SERINUS ENERGY

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FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

21 MARCH 2022

2021 Annual Results
Highlights

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2021 Highlights

- Revenue for the year ended 31 December 2021: US$40.0 million
- **Net income of US$8.4 million**
- Drilled two wells in Romania, installed and commissioned two Moftinu compression units, performed two workovers and pump installations in Chouech Es Saida and initiated Tunisian Artificial Lift project
- Average production for the period – 1,649 boe/d
  - Romania – 1,078 boe/d
  - Tunisia – 571 boe/d
- Moftinu gas project
  - Compression on Moftinu-1003 and Moftinu-1007 wells installed and operating
  - Drilled Moftinu-1008 well - brought on production February 2021
  - Drilled Sancrai-1 exploration well – gas discovery but did not flow
- Artificial lift programme at Sabria
  - All long-lead items are in-field. Awaiting mobilization of rig to perform workover and install pump

2021 Annual Results

Financial Highlights

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2021 Highlights

- **Net Income of US$8.4 million** vs. a net loss of US$9.3 million in 2020
- Revenue for the period: US$40.0 million
  - Realised oil price: US$65.19/bbl
  - Realised natural gas price: US$11.25/Mcf
- Operating netback: US$44.61/boe
  - Romania: US$52.44/boe
  - Tunisia: US$29.76/boe
- Capital expenditure: US$10.8 million
  - Romania: US$9.5 million – drilling of M-1008 well and Sancrai-1 wells, added compression to Moftinu-1003 and Moftinu-1007 wells
  - Tunisia: US$1.3 million – workovers in Sabria and Chouech, artificial lift long-lead items
- EBITDA: US$12.3 million
- Cash balance at 31 December 2021: US$8.4 million

Significant cash generation, strong financial performance

Current Events

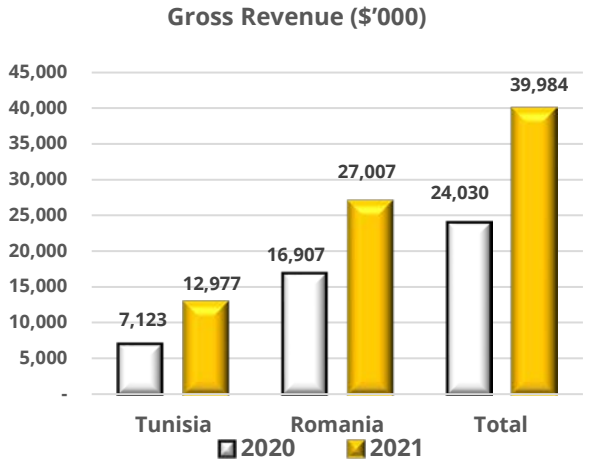
Strong Prices amid Global Uncertainty

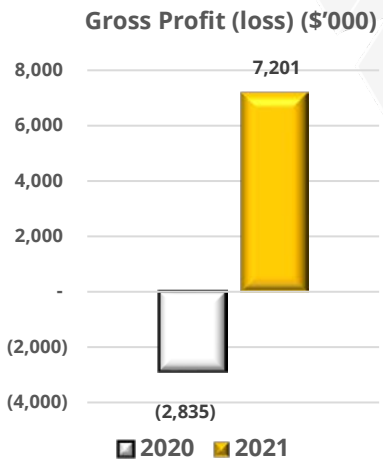
Current Events

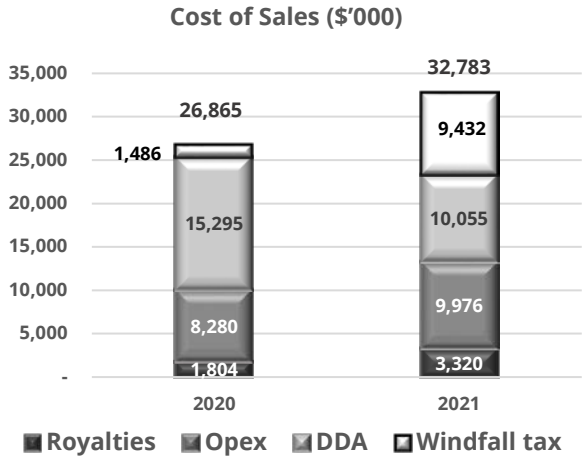
- The events unfolding in Ukraine have focused attention on energy security
- Sanctions on Russia and outright bans on purchase of Russian oil and gas will impact global and continental energy trade patterns
- For Europe, energy security has become a paramount issue and has resulted in calls for the reduction of European dependency on Russian oil and gas imports
- European diversification away from Russian gas supplies will seek increased LNG deliveries, more gas through existing pipelines from North Africa and Central Asia and more gas production from within Europe
- In Romania, Serinus is looking to accelerate its 2022 exploration and development plans to increase its gas production in Romania to help reduce the dependency of Romania and Eastern Europe on imported Russian gas
- In Tunisia, the Company continues to progress the artificial lift programme, which the Company expects to increase the Company's Tunisia oil and gas production

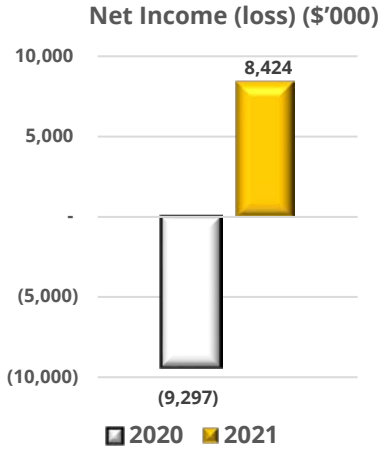
Revenue and Costs of Sales

Increased revenue and net income









Revenue

- Gross revenue increased to $40.0mm (2020: $24.0mm) supported by the significant increase in commodity prices

Cost of sales

- Increased to $32.8mm (2020: $26.9mm), primarily due to higher royalties, windfall tax and operating costs, offsetting lower depletion and depreciation

Gross profit

- Gross profit of $7.2mm (2020: gross loss $2.8mm)

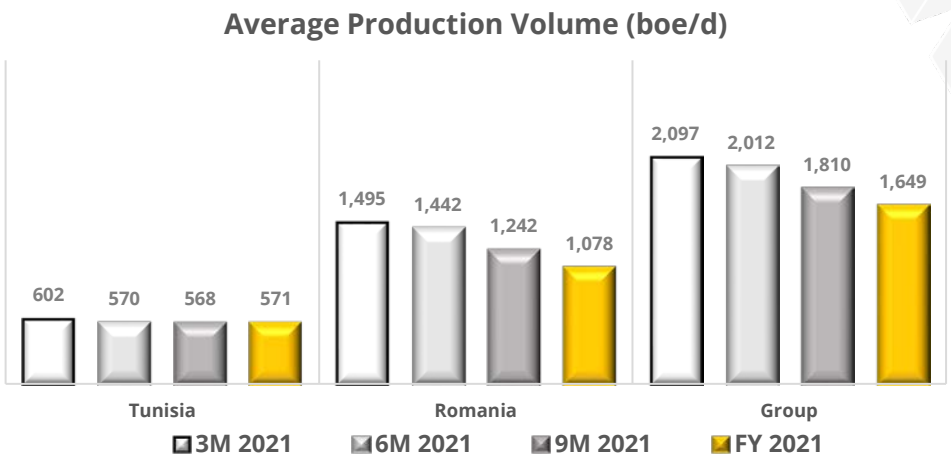
Net income for the period

- Generated net income for the period of $8.4mm (2020: net loss $9.3mm)

[1]Windfall tax for Romania gas production only

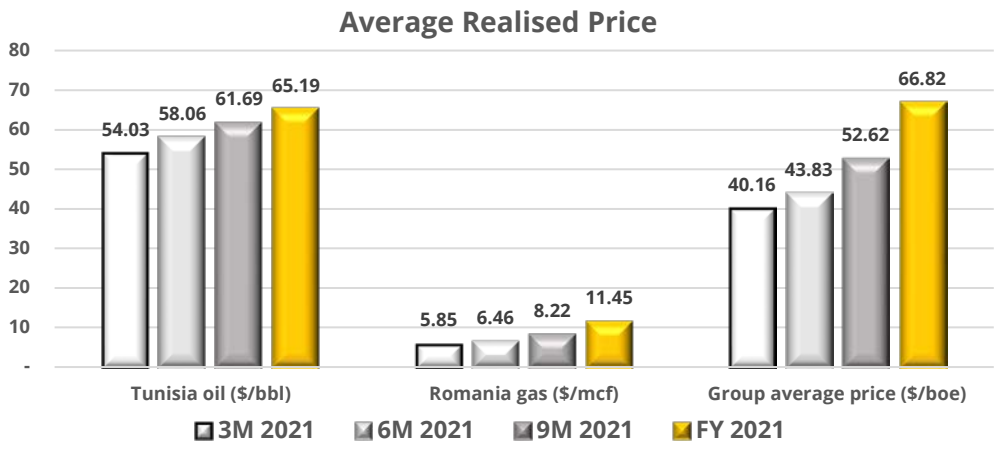
Production and Realised Prices

Production in line with expectations and continued positive price recovery



Average production volume

- Group production of 1,649 boe/d
  - Tunisia: 571 boe/d
  - Romania: 1,078 boe/d
- Tunisia: continued stable production, following workovers in Chouech
- Romania: natural well declines reflected in production through the year. Introduction of compression on M-1003 and M-1007 in Q4 2021 and Q1 2022, respectively

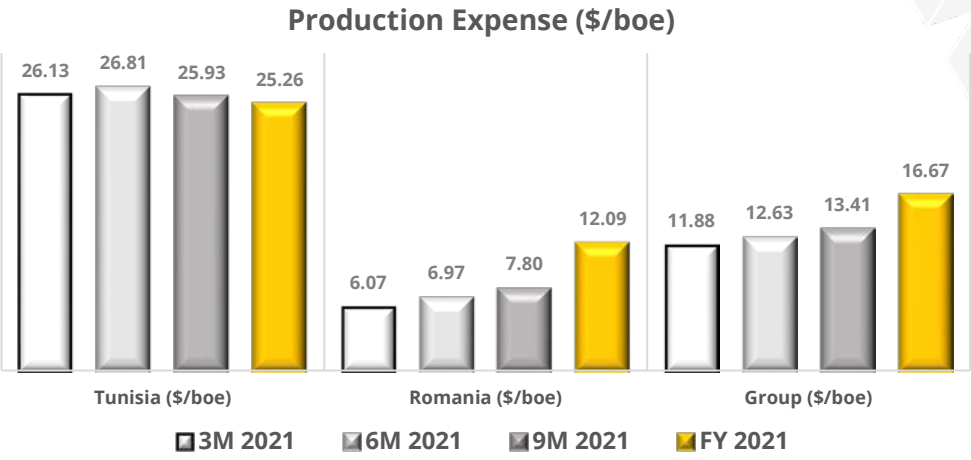


Average realised price

- Group average realised price of $66.82/boe, reflecting the recovery in the increase in Brent oil price and Romanian gas price
  - Tunisia: average crude oil price $65.19/bbl in 2021
  - Romania: average gas price of $11.45/mcf in 2021

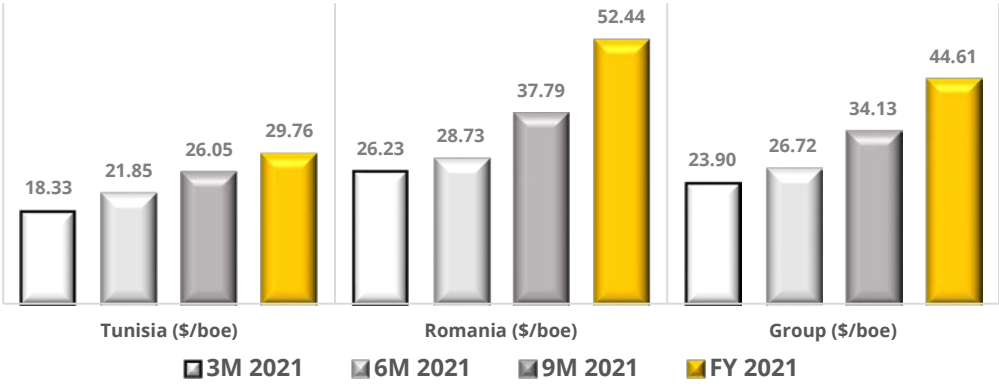
Production Expense and Netbacks

Low-cost production with robust Netbacks



Production expense

- Total production expense of $10.0mm (2020: $8.3mm) - Tunisia $5.2mm; Romania $4.8mm
  - Included historic mining taxes in Tunisia of $0.3mm
- Group: production expense per boe of $16.67/boe (excluding mining taxes: $16.07/boe)
  - Tunisia: $25.26/boe (excluding mining taxes $23.39/boe)
  - Romania: $12.09/boe – increase primarily due to lower production volume due to gas plant turnaround and compression installation in Q4

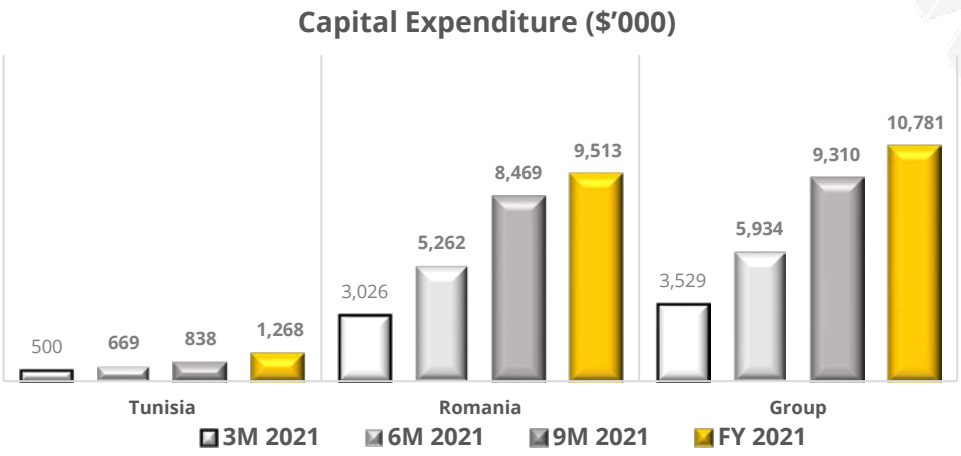


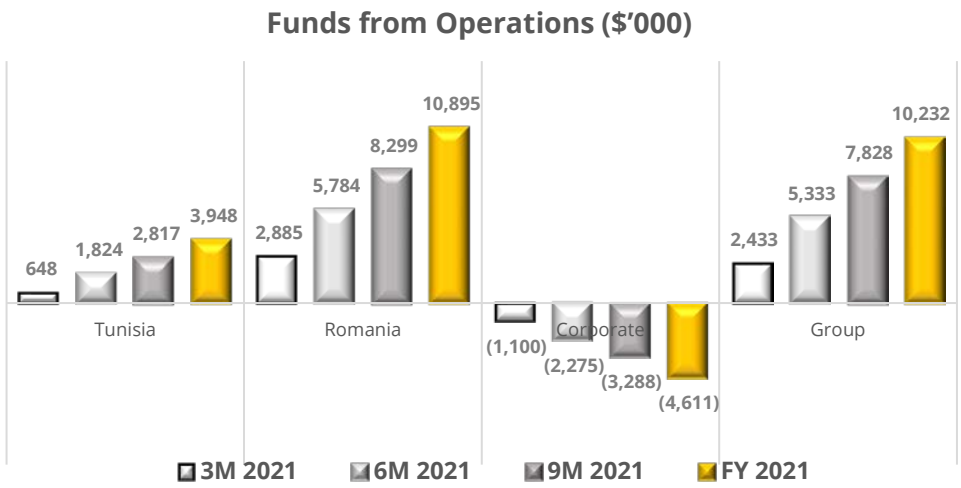
Operating netback

- Group operating netback of $44.61/boe – benefitting from strong commodity prices, with an average realised price of $66.82/boe
- Tunisia: $29.76/boe – strong increase in Brent oil price in Q4 and improved production outweighing increase in royalties and production expense
- Romania: $52.44/boe – historically high gas prices in Q4 outweighing impact of increased royalties, costs and lower production

CAPEX and Funds from Operations

Strong EBITDA driven by modest investment levels





Capital expenditure

- Group: capital expenditure $10.8mm
- Tunisia: $1.3mm, incurred on workovers in Chouech and Sabria
- Romania: $9.5mm, primarily for drilling and completion of M-1008, drilling Sancrai-1 exploration well and installing compression to Moftinu field

Funds from operations

- Group: Funds from operations $10.2mm
- Tunisia: consistent improvement to $3.9mm, with higher netbacks in the current period
- Romania: increased to $10.9mm, with higher netbacks compensating for lower production
- Corporate: Funds used in operations $4.6mm

EBITDA: $12.3mm (2020: $6.6mm)

Significant Turnaround in Performance

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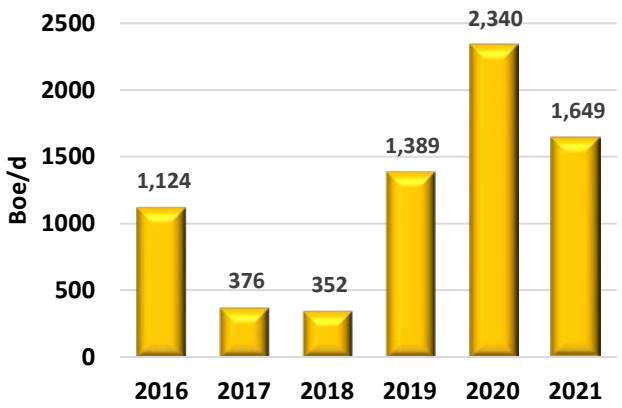
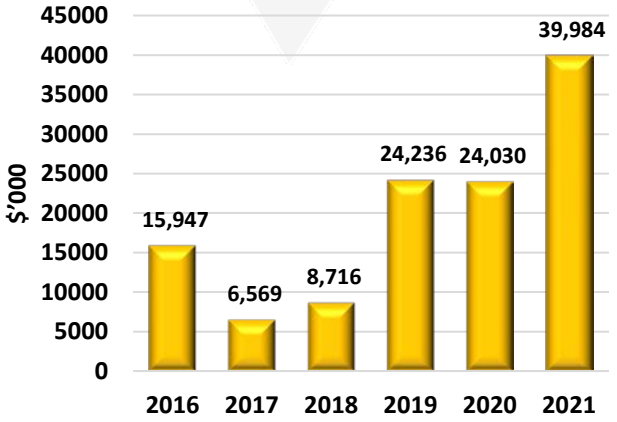
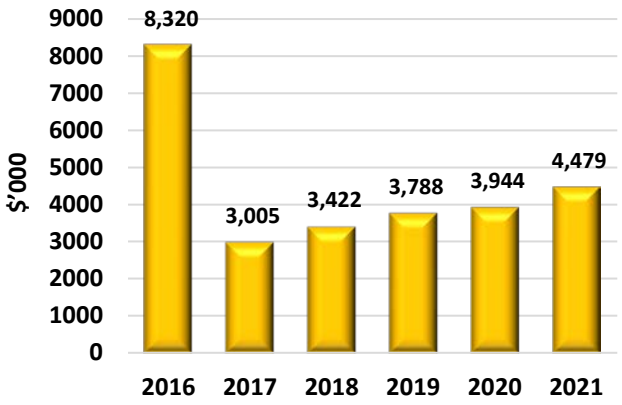
Average Production[1]



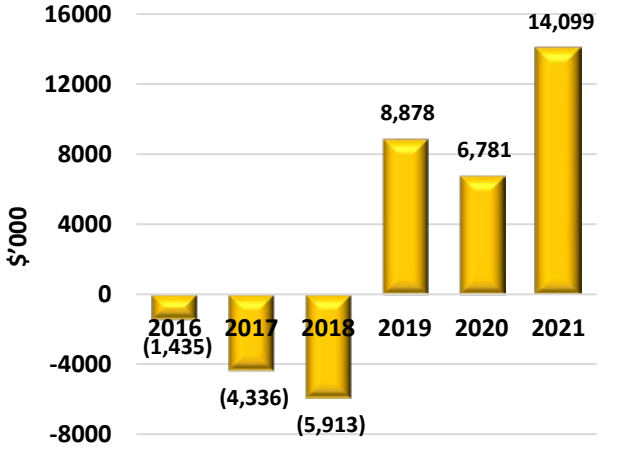
Gross Revenue[1]



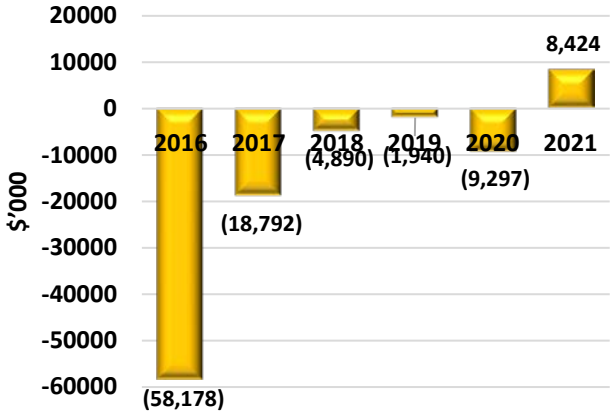
G&A[1]



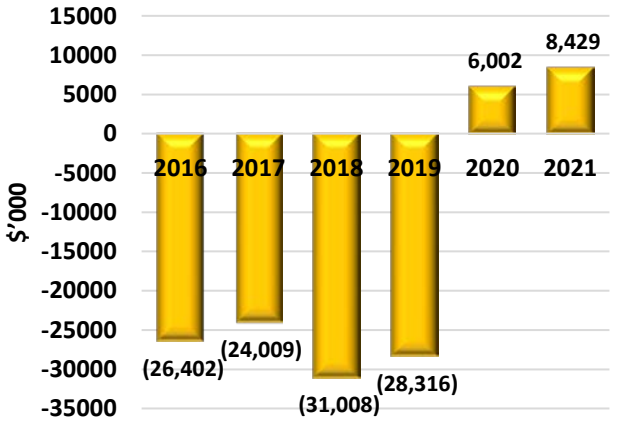
Cashflow from Operations[1]



Net Income[1]



Net cash / (debt)[1]



1. *Audited Annual Reports for 2017-2021*

Condensed Consolidated Statement of Cash Flows

Year ended 31 December 2021

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	Note	2021	2020
Operating activities			
Income (loss) for the year		8,424	(9,297)
Items not involving cash:			
Depletion and depreciation	11, 13	10,055	15,295
Impairment expense	11, 12	-	10,348
Interest expense	0	-	3,222
Share-based payment expense	7	213	1,418
Tax expense	9	419	835
Accretion expense on decommissioning provision	18	377	460
Change in other provisions	21	(41)	76
Foreign exchange (gain) / loss		(15)	20
Decommissioning provision recovery		(142)	-
Other income		(4)	(4)
Release of provision	23	(6,636)	(1,905)
Gain on extinguishment of debt		-	(11,985)
Income taxes paid		(2,085)	(1,166)
Expenditures on decommissioning liabilities		(332)	-
Funds from operations		10,233	7,317
Changes in non-cash working capital	26	3,866	(536)
Cashflows from operating activities		14,099	6,781
Financing activities			
Proceeds from equity issuance	17	-	21,315
Share issue costs	17	-	(1,573)
Repayment of long-term debt		-	(18,500)
Lease payments	0	(235)	(537)
Shares purchased to be held in treasury	17	(121)	-
Cashflows (used in) generated from financing activities		(356)	705
Investing activities			
Capital expenditures	26	(11,248)	(4,360)
Proceeds on disposition of property, plant and equipment		8	49
Cashflows used in investing activities		(11,240)	(4,311)
Impact of foreign currency translation on cash		(76)	47
Change in cash and cash equivalents		2,427	3,222
Cash and cash equivalents, beginning of year		6,002	2,780
Cash and cash equivalents, end of year		8,429	6,002

Positive Income for the period: Generated income in the current period compared to a loss in the comparative period due to higher netbacks and significantly lower finance expense following retirement of the EBRD debt

Depletion and Depreciation: Decreased due to a lower depletable asset base and lower production: $16.80/boe (2020: $17.86/boe)

Changes in non-cash working capital: increased to $3.9mm

PP&E: Capital additions net of working capital adjustments

- Romania: $9.5mm – M-1008, Sancrai-1 and compression
- Tunisia: $1.3mm – workovers in Chouech and Sabria

Funds from Operations: $10.2mm

EBITDA: $12.3mm (2020: $6.6mm)

Cash at 31 December 2021: $8.4mm

A Look Forward

Plans for 2022

2022 Plans

- Serinus has a large and diverse asset base including over 3,000km^2 in the Satu Mare Concession in Romania and a large oilfield with 445 MMboe Oil Originally In Place in Tunisia
- In February 2022, the Company completed a 2D Seismic acquisition programme covering three high-ranked prospects adjacent to the Moftinu Gas Project. The 2D programme objective is to further de-risk the prospects, confirm their extent and potential gas volumes in place and determine the optimal drilling locations
- Subject to the final confirmation of the results of the 2D seismic programme, the Company is planning a three-well drilling campaign expected to commence in the latter half of 2022
- The pump for the Sabria W-1 Artificial lift arrived in Tunisia in early March 2022. The Company is now awaiting rig mobilization to commence with the workover and pump installation. Subject to partner approval, the Company would anticipate accelerating the installation of pumps in additional Sabria wells in 2022/2023
- Continued work in the Company's southern Tunisian assets, Chouech es Saida and Ech Chouech offers the opportunity to increase production in these legacy fields
- The Company is examining opportunities for new gas developments in prospective horizons that lie beneath Chouech es Saida and Ech Chouech

2021 has been financially strong for the Company and the generation of operating cash flow allows the Company to accelerate its previously announced growth plans

Environmental and Safety

A continued focus on the environment in 2022

- Successfully conducted operations throughout the global pandemic with no Lost-Time Incidents
- No Lost-Time Incidents in Tunisia for 2,140 days
- No Lost-Time Incidents in Romania for 1,060 days (since initiation of production at the Moftinu facility on 26 April 2019)
- On 18 September 2021, the company passed the milestone of 1 million man hours without Lost-Time Incidents during drilling, workovers and well interventions in Romania
- Modern and efficient gas plant at Moftinu minimises fugitive emission and electrical consumption
- Installation of solar panels at Moftinu to further reduce electrical consumption from national grid
- Strict environmental monitoring at the Company's Tunisian facilities exceeds local requirements
- Annual Environmental inspections by local regulators
- Fugitive gas emissions have been audited by third party independent consultants for over 10 years

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