiednio) nadal prowadziły działalność w sposób bezpieczny i produktywny w czasie pandemii COVID-19, wprowadzając z powodzeniem nowe zasady pracy i kontroli, by zapewnić pracownikom odpowiedni poziom bezpieczeństwa pracy i troski o zdrowie.

- Średnie dzienne wydobycie wyniosło 2.340 boe/d (w 2019 r. – 1.389 boe/d), w tym:
  - - w Rumunii – 1.788 boe/d (w 2019 r. – 961 boe/d),
  - - w Tunezji – 552 boe/d (w 2019 r. – 428 boe/d).

- Na koniec grudnia 2020 r. Serinus odnotował dzienne wydobycie na poziomie 2.122 boe, przy średnim dziennym wydobyciu w grudniu wynoszącym 2.061 boe (1.561 boe/d w Rumunii i 500 boe/d w Tunezji). Odnotowany w czwartym kwartale 2020 r. spadek wydobycia spowodowany był opóźnieniami w dotarciu na wiertnie inżynierów specjalizujących się w technologii pomp wgłębnych, wynikającymi z obostrzeń w zakresie ruchu transgranicznego wprowadzonych w ramach walki z pandemią COVID-19, a także naturalnym sczerpywaniem się złóż w Rumunii.

- Zaudytowane rezerwy 1P na dzień 31 grudnia 2020 r. wzrosły o 101% do 5,8 MMboe, a zaudytowane rezerwy 2P zmniejszyły się o 9% do 9,6 MMboe

- Spółka otrzymała zgodę Krajowej Agencji ds. Zasobów Mineralnych w Rumunii („NAMR") na zmianę warunków realizacji ostatniego, pozostającego do wykonania, obowiązkowego zadania w ramach trzeciego etapu prac poszukiwawczych na terenie koncesji Satu Mare, a także uzyskała przedłużenie terminu obowiązywania koncesji na te prace o 12 miesięcy, tj. do 27 października 2021 r. oraz dodatkowo wydłużenie o czas trwania obecnie obowiązującego w Rumunii stanu wyjątkowego/alarmowego, który władze tego kraju wprowadziły 9 marca 2020 r. i który nadal obowiązuje.

- Przyjęte zmiany zakładają zastąpienie dotychchczasowego zobowiązania Spółki do realizacji programu badań sejsmicznych, którego wykonanie uniemożliwiły obostrzenia wprowadzone w następstwie wybuchu pandemii COVID-19, zobowiązaniem do wykonania dwóch odwiertów, jednego do głębokości 1.000 metrów i drugiego do głębokości 1.600 m.

- W 2020 r. Spółka uzyskała wszelkie niezbędne zezwolenia na wykonanie odwiertu eksploatacyjnego M-1008 i zakończyła etap jego planowania. Jego wykonanie zostanie zaliczone w poczet realizacji powyższego zobowiązania.

- W dniu 23 lutego 2021 r. Spółka poinformowała o uzyskaniu w odwiercie M-1008 przepływu na poziomie 4,0 MMscf/d (ok. 666 boe/d) z dwóch perforowanych stref oraz o zamiarze jego podłączenia do zakładu przetwarzania gazu Moftinu.

DZIAŁALNOŚĆ FINANSOWA

- Spółka przeprowadziła zakończoną sukcesem emisję 787.936.852 akcji zwykłych w ramach ogłoszonej 27 listopada 2020 r. oferty, w wyniku czego uzyskała wpływy brutto w wysokości 21,3 mln USD. Z tej kwoty 16,5 mln USD zostało przeznaczonych na spłatę Kredytu Zamiennego w EBOiR.

- W 2020 r. Serinus wypracował przychody w wysokości 24,0 mln USD (w 2019 r. – 24,4 mln USD), w tym 16,9 mln USD (w 2019 r. – 15,2 mln USD) w Rumunii i 7,1 mln USD (w 2019 r. – 9,2 mln USD) w Tunezji.

- Nakłady inwestycyjne wyniosły 5,5 mln USD (w 2019 r. – 4,9 mln USD) i obejmowały głównie koszty związane z wykonaniem odwiertu M-1004 oraz pracami przygotowawczymi do wykonania odwiertu M-1008.

- Środki pieniężne z działalności operacyjnej w 2020 r. wyniosły 7,3 mln USD (w 2019 r. – 8,1 mln USD), a znormalizowany wynik EBITDA wyniósł 6,6 mln USD (w 2019 r. – 7,0 mln USD).

- Średnia zrealizowana cena w przeliczeniu na baryłkę ekwiwalentu ropy naftowej (USD/boe) wyniosła 28,06 USD/bbl (w 2019 r. – 48,12 USD/bbl; spadek o 42%), w tym:
    - za ropę naftową – średnia zrealizowana cena to 35,56 USD/bbl (w 2019 r. – 61,67 USD/bbl), spadek o 42%;
    - za gaz ziemny – średnia zrealizowana cena w przeliczeniu na tysiąc stóp sześciennych (USD/Mcf) to 4,38 USD/mcf (w 2019 r. – 7,27 USD/mcf), spadek o 40%.

- Koszty wydobycia (USD/boe) zmalały o 30%, do poziomu 9,67 USD/boe (w 2019 r. – 13,78 USD/boe), głównie dzięki zwiększonym wolumenom wydobycia i wnikliwemu zarządzaniu kosztami.

- Na 31 grudnia 2020 r. saldo środków pieniężnych Grupy wynosiło 6 mln USD.

W załączeniu do niniejszego raportu bieżącego Spółka przedstawia treść stosownego komunikatu prasowego sporządzonego w języku angielskim (przekazywanego do publicznej wiadomości przez Spółkę w Wielkiej Brytanii oraz zamieszczanego na stronie internetowej Spółki pod adresem www.serinusenergy.com) wraz z załącznikiem obejmującym elementy analogiczne do elementów raportu rocznego, z wyłączeniem sprawozdania niezależnego biegłego rewidenta z badania sprawozdania finansowego. Tłumaczenie wymienionego załącznika na język polski stanowi kolejny dokument dołączony do niniejszego raportu bieżącego.

Zgodnie z informacją przekazaną w dniu 22 marca 2021 r. (raport bieżący nr 7/2021) dopiero po uzyskaniu przez londyńskie biuro BDO zatwierdzenia i rejestracji jako uprawniona do działalności w Polsce jednostka audytorska pochodząca z państwa trzeciego, Serinus będzie mógł przekazać zaudytowane sprawozdanie roczne za 2020 r., zawierające opinię BDO z przeprowadzonego badania.

26 March 2021

Press Release

Preliminary Annual Financial Results for 2020

Jersey, Channel Islands, 26 March 2021 -- Serinus Energy plc ("**Serinus**" or the "**Company**") (AIM:SENX, WSE:SEN) is pleased to announce its preliminary financial results for 2020.

OPERATIONAL

- Serinus Energy plc and its subsidiaries ("Serinus", the "Company", or the "Group") have 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.

- Production for the year averaged 2,340 boe/d (2019 - 1,389 boe/d), comprised of;
  - Romania - 1,788 boe/d (2019 - 961 boe/d).
  - Tunisia - 552 boe/d (2019 - 428 boe/d).

- Serinus exited December 2020 with a production rate of 2,122 boe/d, with a December average of 2,061 boe/d (Romania 1,561 boe/d and Tunisia 500 boe/d). Production declined over the fourth quarter due to delays in specialist pump technicians crossing national borders due to COVID-19 restrictions as well as natural declines in Romania.

- 1P audited reserves at 31 December 2020 increased by 101% to 5.8 MMboe and 2P audited reserves decreased by 9% to 9.6 MMboe.

- The Company received approval from the Romanian National Agency for Mineral Resources ("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 license extension until 27 October 2021 plus additional time equivalent to the duration of the "Romanian State of Emergency/Alert" which began on 9 March 2020 and currently remains in force.

- The amendment replaces the previous seismic commitment, which the company was unable to fulfill due to the restrictions imposed as a result of the COVID-19 pandemic, 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.

- During 2020 the Company permitted and finalised plans to drill the M-1008 development well which will qualify as one of these commitment wells.

- On 23 February 2021, the Company announced the M-1008 well flowed at 4.0 MMscf/d (approximately 666 boe/d) from two perforated zones and will be tied into the Moftinu Gas Plant.

FINANCIAL

- Completed a successful placing of 787,936,852 ordinary shares to raise gross proceeds of $21.3 million announced on 27 November 2020, of which $16.5 million was paid to the EBRD to retire the Convertible Loan.

- During 2020, Serinus generated revenues of $24.0 million (2019 - $24.4 million), comprised of $16.9 million (2019 - $15.2 million) from Romania and $7.1 million (2019 - $9.2 million) from Tunisia.

- Capital expenditures of $5.5 million (2019 - $4.9 million) were incurred for the year and predominantly consisted of costs incurred drilling M-1004, and preparation work for M-1008.

- Funds from operations for the year was $7.3 million (2019 - $8.1 million) and normalized EBITDA was $6.6 million (2019 - $7.0 million).

- Net realised prices ($/boe) averaged $28.06 (2019 - $48.12), a decrease of 42%, comprised of;
    - Realised oil price ($/bbl) averaged $35.56 (2019 - $61.67), a decrease of 42%.
    - Realised gas price ($/Mcf) averaged $4.38 (2019 - $7.27), a decrease of 40%.

- Production expenses ($/boe) were reduced by 30% to $9.67 (2019 - $13.78) largely due to increased production and careful cost management.

- Cash balance as at 31 December 2020 was $6.0 million.

As stated in the Company's news release on 22 March 2021, upon the approval and registration of BDO London office as a qualified third-party auditor in Poland by the Polish Securities Regulator, Serinus will be able to release its audited Annual Report for 2020, which will include the BDO audit opinion.

About Serinus

Serinus is an international upstream oil and gas exploration and production company that owns and operates projects in Tunisia and Romania.

For further information, please refer to the Serinus website (www.serinusenergy.com) or contact the following:

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Forward Looking Statement Disclaimer
This release may contain forward-looking statements made as of the date of this announcement with respect to future activities that either are not or may not be historical facts. Although the Company believes that its expectations reflected in the forward-looking statements are reasonable as of the date hereof, any potential results suggested by such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors that could impair or prevent the Company from completing the expected activities on its projects include that the Company's projects experience technical and mechanical problems, there are changes in product prices, failure to obtain regulatory approvals, the state of the national or international monetary, oil and gas, financial , political and economic markets in the jurisdictions where the Company operates and other risks not anticipated by the Company or disclosed in the Company's published material. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties, and actual results may vary materially from those expressed in the forward-looking statement. The Company undertakes no obligation to revise or update any forward-looking statements in this announcement to reflect events or circumstances after the date of this announcement, unless required by law.

Translation: This news release has been translated into Polish from the English original.

2020 HIGHLIGHTS

OPERATIONAL

- Serinus Energy plc and its subsidiaries ("Serinus", the "Company", or the "Group") have 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.
- Production for the year averaged 2,340 boe/d (2019 - 1,389 boe/d), comprised of;
  - Romania - 1,788 boe/d (2019 - 961 boe/d).
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- Serinus exited December 2020 with a production rate of 2,122 boe/d, with a December average of 2,061 boe/d (Romania 1,561 boe/d and Tunisia 500 boe/d). Production declined over the fourth quarter due to delays in specialist pump technicians crossing national borders due to COVID-19 restrictions as well as natural declines in Romania.
- 1P audited reserves at 31 December 2020 increased by 101% to 5.8 MMboe and 2P audited reserves decreased by 9% to 9.6 MMboe.
- The Company received approval from the Romanian National Agency for Mineral Resources ("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 license extension until 27 October 2021 plus additional time equivalent to the duration of the "Romanian State of Emergency/Alert" which began on 9 March 2020 and currently remains in force.
- The amendment replaces the previous seismic commitment, which the company was unable to fulfill due to the restrictions imposed as a result of the COVID-19 pandemic, 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.
- During 2020 the Company permitted and finalised plans to drill the M-1008 development well which will qualify as one of these commitment wells.
- On 23 February 2021, the Company announced the M-1008 well flowed at 4.0 MMscf/d (approximately 666 boe/d) from two perforated zones and will be tied into the Moftinu Gas Plant.

FINANCIAL

- On 21 December 2020, Serinus fully retired the outstanding Convertible Loan held by the European Bank of Reconstruction and Development ("EBRD") amounting to $33.0 million, in exchange for consideration of $16.5 million and the subscription by the EBRD, at no cost, for 112,925,402 ordinary shares.
- During 2020, Serinus generated revenues of $24.0 million (2019 - $24.4 million), comprised of $16.9 million (2019 - $15.2 million) from Romania and $7.1 million (2019 - $9.2 million) from Tunisia.
- Capital expenditures of $5.5 million (2019 - $4.9 million) were incurred for the year and predominantly consisted of costs incurred drilling M-1004, and preparation work for M-1008.
- Funds from operations for the year was $7.3 million (2019 - $8.1 million) and normalized EBITDA was $6.6 million (2019 - $7.0 million).
- Net realised prices ($/boe) averaged $28.06 (2019 - $48.12), a decrease of 42%, comprised of;
  - Realised oil price ($/bbl) averaged $35.56 (2019 - $61.67), a decrease of 42%.
  - Realised gas price ($/Mcf) averaged $4.38 (2019 - $7.27), a decrease of 40%.
- Production expenses ($/boe) were reduced by 30% to $9.67 (2019 - $13.78) largely due to increased production and careful cost management.
- Completed a successful placing of 787,936,852 ordinary shares to raise gross proceeds of $21.3 million announced on 27 November 2020, of which $16.5 million was paid to the EBRD to retire the Convertible Loan.
- Cash balance as at 31 December 2020 was $6.0 million.

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 is what the Group hopes to be the first of many shallow gas developments. The concession is extensively covered by legacy 2D seismic and the Group considers the concession to have multiple sizable prospects available for further exploration.

TUNISIA

The Company's Tunisian operations are comprised of five concession areas. Of the five concession areas the Company Is currently focused on three of those areas which have discovered oil and gas reserves and are currently producing. The largest asset in the Tunisian portfolio is the Sabria field, which is a large oilfield play that has been historically under-developed. Serinus considers this to be an excellent asset for remedial work to increase production and in time, with proper reservoir studies, an excellent asset upon which to conduct further development operations.

2021 OUTLOOK

CORPORATE

2020 was a transformational year for the Company. Despite the disruptions caused by a global pandemic and the concurrent commodity price crashes, Serinus demonstrated the resilience of our cash flows, the drive and determination of our operating teams and the ability to maintain positive cash flows through the bottom of the commodity cycle. During the course of the year the Company was able to negotiate with its debt holder, the EBRD, for the retirement of US$33.0 million of outstanding debt. This agreement saw Serinus extinguish the Convertible Loan by repaying $16.5 million and issuing 112,925,402 shares to the EBRD. To finance this transaction and create a debt-free cash flowing business Serinus completed a placing which raised gross proceeds of $21.3 million in exchange for 787,936,852 ordinary shares. The Group finalized the payment and issuance of shares to the EBRD on 21 December 2020. At 31 December 2020, the EBRD owned 9.9% (2019 – nil%) of the outstanding shares in issue.

The elimination of all of the Company's legacy debt allows the business to focus on utilizing cash flow to continue increasing production and cash flow. Ultimately this strategy is expected to add considerable value to its shareholders.

ROMANIA

2020 was the first full year of results that demonstrated the cash flow generation capabilities of our Romanian business unit. During the year the low-cost, robust cash flow was demonstrated even during the deepest declines in the oil and gas commodity cycle. The Company remains optimistic about the future growth prospects throughout the Satu Mare concession.

During the year, the Company drilled an additional development well (M-1004) in the Moftinu field. The well initially flowed at 6.0 MMscf/d during testing and has performed as expected. This increased production helped increase the positive cash flow from operations from the Romanian business unit. During the year Serinus renegotiated the terms of the concession as announced 13 October 2020, to extend and adjust the work commitments. The Company anticipates that these work commitments will be completed during 2021, allowing the Company to enter the fourth exploration phase, with further commitments to be negotiated. The Company continues to explore other opportunities to enhance current production such as compression at the gas plant.

Subsequent to year-end, the Company drilled, completed and tested a new development well (M-1008) on the Moftinu field. This well was tested at 4.0 MMscf/d from two perforated zones and has been placed on production.

TUNISIA

Tunisia continued to provide positive cashflow to the Group as three fields were operating for the entirety of 2020. The Company is optimistic about 2021 having identified work programs that will materially enhance current production with limited capital requirements.

During the year, the Company completed a coil-tubing workover in the Sabria field, that has seen positive results on production. The Company is identifying other wells to complete similar work on as well as introducing the first pumps into the three operating fields.

The Company is in discussion with Tunisia's Director General of Hydrocarbons ("DGH") with regards to the expiry of the Zinnia concession at the end of 2020 and Sanrhar at the end of 2021. The Company has initiated discussions for a license extension in Ech Chouech that is set to expire at 30 June 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 operation 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.

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 1.2% 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 optimization provided 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 experts 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 exploration phase.
    - Five 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.
    - 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 on existing asset base.
    - Seek acquisitions that will provide synergies at a cost that is accretive to shareholders.

CHAIRMAN'S REPORT

Dear shareholders,

First and foremost, I hope to find you in good health.

It is my pleasure to address you in March 2021 but with respect to the year 2020, it was a very peculiar year for all of us.

We started 2020 full of optimism, aiming higher and ensuring that our Company was ready for unprecedented development of its production and operations in both Romania and Tunisia. The hard reality of 2020 and a global pandemic very quickly altered our ambitious plans and we immediately reacted to focusing on the protection of staff and securing continuity of operations. The fact that we have employees in five countries with different legal systems, lockdown rules, travel restrictions and pandemic mitigations even further complicated daily management of our businesses and our COVID-19 response, but I am proud to say that we have managed to do so with minimal interruptions to the business.

Recognising the severity of the disruptions caused by the pandemic the Board of Directors led by example and very quickly undertook to voluntarily sacrifice a portion of their remuneration to preserve liquidity. I believe this displayed our commitment towards the Company and confidence in the business. As already stated, the Company has carried out is operations without interruption and has not been forced to dismiss or make redundant any of its employees in these very difficult times. Our commitment to our employees remains strong.

Despite low commodity prices and the impact on demand due to COVID-19, Serinus' business continued to generate positive cashflow, thanks to the low operating cost base, effectiveness of actions undertaken to maintain operational integrity and the asset diversification between Romania and Tunisia.

There were however also negative consequences of the global pandemic. Negative market fluctuations affected commodity prices which declined so significantly such that the Company was unable to make the requisite debt payment to the EBRD in June. The Company's management however took this as the opportunity to address the balance sheet once and for all and as a result of positive discussions with the EBRD we have completed a debt restructuring, leaving the Company debt-free. A successful $21.3 million equity placing demonstrated the equity markets belief in the operations and prospects of the Company and its ability to generate cashflow even in the difficult environment of 2020. I would like to take this opportunity to thank existing and new shareholders for their support and facilitating the Company's transition.

Serinus is listed on two stock exchanges and as such we have always kept shareholder interaction amongst our priorities. In 2021 the Company will continue to proactively engage with investors as well as strive for transparency and the timely provision of relevant information. In addition, as we aim to be a leader in disclosure and best market practices, we look to develop our plans to advance our reporting of environmental, social responsibility and corporate governance issues.

On a personal note, I would very much like to thank our management team for their continuing commitment to the Company, extensive efforts and the energy shown by the team whilst having to work remotely, where possible.

Finally, I take this opportunity to say thank you for sharing our belief in Serinus as we look forward to a healthy, prosperous and successful 2021.

Yours sincerely,

Lukasz Rędziniak, Chairman of the Board of Directors

25 March 2021

REPORT FROM THE CEO

Dear fellow shareholders,

It is perhaps an understatement to say that 2020 was a unique year. Serinus entered 2020 with a profound sense of accomplishment and optimism. 2019 had been a year where the foundations were laid for growth and further development of our business. We exited 2019 with the Chouech fields having been brought back onstream and the Moftinu gas plant running and providing operating cash flow to the business. The year began with a busy January in which the Company successfully drilled the Moftinu-1004 well. The well was drilled on budget, ahead of schedule and flowed at an excellent initial test rate of 6.0 MMscf/d. Commodity prices were stable and the expectation that the Company was set up for a year where we would have a full year of operating cash flow from the Moftinu Gas Plant allowing the Company to steadily bring production back onstream in Tunisia and result in a transformative year for the Company.

Sadly, this was not how 2020 transpired. In early March as the news began to focus on the COVID-19 pandemic the Company worked to put in place protocols that would protect our teams and our business. Our protocols focused primarily of the safety of our workers both in our offices and in our field operations. We increased the onsite consumables at our field operations to ensure there was always at least one month’s supply available. We worked very hard to implement cleaning protocols that we hoped would minimize our risk to the spread of infection. By mid-March it was apparent that we would begin to enforce social distancing where working conditions were able and we began to shut our offices and work remotely. It is a great credit to our operating teams that we were able to continue operations safely.

2020 was also the year that we had intended to complete the commitment to the Romanian Government to conduct a seismic acquisition programme on the Satu Mare Concession. This programme was at such an advanced stage that final mobilization orders were being prepared when the pandemic forced a halt to these works. Prohibitions on movement between countries and prohibitions on large gatherings made it impossible to complete this commitment. We immediately began a consultative phase with the Romanian regulators and ultimately agreed to an extension as well as a redefined commitment that included a well on the Moftinu field and a well on the Sancrai prospect to the southwest of Moftinu. The Company is hopeful that Sancrai will provide another development similar to the Moftinu field.

As the commodity prices suffered dramatic falls through March and April it became apparent that the Company would not be in a position to make the requisite debt payment to the EBRD in June. The Company immediately engaged with the EBRD to seek solutions and the EBRD accepted a payment of $2.0 million and a waiver on the remaining 30 June 2020 debt payment until 30 June 2021. The bank requested that both parties seek to look at longer-term solutions by late 2020. The Company worked to prepare a proposal whereby the EBRD would retire the entirety of the outstanding debt in exchange for $16.5 million and 9.9% of the post restructuring equity. The resulting equity transaction allowed Serinus to exit 2020 as a debt-free business.

The dramatic disruptions of 2020 should not obscure the progress that the Company has made. Whilst our focus remained on our staff’s safety and wellbeing, we also managed to achieve some important milestones. Production for 2020 averaged 2,340 boe/d compared to 1,389 boe/d in 2019. This was achieved despite the disruptions forced on the Company by the global pandemic. The Company continued to focus on minimizing costs as we lowered our G&A to $4.61/boe from $7.45/boe in 2019 and reduced our production expenses to $9.67/boe from $13.78/boe in 2019. Our low-cost base allowed the Company to generate $7.3 million of operating cash flow even in the face of wildly volatile commodity prices. Perhaps the most important achievement of 2020 is the one that is hardest to see; the work that is done to allow for further growth and development in the business. During 2020 our technical teams completed an Artificial Lift Study in Sabria. This programme has technically reviewed the possible outcomes of installing pumps into the Sabria field in Tunisia for the first time. A great deal of preparation has taken place in Romania preparing for the drilling of the Moftinu-1008 well in January 2021 and preparing for the drilling of the Sancrai-1 well later in the year. Whilst much of this work goes unseen by the outside world it is fundamental to our success and our teams have worked diligently and tirelessly to prepare us for the next steps in our development of the Company.

In closing it is appropriate to thank our shareholders for their support in what was a very trying year. We also owe gratitude to our employees and their families. Our employees showed an eagerness to find solutions and work through problems in a year that threw many of these our way. In a year such as 2020 we should also spare a thought for our teams’ families who stood behind them and supported them through a year that experience had prepared none of us for. To our shareholders, stakeholders, employees and their families I take this opportunity to say thank you and we look forward to a safe, healthy and successful 2021.

Yours sincerely,

Jeffery Auld, Chief Executive Officer

25 March 2021

REPORT FROM THE CFO

During 2020 the Company has faced a number of challenges, whilst maintaining financial prudence in an uncertain environment and successfully restructuring its capital structure to emerge from the year with a more robust platform from which to execute its strategy.

LIQUIDITY, DEBT AND CAPITAL RESOURCES

The Company spent a total of $5.5 million (2019 - $4.9 million) on capital expenditures during the year. These funds were primarily spent in Romania, where the Group invested $4.2 million (2019 - $3.9 million) related to the drilling and completion of M-1004, along with initial work related to M-1008. The Group spent $1.3 million (2019 - $1.0 million) in Tunisia completing work on various wells to enhance current well production.

During 2020, the Company's funds from operations decreased slightly to $7.3 million (2019 - $8.1 million) mainly due to the collapse in commodity prices. Considering the movement in working capital, the cash flows generated from operating activities in 2020 were $6.8 million (2019 – $8.8 million).

In June 2020, as a result of the impact of the COVID-19 pandemic on economic activity, combined with the collapse in commodity prices, the Company reached an agreement with the EBRD to defer its scheduled repayment of debt under the terms of the Convertible Loan and paid $2.0 million of the debt payment obligation due on 30 June 2020, with the remaining $6.4 million deferred for 12 months, with a condition to restructure the terms and conditions of the Convertible Loan no later than 18 December 2020, which was subsequently extended to 26 February 2021. On 26 November 2020, the Company announced that it had conditionally agreed with the EBRD to retire the debt facility, in exchange for consideration of $16.5 million and the subscription by the EBRD at no cost, for 112,925,402 ordinary shares (the "EBRD Shares"). On 27 November 2020, the Company announced it had successfully raised gross proceeds of $21.3 million, and on 21 December 2020 announced that the EBRD Shares had been admitted to AIM thereby concluding the restructuring to retire all outstanding debt and resulting in Serinus becoming a debt-free company.

The Company is now in a strong position to expand and continue growing production within our existing resource base. As the Company is now debt-free, the Company has adequate resources available to deploy into both operating segments to deliver growth and ultimately shareholder returns.

($000)	Year ended 31 December	
Working Capital	**2020**	**2019**
Current assets	16,037	15,243
Current liabilities	22,236	32,194
Working Capital deficit	(6,199)	(16,951)

The working capital deficit at 31 December 2020 was $6.2 million (2019 – $17.0 million).

Current liabilities as at 31 December 2020 was $22.2 million (2019 – $32.2 million) comprised of:

- Accounts payable of $14.3 million (2019 - $16.2 million) which includes $6.0 million (2019 - $8.2 million) related to historic work commitments in Brunei.
- Decommissioning provision of $7.1 million (2019 - $6.3 million).
    - Brunei - $1.8 million (2019 - $1.8 million).
    - Canada - $1.0 million (2019 - $1.0 million) which are offset by restricted cash in the amount of $1.2 million (2019 - $1.1 million) in current assets.
    - Romania - $0.6 million (2019 - $nil).
    - Tunisia - $3.7 million (2019 - $3.5 million).
- Income taxes payable of $0.6 million (2019 - $1.4 million).
- Current portion of lease obligations of $0.2 million (2019 - $0.5 million).
- Current portion of long-term debt $nil (2019 - $7.7 million).

FINANCIAL REVIEW – YEAR ENDED 31 DECEMBER 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:

	Year ended 31 December	
($000)	2020	2019
Cash flow from operations	6,781	8,778
Changes in non-cash working capital	536	(670)
Funds from operations	7,317	8,108
Funds from operations per share	0.03	0.03

The decrease in funds from operations in 2020 was primarily attributable to the low commodity price environment and the impact on economic activity as a result of the COVID-19 pandemic. Production increases in both operating segments year over year were offset by the lower realised prices received. The comparative period saw the Moftinu field come online in April 2019, and the Chouech and Ech Chouech fields came online in the second half of 2019.

Both operating segments realised positive funds from operations as Romania generated $10.7 million (2019 – $8.9 million) and Tunisia generated $0.5 million (2019 - $3.4 million). Funds used in Corporate were $3.9 million (2019 - $4.2 million) resulting in a net funds from operations of $7.3 million (2019 – $8.1 million).

PRODUCTION

Year ended 31 December 2020	Tunisia	Romania	Group	%
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%
Year ended 31 December 2019				
Crude oil (bbl/d)	339	-	339	25%
Natural gas (Mcf/d)	534	5,673	6,207	74%
Condensate (bbl/d)	-	15	15	1%
Total (boe/d)	428	961	1,389	100%

Overall, the Company's production saw a significant increase during 2020 as the Moftinu, Chouech and Ech Chouech fields were all on production for the entire year as well as the addition of a successful development well in Romania (M-1004). Production volumes (boe/d) for the group increased by 951 or 68% to 2,340 for the year (2019 - 1,389).

Romania's production volume (boe/d) increased by 827 or 86% to a total of 1,788 (2019 – 961). This was primarily as a result the first full year of production at the Moftinu field as well as the successful drilling of an additional development well (M-1004). During the year, Romanian production was predominantly from three wells (2019 – two wells): M-1003, M-1004 and M-1007.

Tunisia's production volume (boe/d) increased by 124 or 29% to 552 (2019 – 428). This was a direct result of the Chouech and Ech Chouech fields operating for the full year compared to partial production in 2019. The Company completed workover projects within the Chouech and Sabria fields that had positive results during the year. The Company has further plans to initiate an artificial lift program in 2021 to further enhance current production.

OIL AND GAS REVENUE

($000) Year ended 31 December 2020	Tunisia	Romania	Group	%
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%
Year ended 31 December 2019				
Oil revenue	7,617	-	7,617	31%
Gas revenue	1,604	14,855	16,459	68%
Condensate revenue	-	289	289	1%
Total revenue	9,221	15,144	24,365	100%

Realised Price

Year ended 31 December 2020	Tunisia	Romania	Group
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
Year ended 31 December 2019			
Oil ($/bbl)	61.67	-	61.67
Gas ($/Mcf)	8.24	7.17	7.27
Condensate ($/bbl)	-	54.79	54.79
Average realised price ($/boe)	59.12	43.22	48.12

Revenue during the year was relatively flat at $24.0 million (2019 – $24.4 million) as the increase in production was largely offset by the lower commodity prices during the year. The Group saw the average realised price ($/boe) decrease by $20.06 or 42% to $28.06 (2019 - $48.12).

The Group average realised oil prices ($/bbl) declined by $26.11 or 42% to $35.56 (2019 – $61.67), and average realised natural gas prices ($/Mcf) decreased by $2.89 or 40% to $4.38 (2019 - $7.27). Pricing has begun to recover through the latter part of 2020, with the December average realised gas prices in Romania at $4.95/Mcf and the December realised oil prices in Tunisia at $46.93/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 a marketing agreement with Shell International Trading and Shipping Company Limited. In 2020, the Group completed two liftings (2019 – one), which occurred during the second and fourth quarters.

ROYALTIES

($000)	Year ended 31 December 2020	2019
Tunisia	844	1,057
Romania	960	803
Total	1,804	1,860
Total ($/boe)	2.11	3.67
Tunisia (% of revenue)	11.9%	11.5%
Romania (% of revenue)	5.7%	5.3%
Total (% of revenue)	7.5%	7.6%

Royalties were flat compared to the prior year at $1.8 million (2019 - $1.9 million) which coincides with the relatively unchanged revenue described above. The average royalty rate for the group was 7.5% (2019 – 7.6%).

The royalty structure for Romania royalties is a flat 7.5% for gas revenues and 3.5% for condensate for the entire field. 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 2020, 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.

PRODUCTION EXPENSES

($000)	Year ended 31 December 2020	2019
Tunisia	4,520	4,606
Romania	3,706	2,332
Canada	54	47
Group	8,280	6,985
Tunisia production expense ($/boe)	22.33	29.46
Romania production expense ($/boe)	5.67	6.65
Total production expense ($/boe)	9.67	13.78

Overall, Group operating costs increased by $1.3 million or 19% to $8.3 million (2019 - $7.0 million), however on a per boe basis, the Group delivered a significant decrease in production expenses ($/boe) of $4.11 or 30% to $9.67 (2019 - $13.78) due to the increased production during the year. Both operating units closely monitored operating costs and implemented cost cutting measures where possible to manage the impact of the lower commodity price environment, while also seeing increased costs as a result of health, safety and hygiene measures to protect staff during the COVID-19 pandemic.

Romania’s overall operating costs increased by $1.4 million or 59% to $3.7 million (2019 – $2.3 million) during the year, which reflected a full year of operations compared to nine months in the comparative period. Increased production reduced operating costs per boe ($/boe) by $0.98 or 15% to $5.67 (2019 - $6.65).

Tunisia saw a full year of production from all three producing concessions (Sabria, Chouech and Ech Chouech) and reduced operating costs by $0.1 million or 2%, down to $4.5 million (2019 - $4.6 million). The full year of production had a significant impact per boe as operating costs ($/boe) decreased by $7.13 or 24% to $22.33 (2019 - $29.46).

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)			
Year ended 31 December 2020	**Tunisia**	**Romania**	**Group**
Production 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
Year ended 31 December 2019			
Production volume (boe/d)	428	961	1,389
Realised price	59.12	43.22	48.12
Royalties	(6.76)	(2.29)	(3.67)
Production expense	(29.46)	(6.65)	(13.78)
Operating netback	22.90	34.28	30.67

The Group operating netback ($/boe) decreased by $14.39 or 47% to $16.28 (2019 - $30.67). The main contributing factor to this decrease is lower realised prices, offset by lower royalties and production expenses as described above. The decrease in the operating netback contributed to the Company realising a gross loss of $2.8 million (2019 – gross profit of $1.9 million). The Company incurred a net loss of $9.3 million (2019 - $1.9 million) inclusive of an impairment of $10.3 million (2019 - $nil), a gain on extinguishment of $12.0 million (2019 - $nil), and a release of provision of $1.9 million (2019 - $nil).

WINDFALL TAX

	Year ended 31 December	
($000)	**2020**	**2019**
Windfall tax	1,486	3,155
Windfall tax ($/Mcf - Romania gas)	0.38	1.52
Windfall tax ($/boe - Romania gas)	2.29	9.14

In Romania, the Group is subject to a windfall tax on its natural gas production which is applied to supplemental income once natural gas prices exceed 47.53 RON/Mwh. 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.

During 2020, the Group incurred windfall taxes within Romania of $1.5 million (2019 - $3.2 million) which equates to $0.38/Mcf (2019 - $1.52/Mcf). This decrease is directly related to the reduction of the realised gas prices during the year, as a result of which the Company did not incur any windfall tax until October 2020 once realised gas prices recovered sufficiently to generate windfall tax.

DEPLETION AND DEPRECIATION

($000)	Year ended 31 December 2020	2019
Tunisia	2,912	2,576
Romania	11,739	7,216
Corporate	644	685
Total	15,295	10,477
Tunisia ($/boe)	14.39	16.48
Romania ($/boe)	17.95	20.59
Total ($/boe)	17.86	20.67

Depletion and depreciation expense increased by $4.8 million or 46% to $15.3 million (2019 - $10.5 million). The increase is due to a full year of production from the Moftinu and Chouech fields. On a per boe basis, the depletion and depreciation expense decreased by $2.81 or 14% to $17.86 (2019 - $20.67).

GENERAL AND ADMINISTRATIVE (“G&A”) EXPENSE

($000)	Year ended 31 December 2020	2019
G&A expense	3,944	3,788
G&A expense ($/boe)	4.61	7.45

G&A costs increased slightly during the year by $0.1 million or 4% to $3.9 million (2019 - $3.8 million), while on a per boe basis, G&A has decreased by $2.84 or 39% to $4.61 (2019 - $7.45), due to the increased production during the year. During the second and third quarter of 2020, as a direct response to the COVID-19 pandemic, the executive Directors took a 20% reduction in salary and opted to receive shares in lieu of salary, while the non-executive Directors took a 25% reduction in their fees.

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

SHARE-BASED PAYMENT

($000)	Year ended 31 December 2020	2019
Share-based payment	1,418	528
Share-based payment ($/boe)	1.66	1.04

Share-based compensation increased by $0.9 million or 168% to $1.4 million (2019 – $0.5 million). This increase is largely linked to the management incentivisation program, which awarded ordinary shares to the management team under the Company’s Long Term Incentive Plan (“LTIP”) for the completion of the debt restructuring in December 2020 as well as shares issued in lieu of salary during the second and third quarters. Both executive Director’s elected to receive ordinary shares in lieu of a 20% reduction in salary as part of Group cost saving 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)	**2020**	**2019**
Interest expense on long-term debt	2,890	3,319
Amortization of debt costs	83	144
Amortization of debt modification	249	97
Interest on leases	88	145
Accretion on decommissioning provision	460	1,224
Foreign exchange and other	37	(126)
	3,807	4,803

Net finance expense for 2020 decreased by $1.0 million or 21% to $3.8 million (2019 – $4.8 million). This decrease is connected to a decrease in the interest rate on the EBRD convertible debt to 8.57% from 10.18%, which was a direct result in the decrease in LIBOR during the year. Accretion expense also decreased by $0.8 million due to a decrease in discount rates and the lower estimated decommissioning liability (see Note 17).

GAIN ON EXTINGUISHMENT OF DEBT

During the year, the Company negotiated with the EBRD to fully retire the Convertible Loan and accrued interest of $33.0 million. The Company agreed to make a final payment of $16.5 million and issue the EBRD 112,925,402 ordinary shares. The shares issued to the EBRD were valued at the closing price on the repayment date, £0.024, for a total value of $3.7 million. Management deemed the closing price on the repayment date to be the fair value of the shares, as this provided ample time for the market to price in the transaction. The Company incurred $0.2 million of legal fees to complete the transaction. These fees have been offset against the gain on extinguishment of the loan. At the time of repayment, the net debt included unamortised debt modification/refinancing fees, amounting to $0.8 million. In total, the gain on extinguishment realised by the Company was $12.0 million.

RELEASE OF PROVISION

	Year ended 31 December	
($000)	**2020**	**2019**
Release of provision	1,905	-

The release of provision 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

Due to the COVID-19 pandemic, the Company was faced with a commodity price collapse that resulted in the Company testing for impairment. At H1 2020, the Company recorded an impairment expense on both operating assets totaling $9.6 million (Romania $6.2 million and Tunisia $3.4 million). In the second half of 2020, commodity prices have begun to recover to pre COVID-19 levels.

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. It was determined that on a stand-alone basis the Ech Chouech concession required a reversal of impairment of $5.4 million, while the Chouech concession would incur an additional $5.4 million of impairment, netting to $nil. On a standalone CGU basis, it was determined that South Tunisia had no impairment. The remaining CGUs in Tunisia resulted in no additional impairment expense or any reversals of impairment. 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.

At 31 December 2020, the Company determined that as the Company does not currently have a development plan for the area, the preliminary costs spent on the seismic program in Romania, which was cancelled due to the COVID-19 pandemic, should be impaired and $0.7 million was recorded as an additional impairment at 31 December 2020.

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 7% from 0.235 to 0.252 USD:RON. The revaluation of the balance sheet to the year-end rate resulted in a $1.3 million gain through other comprehensive income.

GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis.

In December 2020 the Group retired $33.0 million of outstanding debt, leaving it debt-free and therefore able to direct its cashflow into operational activities. The Group meets its day-to-day working capital requirements from net operating cash flows, cash balances and equity and as at 28 February 2021 the group had cash balances of $5.7 million.

These consolidated 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. In assessing the Group's ability to continue as a going concern, the Directors have prepared a base case cash flow forecast under which the Group will have sufficient liquidity for not less than 12 months from the date of approval of these consolidated Financial Statements.

Key inputs in the cashflow forecast include commodity price assumptions, capital expenditures, operating costs and operational performance for each business unit based on the Group's budget as approved by the board of directors. In approving the Group's budget, the Directors have considered the impact of the COVID-19 pandemic on global economic activity, demand for hydrocarbons and the Group's ability to maintain its operations. The Directors have challenged the underlying assumptions incorporated into the budget to satisfy themselves that these represent a robust basis for the base case cash flow forecast and believe the most significant factor that may impact the cashflows in the going concern period under review is the commodity price. The cashflow model has been stressed with a downside scenario incorporating a 25% reduction in commodity prices throughout the forecast period. In doing so the Directors have considered the Group's flexibility as to the timing of its commitment capital, the ability to manage the timing of its discretionary capital expenditure and its operating costs, and, in any reasonable scenario, continue to believe that the Group would have sufficient liquidity for at least the next 12 months.

At 31 December 2020, the Group had a working capital deficit of $6.3 million, however the Directors have considered the circumstances, current status and practical realisations of $11.3 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 going concern period under review.

Therefore, the Directors continue to believe that the Group will have sufficient liquidity to discharge its liabilities in the normal course of business for not less than 12 months from the date of approval of these consolidated Financial Statements. On that basis, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

Andrew Fairclough, Chief Financial Officer

25 March 2021

REVIEW OF OPERATIONS

ROMANIA

- Satu Mare Block – 2,949 km^2 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 phase 1 & 2 exploration obligations were completed in April 2015, and the third exploration phase is currently ongoing. Phase 3 received a twelve-month extension to 27 October 2021 with a further extension to be granted for an equivalent period to the duration of the "Romanian State of Emergency/Alert", which began on 9 March 2020 and currently remains in force. The work commitments were also modified to drill two wells, replacing the previous commitment to undertake a 3D seismic program.

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 km^2 (80 km^2 Moftinu & 180 km^2 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 a Phase 3 Exploration.
- The Phase 3 work program includes 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 M-1007 (a re-drill of Moftinu-1001) and M-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 km^2 of 3D seismic.
    - The M-1008 well was drilled in February 2021 and will qualify as the 1,000m commitment well.
- Phase 3 was extended to 27 October 2021 with a further extension to be granted corresponding to the total duration of the "Romanian State of Emergency/Alert".

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 kilometer 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 2020, production was predominantly comprised from three wells (M-1003, M-1004 and M-1007) and averaged 10.6 MMscf/d (2019 – 5.7 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 has budgeted to drill two wells in 2021, M-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 drilled, completed and tested the M-1008 well in the Moftinu field. The well tested at 4.0 MMscf/d from two perforated zones and was connected to the gas plant and brought onto production in March 2021.

TUNISIA

The Group currently holds five Tunisia concessions that comprise a diverse portfolio of development and exploration assets. The Group currently produces oil and gas in three of the concessions (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	December 2021
Zinnia[1]	100%	17,471	December 2020

The Company has begun discussions with the Tunisian government in regard to renewing the Zinnia, Sanrhar and Ech Chouech concessions. The Company believes that these concessions will be granted extensions and Management's development plans are based on this assumption.

Sabria

- 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 analyzed implementing artificial lift and completing surface upgrades and intends to begin these projects in 2021.

Chouech Es Saida

- Produced over 9.8 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 Group has analyzed implementing artificial lift and completing surface upgrades and intends to begin these projects in 2021.

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 has no work plans in 2021.

Zinnia[1]

- Currently non-producing block with two formerly producing oil and gas wells discovered in 1991.
- Prospectively lies within an undrilled fault block that requires 3D seismic to be confidently defined.
- The Group has no work plans in 2021.

Sanrhar

- Located 60 km northeast of the Elborma oil field in the Sahara Desert of Southern Tunisia.
- Three wells have been drilled on the Sanrhar domal structure of the Triassic TAGI Sandstone formation.
- SNN-1 the sole historical oil producer in the field, began production in 1991 and was suspended in February 2016 because of economic conditions.
- In the summer of 2014, Geofizika Torun on behalf of Serinus acquired 256 km^2 of modern full fold fibrosis 3D over the Sanrhar structure. The principal objective was to image the TAGS structure and to better evaluate the hydrocarbon potential with the Silurian, Ordovician and Cambrian reservoirs for future well locations.
- The Group has no work plans in 2021.

[1] The Company is currently in negotiations with DGH to extend the license.

RESERVES[2]

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

	2020			2019			
	Oil & Liquids (Mbbl)	Gas (MMcf)	Boe (Mboe)	Oil & Liquids (Mbbl)	Gas (MMcf)	Boe (Mboe)	Change
Tunisia							
Proved (1P)	3,510	6,220	4,547	1,468	2,908	1,953	133%
Probable	2,150	7,390	3,381	4,747	10,472	6,492	-48%
Proved & Probable (2P)	5,660	13,610	7,928	6,215	13,380	8,445	-6%
Romania							
Proved (1P)	16	7,650	1,291	16	5,624	953	35%
Probable	5	2,460	415	21	6,967	1,182	-65%
Proved & Probable (2P)	21	10,110	1,706	37	12,591	2,135	-20%
Group							
Proved (1P)	3,526	13,870	5,838	1,484	8,532	2,906	101%
Probable	2,155	9,850	3,796	4,768	17,439	7,674	-51%
Proved & Probable (2P)	5,681	23,720	9,634	6,252	25,971	10,580	-9%

Serinus entered 2020 in anticipation of seeing the benefits of significant production growth and the expectation to fully meet its commitments. However, the impact of COVID-19 on global economic growth and the collapse of commodity prices early in the year had a fundamental impact on the financial performance of the Company, despite the ongoing operational success throughout the year. Prices began to recover in the latter part of 2020 and are beginning to reflect prices realised in Q1 2020, providing a more beneficial environment going forward.

Total Group 1P reserves saw a significant increase of 101% compared to the prior year as the Group's development plan was confirmed. The 2P reserves decreased by 9%, which is largely due to 2020 production and a small positive net reserve revision.

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

	2020			2019			
	Discount rates						PV 10%
(US$ millions)	0%	10%	15%	0%	10%	15%	Change
Tunisia							
Proved (1P)	62.2	26.7	18.3	(9.0)	(2.1)	(0.6)	1375%
Probable	57.2	29.5	23.7	113.7	62.9	46.7	-54%
Proved & Probable (2P)	119.4	56.2	42.0	104.7	60.8	46.1	-8%
Romania							
Proved (1P)	13.4	12.0	11.4	17.9	17.1	16.6	-30%
Probable	6.5	5.4	5.0	24.3	20.7	19.3	-74%
Proved & Probable (2P)	19.9	17.4	16.4	42.2	37.8	35.9	-54%
Group							
Proved (1P)	75.6	38.7	29.7	8.9	15.0	16.0	159%
Probable	63.7	34.9	28.7	138.0	83.6	66.0	-59%
Proved & Probable (2P)	139.3	73.6	58.4	146.9	98.6	82.0	-26%

The Group's net present values at 10% increased by 159% for 1P reserves, whilst the 2P reserves decreased by 26%.

[2] Source: 2020 results from Gaffney Cline & Associates Limited Reserves audit at 31 December 2020. 2019 results from RPS Energy Canada Ltd. reserves audit at 31 December 2019.

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

	2020			2019			
	Oil & Liquids (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Oil & Liquids** (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Change**
Tunisia							
1C Contingent Resources	400	1,000	567	29	-	29	1,855%
2C Contingent Resources	1,000	2,900	1,483	93	-	93	1,495%
3C Contingent Resources	1,900	5,300	2,783	136	-	136	1,946%
Romania							
1C Contingent Resources	-	2,500	417	7	2,463	417	0%
2C Contingent Resources	-	4,300	717	17	5,797	984	-27%
3C Contingent Resources	-	7,000	1,167	32	9,555	1,625	-28%
Group							
1C Contingent Resources	400	3,500	984	36	2,463	446	121%
2C Contingent Resources	1,000	7,200	2,200	110	5,797	1,077	104%
3C Contingent Resources	1,900	12,300	3,950	168	9,555	1,761	124%

PRICE FORECASTS

The commodity price forecast used in preparing the evaluation of the 2020 reserves and resources is as follows:

Year	**Brent** (US$/bbl)	**Sabria Gas** (US$/Mcf)	**South Tunisia Gas** (US$/Mcf)	**Romania Gas** (US$/Mcf)
2021	45.00	5.63	4.95	5.25
2022	60.00	7.50	6.60	6.50
2023	67.50	8.44	7.43	6.38
2024	70.00	8.75	7.70	6.38
2025	70.00	8.75	7.70	6.38
2026	70.00	8.75	7.70	6.38
2027	70.00	8.75	7.70	6.38
2028 & Beyond	70.00	8.75	7.70	7.00

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 presence in the regions in which it operates 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 maintaining the highest operating standards and financial discipline. While Serinus carries out its operations in full compliance with relevant regulations, and complies with all safety and environmental requirements and aims to conduct itself in as environmentally friendly way as possible, the Group has subject to Board approval on 25 March 2021 formally 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 will undertake a review of the policies and metrics under which we operate and measure ourselves and also evaluate the recommendations of the Taskforce on Climate-Related Financial Disclosure (“TCFD”) in order to determine how we may best address these new recommended disclosures.

Whilst the TCFD is currently voluntary for smaller companies, it is our intention to apply governance, risk management and strategy processes to manage climate-related financial risks and develop this further into an ESG strategy that is ultimately integrated 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 a Board level how this may be incorporated into our ESG reporting in an appropriate and relevant manner in the future.

Based on the work undertaken to date, it is expected that the evaluation and assessment of the ESG strategy and remit for the ESG Committee will be based around the following criteria and we intend to provide a more comprehensive update by next year’s annual report:

Environmental Performance	Social Performance	Governance Standards
• Greenhouse Gases	• Safety Management	• Structure & Oversight
• Waste	• Workforce & Diversity	• Code & Values
• Water	• Training & Development	• Transparency & Reporting
• Land Use	• Communities	• Cyber Risks & Systems

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 five 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 2020, with a zero-frequency rate (per one million man hours worked) for Total Recordable Injuries across all sites (2019 - zero for Serinus Romania employees). 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. has been 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 M-1004 well was drilled and brought into production in February 2020, and the most recent well, M-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 2020.

During 2020, energy use from grid electricity at the Moftinu Gas Plant was 254 MWh, 0.021% of annual production of 1,223,200 MWh, compared with 169 MWh in 2019, which was 0.025% of that year's annual production of 653,234 MWh.

In 2020, 8.4 MMscf of gas was flared from the three wells in production, being less than 0.2% of annual production of 4,802 MMscf, and equivalent to flared gas of 0.23 MMscf per month per well, which was 19.7% lower on a month per well basis than in 2019 when 0.4 MMscf of gas was flared from annual production of 2,577 MMscf with the two wells in production flaring 0.29 MMscf) per month per well. There was 736 m^3 of produced water from the wells during 2020.

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 emission sources, of which 26 were not accessible sources (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 sources.

The report identified total emissions of 377 kg/year, with eight registered leaks out of the 2,442 accessible sources, being 0.33% of accessible sources and results in emissions 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.

During 2021, a 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 initiated. Preliminary analysis indicates that this could save up to 70% of the electricity costs of the gas plant as well as reducing operating costs. Following implementation of this initial project, we will be able to evaluate further opportunities to generate renewable electricity for the Moftinu Gas Plant and other subsequent gas plants.

TUNISIA

Serinus Tunisia B.V. maintained a strong HSE track record through 2020, with a zero frequency rate (per one million man hours worked) for Total Recordable Injuries across all sites (2019 - zero for Serinus Tunisia employees). There was one environmental incident at Sabria as a result of an overflow of approximately 100 litres of crude oil during a crude oil loading operation, and four 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 2019 was submitted to the Agence Nationale de Protection de l'Environnement ("ANPE") in June 2020 and the report for 2020 will be filed during 2021, as required.

During 2020, 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 July 2020. 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 is being implemented to begin to address this. 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 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, 38,322 m^3 of produced water was disposed of in 2020 (2019 - 47,384 m^3) and at Chouech 193,929 m^3 of produced water was evaporated from lined surface pits (in 2019 this was recorded over a six month period since production restarted: 140,825 m^3).

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.

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 July 2020 an annual review was conducted at Sabria and at the pumping facility at Om Chiah. The National Enviromental Agency was present at this review which determined that the Company was in compliance with approved thresholds of groundwater and soil contaminents and required solid waste management. The Company's own review of air emmisions showed compliance in all areas except for carbon monoxide ("CO") emissions from older fixed equipment. The Company has enhanced its maintainece of the older machinery to address the higher emissions. In September 2020, 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 has endeavoured to address 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, 2013, 2014, 2015 and 2016 for the Sabria, Chouech and Sanrhar fields. During the years 2017, 2018 and 2019 GHG emissions were calculated for Sabria only, as a result of the shut down 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, 385 kg of paper and plastic bottles were recycled in the Tunis office in 2019, and despite the impact of COVID-19 on consumption and utilisation as a result of work from home protocols during 2020, 125 kg of paper and plastic bottles were recycled that year, as a result of training and greater awareness of wastage. Similarly, while electricity consumption at the Tunis office was greatly reduced by 95% to 4,585 kWh during 2020, in 2019 it was reduced by 58% to 87,564 kWh (2018 - 207,724 kWh). At Sabria electricity consumption declined by 61% to 281,863 kWh in 2020 (2019 - 728,195 kWh), also as a result of training and increased focus on energy management, optimisation and wastage. Chouech is not connected to the electricity grid and power at Chouech is provided by on site gas generators. Fresh water consumption in 2020 at Sabria was 12,255 m^3 (2019 - 19,264 m^3) and at Chouech, 54,925 m^3 (in 2019 this was recorded over a six month period since production restarted: 26,591 m^3). Diesel consumption across all operational locations reduced significantly by 67% to 102 m^3 (2019 - 305 m^3) through 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 response 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 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 2020, a total of 62 HSSE training drills and asset protection drills took place in Tunisia and 168 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 2020 (2019 - 21) 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 667 days without accidents and 1,853 days in Tunisia. In 2020, 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 2020 has been dominated by measures implemented to protect its workforce from COVID-19 which included amended shift patterns and working from home schedules, 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, and in Romania the energy sector has been identified as a priority industry that qualifies staff for vaccination.

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 Modern Slavery Act 2015. We expect the same high standards from all of 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 modern 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 modern slavery in accordance with our Whistleblowing policy.

Serinus Tunisia developed its CSR program in conjuntion 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 center 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 33 to 36 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 69 out of 180 countries in the 2020 CPI. Tunisia is also ranked number 69 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 minimize 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 2020, a period of volatility and low commodity prices.
- 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:

- 80% 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, 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 sanitization 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 sanitization process to ensure that the field is sanitized 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, Board Member and General Counsel of Kulczyk Investments SA, the 4th largest shareholder of Serinus

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..

Eleanor Barker

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

Appointed May 2017

Eleanor Barker is President of Barker Oil Strategies and since 2014 has been a Director of Sterling Resources Ltd. Since 1995, Ms. Barker has focused on international oil research. From 2012 to 2014 she was an international oil analyst with Toll Cross Securities Inc. From 2007 to 2012 she was President of Barker Oil Strategies Inc. Ms. Barker is a past Director of the US National Association of Petroleum Investment Analysts and a former President of the Canadian Association of Investment Analysts. From 1993 to 1995 Ms. Barker was a director of Gordon Capital. Prior to work in financial markets, she held various positions with Esso and Gulf Canada.

Ms. Barker graduated from Queen’s University in Kingston, Ontario with an Honours Bachelor of Science degree, and earned her MBA from the University of Western Ontario.

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.

Dawid Jakubowicz

Non-Independent Director, Member of the Audit Committee

Appointed March 2018

Mr. Jakubowicz is a member of the management board of Kulczyk Investments S.A. where, since 2010, he has been responsible for the supervision of the investment portfolio. On 10 September 2018, Mr. Jakubowicz was appointed by the Supervisory Board as the President of the Management Board of the CIECH S.A. He is an esteemed expert with international operating experience in the building of value in companies from the chemical, mining, power, automotive and new technologies sector. In the past, he worked for international company KPMG, where he was responsible for audit of unit and consolidated financial statements of entities from many sectors. Since 2014, he has been entered in the list of Chartered Accountants kept by the Polish Chamber of Chartered Accountants.

Mr. Jakubowicz is a graduate of the Faculty of Economy at the University of Economy in Poznań, he has the MBA title from the Georgia State University and the University of Economy in Poznań, and he has completed a Program for Leadership Development (PLD) at the Harvard Business School in Boston.

Jeffrey Auld

CEO, 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 Merril 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

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 in Economics from the University of Waterloo and a 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.

Arafet Mansali

Chief Operating Officer, Serinus Energy Tunisia B.V.

Mr. Mansali joined Serinus Energy Tunisia B.V. in February 2014 as a Senior Production Engineer before being appointed Production Manager in May 2017. He was appointed as Chief Operating Officer of Serinus Energy Tunisia B.V in January 2018. Prior to joining Serinus, Mr. Mansali worked in petroleum engineering, the field and operations management in Maretap Tunisia and Ecumed Petroleum Tunisia. Mr. Mansali is responsible for the daily field operations for the Company's Tunisian assets.

Mr. Mansali has a degree in Mechanical Engineering from the National Institute of Applied Science and Technology in Tunisia.

CORPORATE GOVERGNANCE STATEMENT

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, non-independent Chairman, two Executive Directors, two non-executive independent Directors, and one non-executive non-independent Director. 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 2020 was as follows:

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Reserves Committee
Total Meetings	10	4	8	2	1
Lukasz Redziniak	10	-	8	2	-
Jeffrey Auld	10	4	2	-	1
Andrew Fairclough	10	4	-	-	1
Jim Causgrove	10	4	7	-	1
Eleanor Barker	10	4	8	2	1
Dawid Jakubowicz	9	4	-	-	1

Key Board activities this year included:

- Evaluated and approved the recapitalization of the Company.
- 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 recommendations of the Remuneration Committee regarding the Company's LTIP program.
- 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, Eleanor Barker, 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 seek independent advice to ensure they are able to fulfill 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 2020, the Board met for its four scheduled meetings plus an additional six 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, nomination 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 Nomination Committee is responsible for establishing formal, rigorous and transparent procedures for the appointment of new directors to the Board. During 2020, the Nomination Committee appointed Andrew Fairclough as CFO and a Director 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.

REMUNERATION COMMITTEE REPORT

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
- Eleanor Barker
- Jim Causgrove

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 incentivize 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.

2020 ACTIVITY

The Committee met eight (2019 – three) times throughout the year. The Board reviewed and approved the following:

- In response to COVID-19, non-executive directors cut 25% of their fees for two quarters, while executive directors took a 20% reduction of their salaries and received shares in lieu of the sacrificed salary.
- Repricing of current outstanding GBP share options to a strike price of £0.02.
- Issued 22.5 million LTIP awards to members of the management team including both executive Directors. These awards were granted under the Company's LTIP and were accounted for using the closing price on the date of issuance.
- Issued 18.8 million share options to Jeffrey Auld at a strike price of £0.02 as part of the management incentivisation scheme.

Management was awarded shares under the Company's LTIP for completing the restructuring of the Company's debt. This deal significantly changes the future of the Company and allows the Company the financial resources required to continue to grow the business and shareholder value.

EXECUTIVE DIRECTORS' REMUNERATION

The 2020 compensation package for the executive Directors included salaries, benefits, shares issued under the Company's LTIP, shares issued in lieu of a 20% salary reduction and a re-pricing of share options to £0.02. During 2020 the salaries were both denominated in GBP whereas in 2019 Tracy Heck (former CFO) received Canadian dollars. Compensation for the executive Directors is shown in US dollars[3] in the table below.

Director	Salaries	Benefits	Shares & Options[4]	2020 Total	2019 Total
Jeffrey Auld	404,570	57,094	796,729	1,258,393	611,469
Andrew Fairclough	258,531	37,017	377,400	672,948	-
Tracy Heck[5]	-	-	-	-	256,814
	663,101	94,111	1,174,129	1,931,341	868,283

EXECUTIVE DIRECTORS' SHARE CAPITAL

The following tables outline the share options outstanding and shares owned as at 31 December 2020 for the executive Directors. There have been no changes between 31 December 2020 and 25 March 2021.

Director	Share Options	LTIP Awards[6]	Shares
Jeffrey Auld	26,800,000	13,000,000	2,557,166
Andrew Fairclough	1,750,000	7,000,000	882,121
	28,550,000	20,000,000	3,439,287

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

[3] The average GBP:USD rate for the year was 0.7786 (2019 – 0.7816). The 2019 CAD:USD average rate was 1.3266.
[4] 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 amortized 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.
[5] Tracy Heck resigned 31 October 2019.
[6] Each LTIP award represents a right to acquire a share of the Company at $nil consideration.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Director's receive a £30,000 annual fee, with each Chair receiving an additional £10,000 fee. Prior to an amendment in Q4 2019, all non-executive Directors received C$1,000 as a monthly retained, plus C$1,000 for each meeting attended. The Audit Committee Chair received an additional retainer of C$250 per month.

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[7]	Share Options[8]	2020 Total	2019 Total
Jim Causgrove	44,952	1,761	46,713	36,326
Eleanor Barker	44,952	639	45,591	36,191
Lukasz Redziniak	44,952	-	44,952	25,609
Dawid Jakubowicz	33,714	-	33,714	21,657
Evgenij Iorich[9]	-	-	-	6,784
	168,570	2,400	170,970	126,567

NON-EXECUTIVE DIRECTORS' SHARE CAPITAL

The following tables outline the share options outstanding and shares owned as at 31 December 2020 for the non-executive Directors. There have been no changes between 31 December 2020 and 25 March 2021.

Director	Options held at 31 December 2020	Shares held at 31 December 2020
Jim Causgrove	100,000	-
Eleanor Barker	100,000	500,000
	200,000	500,000

Director	Grant date	Strike Price	Share Options
Jim Causgrove	20 Nov 2017	C$0.36	100,000
Eleanor Barker	31 May 2017	C$0.37	100,000
			200,000

CONCLUSION

The committee is pleased with the Company's response to COVID-19 and the salary and director fees that were reduced as a way to preserve cash and demonstrate to the market that the executives are committed to the future success of the Company.

Lukasz Redziniak, Chairman of the Remuneration Committee

25 March 2021

[7] Translated using the average exchange rate for the year CAD:USD 1.3266 and GBP:USD 0.7786 (2019 – CAD:USD 1.3266 & GBP:USD 0.7816).
[8] Share options are priced at the fair value on the grant date, calculated using Black Scholes, and amortized over the vesting period.
[9] Evgenij Iorich resigned 16 May 2019.

AUDIT COMMITTEE REPORT

This report addresses the responsibilities, the membership and the activities of the Audit Committee in 2020 up to the approval of the 2020 Annual Report and 2020 year-end Financial Statements.

MEMBERSHIP

- Eleanor Barker – Chairman
- Jim Causgrove
- Dawid Jakubowicz

RESPONSIBILITIES

The main responsibilities of the Audit Committee are the following:

- Monitor the integrity of the annual and interim financial statements.
- Oversight of the appointment of the CFO.
- 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.

2020 ACTIVITY

The Committee met four (2019 – seven) times throughout the year.

The Committee was involved in the hiring process of the CFO, Andrew Fairclough, who was appointed CFO effective 5 February 2020. The Committee is responsible for the relationship with the external auditor. The Committee recommended the reappointment of BDO as the auditor for the 2020 fiscal year-end, which was approved.

For the 2020 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 17 of the Report from the CFO or Note 2 of the Financial Statements).
4. Retirement of the Convertible Loan.
5. Cash flow forecasts.

<u>Internal Controls and Risk Management, Whistleblowing and Fraud</u>

The Committee is vigilant regarding internal financial controls and risk management. During 2020, the Committee has undertaken anti-bribery and anti-corruption exercises and has reviewed whistle blowing arrangements.

CONCLUSION

In 2021 and beyond, the Committee will continue to adapt to new reporting and regulatory requirements, while maintaining proper controls in order to mitigate the evolving financial risk environment.

Eleanor Barker, Chairman of the Audit Committee

25 March 2021

REPORT OF THE DIRECTORS

The Directors' present their report, together with the audited consolidated financial statements of Group for the year ended 31 December 2020. During 2020 and 2019 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 October 2019 Tracy Heck resigned as CFO and as a Director.
- In May 2019 Evgeni Iorich resigned.

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	11.27%
EBRD	9.90%
Canaccord Genuity Wealth Management	9.38%
Kulczyk Investments S.A.	7.98%
Quercus TFI SA	5.82%

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 10 to 17.

The Directors do not recommend payment of a dividend in respect of these financial statements (2019 - $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 European Union. 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 European Union, 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.

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 he ought to have undertaken as a director order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

AUDITORS

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

On behalf of the Board

Jeffrey Auld, Chief Executive Officer

25 March 2021

SERINUS ENERGY PLC

Serinus is a Jersey incorporated company that holds investments in wholly owned subsidiaries, which hold the rights to oil and gas assets in Romania and Tunisia. The Company also holds investments in two directly held management companies in Canada and the UK that provide management service to the Group and has a branch in Warsaw Poland that provides investor services.

The Company's shares were admitted to trading on the AIM market on 18 May 2018 and are also listed on the WSE.

The following notes in the consolidated financial statements are of particular relevance to the Company:

- Note 3(i) and 16 – Share capital of the Company.
- Note 2 – Going concern.
- Note 4 – Financial instruments and risk management.

The Company does not have any significant operating transactions and as such the previous sections of this annual report, in particular the Outlook, Operations, Serinus' strategy sections and the CFO report, which details liquidity, capital resources, going concern and a financial review for 2020, all relate to the Company.

Serinus Energy plc
Consolidated Statement of Comprehensive Loss for the year ended 31 December 2020
(US 000s, except per share amounts)

	Note	2020	2019
Revenue	6	**24,030**	**24,365**
Cost of sales			
Royalties		**(1,804)**	**(1,860)**
Windfall tax		**(1,486)**	**(3,155)**
Production expenses		**(8,280)**	**(6,985)**
Depletion and depreciation	11, 13	**(15,295)**	**(10,477)**
Total cost of sales		**(26,865)**	**(22,477)**
Gross (loss) profit		**(2,835)**	**1,888**
Administrative expenses		**(3,944)**	**(3,788)**
Share-based payment expense	7	**(1,418)**	**(528)**
Total administrative expenses		**(5,362)**	**(4,316)**
Impairment expense	11, 12	**(10,348)**	**-**
Release of provision	23	**1,905**	**-**
Decommissioning provision recovery	17	**-**	**6,891**
Well incident recovery		**-**	**52**
Operating (loss) income		**(16,640)**	**4,515**
Gain on extinguishment of debt	20	**11,985**	**-**
Finance expense	8	**(3,807)**	**(4,803)**
Net loss before tax		**(8,462)**	**(288)**
Tax expense	9	**(835)**	**(1,652)**
Loss after taxation attributable to equity owners of the parent		**(9,297)**	**(1,940)**
Other comprehensive loss			
Other comprehensive loss to be classified to profit and loss in subsequent periods:			
Foreign currency translation adjustment		**1,332**	**(243)**
Total comprehensive loss for the year attributable to equity owners of the parent		**(7,965)**	**(2,183)**
Loss per share:			
Basic and diluted	10	**(0.03)**	**(0.01)**

The accompanying notes on pages 48 to 72 form part of the consolidated financial statements

Serinus Energy plc
Consolidated Statement of Financial Position as at 31 December 2020
(US 000s, except per share amounts)

As at	Note	31 December 2020	31 December 2019
Non-current assets			
Property, plant and equipment	11	**77,799**	**93,396**
Exploration and evaluation assets	12	**14**	**1,004**
Right-of-use assets	13	**512**	**817**
Total non-current assets		**78,325**	**95,217**
Current assets			
Restricted cash	14	**1,159**	**1,122**
Trade and other receivables	15	**8,876**	**11,341**
Cash and cash equivalents		**6,002**	**2,780**
Total current assets		**16,037**	**15,243**
Total assets		**94,362**	**110,460**
Equity			
Share capital	16	**401,426**	**377,942**
Share-based payment reserve		**25,177**	**23,835**
Warrants	16	**97**	**97**
Accumulated deficit		**(396,410)**	**(387,113)**
Cumulative translation reserve		**1,089**	**(243)**
Total Equity		**31,379**	**14,518**
Liabilities			
Non-current liabilities			
Decommissioning provision	17	**26,950**	**25,304**
Deferred tax liability	18	**11,976**	**13,392**
Lease liabilities	19	**422**	**342**
Long-term debt	20	**-**	**23,387**
Other provisions	21	**1,399**	**1,323**
Total non-current liabilities		**40,747**	**63,748**
Current liabilities			
Current portion of decommissioning provision	17	**7,124**	**6,334**
Current portion of lease liabilities	19	**164**	**534**
Current portion of long-term debt	20	**-**	**7,709**
Accounts payable and accrued liabilities	22	**14,948**	**17,617**
Total current liabilities		**22,236**	**32,194**
Total liabilities		**62,983**	**95,942**
Total liabilities and equity		**94,362**	**110,460**

The accompanying notes on pages 48 to 72 form part of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

ELEANOR BARKER
DIRECTOR, CHAIR OF THE AUDIT COMMITTEE

JEFFREY AULD
DIRECTOR AND CEO

Serinus Energy plc
Consolidated Statement of Shareholder's Equity for the year ended 31 December 2020
(US 000s, except per share amounts)

	Note	Share capital	Share-based payment reserve	Warrants	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance at 31 December 2018		375,208	23,307	-	(385,173)	-	13,342
Comprehensive loss for the year		-	-	-	(1,940)	-	(1,940)
Other comprehensive loss for the year		-	-	-	-	(243)	(243)
Transactions with equity owners							
Shares issued	16	2,903	-	-	-	-	2,903
Share issue costs	16	(170)	-	-	-	-	(170)
Warrant issue	16	-	-	97	-	-	97
Warrants exercised	16	1	-	-	-	-	1
Share-based payment expense		-	528	-	-	-	528
Balance at 31 December 2019		377,942	23,835	97	(387,113)	(243)	14,518
Comprehensive loss for the year		-	-	-	(9,297)	-	(9,297)
Other comprehensive loss for the year		-	-	-	-	1,332	1,332
Transactions with equity owners							
Shares issued	16	21,315	-	-	-	-	21,315
Share issue costs	16	(1,573)	-	-	-	-	(1,573)
Share-based payment expense		76	1,342	-	-	-	1,418
Shares issued to retire Convertible Loan	16	3,666	-	-	-	-	3,666
Balance at 31 December 2020		401,426	25,177	97	(396,410)	1,089	31,379

The accompanying notes on pages 48 to 72 form part of the consolidated financial statements

Serinus Energy plc
Consolidated Statement of Cash Flows for the year ended 31 December 2020
(US 000s, except per share amounts)

	Note	2020	2019
Operating activities			
Loss for the period		**(9,297)**	(1,940)
Items not involving cash:			
Depletion and depreciation	11, 13	**15,295**	10,477
Impairment expense	11, 12	**10,348**	-
Interest expense	8	**3,222**	3,560
Share-based payment expense	7	**1,418**	528
Tax expense	9	**835**	1,652
Accretion expense on decommissioning provision	8	**460**	1,224
Change in other provisions	21	**76**	(44)
Foreign exchange loss (gain)		**20**	(123)
Decommissioning provision recovery		**-**	(6,891)
Other income		**(4)**	(42)
Release of provision	23	**(1,905)**	-
Gain on extinguishment of debt	20	**(11,985)**	-
Income taxes paid		**(1,166)**	(315)
Funds from operations		**7,317**	8,086
Changes in non-cash working capital	26	**(536)**	670
Cashflows from operating activities		**6,781**	8,756
Financing activities			
Proceeds from equity issuance	16	**21,315**	3,000
Share issue costs	16	**(1,573)**	(170)
Repayment of long-term debt	20	**(18,500)**	(5,400)
Lease payments	19	**(537)**	(466)
Warrants exercised	16	**-**	1
Interest paid on long-term debt	8	**-**	(355)
Cashflows from (used in) financing activities		**705**	(3,390)
Investing activities			
Capital expenditures	26	**(4,360)**	(4,888)
Proceeds on disposition of property, plant and equipment		**49**	20
Cashflows used in investing activities		**(4,311)**	(4,868)
Impact of foreign currency translation on cash		**47**	(1)
Change in cash and cash equivalents		**3,222**	497
Cash and cash equivalents, beginning of year		**2,780**	2,283
Cash and cash equivalents, end of year		**6,002**	2,780

The accompanying notes on pages 48 to 72 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 2020 and 2019.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 December 2020 or 31 December 2019 but is derived from those accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditor has reported on these financial statements; their report for the year ended 31 December 2020 was (i) unqualified; and the report for the year ended 31 December 2019 was (i) unqualified; and (ii) included a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations adopted for use in the European Union, this announcement does not itself contain sufficient information to comply with IFRSs. The Group expects to distribute full accounts that comply with IFRSs and IFRIC interpretations as adopted by the European Union and in accordance with the Companies (Jersey) Law 1991.

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 2020 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 European Union 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

These consolidated financial statements have been prepared on a going concern basis.

In December 2020 the Group retired $33.0 million of outstanding debt, leaving it debt-free and therefore able to direct its cashflow into operational activities. The Group meets its day-to-day working capital requirements from net operating cash flows, cash balances and equity and as at 28 February 2021 the group had cash balances of $5.7 million.

These consolidated 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. In assessing the Group's ability to continue as a going concern, the Directors have prepared a base case cash flow forecast under which the Group will have sufficient liquidity for not less than 12 months from the date of approval of these consolidated Financial Statements.

Key inputs in the cashflow forecast include commodity price assumptions, capital expenditures, operating costs and operational performance for each business unit based on the Group's budget as approved by the board of directors. In approving the Group's budget, the Directors have considered the impact of the COVID-19 pandemic on global economic activity, demand for hydrocarbons and the Group's ability to maintain its operations. The Directors have challenged the underlying assumptions incorporated into the budget to satisfy themselves that these represent a robust basis for the base case cash flow forecast and believe the most significant factor that may impact the cashflows in the going concern period under review is the commodity price. The cashflow model has been stressed with a downside scenario incorporating a 25% reduction in commodity prices throughout the forecast period. In doing so the Directors have considered the Group's flexibility as to the timing of its commitment capital, the ability to manage the timing of its discretionary capital expenditure and its operating costs, and, in any reasonable scenario, continue to believe that the Group would have sufficient liquidity for at least the next 12 months.

At 31 December 2020, the Group had a working capital deficit of $6.3 million, however the Directors have considered the circumstances, current status and practical realisations of $11.3 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 going concern period under review.

Therefore, the Directors continue to believe that the Group will have sufficient liquidity to discharge its liabilities in the normal course of business for not less than 12 months from the date of approval of these consolidated Financial Statements. On that basis, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

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 authorised 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, SE Brunei Limited and AED South East Asia Ltd., which held the Group's interests in Brunei Block L and KOV Borneo Limited, which held the Group's interest in Brunei Block M. Through Serinus B.V., Serinus has one wholly-owned subsidiary Serinus Tunisia B.V. and 99.9995% of Serinus Energy Romania S.A. Serinus Tunisia B.V. owns the remaining 0.0005% of Serinus Romania S.A.

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 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 Loss.

(d) Revenue recognition

The Group earns revenue from the sale of crude oil, natural gas and natural gas liquids. Royalties and the associated revenue 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 behavioral 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 loss, 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 utilized. 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 amortized 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. Amortized 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;

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 amortized cost or FVOCI and are measured at fair value through profit or loss.

The Group's cash and cash equivalents, restricted cash and trade receivables and other receivables are measured at amortized 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 amortized 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 recognises loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized 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 that result 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 classified as measured at amortized cost or FVTPL. A financial liability is classified as 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 amortized cost. Accounts payable and accrued liabilities are initially measured at fair value and subsequently measured at amortized 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 amortized 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 characterizes 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 capitalized as E&E assets. The costs are accumulated in cost centers 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. For purposes of impairment testing, E&E assets are grouped by concession or license area.

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 categorized 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 capitalized 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 capitalized 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 authorised. 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 for us. 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 recognized on the balance sheet. Instead these lease payments are recognized through profit and loss as incurred.

(l) 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 capitalized 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 Loss.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

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 it's 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, analyzes 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, oil prices are based on the terms of the Shell contract which reflects the market price of Brent crude oil. In Romania, there is no stated gas benchmark to track the market price, therefore the Company enters into monthly contracts with customers for a stated gas price for each month 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 2020, a 5% change in the price of crude oil per bbl would have impacted revenue, net of royalties by $0.3 million (2019 - $0.3 million) and a 5% change in the price of gas per mcf would have impacted revenue, net of royalties by $0.9 million (2019 - $0.8 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 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

As at 31 December 2019	GBP	CAD	LEU	TND
Cash and cash equivalents	54	17	1,856	408
Restricted cash	-	1,428	110	-
Accounts receivable	-	16	18,740	1,751
Accounts payable	(331)	(228)	(12,247)	(1,148)
Lease liabilities	(132)	(471)	-	(655)
Net foreign exchange exposure	(409)	762	12,460	610
Translation to USD	1.3210	0.7679	0.2347	.3573
USD equivalent	(540)	585	2,924	218

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 prompt based on the individual terms with the parties. For the year ended 31 December 2020, Tunisia's revenue was generated from three customers (2019 – three), with a 62%, 19% and 19% weighting (2019 – 62%, 21% and 17%). Romania's sales were made primarily to three customers (2019 – two), with a 70%, 15% and 4% weighting (2019 – 98% and 2%). At 31 December 2020, the Group had $0.8 million (2019 - $0.3 million) of revenue receivables that were considered past due (over 90 days outstanding). The Company is confident these receivables will be collected, as there is no history of default from these customers and subsequent to the period collections have ensued.

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 2020 and 31 December 2019.

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 2020	**1 year**	**1 - 3 years**	**3+ years**	**Total**
Accounts payable and accrued liabilities	14,319	-	-	14,319
Lease liabilities	236	224	218	678
Total	14,555	224	218	14,997

As at 31 December 2019	**1 year**	**1 - 3 years**	**3+ years**	**Total**
Accounts payable and accrued liabilities	16,231	-	-	16,231
Lease liabilities	622	172	231	1,025
Convertible Loan	7,709	15,489	7,898	31,096
Total	24,562	15,661	8,129	48,352

The Directors have considered the circumstances, current status and practical realisations of $11.3 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 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 be $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. The Company's CGUs are generally aligned with the concession agreements. During the year, management reassessed the CGUs and has determined that the Chouech and Ech Chouech concessions in Tunisia were in fact a single CGU based on Ech Chouech's reliance on the Chouech facility to continue producing. 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. For further information see Note 11.

(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 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) Assumed 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

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

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 Loss as a tax expense.

(f) VAT receivable

The Company has outstanding VAT claims that have been disputed by Romanian authorities dating back to 2018. 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)). The Company has recorded 100% of the VAT balance.

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 2020, the receivable balance related to contracts with customers, included within accounts receivable is $2.9 million (31 December 2019 - $4.2 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.

During the fourth quarter of 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.

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 2020, the total awards outstanding under this LTIP was 22.5 million (2019 – nil), with a weighted average valuation of £0.0265 (2019 £nil).

The Company also issued shares to the executive Directors during the year in lieu of a 20% salary cut 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 2020 was £0.03 per option (31 December 2019 - £0.13 per option) using the following assumptions:

Inputs used in the Black-Scholes model	**2020**	**2019**
Risk-free interest rate	0.02%	0.91%
Expected dividend yield	nil	nil
Expected volatility (based on actual historical volatility)	146%	76%
Forfeiture rate	5%	5%
Expected option life (in years)	7.3	10.0

A summary of the changes to the option plans during the year ended 31 December 2020, are presented below:

(a) CAD denominated options

	2020		2019	
	Options	*Exercise Price*	*Options*	*Exercise Price*
Balance, beginning of year	200,000	0.37	300,000	0.37
Forfeited	-	-	(100,000)	(0.37)
Balance, end of year	200,000	0.37	200,000	0.37

As at 31 December 2020 there are 200,000 (2019 – 200,000) options outstanding to non-executive directors with a weighted average contractual life of 1.7 (2019 – 2.7) years and a weighted average exercise price of CA$0.37 (2019 – CA$0.37).

(b) GBP denominated options

	2020		2019	
	Options	*Exercise Price*	*Options*	*Exercise Price*
Balance, beginning of year	13,079,667	0.17	14,793,000	0.18
Granted	22,380,000	0.02	2,280,000	0.12
Expired	-	-	(616,668)	(0.22)
Forfeited	(2,566,667)	(0.19)	(3,376,665)	(0.16)
Balance, end of year	32,893,000	0.02	13,079,667	0.17

As at 31 December 2020 there are 32,893,000 (2019 – 13,079,667) options outstanding to executive directors and employees with a weighted average contractual life of 5.7 (2019 – 4.5) years and a weighted average exercise price of £0.02 (2019 - £0.17).

GDP denominated option breakdown	**Exercise price (GBP)**	**Options outstanding**	**Options exercisable**	**Average life (years)**
	0.02	32,893,000	17,546,333	5.7

8. FINANCE EXPENSE

Year ended 31 December	**2020**	**2019**
Interest expense on long-term debt (Note 26)	2,890	3,319
Amortisation of debt costs	83	144
Amortisation of debt modification	249	97
Interest of leases (Note 19)	88	145
Accretion on decommissioning provision (Note 8)	460	1,224
Foreign exchange and other	37	(126)
	3,807	4,803

9. TAXATION

	2020	**2019**
Current income tax expense	2,251	1,414
Deferred income tax		
Origination and reversal of temporary differences (Note 18)	(1,416)	238
Tax expense	835	1,652

Reconciliation of the effective tax rate:

Year ended 31 December	**2020**	**2019[10]**
Loss before income taxes	(8,462)	(288)
Statutory tax rate	50.0%	50.0%
Expected income tax	(4,231)	(144)

[10] Comparatives have been restated to use the Sabria tax rate (50%), consistent with the current year.

Non-taxable (deductible) items	(699)	489
Losses utilized/expired	207	(33)
Tax rate differences	(190)	2,918
Advance taxes unrecoverable	1,777	-
Foreign exchange and other	656	967
Net change in tax attributes not recognised	3,315	(2,545)
Income tax expense	835	1,652

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 utilization of loss pools, and therefore the majority of the Company's tax expense relates to Sabria.

The advance taxes unrecoverable 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 utilize all advance taxes paid, losses carried forward and other taxable pools available to the Company.

10. LOSS PER SHARE

Year ended 31 December (000's, except per share amounts)	**2020**	**2019**
Loss for the year	(9,297)	(1,940)
Weighted average shares outstanding		
Basic and dilutive	272,411	234,211
Loss per share – basic and diluted	(0.03)	(0.01)

In determining diluted net loss per share, the Group assumes that the proceeds received from the exercise of "in-the-money" stock options are used to repurchase ordinary shares at the average market price. In calculating the weighted-average number of diluted ordinary shares outstanding for the year ended 31 December 2020, the Group excluded all 33.1 million (2019 – 13.3 million) stock options and 2.3 million (2019 – 2.3 million) warrants as they were anti-dilutive due to the Company being in a loss position.

11. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas interests	Corporate assets	Total
Cost or deemed cost:			
Balance as at 31 December 2018	260,264	2,579	262,843
Capital additions	3,856	35	3,891
Change in decommissioning provision	(7,886)	-	(7,886)
Disposals	-	(62)	(62)
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
Accumulated depletion and depreciation			
Balance as at 31 December 2018	(153,365)	(1,937)	(155,302)
Depletion and depreciation	(9,683)	(277)	(9,960)
Disposals	-	62	62
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)
Cumulative translation adjustment			
Balance as at 31 December 2019	(212)	22	(190)
Currency translation adjustments	1,423	(4)	1,419
Balance as at 31 December 2020	1,211	18	1,229
Net book value			
Balance as at 31 December 2019	92,974	422	93,396
Balance as at 31 December 2020	77,683	116	77,799

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 $29.8 million (2019 - $42.2 million) and for Romania are $4.7 million (2019 - $12.4 million).

IMPAIRMENT

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)	South Tunisia 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	5% increase to commodity prices	5% decrease to commodity prices
Additional impairment, net of tax	-	0.1	-	0.6

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.

12. EXPLORATION AND EVALUATION ASSETS

Carrying amount	2020	2019
Balance, beginning of the year	1,004	-
Additions	-	997
Recoveries	(235)	-
Impairment of exploration expense	(748)	-
Cumulative translation adjustment	(7)	7
Balance, end of the year	14	1,004

The Company currently holds land rights to a large amount of undeveloped land within Romania. During the year, the initial preparations for a 3D seismic program were initiated prior to the COVID-19 pandemic. Due to the pandemic, the work was halted, and ultimately cancelled. The recovery of costs relates to cost estimates at 31 December 2019 that ultimately did not get spent as the program was cancelled and have been recovered through a change in working capital.

IMPAIRMENT OF EXPLORATION ASSET

Within the Satu Mare concession, the Company is focusing on the development of the Sancrai field which has historical 2D seismic. As the Company does not currently have any development plans for the Capleni-Domanesti area, of which permitting and pre-seismic work 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 $0.7 million (2019 - $nil) as at 31 December 2020. All remaining E&E costs relate to preliminary work on the exploratory well in Sancrai.

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
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)
Cumulative translation adjustment			
Balance as at 31 December 2019	2	-	2
Currency translation adjustments	(7)	-	(7)
Balance as at 31 December 2020	(5)	-	(5)
Carrying amounts			
Balance as at 31 December 2019	791	26	817
Balance as at 31 December 2020	500	12	512

14. RESTRICTED CASH

The Group has cash on deposit with the Alberta Energy Regulator of $1.2 million (2019 - $1.1 million), as required to meet future abandonment obligations existing on certain oil and gas properties in Canada (see Note 17). This deposit accrues nominal interest. The fair value of restricted cash approximates the carrying value.

15. TRADE AND OTHER RECEIVABLES

As at 31 December	2020	2019
Trade receivables	5,317	5,793
VAT receivable	2,605	2,780
Corporate tax receivable	228	1,452
Prepaids and other	726	1,316
Total trade and other receivables	8,876	11,341

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 2020 and 2019 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 2020 and 2019.

The VAT receivable relates to operating and development costs in Romania and are recovered through the Romanian government. Of the VAT receivable, $2.5 million relates to 2018 and prior which has been disputed by the Romanian authorities. Subsequent to the year end, the Company received confirmation from the Romanian authorities that $1.1 million of the balance was being released to the Company. Serinus strongly believes the Company is entitled to the remaining $1.5 million and is exploring strategies to recover this.

16. 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		2020		2019
	Number of shares	Amount ($000s)	Number of shares	Amount ($000s)
Balance, beginning of the year	238,881,285	377,942	217,318,805	375,208
Issued for cash	787,936,852	21,315	21,553,583	2,903
Issuance costs, net of tax	-	(1,573)	-	(170)
Issued in lieu of salary	917,090	76	-	-
Issued to retire Convertible Loan (Note 20)	112,925,402	3,666	-	-
Warrants exercised	-	-	8,897	1
Balance, end of the year	1,140,660,629	401,426	238,881,285	377,942

WARRANTS

Year ended 31 December		2020		2019
	Number of Warrants	Amount ($000s)	Number of Warrants	Amount ($000s)
Balance, beginning of the year	2,254,229	97	2,254,229	97
No movement throughout the year	-	-	-	-
Balance, end of the year	2,254,229	97	2,254,229	97

These warrants were issued alongside the share issuance in March 2019. The warrants were valued using the Black-Scholes pricing model using the following assumptions:

Inputs used in the Black-Scholes model	
Risk-free interest rate	3.91%
Expected dividend yield	nil
Expected volatility	54%
Expected warrant life (in years)	2.0

17. DECOMMISSIONING PROVISION

As at 31 December	2020	2019
Balance, beginning of the year	31,638	45,269
Liabilities incurred	843	-
Liabilities settled	-	-
Accretion	460	1,224
Change in estimate	838	(14,777)
Foreign currency translation	295	(78)
Balance, end of year	34,074	31,638

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, Romania incurred liabilities relating to a new well and surface work. In Tunisia, the Company incurred liabilities related to four new water pits.

The Group has estimated as at 31 December 2020 the decommissioning provisions of Brunei's Block L, Block M and the wells in Canada to be $2.8 million (2019 - $2.8 million). These 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 and the estimated date of abandonment and reclamation. During the year there were no changes to expected costs of abandonment.

In the prior year, the Group conducted an analysis of the decommissioning requirements for the Tunisian business unit and determined that there were significant cost savings, based on revised abandonment procedures and cost estimates, that could be applied to the decommissioning of the fields. This resulted in a change in estimate to the decommissioning liability and to the offsetting decommissioning asset. In the case where the decommissioning asset has been fully impaired, the Group recognized this change in estimate through the Statement of Comprehensive Loss. For 2019, this amounted to $14.8 million, of which $6.9 million was booked a recovery through the Statement of Comprehensive Loss, with the remainder booked against the decommissioning asset.

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 2020, 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		**2020**			**2019**	
	Risk-free rate (%)	Inflation rate (%)	Net present value	Risk-free rate (%)	Inflation rate (%)	Net present value
Tunisia	0.1 – 1.7	1.4	27,426	2.7 – 3.1	2.3	26,137
Romania	2.3 – 3.0	2.5	3,800	3.4 – 4.8	2.5	2,687
Brunei	-	-	1,801	-	-	1,801
Canada	-	-	1,047	-	-	1,013
Total			34,074			31,638
Due within one year			7,124			6,334
Long-term liability			26,950			25,304
Total			34,074			31,638

18. 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 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)

Tax effect related to:	**31 December 2018**	**Recovery/ (expense)**	**31 December 2019**
PP&E and E&E assets	(18,288)	1,326	(16,962)
Decommissioning provision	4,102	(441)	3,661
Other	1,032	(1,123)	(91)
Deferred income tax liability	(13,154)	(238)	(13,392)

UNRECOGNISED DEFERRED TAX ASSETS

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

As at 31 December	2020	2019
PP&E and E&E assets	(3,718)	(5,447)
ROU assets and lease liabilities	157	(27)
Decommissioning provision	7,578	6,886
Non-capital losses carried forward and other	13,325	11,006
Unrecognised deferred tax asset	17,342	12,418

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 utilized.

The Group has Canadian non-capital losses of $0.3 million (2019 - $0.6 million) that do not expire, Cyprus tax losses of $12.5 million (2019 - $7.7 million) that expire between 2021 and 2025, Tunisian losses of $15.4 million that expire in five years and $41.6 million have no expiry date (2019 - $8.2 and $6.7 million respectively), and Romanian losses of $5.6 million (2019 - $5.4 million) that expire after seven years between 2021 to 2027.

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.

19. LEASE LIABILITIES

The following table details the movement in the Group's lease obligations for the year ended 31 December 2020:

As at 31 December	2020	2019
Opening balance	876	1,159
Additions	247	173
Principle payments	(537)	(466)
Cumulative translation adjustment	-	10
Balance, end of the year	586	876
Lease liabilities due within one year	164	534
Lease liabilities due beyond one year	422	342

During the year the Company made total payments toward lease liabilities in the amount of $0.6 million (2019 - $0.6 million), of which $0.1 million (2019 - $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 2020 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.

20. LONG TERM DEBT

As at 31 December	2020	2019
Convertible Loan[11]	-	32,196
Unamortized discounts and debt costs	-	(207)
Modification gain	-	(893)
Total long-term debt	-	31,096
Current portion	-	7,709
Long-term portion	-	23,387

As a result of the COVID-19 pandemic and the collapse in the commodity prices, the Company was unable to make the scheduled repayment at 30 June 2020, and negotiated with the EBRD to repay $2.0 million and defer the remaining $6.4 million balance for 12 months, with a condition to restructure the terms and conditions of the Convertible Loan no later than 18 December 2020, which was subsequently extended to 26 February 2021.

As at 31 December 2020, the Group fully repaid the Convertible Loan. The Company repaid $2.0 million on 22 June 2020, and on 21 December 2020 ("repayment date") paid $16.5 million and issued 112.9 million shares. As of 21 December 2020, the total debt plus accrued interest totaled to $33.0 million and the total unamortized financing and modification fees totaled $0.8 million. In determining the fair value of the shares issued to the EBRD, the Company used the closing price on the date of issuance. The total gain realised on the retirement of the Convertible Loan was $12.2 million less professional fees incurred during negotiations of $0.2 million.

Covenants

The Convertible Loan agreement contained affirmative covenants, including, maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. The consolidated debt to EBITDA covenant came into effect 30 September 2018, with a required maximum ratio of 2.5 times to be calculated at the consolidated financial level.

Throughout the year, the Company received covenant waivers from the EBRD waiving the right to demand full payment of the Convertible Loan as the Company was not in compliance with the debt service coverage ratio.

21. OTHER PROVISIONS

	JV audit	Severance	Other	Total
Balance as at 31 December 2018	1,148	219	-	1,367
Amount paid	-	(10)	-	(10)
Change in provision	(13)	(61)	40	(34)
Balance as at 31 December 2019	1,135	148	40	1,323
Change in provision	76	-	-	76
Balance as at 31 December 2020	1,211	148	40	1,399
Current	-	-	-	-
Non-current	1,211	148	40	1,399

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 2020.

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 2020 reflects the potential costs to terminate the remaining employees.

[11] Includes loan principal of $nil (2019 – $30.6 million) plus accrued interest.

22. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at 31 December	2020	2019
Accounts payable and accrued liabilities	14,319	16,231
Taxes payable	629	1,386
Total accounts payable and accrued liabilities	14,948	17,617

23. RELEASE OF PROVISION

The release of provision 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	2020	2019
Wages, salaries, and benefits[12]	4,450	3,872
Share-based payment expense[13]	1,418	528
Total aggregate payroll expense	5,868	4,400

25. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2020 and 2019, related party transactions include the compensation of key management personnel. Key management personnel include Serinus' Board of Directors, both executive and non-executive. Transactions with key management personnel are noted in the table below:

Year ended 31 December	2020	2019
Wages and salaries	832	690
Benefits	94	24
Share-based payment expense	1,177	365
Total related party transactions	2,103	1,079

26. SUPPLEMENTAL CASH FLOW DISCLOSURE

Year ended 31 December	2020	2019
Cash provided by (used in):		
Trade receivables and other	932	(1,198)
Accounts payable and accrued liabilities	(1,468)	1,920
Foreign exchange	-	(52)
Changes in non-cash working capital from operations	(536)	670

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

Year ended 31 December	2020	2019
PP&E additions (Note 11)	5,708	3,891
E&E recoveries (Note 12)	(235)	997
Total capital additions	5,473	4,888
Changes in non-cash working capital	(1,113)	-
Total capital expenditures	4,360	4,888

[12] Includes amounts in general and administrative expenses, production expenses and exploration and development expenditures.
[13] 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	2020	2019
Balance, beginning of the year	31,096	33,291
Cash Changes:		
Principal payment on Convertible Loan	(18,500)	-
Principal payment on Senior loan	-	(5,400)
Interest payments on Senior loan	-	(355)
Non-cash Changes:		
Gain on extinguishment of debt	(11,985)	-
Shares issued to extinguish debt (Note 20)	(3,666)	-
Fees incurred to retire Convertible Loan	(167)	-
Interest on Convertible Loan	2,890	3,086
Amortization of modification gain	249	97
Amortization of discounts and debt costs	83	144
Interest on senior loan	-	233
Balance, end of the year	-	31,096

27. CAPITAL MANAGEMENT

Year ended 31 December	2020	2019
Long-term debt	-	31,096
Shareholder's equity	31,379	14,518
Total capital resources	31,379	45,614

The Group manages its capital structure to maximize financial flexibility as well as closely monitoring cash forecasts. 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 utilize 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. For further information on the Convertible Loan, see Note 20. Throughout the year, the Company received waivers from the EBRD waiving the right to call the Convertible Loan as the Company breached the covenant at each reporting period.

In the prior year, the Company repaid the Senior loan, consisting of two payments totalling $5.4 million principal plus accrued interest.

28. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

During the year, the Company agreed with the National Agency for Mineral Resources (“NAMR”) to amend the last outstanding work commitment for the third exploration phase of the Satu Mare Concession. In addition, NAMR has 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. 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. NAMR accepted the Company’s proposal to modify the final work commitment to drill two exploration wells, one to a total depth of 1,000 meters and a second to a total depth of 1,600 meters.

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 2020, cumulative liquid hydrocarbon sales net of royalties and shrinkage was 5.3 million (2019 – 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. Management believes these changes are nominal to the financial statement users.

30. LOSS (INCOME) FROM OPERATIONS ANALYSIS

($000)	2020	2019
Administrative expenses	(3,944)	(3,788)
Share-based payment expense (Note 7)	(1,418)	(528)
Impairment expense (Note 11, 12)	(10,348)	-
Release of provision (Note 23)	1,905	-
Decommissioning provision recovery (Note 17)	-	6,891
Well incident recovery	-	52

Included within administrative expenses of $3.9 million (2019 - $3.8 million) are the following:

($000)	2020	2019
Salaries and wages	(1,704)	(1,495)
Audit and review fees	(497)	(572)
Consulting fees	(350)	(301)

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 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 (loss) income before income taxes	(7,937)	(4,968)	4,443	(8,462)
Tax expense	-	(824)	(11)	(835)
Net (loss) income for the year	(7,937)	(5,792)	4,432	(9,297)
Capital expenditures	4,210	1,251	12	5,473

As at 31 December 2019	Romania	Tunisia	Corporate	Total
Total assets	44,175	63,508	2,777	110,460
For the year ended 31 December 2019				
Crude oil revenue	-	7,617	-	7,617
Natural gas revenue	14,855	1,604	-	16,459
Condensate revenue	289	-	-	289
Total revenue	15,144	9,221	-	24,365
Cost of sales				
Royalties	(803)	(1,057)	-	(1,860)
Production expenses	(2,332)	(4,606)	(47)	(6,985)
Depletion and depreciation	(7,216)	(2,576)	(685)	(10,477)
Windfall tax	(3,155)	-	-	(3,155)
Total cost of sales	(13,506)	(8,239)	(732)	(22,477)
Gross profit (loss)	1,638	982	(732)	1,888
Administrative expenses	-	-	(3,788)	(3,788)
Share-based payment expense	-	-	(528)	(528)
Well incident recovery	52	-	-	52
Decommissioning provision recovery	-	6,891	-	6,891
Operating profit (loss)	1,693	7,890	(5,048)	4,515
Finance expense (income)	390	(792)	(4,401)	(4,803)
Net income (loss) before income taxes	2,080	7,081	(9,449)	(288)
Tax expense	-	(1,649)	(3)	(1,652)
Net income (loss) for the year	2,080	5,432	(9,452)	(1,940)
Capital expenditures	3,858	1,019	11	4,888