Serinus Energy plc

Third Quarter Report and Accounts 2022

(US dollars)

THIRD QUARTER 2022 HIGHLIGHTS

FINANCIAL

- Revenue for the nine months ended 30 September 2022 was $41.8 million (30 September 2021 - $25.7 million)
- During the period Moftinu Gas Plant surpassed produced revenues of $87.0 million since first gas in 2019
- Net income for the nine months ended 30 September 2022 was $3.4 million (30 September 2021 - $0.8 million)
- Funds from operations for the nine months ended 30 September 2022 were $11.1 million (30 September 2021 - $7.8 million)
- EBITDA for the nine months ended 30 September 2022 was $11.4 million (30 September 2021 – $8.9 million)
- Gross profit for the nine months ended 30 September 2022 was $11.8 million (30 September 2021 - $4.4 million)
- The Company realised a net price of $162.18/boe for the nine months ended 30 September 2022 comprising:
  - Realised oil price – $101.04/bbl
  - Realised natural gas price - $36.66/Mcf
- The Group's operating netback remained strong for the nine months ended 30 September 2022 and was $120.13/boe (30 September 2021 - $34.13/boe), comprising:
  - Romania operating netback - $195.73/boe (30 September 2021 - $37.79/boe)
  - Tunisia operating netback - $59.11/boe (30 September 2021 - $26.05/boe)
- Capital expenditures of $8.6 million for the nine months ended 30 September 2022 (30 September 2021 – $9.3 million), comprising:
  - Romania – $6.9 million
  - Tunisia – $1.7 million
- Working capital surplus increased to $0.8 million (31 December 2021 - $0.6 million)
- Cash balance as at 30 September 2022 was $8.8 million (31 December 2021 - $8.4 million)

OPERATIONAL

- The Canar-1 well was drilled to a total depth of 1,570 metres, targeting three prospective hydrocarbon zones. Well logging and gas show readings determined that these zones had indications of gas, but they do not contain sufficient gas resources to justify proceeding with the testing and completion program for the well. The Canar-1 well has been completed as a water disposal well and test injection is ongoing
- The Moftinu Nord-1 well was drilled to a total depth of 1,000 metres, targeting four prospective hydrocarbon zones. Well logging and gas show readings determined that these zones had indications of residual gas, but they do not contain sufficient estimated gas resources to justify proceeding with the testing and completion program for the well. The well is now suspended
- Drilling operations on both the wells (Canar-1 and Moftinu Nord-1) were performed within budget and without incident
- The Company has initiated a geological and geophysical review of the Satu Mare concession to high rank the management-estimated 181 million barrels of oil equivalent prospects
- In Tunisia, production has remained stable in the first three quarters of 2022. All material and consumables for the artificial lift programme at the Sabria W-1 well have been received in-field and the Company is awaiting mobilisation of the rig. Having previously defaulted on the rig contract, La Compagnie Tunisienne de Forage ("CTF"), the Tunisia state-owned drilling company, has confirmed the availability of its CTF 004 rig to perform the workover and installation of artificial lift for the W-1 well in Sabria. The rig is currently being demobilised from another operator and is expected to be operational at the well site in December 2022. Workover and installation operations are expected to take 60 days to complete
- Workover at the CS-9 well at Chouech Es Saida was completed in August 2022
- Immediately following the completion of the W-1 workover and artificial lift installation, the CTF 004 rig will move to the Sabria N-2 well to perform a workover to recomplete the well
- The Company anticipates, subject to partner approval, proceeding with the workover and installation of artificial lift on the WIN-12bis well in Sabria in 2023
- Production for the period averaged 938 boe/d, comprising:
  - Romania – 421 boe/d
  - Tunisia - 517 boe/d
- In August 2022, the Company performed a lifting of 50,344 bbls of Tunisian crude oil at a price of $99.51/bbl

OPERATIONAL UPDATE AND OUTLOOK

Serinus Energy plc and its subsidiaries ("Serinus", the "Company" or the "Group") is an oil and gas exploration, appraisal and development company. The Group is the operator of all its assets and has operations in two business units: Romania and Tunisia.

ROMANIA

The Group's Romanian operating subsidiary holds the licence to the Satu Mare concession area, covering approximately 3,000 km^2 in the north-west of Romania. The Moftinu Gas Development project began production in 2019. The development project includes the Moftinu gas plant, and currently operates four gas wells - Moftinu-1003, Moftinu-1004, Moftinu-1007 and Moftinu-1008 with a second compressor installed and commissioned on Moftinu-1007 in February 2022. During the nine months ended 30 September 2022, the Company's Romanian operations produced a total of 687 MMcf of gas and 527 barrels of condensate, equating to an average daily production of 421 boe/day. Production continues to reflect the natural decline profile of shallow gas fields. The installation of compression has stabilised production from those wells. The Company is reviewing the production performance versus the prognosed production as determined by the Company's technical staff and the Company's independent reserve engineers and is considering additional production wells on the Moftinu structure to maximise reservoir drainage.

The Company has completed drilling of two exploration wells in the period in Romania. The Canar-1 well was drilled to a total depth of 1,570 metres, targeting three prospective hydrocarbon zones. The Moftinu Nord-1 well was drilled to a total depth of 1,000 metres, targeting four prospective hydrocarbon zones. Well logging and gas show readings for both wells determined that the prospective zones in each well had indications of residual gas but they did not contain sufficient gas resources to justify proceeding with the testing and completion programs for the wells. Each of the prospects exhibit several AVO anomalies of a type that strongly indicates the presence of gas. However, other formation characteristics may also contribute to such signals, including low gas saturations. Seal risk is a component of the ongoing bloc-wide review of exploration potential in the block.

The Canar-1 well underwent initial tests to assess its suitability for disposal of produced water from the Moftinu field and has subsequently been completed to enable longer term water injection which has the potential for substantial savings in operating cost.

Serinus has also initiated a block-wide geological and geophysical study to verify and enhance our understanding of the exploration portfolio beyond the Moftinu area. Management has estimated the exploration potential of the block to be 181 million barrels of oil equivalent, on a mean unrisked recoverable resource. These additional studies will look to high rank future exploration prospects.

Gas pricing in Romania remained at high levels through the first nine months of 2022, with an average realised price of $40.54/Mcf. Gas prices on the Romanian Commodity Exchange continued to remain strong over the third quarter of 2022.

TUNISIA

The Company currently operates two concession areas within Tunisia, Sabria and Chouech Es Saida, which have discovered oil and gas reserves and are currently producing. The Ech Chouech licence, which can only be produced through the Chouech Es Saida facilities, expired in May 2022. The Company has followed the regulatory process to seek an extension of this licence with the Tunisian authorities, but no progress has been forthcoming to date. The largest asset is the Sabria field**;** a large, conventional oilfield which the Company's independent reservoir engineers have estimated to have approximately 445 million barrels of oil-originally-in-place. Of this oil-in-place only 1.0% has been produced to date due to a low rate of development on the field.

The Sabria W-1 wellsite has been prepared for the intervention which will install the first submersible pump for the Artificial Lift programme in the Sabria field. All materials required for this intervention are in our in-country warehouse. The Company signed a rig contract for the CTF 006 rig and was awaiting mobilization from another operator and the workover and pump installation at the Sabria W-1 well due to commence as soon as the rig was available. CTF notified the Company that it was unable to deliver the CTF 006 rig as contractually agreed. The Company worked with CTF, its partner, ETAP, and the Ministry of Energy to procure an alternative rig as per the terms of the previously agreed CTF rig contract. CTF has now agreed to provide the CTF 004 rig to perform the well workovers. This is currently being demobilised from another operator and will begin workover operations in December 2022. The completion of the planned operations is expected to take 60 days.

Upon completion of the workover and pump installation at Sabria W-1, the rig will move to the Sabria N-2 well to perform a workover to recomplete the well. This well was drilled in 1980 but was damaged during completion and, although in proximity to producing wells, was not able to flow oil to surface due to damage during completion. The workover program will re-complete the well and remove any wellbore restrictions.

All long-lead items for the Sabria field artificial lift programme have been delivered to the Sabria field.

Production remained stable in the third quarter of 2022 at the Chouech Es Saida field as a result of the Company's programme of pump installation and maintenance.

FINANCIAL REVIEW

LIQUIDITY, DEBT AND CAPITAL RESOURCES

During the nine months ended 30 September 2022, the Company invested a total of $8.6 million (2021 – $9.3 million) on capital expenditures before working capital adjustments. In Romania, the Group invested $6.9 million (2021 – $8.5 million) on the drilling campaign related to the exploration wells. In Tunisia, the Company invested $1.6 million (2021 – $0.8 million) for workovers on wells.

The Company's funds from operations for the nine months ended 30 September 2022 were $11.1 million (2021 – $7.8 million). Including changes in non-cash working capital, the cash flow generated from operating activities in 2022 was $8.7 million (2021 – $10.5 million). The Company continues to be in a strong position to expand and continue growing production within our existing resource base. The Company is debt-free and has adequate resources available to deploy capital into both operating segments to deliver growth and shareholder returns.

($000) **Working Capital**	**30 September 2022**	**31 December 2021**
Current assets	20,043	17,625
Current liabilities	(19,279)	(16,994)
Working Capital	764	631

Working capital at 30 September 2022 is relatively stable at $0.8 million (31 December 2021 – $0.6 million).

Current assets as at 30 September 2022 were $20.0 million (31 December 2021 – $17.6 million), an increase of $2.4 million. Current assets consist of:

- Cash and cash equivalents of $8.8 million (31 December 2021 - $8.4 million)
- Restricted cash of $1.1 million (31 December 2021 - $1.1 million)
- Trade and other receivables of $9.6 million (31 December 2021 - $7.4 million)
- Product inventory of $0.5 million (31 December 2021 – $0.6 million)

Current liabilities as at 30 September 2022 were $19.3 million (31 December 2021 – $17.0 million), an increase of $2.3 million. Current liabilities consist of:

- Accounts payable of $11.2 million (31 December 2021 - $9.7 million)
- Decommissioning provision of $6.6 million (31 December 2021 - $6.6 million)
  - Brunei - $1.6 million (31 December 2021 - $1.6 million)
  - Canada - $1.0 million (31 December 2021 - $1.0 million) which is offset by restricted cash in the amount of $1.1 million (31 December 2021 - $1.1 million) in current assets
  - Romania - $nil million (31 December 2021 - $0.3 million)
  - Tunisia - $4.0 million (31 December 2021 - $3.7 million)
- Income taxes payable of $1.3 million (31 December 2021 - $0.5 million)
- Current portion of lease obligations of $0.2 million (31 December 2021 - $0.2 million)

NON-CURRENT ASSETS

Property, plant and equipment ("PP&E") decreased to $64.3 million (31 December 2021 - $71.7 million), as a result of depletion expense in the period of $4.7 million, a change in decommissioning estimates of $4.6 million and a foreign currency impact of $3.0 million. The decrease from depletion, decommissioning estimates and foreign currency was partially offset by capital expenditures in PP&E of $4.8 million. Exploration and evaluation assets ("E&E") increased to $8.5 million (31 December 2021 - $5.0 million), primarily due to expenditures incurred on the 2D seismic acquisition programme and exploration drilling programme in Romania. Right-of-use assets increased to $0.5 million (31 December 2021 - $0.3 million) due to expenditures incurred on corporate assets.

FINANCIAL REVIEW – NINE MONTHS ENDED 30 SEPTEMBER 2022

FUNDS FROM OPERATIONS

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

	Nine months ended 30 September	
($000)	**2022**	**2021**
Cash flow from operations	8,713	10,464
Changes in non-cash working capital	2,342	(2,636)
Funds from operations	11,055	7,828
Funds from operations per share	0.10	0.01

Romania generated funds from operations of $8.4 million (2021 – $5.8 million) and Tunisia generated $7.1 million (2021 – $1.8 million). Funds used at the Corporate level were $4.4 million (2021 - $2.3 million) resulting in net funds from operations of $11.1 million (2021 – $5.3 million). Changes in non-cash working capital increased by $4.9 million to $2.3 million (2021 - $2.6 million).

PRODUCTION

Nine months ended 30 September 2022	**Tunisia**	**Romania**	**Group**	**%**
Crude oil (bbl/d)	451	-	451	48%
Natural gas (Mcf/d)	395	2,518	2,913	52%
Condensate (bbl/d)	-	2	2	0%
Total (boe/d)	517	422	938	100%

Nine months ended 30 September 2021				
Crude oil (bbl/d)	465	-	465	25%
Natural gas (Mcf/d)	618	7,392	8,010	74%
Condensate (bbl/d)	-	10	10	1%
Total (boe/d)	568	1,242	1,810	100%

During the nine months ended 30 September 2022 production volumes decreased by 872 boe/d (48%) to 938 boe/d against the comparative period (2021 – 1,810 boe/d).

Romania's production volumes decreased by 821 boe/d (66%) to 422 boe/d against the comparative period (2021 – 1,242 boe/d). Production continues to reflect the natural decline profile of shallow gas fields. In February 2022, a second compressor was installed and commissioned on Moftinu-1007. The installation of compression has stabilised production from those wells with compression.

Tunisia's production volumes decreased by 51 boe/d (9%) to 517 boe/d against the comparative period (2021 – 568 boe/d). Production remains stable during the nine months of 2022 as a result of the Company's programme of pump installation and maintenance. The CTF-004 rig is being demobilised from another operator and workover operations are due to start in December 2022. Ongoing workover programmes continue in the Chouech Es Saida field to enhance production.

OIL AND GAS REVENUE

($000)

Nine months ended 30 September 2022	**Tunisia**	**Romania**	**Group**	**%**
Oil revenue	12,569	-	12,569	30%
Natural gas revenue	1,280	27,888	29,168	69%
Condensate revenue	-	57	57	1%
Total revenue	13,849	27,945	41,794	100%

Nine months ended 30 September 2021	Tunisia	Romania	Group	%
Oil revenue	7,473	-	7,473	29%
Natural gas revenue	1,482	16,581	18,063	70%
Condensate revenue	-	162	162	1%
Total revenue	8,955	16,743	25,698	100%

REALISED PRICE[1]

Nine months ended 30 September 2022	Tunisia	Romania	Group
Oil ($/bbl)	101.04	-	101.04
Natural gas ($/Mcf)	11.88	40.54	36.66
Condensate ($/bbl)	-	81.33	81.33
Average realised price ($/boe)	97.29	242.25	162.18

Nine months ended 30 September 2021			
Oil ($/bbl)	61.69	-	61.69
Natural gas ($/Mcf)	8.79	8.22	8.26
Condensate ($/bbl)	-	57.72	57.72
Average realised price ($/boe)	60.01	49.37	52.62

During the nine months ended 30 September 2022 revenue increased by $16.1 million (63%) to $41.8 million (2021 – $25.7 million) as the Group saw the average realised price increase by $109.56/boe (208%) to $162.18/boe (2021 - $52.62/boe).

The Group's average realised oil price increased by $39.35/bbl (64%) to $101.04/bbl (2021 – $$61.69/bbl), and average realised natural gas prices increased by $28.40/Mcf (344%) to $36.66/Mcf (2021 - $$8.26/Mcf).

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 was sold to the international market.

ROYALTIES

	Nine months ended 30 September	
($000)	**2022**	**2021**
Tunisia	1,714	1,198
Romania	943	1,282
Total	2,657	2,480
Total ($/boe)	10.31	5.08
Tunisia (% of revenue)	12.4%	13.4%
Romania (% of revenue)	3.5%	7.7%
Total (% of revenue)	6.4%	9.7%

During the nine months ended 30 September 2022 royalties increased by $0.2 million (7%) to $2.7 million (2021- $2.5 million) while the Group's average royalty rate decreased to 6.4% (2021 – 9.7%).

In Romania, the royalty rate dropped to 3.5% in the nine months ended 2022 (2021 – 7.7%) as a result of a decrease in the level of production. In addition to the decrease in production, the Company saw an increase in the realised price, which exceeded the royalty reference price in 2022, compared to 2021 where the royalty reference price exceeded the realised price. The Company incurred a 3.5% royalty for gas (2021 – 7.5%) and 3.5% royalty for condensate (2021 – 3.5%). The royalty is calculated using a reference price that is set by the Romanian authorities and not the realised price to the Company. Romanian royalty rates vary based on the level of production during the quarter. Natural gas royalty rates range from 3.5% to 13.0% and condensate royalty rates range from 3.5% to 13.5%.

In Tunisia, royalties vary based on individual concession agreements. Sabria royalty rates vary depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the "R-factor". As the R-factor increases, so does the royalty percentage to a maximum rate of 15%.

[1] For the nine months ended 30 September 2022, Tunisia realised oil prices are calculated using oil sales volumes of 456 bbl/d (31 December 2021 – 461 bbl/d). As at 30 September 2022 there were 9,117 bbls of oil in inventory (31 December 2021 – 12,229 bbls).

During the nine months of 2022, the royalty rate remained unchanged in Sabria at 10% for oil and 8% for gas. Chouech Es Saida and Ech Chouech royalty rates are flat at 15% for both oil and gas.

PRODUCTION EXPENSES

	Nine months ended 30 September	
($000)	**2022**	**2021**
Tunisia	3,720	3,870
Romania	4,424	2,647
Canada	40	34
Group	8,184	6,551
Tunisia production expense ($/boe)	26.14	25.93
Romania production expense ($/boe)	38.35	7.80
Total production expense ($/boe)	31.74	13.41

During the nine months ended 30 September 2022 production expenses increased by $1.6 million (25%) to $8.2 million (2021 - $6.6 million). Per unit production expenses increased by $18.33/boe (137%) to $31.74 (2021 - $ 13.41/boe).

Tunisia's production expenses decreased by $0.2 million (4%) to $3.7 million (2021 - $3.9 million), however per unit production expenses increased to $26.14/boe (2021 - $25.93/boe) due to lower production. The decrease in production expenses is due to a lower number of workover programs initiated in the period and the inclusion of historic mining taxes of $0.3 million related to Sanrhar and Zinnia in the comparative period in 2021.

Romania's overall operating costs increased by $1.9 million (67%) to $4.5 million (2021 – $2.6 million), with per unit production expenses increasing by $30.55/boe (392%) to $38.35/boe (2021 - $7.80/boe) due to lower production. The increase in production costs is primarily a result of higher water disposal costs and the impact of inflation in Romania.

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

OPERATING NETBACK

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

($/boe)

Nine months ended 30 September 2022	**Tunisia**	**Romania**	**Group**
Sales volume (boe/d)	521	422	944
Realised price	97.29	242.25	162.18
Royalties	(12.04)	(8.17)	(10.31)
Production expense	(26.14)	(38.35)	(31.74)
Operating netback	59.11	195.73	120.13

Nine months ended 30 September 2021	**Tunisia**	**Romania**	**Group**
Sales volume (boe/d)	568	1,242	1,810
Realised price	60.01	49.37	52.62
Royalties	(8.03)	(3.78)	(5.08)
Production expense	(25.93)	(7.80)	(13.41)
Operating netback	26.05	37.79	34.13

During the nine months ended 30 September 2022 the Group's operating netback increased by $86.00/boe (252%) to $120.13/boe (2021 – $34.13/boe). The increase is due to increased realised prices, partially offset by higher royalties and higher production expenses.

The Company also generated a gross profit of $11.8 million (2021 – $4.4 million), largely due to a significant increase in the Company's netbacks as well as a decrease to depletion as described below.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

Serinus uses EBITDA as a key performance indicator to assist management in understanding Serinus' cash profitability. EBITDA is computed as net profit/loss and adding back interest, taxation, depletion and depreciation, and amortisation expense. EBITDA is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities. During the nine months ended 30 September 2022, the Group's EBITDA increased by $2.5 million to $11.4 million (2021 - $ 8.9 million).

	Nine months ended 30 September	
($000)	**2022**	**2021**
Net income	3,367	836
Interest expense	45	51
Depletion and amortization	4,924	8,066
Tax expense	3,079	(54)
EBITDA	11,415	8,899

WINDFALL TAX

	Nine months ended 30 September	
($000)	**2022**	**2021**
Windfall tax	14,233	4,190
Windfall tax ($/Mcf - Romania gas)	20.68	2.08
Windfall tax ($/boe - Romania gas)	124.05	12.46

During the nine months ended 30 September 2022 windfall taxes in Romania increased by $10.0 million (246%) to $14.2 million (2021 - $4.2 million). This increase is directly related to higher realised gas prices in Romania which increased from $8.22/Mcf to $40.54/Mcf.

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

DEPLETION AND DEPRECIATION

	Nine months ended 30 September	
($000)	**2022**	**2021**
Tunisia	2,067	2,801
Romania	2,763	5,153
Corporate	94	112
Total	4,924	8,066
Tunisia ($/boe)	14.52	18.77
Romania ($/boe)	23.95	15.19
Total ($/boe)	19.11	16.52

During the nine months ended 30 September 2022 depletion and depreciation expense decreased by $3.2 million (39%) to $4.9 million (2021 - $8.1 million), primarily due to lower production during the period. Per boe, depletion and depreciation expense increased by $2.59/boe (16%) to $19.11/boe (2021 - $16.52/boe), primarily due to lower reserves in the current period.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

	Nine months ended 30 September	
($000)	**2022**	**2021**
G&A expense	4,050	3,180
G&A expense ($/boe)	15.72	6.49

During the nine months ended 30 September 2022 G&A costs increased by $0.9 million (27%) to $4.1 million (2021 - $ 3.2 million), being an increase of $9.23/boe (140%) to $15.72/boe (2021 - $6.49/boe) due to higher compliance expenses and impact of foreign exchange rates in the current period.

SHARE-BASED PAYMENT

($000)	Nine months ended 30 September 2022	2021
Share-based payment	59	119
Share-based payment ($/boe)	0.23	0.24

During the nine months ended 30 September 2022 share-based compensation decreased to $0.06 million (2021 – $0.1 million) due to lower stock options granted in the preceding 12 months.

NET FINANCE EXPENSE

($000)	Nine months ended 30 September 2022	2021
Interest on leases	28	41
Accretion on decommissioning provision	753	255
Foreign exchange and other	532	16
	1,313	312

During the nine months ended 30 September 2022 net finance expenses increased by $1.0 million (321%) to $1.3 million (2021 – $0.3 million). This increase is mainly due to foreign exchange losses due to the strengthening of the US dollar, as well as higher accretion on decommissioning provision which increased due to the higher discount rates applied to the calculation during the period.

TAXATION

During the nine months ended 30 September 2022 income tax expense was $3.4 million (2021 - $0.1 million). The increase in the tax expense is directly related to higher taxable income in Tunisia during the period.

SHARE DATA

As at the date of issuing this report, the following are the Directors stock options outstanding, LTIP awards, and shares owned up to the date of this report.

	Share Options	LTIP Awards	Shares
Executive Directors:			
Jeffrey Auld	2,580,000	1,656,355	488,875
Andrew Fairclough	175,000	903,631	108,053
Non-Executive Directors:			
Jim Causgrove	10,000	-	40,000
Lukasz Redziniak	-	-	72,000
Jon Kempster [2]	-	-	60,261
	2,765,000	2,559,986	769,189

As of the date of issuing this report, management is aware of the following shareholders holding more than 3% of the ordinary shares of the Group, as reported by the shareholders to the Group: Richard Sneller 11.59%, CRUX Asset Management 8.41%, Quercus TFI SA 7.26%, Canccord (Marlborough Fund Managers) 4.19%, and Spreadex LTD 3.02%.

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

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 revaluation of the condensed consolidated interim statement of financial position to the period-end rates resulted in a loss of $3.4 million (2021 – loss of $1.8 million) through Other comprehensive loss.

[2] Shares held by Catherine Kempster (the spouse of Jon Kempster)

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Operational Update and Outlook. The financial position of the Group is described in these condensed consolidated interim financial statements.

The Directors have given careful consideration to the appropriateness of the going concern assumption, including cashflow forecasts through the going concern period and beyond, planned capital expenditure and the principal risks and uncertainties faced by the Group. This assessment also considered various downside scenarios including oil and gas commodity prices and production rates. Following this review, the Directors are satisfied that the Group has sufficient resources to operate and meet its commitments as they come due in the normal course of business for at least 12 months from the date of these condensed consolidated interim financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these condensed consolidated interim financial statements.

DECLARATIONS OF THE BOARD OF DIRECTORS CONCERNING ACCOUNTING POLICIES

The Board of Directors of the Company confirms that, to the best of their knowledge, the condensed consolidated interim financial statements together with comparative figures have been prepared in accordance with applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Group for the period ended 30 September 2022.

The Financial Review in this report gives a true and fair view of the situation on the reporting date and of the developments during the period ended 30 September 2022 and include a description of the major risks and uncertainties.

Serinus Energy plc
Consolidated Interim Statement of Comprehensive Loss
(US$ 000s, except per share amounts)

		Nine months ended 30 September	
	Note	**2022**	**2021**
Revenue		**41,794**	25,698
Cost of sales			
Royalties		**(2,657)**	(2,480)
Windfall tax		**(14,223)**	(4,190)
Production expenses		**(8,184)**	(6,551)
Depletion and depreciation		**(4,924)**	(8,066)
Total cost of sales		**(29,988)**	(21,287)
Gross profit		**11,806**	4,411
Administrative expenses		**(4,050)**	(3,180)
Share-based payment expense		**(59)**	(119)
Total administrative expenses		**(4,109)**	(3,299)
Decommissioning provision recovery (expense)		**62**	(18)
Operating income		**7,759**	1,094
Finance expense		**(1,313)**	(312)
Net income before tax		**6,446**	782
Tax (expense) recovery		**(3,079)**	54
Income after taxation attributable to equity owners of the parent		**3,367**	836
Other comprehensive loss			
Other comprehensive loss to be classified to profit and loss in subsequent periods:			
Foreign currency translation adjustment		**(3,441)**	(1,828)
Total comprehensive loss for the period attributable to equity owners of the parent		**(74)**	(992)
Earnings per share:			
Basic	4	**0.03**	0.00
Diluted	4	**0.03**	0.00

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

Serinus Energy plc
Condensed Consolidated Interim Statement of Financial Position
(US$ 000s, except per share amounts)

As at	30 September 2022	31 December 2021
Non-current assets		
Property, plant and equipment	**64,322**	71,747
Exploration and evaluation assets	**8,453**	5,042
Right-of-use assets	**483**	370
Total non-current assets	**73,258**	77,159
Current assets		
Restricted cash	**1,064**	1,144
Trade and other receivables	**9,669**	7,396
Product inventory	**525**	656
Cash and cash equivalents	**8,785**	8,429
Total current assets	**20,043**	17,625
Total assets	**93,301**	94,784
Equity		
Share capital	**401,426**	401,426
Share-based payment reserve	**25,546**	25,487
Treasury shares	**(323)**	(121)
Accumulated deficit	**(384,619)**	(387,986)
Cumulative translation reserve	**(4,815)**	(1,374)
Total equity	**37,215**	37,432
Liabilities		
Non-current liabilities		
Decommissioning provision	**23,866**	28,232
Deferred tax liability	**11,416**	10,516
Lease liabilities	**167**	252
Other provisions	**1,358**	1,358
Total non-current liabilities	**36,802**	40,358
Current liabilities		
Current portion of decommissioning provision	**6,572**	6,636
Current portion of lease liabilities	**167**	193
Accounts payable and accrued liabilities	**12,540**	10,165
Total current liabilities	**19,279**	16,994
Total liabilities	**56,086**	57,352
Total liabilities and equity	**93,301**	94,784

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

Serinus Energy plc
Condensed Consolidated Interim Statement of Changes in Shareholder’s Equity
(US$ 000s, except per share amounts)

	Share capital	**Share-based payment reserve**	**Treasury Shares**	**Accumulated deficit**	**Accumulated other comprehensive loss**	**Total**
Balance at 31 December 2020	401,426	25,274	-	(396,410)	1,089	31,379
Loss for the period	-	-	-	(660)	-	(660)
Other comprehensive loss for the period	-	-	-	-	(1,076)	(1,076)
Total comprehensive loss for the period	-	-	-	(397,070)	13	29,643
Transactions with equity owners						
Share-based payment expense	-	104	-	-	-	104
Balance at 30 September 2021	401,426	25,378	-	(397,070)	13	29,747
Balance at 31 December 2021	**401,426**	**25,487**	**(121)**	**(387,986)**	**(1,374)**	**37,432**
Comprehensive income for the period	-	-	-	3,367	-	3,367
Other comprehensive loss for the period	-	-	-	-	(3,441)	(3,441)
Total comprehensive (income) loss for the period	-	-	-	3,367	(3,441)	(74)
Transactions with equity owners						
Share-based payment expense	-	59	-	-	-	59
Shares purchased to be held in Treasury			(202)	-	-	(202)
Balance at 30 September 2022	**401,426**	**25,546**	**(323)**	**(384,619)**	**(4,815)**	**37,215**

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim financial statements

Serinus Energy plc
Condensed Consolidated Interim Statement of Cash Flows
(US$ 000s, except per share amounts)

		Nine months ended 30 September	
	Note	**2022**	**2021**
Operating activities			
Income for the period		**3,367**	836
Items not involving cash:			
Depletion and depreciation		**4,924**	8,066
Share-based payment expense		**59**	119
Tax expense		**3,079**	(54)
Accretion expense on decommissioning provision		**753**	255
Change in other provisions		**-**	70
Foreign exchange loss (gain)		**68**	(23)
Other income		**(3)**	(5)
Decommissioning provision (recovery) expense		**(62)**	18
Income taxes paid		**(1,130)**	(1,132)
Funds from operations		**11,055**	7,828
Changes in non-cash working capital	5	**(2,342)**	2,636
Cashflows from operating activities		**8,713**	10,464
Financing activities			
Lease payments		**(355)**	(217)
Shares purchased to be held in treasury		**(202)**	-
Cashflows used in financing activities		**(557)**	(217)
Investing activities			
Capital expenditures	5	**(7,476)**	(9,865)
Proceeds on disposition of property, plant and equipment		**-**	8
Cashflows used in investing activities		**(7,476)**	(9,857)
Impact of foreign currency translation on cash		**(324)**	(23)
Change in cash and cash equivalents		**356**	367
Cash and cash equivalents, beginning of period		**8,429**	6,002
Cash and cash equivalents, end of period		**8,785**	6,369

The accompanying notes on pages 15 to 16 form part of the condensed consolidated interim 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.

2. BASIS OF PRESENTATION

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted by the United Kingdom applied in accordance with the provisions of the Companies (Jersey) Law 1991.

These condensed consolidated interim financial statements are expressed in U.S. dollars unless otherwise indicated. All references to US$ are to U.S. dollars. All financial information is rounded to the nearest thousands, except per share amounts and when otherwise indicated.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated interim financial statements are described in Note 5 to the consolidated financial statements for the year ended 31 December 2021. There has been no change in these areas during the nine months ended 30 September 2022.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Operational Update and Outlook. The financial position of the Group is described in these condensed consolidated interim financial statements and in the Report from the CFO.

The Directors have given careful consideration to the appropriateness of the going concern assumption, including cashflow forecasts through the going concern period and beyond, planned capital expenditure and the principal risks and uncertainties faced by the Group. This assessment also considered various downside scenarios including oil and gas commodity prices and production rates. Following this review, the Directors are satisfied that the Group has sufficient resources to operate and meet its commitments as they come due in the normal course of business for at least 12 months from the date of these condensed consolidated interim financial statements. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these condensed consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared following the same basis of measurement, accounting policies and methods of computation as described in the notes to the consolidated financial statements for the year ended 31 December 2021. There has been no change to the accounting policies or the estimates and judgements which management are required to make in the period. The business is not subject to seasonal variations. Information in relation to the operating segments and material primary statement movements can be found within the management discussion at the front of this report.

4. EARNINGS PER SHARE

	Period ended 30 September	
($000's, except per share amounts)	**2022**	**2021**
Income for the period	3,367	836
Weighted average shares outstanding:		
Basic	114,714,372	116,316,068
Diluted	114,714,372	117,445,549
Income per share - Basic and diluted	0.03	0.00

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 period ended 30 September 2022, the Group excluded 3.4 million stock options (2021 – 3.2 million) as they were non-dilutive.

5. SUPPLEMENTAL CASH FLOW DISCLOSURE

Period ended 30 September

(US$ 000s, except per share amounts, unless otherwise noted)

	2022	2021
Cash provided by (used in):		
Trade and other receivables	(3,085)	2,466
Product inventory	(19)	-
Accounts payable and accrued liabilities	764	154
Restricted cash	(2)	16
Changes in non-cash working capital from operating activities	(2,342)	2,636

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

	Period ended 30 September	
	2022	**2021**
PP&E additions	4,402	4,604
E&E additions	4,221	4,706
Total capital additions	8,623	9,310
Changes in non-cash working capital from investing activities	(1,147)	555
Total capital expenditures	7,476	9,865

6. PRIOR YEAR COMPARATIVES

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

7. SUBSEQUENT EVENT

On 5 October 2022, the Company announced that it had the Moftinu Nord-1 well was drilled to a total depth of 1,000 metres, targeting four prospective hydrocarbon zones. Well logging and gas show readings determined that these zones had indications of residual gas, but they do not contain sufficient gas resources to justify proceeding with the testing and completion program for the well. Drilling operations were performed without incident.