Serinus Energy plc

2022 Annual Report and Accounts
(US dollars)

2022 HIGHLIGHTS

FINANCIAL

- Revenue for the year ended 31 December 2022 was $49.3 million (31 December 2021 - $40.0 million)
- EBITDA for the year ended 31 December 2022 was $12.7 million (31 December 2021 - $12.3 million)
- The Company generated net income of $1.6 million, which includes a $1.9 million asset impairment (31 December 2021 – net income of $8.4 million)
- The Company realised a net price of $149.46/boe for the year ended 31 December 2022, comprising:
  - Realised oil price - $94.39/bbl
  - Realised natural gas price - $34.53/Mcf
- The Group's operating netback remained strong for the year ended 31 December 2022 and was $107.59/boe (31 December 2021 - $44.60/boe), comprising:
  - Romania operating netback - $181.57/boe (31 December 2021 - $52.44/boe)
  - Tunisia operating netback - $54.34/boe (31 December 2021 - $29.77/boe)
- Capital expenditures of $12.9 million (31 December 2021 - $10.7 million), comprising:
  - Romania - $8.4 million
  - Tunisia - $4.5 million
- Third party reserves report attributes $85.4 million of Net Present Value at a 10% discount rate to the audited Proved and Probable Reserves of the Company as at 31 December 2022
- Cash balance as at 31 December 2022 was $4.9 million

OPERATIONAL

- Completed the Romanian near-term exploration programme in 2022. Drilled two exploration wells in Romania in 2022. Both the Moftinu Nord-1 well and the Canar-1 well encountered gas in targeted reservoirs however quantities did not justify commercial development
- The Canar-1 well has been completed for use as a solar powered water injection well. Water from Moftinu field is being disposed of at Canar-1 resulting in a cost saving of approximately $800,000 per year
- The second compressor at the Moftinu field was commissioned in February 2022. The compressors have stabilised production and will extend overall field life
- The Company initiated a comprehensive block wide Geological Review engaging RISC Consultancy to take the Company's existing database of 2D, 3D and well data and using that database construct a consistent geological model. This model, containing all of the extensive legacy and modern data covers the entirety of the 3000 km^2 Satu Mare concession
- Knowledge from the Moftinu field development and recent exploration drilling has been incorporated into the comprehensive geological model to guide the Company in its further exploration of the highly prospective and multi-play Satu Mare concession
- In Tunisia, the workover to install the first submersible pump for the Artificial Lift programme has commenced at the Sabria field. Plans for additional pumps in the Sabria field are being progressed
- Workovers in the Chouech Es Saida field continue the increased production from wells CS-3 and CS-1
- Production for the year averaged 889 boe/d, comprising:
  - Romania – 379 boe/d
  - Tunisia - 510 boe/d

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 the 3,000km^2 Satu Mare Concession. The Satu Mare Concession area includes the Moftinu Gas Project which was brought on production in April 2019 and has produced approximately 9.2 Bcf and $90.9 million of revenue to the end of 2022. In addition to the Moftinu Gas Development Project the Satu Mare Concession holds several highly prospective exploration plays. Serinus' recently completed block wide geological review has highlighted the potential of several plays that have encountered oil and gas on the block. Focus on proven hydrocarbon systems known productive trends that need further data and studies over 40 legacy wells on the concession area have encountered oil and gas. The Company has identified numerous additional gas prospects identified by historic drilling and legacy 2D seismic. The concession is extensively covered by legacy 2D seismic, augmented by the Company's own 3D and 2D acquisition programs that have further refined the identified prospects. Putting this extensive evidence based analysis together in a block wide review has allowed the Company to identify a pathway towards future exploration growth.

TUNISIA

The Company's Tunisian operations are comprised of two concession areas. The largest asset in the Tunisian portfolio is the Sabria field, which is a large oilfield play with an estimated original in-place volume of 445 million barrels-of-oil-equivalent of which 1.1% has been produced to date. Serinus considers this historically under-developed field to be an excellent asset for development work to significantly increase production in the near-term. The Company has embarked on an artificial lift programme whereby the first pumps in the Sabria field will be installed. Independent third-party studies suggest that the use of pumps in this field can have a material impact on production volumes. The Chouech Es Saida concession in southern Tunisia holds a producing oilfiled that produces from three wells. Underlying this oil field are significant gas prospects. These prospects lie in a structure that currently produces gas in an adjacent block. Exploration of these lower gas zones became commercially possible with the recent construction of gas transportation infrastructure in the region. Upon exploration success these prospects can be developed in the medium term, with the ability to access the near-by under-utilised gas transmission capacity.

OPERATIONAL SUMMARY AND OUTLOOK

CORPORATE

With the disruption of the COVID-19 pandemic and the associated global supply chain interruptions receding in 2022 the Company was able to advance its exploration and development projects. A critical foundation to the advancement of these projects is the cash flow generation inherent in our production assets. For the year to 31 December 2022, the Company generated cashflow from operating activities of $7.5 million and invested $10.7 million of capital expenditure. The Company has a working capital surplus and in 2022 allocated the majority of the cash flow generated by the businesses to near-term exploration and production opportunities.

The Company continues to focus on the active management of the Moftinu Gas field production levels. The Moftinu gas field is a shallow gas field that has initial high production rates followed by natural declines. Managing these declines to extract the most value from the gas in place has allowed the Company to extract $90.9 million of revenue from this field since production began in 2019.

The Company continues to advance the implementation of its artificial lift programme in the Sabria field in Tunisia, beginning with the Sabria-W1 well. In 2022 the Company was frustrated in accelerating the installation of the first pump in the Sabria field by the default of the national rig company in Tunisia, Compagnie Tunisienne de Forage ("CTF"). The initial rig contract committed CTF to provide their rig CTF-006 in mid-2022 but CTF was unable to provide the rig as per their contractual obligation. An alternative rig (CTF-004) was mobilised to the site in December 2022.

The Company's capital programme in 2022 was therefore concentrated on the two exploration wells, Canar-1 and Moftinu Nord-1, drilled in Romania and the acceleration of the design and permitting of a new 2D seismic programme. The new 2D seismic was designed to complement the existing 2D seismic and tie to existing 3D seismic data to refine the high-rank prospects adjacent to the Moftinu gas field.

The Company, under the authority granted by the shareholders at the 2022 Annual General Meeting, executed the purchase of its own shares. The Board believes that the share price at the time of its purchases did not reflect the intrinsic value of the business and will continue to evaluate the investment return of share buybacks as part of its allocation of capital across the Group (note 17).

ROMANIA

The Group's Romanian operating subsidiary holds the licence to the Satu Mare concession area, covering approximately 3,000 km^2 in the north-west of Romania. The Moftinu Gas Development project began production in 2019. The development project includes the Moftinu gas plant, and currently has four gas production wells - Moftinu -1003, Moftinu-1004, Moftinu-1007 and Moftinu-1008. During 2022, the Company's Romanian operations produced a total of 826 MMcf of gas and 527 barrels of condensate, equating to an average daily production of 379 boe/day.

The Company has completed all of its commitments under the third exploration phase of the Satu Mare Concession Agreement, and in October 2021, received an additional two-year evaluation phase on the Satu Mare Concession until 27 October 2023. The Company is in routine conversations with the National Agency for Mineral Resources ("NAMR") regarding the further extension of this concession and will apply for a further appraisal period during 2023. The greater Moftinu gas field area has been declared a commercial field and is exempt from this routine licence extension procedure.

During the year the Company drilled two exploration wells; Canar-1 and Moftinu Nord-1, adjacent to the Moftinu gas field. These near field prospects were selected due to their proximity to the Moftinu Gas Plant. It was expected that, upon success, these fields could be quickly tied into the existing processing infrastructure to deliver near-term cash flow. Regrettably both wells discovered gas in the expected zones however neither field contained sufficient gas to justify commercial development. The Canar-1 well was drilled on time and under budget and encountered gas in four prospective zones. Post drilling analysis suggest that the seal of the reservoir was compromised and did not sufficiently prevent the gas from migrating away from the reservoir. The Moftinu Nord-1 well was drilled on time and under budget but demonstrated a similar compromise of seal to the Canar-1 well. Whilst it is disappointing to have discovered gas but to have that gas be in insufficient quantities, these two wells give greater insights into those risks that must be focused on while drilling exploration wells on various prospects. Both Canar-1 and Moftinu Nord-1 demonstrated Type-3 AVO responses. Typically, such a response is considered a Direct Hydrocarbon Indicator. The two exploration wells demonstrated the effectiveness of the AVO responses and the use of AVO to identify gas accumulations. The wells also highlighted the requirement to focus on seal types to allow for future success, especially for such shallow targets. In the third quarter of 2022 the Company initiated a third party independent geological review of the Satu Mare Concession. This review was designed to be a block wide review of the geological development of the many play types on the block. The review was conducted by RISC, a geologic consulting firm, and was designed to combine the myriad of technical information into a block wide exploration model. During the study Serinus technical personal worked with RISC to analyse the many historical wells and multitude of legacy 2D seismic. This is the first time that a block wide review of all technical information has been prepared and the results are a valuable tool for future exploration opportunities.

Additional interpretation work is also being conducted on the Santau 3D area with a view to confirming drilling locations on prospects that will form the basis for future multi-well drilling campaigns.

After the drilling of Canar-1, the Company has implemented the technical program to convert this well into a water injection well. This will allow the produced water volumes from the Moftinu wells to be injected in Canar-1. The Company applied for and received all local and national permits, to get Canar-1 approved as a water injection well. Produced water injection began in the fourth quarter of 2022. The use of Canar-1 as a water injection well has resulted in a significant savings in operating expense. Previous water disposal required extensive trucking of produced water volumes, injection using the Canar-1 well has resulted in cost savings in water transportation and water injection of 91%, approximately $800,000 per year. At these injection levels, Canar-1 will recover the cost of drilling and conversion to water injection during 2023.

The Company incorporated a new gas trading subsidiary, Serinus Energy Romania Trading S.r.l. in October 2021, which trades the Company's Romanian gas production into the Romanian market. Serinus Energy Romania Trading S.r.l was created to allow our licensed gas traders to directly access the Romanian gas market and to capture the full value of gas prices in Romania through the ability to access all available types of contracts of various durations and respond accordingly to the price signals of these contracts. Gas pricing in Romania has moved significantly in 2022 from a low of $31/Mcf to a high of $67/Mcf. Much of this price volatility has occurred counter to typical pricing seasonality. The ability of the Company to utilise its own gas trading function has resulted in an average realised price of $39.96/Mcf for 2022, with an average realised gas price of $37.07/Mcf in the fourth quarter of 2022. Whilst lower than the highs of 2022 current gas prices on the Romanian Commodity Exchange ("BRM") remain strong over the first quarter of 2023.

Serinus has continued to operate safely and effectively in Romania throughout the period. As at the year-end 2022, the Company had achieved 1,347 accident-free days of continuous operation which is a testament to the professionalism and hard work of our team in Romania.

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

After the year-end the Company announced the successful conclusion of its arbitration against its former partner.

TUNISIA

The Company currently holds two concession areas within Tunisia. These concession areas both contain discovered oil and gas reserves and are currently producing. The largest asset is the Sabria field. Sabria is a large, conventional oilfield which the Company’s independent reservoir engineers have estimated to have approximately 445 million barrels of oil equivalent originally in place. Of this oil in place only 1.1% has been produced to date due to a low rate of development on the field. Serinus has spent extensive time studying the best means of further developing this field and considers this to be an excellent asset for remedial work to increase production and, on completion of ongoing reservoir studies, to conduct further development operations.

A major project for the operations in Tunisia in 2022 is the introduction of the first Artificial Lift programme to be implemented on the W-1 well in the Sabria field. The W-1 is a currently suspended well that was identified as a candidate to benefit from the installation of a pump. The Company agreed a rig contract with the Compagnie Tunisienne de Forage (“CTF”), the national drilling company. The contract allowed for the provision of a drilling rig to conduct the W-1 workover. The rig was originally scheduled to have been delivered to the W-1 site in May 2022. The Company was made aware that for a variety of reasons CTF was unable to provide the rig that was named in the agreed rig contract, CTF-006. Additionally, CTF informed the company that it did not have another rig available and suitable for the work that the Company anticipated. Having defaulted on the contract, CTF worked with the Company to procure a replacement rig. However, the replacement rig, CTF-004 was only able to be provided late in 2022. This frustrating delay has meant that the W-1 work over and pump installation has not been completed in 2022. Following the successful completion of the W-1 workover and pump installation the Company anticipates commencing a programme to install artificial lift in the remaining candidate wells in Sabria.

The delays faced by the CTF default have also affected the workover of the N-2 well in Sabria. This well was drilled in 1980 but was damaged during completion and, although in proximity to producing wells, was not able to flow oil to surface due to damage during completion. The workover program will re-complete the well and remove any wellbore restrictions. The Company anticipates that the N-2 well will be on production in mid-2023.

During the year, the Company conducted further workover operations in the Chouech Es Saida area to replace and standardise pumps in order to increase production and efficiency. Better pump design and installation has increased the pump life from seven months in 2019 to 24 months in 2022. The Company has applied to extend the Ech Chouech licence but this expired in June 2022. The Company intends to continue its application to regain the licence once the licence process is formalised.

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 closed or reduced the presence of staff in our Head Office, Administration Office and our Business Unit Offices. Our field operations continue to remain ready

to modify daily tasks and routines to ensure safe practices for all staff, as required. Existing operations have remained in production and our producing assets have seen no significant operational setbacks resulting from the COVID-19 pandemic.

SERINUS INVESTMENT THESIS

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

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

In Tunisia, the Company's operations are focused on the Sabria and Chouech Es Saida 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 1.1% 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 field in southern Tunisia offers attractive opportunities to increase production from existing oilfields through the application of standard oilfield practices. Serinus' Tunisian assets can be typified as existing discovered and producing oilfields where field optimisation provides the path to production, revenue and cash flow growth with no exploration risk. Underlying the Chouech field is the prospective Acacus gas zone. Gas has been discovered and produced from this zone in nearby concessions and recent gas infrastructure developments make this exploration opportunity commercially attractive.

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

SERINUS' STRATEGY

VISION

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

STRATEGY

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

1. Leverage Land Position:
   - One concession in Romania with multiple play types and prospects
   - Two exploration and production concessions in Tunisia with all work commitments completed
   - Extensive oil and natural gas exploration and development potential within multiple play horizons

2. Commitment to Shareholders:
   - Cohesive management team with a commitment to enhancing shareholder value
   - Abide by the highest thresholds of disclosure for an AIM-listed Company
   - Extensive experience and a proven track record of the allocation of shareholder capital

3. Manage Risks:
   - Managing surface and subsurface risks through constant evaluation and introduction of new technologies
   - Allocate capital to projects with attractive returns at relatively low risk profiles
   - Operator of all concessions allows for cost control

4. Focus on Growth:
   - Leverage cash flow to grow through expanded exploration and development of the existing asset base
   - Seek acquisitions that will provide synergies at a cost that is accretive to shareholders

CHAIRMAN'S LETTER

Dear shareholders,

It is my pleasure to write this letter to you as Chairman of Serinus Energy plc.

2022 is another year that will be remembered by all of us, primarily due to tragic war developments also heavily impacting oil and gas sector. Our Board, however, is eager to report that notwithstanding the constraints, the Company continues to generate strong cash flow and earnings. As shareholders will recall 2021 was the first year since the Company's inception that positive earnings were generated. I am happy to report that the trend is being continued and that the Company generates positive earnings from operations in 2022. Cost control remains essential to a cyclical commodities based business and I can assure you that in our case it does remain stable in the face of some very difficult inflation.

Inflation remains one of the challenges posed by the COVID-19 pandemic and our team has remained focused on executing our business plan and delivering value to our stakeholders. Our production has declined in Romania in line with the parameters of a shallow gas field. It is now important that we use our technical skills to find the next Moftinu Gas Development. It must be remembered as we near the $100 million of revenue from the Moftinu gas field that these low-cost high return shallow gas fields offer dramatic earnings. Consequently the strategy in Romania remains the same as we transition to finding the another Moftinu-like opportunity. The Satu Mare Concession is a very large concession and we have so far identified more than thirty prospect opportunities with expected 181 million barrels of oil equivalent to be explored for. Upon success any one of these prospects can offer the so rewarding returns we saw with Moftinu. There are clearly major opportunities yet to be discovered there.

In Tunisia our strategy continues to focus on the improvement in recovery from the Sabria field. Sabria is a large conventional oil field that has had little more than one percent of the in-place oil volumes recovered. Social and political turmoil in Tunisia has made our work difficult but we remain confident in the technical capabilities of our teams and the large upside that is available in Sabria. As we look beyond the artificial lift programme our teams are preparing the technical work for new wells. As part of the longer-term strategy the Company would be eager to have the conditions allowing for new producing wells to be drilled in Sabria.

We have also made important investments in our operations, including drilling new wells and upgrading existing facilities. As the nature of our business sometimes unfortunately dictates the exploration wells drilled in Romania were not commercially successful and I certainly share our shareholders frustrations when we come so close by discovering gas but fail at a later stage as there was simply not enough gas to ensure commercial sales. This was highly disappointing however I know that this is what exploration is like and I am comfortable that the low-risk, low-cost nature of our exploration programme will come to success in the near future.

Looking ahead, we are confident in the future of the energy sector, countries that we operate and the continued growth of our company. We remain focused on executing our strategy, delivering value to our shareholders, and contributing to the communities in which we operate.

Thank you for your continued support. I look forward to updating you on our progress in the coming year.

Yours sincerely,

Lukasz Rędziniak, Chairman of the Board of Directors

17 March 2023

LETTER FROM THE CEO

Dear Fellow Shareholders,

2022 was an operationally challenging year for Serinus as inflation continued to pressure the business. Sweeping inflation in costs across the business required nimble solutions and a far greater degree of anticipation as we worked to achieve our operational targets. The Company reacted by ordering long lead items for our drilling plans well in advance of what we would normally consider. These actions allowed us to avoid the steep inflation in steel tubulars and other manufactured oilfield equipment. Delays to fabrication eased in 2022 and we did not see some of the delays that were globally experienced in 2021. We have pre-ordered the requisite pumps for the Tunisian artificial lift programme and those pumps are in hand in anticipation of our programme. As we look forward, we see inflation beginning to moderate however our cost control focus will continue unabated.

Commodity prices once again took the headlines in 2022 as Russia invaded Ukraine and caused disruption to global energy markets. Gas prices in Europe spiked and the Company's Romania trading subsidiary was able to take advantage of these heightened gas prices. Inevitably the higher commodity prices globally have allowed governments to review fiscal terms and, in many countries, increased windfall taxes were the result. In Romania we have been exposed to windfall taxes since the inception of production in Moftinu and no fiscal changes have affected us. Fiscal terms in Tunisia have remained stable and there has been no indications that these terms will change.

Operationally 2022 saw our business pursue our strategy in Romania of transitioning from a wholly production business to searching for the next leg of growth. The strategy included two near field exploration wells that were designed to add production to the existing gas plant infrastructure. Frustratingly these two wells did not discover enough gas to assure commercial production and were therefore suspended. The Canar-1 well has now been converted to a water injection well and has provided savings of approximately $60,000 per month in water disposal costs. Whilst these two wells were not commercially successful they did provide the encouragement that the Satu Mare concession is highly gas prone and significant exploration opportunities remain to be explored by the Company. The results of the Canar-1 and Moftinu Nord-1 wells showed that the seal on reservoirs is a risk that needs to be better understood. To that end the Company engaged independent geological and geophysical consultants to perform a block wide technical review to refine our understanding of which exploration opportunities to pursue next. The block remains highly prospective, and the estimated size of the prospective resources offers a considerable economic prize for the business.

In Tunisia our strategy of increasing the recovery factor from our fields has continued. Global delays to fabrication have meant that pump procurement has been delayed and in June we were informed by the Compagnie de Tunisienne de Forage ("CTF"), Tunisia's state owned, monopoly, drilling company that the rig that we had contracted would not be made available to us. Having defaulted on this contract the CTF then attempted to provide a replacement rig. The rig suggested was not certified to the degree required by Serinus and was therefore delayed until mid-December. Given the state owned, monopolistic nature of CTF the Company was deprived of normal contractual remedies and was forced to wait until a suitable rig became available. This has meant the initial workovers associated with our pump programme were not completed within 2022 as anticipated. Technically the merits of this programme remain valid and the Company is doggedly pursuing the completion of the workovers in SAB W-1 and N-2 as soon as possible.

As we move into 2023 we remain confident that the technical strategy of the business is sound. Execution of the strategy has been slower than hoped but the considerable upside, both through exploration in Satu Mare and enhanced production in Tunisia remain excellent catalysts for growth in the business.

Yours sincerely,

Jeffery Auld, Chief Executive Officer

17 March 2023

REPORT FROM THE CFO

LIQUIDITY, DEBT AND CAPITAL RESOURCES

During the year the Company invested a total of $12.9 million (2021 - $10.7 million) on capital expenditures before working capital adjustments. In Romania, the Group invested $8.4 million (2021 - $9.5 million) during the year, mostly on the 2D seismic programme and drilling the Canar-1 and Moftinu Nord-1 exploration wells. In Tunisia, the Company invested $4.5 million (2021 - $1.2 million) completing workovers and purchasing long lead items for the Sabria artificial lift programme.

The Company's funds from operations for the year ended 31 December 2022 were $11.4 million (2021 - $10.2 million). Including changes in non-cash working capital, the cash flow generated from operating activities in 2022 was $7.4 million (2021 – $14.1 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.

	Year ended 31 December	
($000)	**2022**	**2021**
Current assets	**16,654**	17,625
Current liabilities	**16,571**	16,994
Working Capital	**83**	631

The working capital surplus at 31 December 2022 was $0.1 million (2021 – $0.6 million). The working capital is primarily a result of the capital investment programme through the second half of the year which included drilling two exploration wells and the preparations for the artificial lift programme in Tunisia.

Current assets as at 31 December 2022 were $16.7 million (31 December 2021 - $17.6 million), a decrease of $0.9 million. Current assets consist of:

- Cash and cash equivalents of $4.9 million (2021 - $8.4 million).
- Restricted cash of $1.1 million (2021 - $1.1 million).
- Trade and other receivables of $10.0 million (2021 - $7.4 million).
- Product inventory of $0.7 million (2021 - $0.7 million)

Current liabilities as at 31 December 2022 were $16.6 million (2021 – $17.0 million), a decrease of $0.4 million. Current liabilities consist of:

- Accounts payable and accrued liabilities of $9.3 million (2021 - $9.7 million).
- Decommissioning provision of $5.1 million (2021 - $6.6 million).
    - Brunei - $nil million (2021 - $1.6 million).
    - Canada - $0.8 million (2021 - $1.0 million) which are offset by restricted cash in the amount of $1.1 million (2021 - $1.1 million) in current assets.
    - Romania - $0.5 million (2021 - $0.3 million).
    - Tunisia - $3.8 million (2021 - $3.7 million).
- Income taxes payable of $1.9 million (2021- $0.5 million).
- Current portion of lease obligations of $0.3 million (2021 - $0.2 million).

NON-CURRENT ASSETS

Property, plant and equipment ("PP&E") decreased to $62.3 million (2021 - $71.7 million). The decrease is due to depletion expense of $6.7 million, a change in the estimate of asset retirement assets of $5.4 million, disposal of assets of $1.1 million and an impairment expense of $1.9 million in Moftinu. The reductions in PP&E were partially offset by additions of $7.7 million, net of foreign exchange adjustments of $2.0 million. Exploration and evaluation assets ("E&E") increased to $10.5 million (2021 - $5.0 million), due to expenditures incurred on the Canar-1 and Moftinu Nord-1 exploration wells.

FINANCIAL REVIEW – YEAR ENDED 31 DECEMBER 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:

	Year ended 31 December	
($000)	**2022**	**2021**
Cash flow from operations	**7,387**	14,099
Changes in non-cash working capital	**4,052**	(3,866)
Funds from operations	**11,439**	10,233
Funds from operations per share	**0.10**	0.09

Romania generated funds from operations of $9.1 million (2021 – $10.9 million) and Tunisia generated $8.0 million (2021 - $3.9 million). Funds used at the Corporate level were $5.6 million (2021 - $4.6 million) resulting in net funds from operations of $11.4 million (2021 – $10.2 million).

PRODUCTION

Year ended 31 December 2022	**Tunisia**	**Romania**	**Group**	**%**
Crude oil (bbl/d)	447	-	447	50%
Natural gas (Mcf/d)	384	2,263	2,647	50%
Condensate (bbl/d)	-	1	1	-
Total (boe/d)	511	379	889	100%

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

During the year, production volumes decreased 759 boe/d (46%) to 889 boe/d (2021 – 1,649 boe/d) primarily due to a combination of natural production declines and the shut-in of a well in Moftinu. Romania's production volumes decreased by 700 boe/d (65%) to 379 boe/d (2021 – 1,078 boe/d) while production in Tunisia declined slightly by 59 boe/d (10%) to 511 boe/d following the expiry of the licence at Ech Chouech, offsetting stronger production at the Sabria and Chouech Es Saida concessions.

OIL AND GAS REVENUE

($000) **Year ended 31 December 2022**	**Tunisia**	**Romania**	**Group**	**%**
Oil revenue	15,854	-	15,854	31%
Gas revenue	1,576	31,793	33,369	68%
Condensate revenue	-	57	57	1%
Total revenue	17,430	31,850	49,280	100%
Year ended 31 December 2021				
Oil revenue	10,984	-	10,984	27%
Gas revenue	1,993	26,809	28,802	72%
Condensate revenue	-	198	198	1%
Total revenue	12,977	27,007	39,984	100%

REALISED PRICE[1]

Year ended 31 December 2022	**Tunisia**	**Romania**	**Group**
Oil ($/bbl)	94.39	-	94.39
Gas ($/Mcf)	11.24	38.48	34.52
Condensate ($/bbl)	-	81.33	81.33
Average realised price ($/boe)	91.10	230.15	149.45
Year ended 31 December 2021			
Oil ($/bbl)	65.19	-	65.19
Gas ($/Mcf)	9.18	11.45	11.25
Condensate ($/bbl)	-	59.75	59.75
Average realised price ($/boe)	63.40	68.61	66.82

Revenue during the year increased to $49.3 million (2021 – $40.0 million) as the Group saw the average realised price increase by $82.64/boe (124%) to $149.45/boe (2021 - $66.82/boe).

The Group's average realised oil price increased by $29.20/bbl (45%) to $94.39/bbl (2021 – $65.19/bbl), and average realised natural gas prices increased by $23.28/Mcf (207%) to $34.53/Mcf (2021 - $11.25/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 is sold to the international market through periodic liftings. In 2022, the Group completed three liftings (2021 – four liftings).

[1] For the year ended 31 December 2022, Tunisia realised oil prices are calculated using oil sales volumes of 525 bbl/d (2021 – 461 bbl/d). As at 31 December 2022 there were 6,664 bbls of oil in inventory (2021 – 12,229).

ROYALTIES

($000)	Year ended 31 December 2022	2021
Tunisia	**2,182**	1,715
Romania	**1,132**	1,605
Total	**3,314**	3,320
Total ($/boe)	**9.38**	5.55
Tunisia oil royalty (% of oil revenue)	**12.9%**	13.2%
Romania gas royalty (% of gas revenue)	**3.6%**	6.0%
Total (% of revenue)	**6.7%**	8.3%

Royalties were flat for the full year at $3.3 million (2021 - $3.3 million) while the Group's average royalty rate decreased to 6.7% (2021 – 8.3%). The Romanian royalty rate was lower for the year primarily as a result of the statutory royalty rate decreasing to 3.5% due to lower production. The royalty is calculated using a reference price that is set by the Romanian authorities and not the realised price to the Company. Romanian royalty rates vary based on the level of production during a quarter. Natural gas royalty rates range from 3.5% to 13.0% and condensate royalty rates from 3.5% to 13.5%.

In Tunisia royalties vary based on individual concession agreements. Sabria royalty rates vary depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the "R factor". As the R factor increases, so does the royalty percentage to a maximum rate of 15%. During 2022, the royalty rate remained unchanged in Sabria at 10% for oil and 8% for gas. Chouech and Ech Chouech royalty rates were flat at 15% for both oil and gas.

PRODUCTION EXPENSES

($000)	Year ended 31 December 2022	2021
Tunisia	**4,851**	5,174
Romania	**5,591**	4,758
Canada	**49**	44
Group	**10,491**	9,976
Tunisia production expense ($/boe)	**25.35**	25.26
Romania production expense ($/boe)	**40.40**	12.09
Total production expense ($/boe)	**31.82**	16.67

During the year production expenses increased by $0.5 million (5%) to $10.5 million (2021 - $10.0 million). Per unit production expenses increased by $15.15/boe (91%) to $31.82 (2021 - $16.67).

Tunisia's production expenses decreased from the prior year to $4.9 million (2021 - $5.2 million) but increased on a per unit production basis to $25.35/boe (2021 - $25.26/boe). Romania's overall operating costs increased by $0.9 million (18%) to $5.6 million (2021 – $4.7 million), with per unit production expenses increasing by $28.31/boe (235%) to $40.40/boe (2021 - $12.09/boe) due to lower production and the overall increase in production expenses primarily as 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.

	Year ended 31 December 2022		
($/boe)	**Tunisia**	**Romania**	**Group**
Sales volume (boe/d)	524	378	903
Realised price	91.10	230.15	149.46
Royalties	(11.41)	(8.18)	(10.05)
Production expense	(25.35)	(40.40)	(31.82)
Operating netback	54.34	181.57	107.59

	Year ended 31 December 2021		
($/boe)	**Tunisia**	**Romania**	**Group**
Sales volume (boe/d)	561	1,078	1,639
Realised price	63.40	68.61	66.82
Royalties	(8.37)	(4.08)	(5.55)
Production expense	(25.26)	(12.09)	(16.67)
Operating netback	29.77	52.44	44.60

The Group operating netback increased by $62.99/boe (141%) to $107.59/boe (2021 - $44.60/boe). The increase is due to higher realised prices through the period, partially offset by higher production expenses.

The Company also generated a gross profit of $12.9 million (2021 –$7.2 million), largely due to a significant increase in the Company's netbacks as well as a decrease to depletion as described below.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION and AMORTISATION ("EBITDA")

Serinus uses EBITDA as a key performance indicator to assist management in understanding Serinus' cash profitability. EBITDA is computed as net profit/loss and adding back interest, taxation, depletion and depreciation, and amortisation expense and in 2022 includes an impairment expense of $1.9 million. EBITDA is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities. During the 12 months ended 31 December 2022, the Group's EBITDA increased by $0.4 million to $12.7 million (2021 - $12.3 million).

WINDFALL TAX

	Year ended 31 December	
($000)	**2022**	**2021**
Windfall tax	**16,014**	9,432
Windfall tax ($/Mcf - Romania gas)	**19.38**	3.99
Windfall tax ($/boe - Romania gas)	**116.30**	23.96

During 2022, the Group incurred windfall taxes in Romania of $16.0 million (2021 - $9.4 million), an increase of $6.6 million (70%). This increase is directly related to higher realised gas prices which increased from an average realised price of $11.45/Mcf in 2021 to $38.48/Mcf in 2022.

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

	Year ended 31 December	
($000)	**2022**	**2021**
Tunisia	**2,783**	3,256
Romania	**3,623**	6,650
Corporate	**158**	149
Total	**6,564**	10,055
Tunisia ($/boe)	**14.54**	15.89
Romania ($/boe)	**26.19**	16.89
Total ($/boe)	**19.91**	16.80

Depletion and depreciation expense decreased by $3.4 million (35%) to $6.6 million (2021 - $10.1 million), being a per unit increase of $3.11/boe (19%) to $19.91/boe (2021 - $16.80/boe). The decrease in expense is primarily due to a lower depletable base on the Group's assets and lower production during the year.

GENERAL AND ADMINISTRATIVE ("G&A") EXPENSE

	Year ended 31 December	
($000)	**2022**	**2021**
G&A expense	**5,300**	4,479
G&A expense ($/boe)	**16.07**	7.47

G&A costs increased during the year by $0.8 million (18%) to $5.3 million (2021 - $4.5 million), being an increase of $8.60/boe (115%) to $16.07/boe (2021 - $7.47/boe) due to lower production, with the increase in costs attributable to higher compliance expenses, inflation and the impact of foreign exchange rates in the current year.

SHARE-BASED PAYMENT

	Year ended 31 December	
($000)	**2022**	**2021**
Share-based payment	**70**	213
Share-based payment ($/boe)	**0.20**	0.36

Share-based compensation decreased by $0.1 million (67%) to $0.1 million (2021 – $0.2 million). This decrease is due to 5,000 share options being granted in the current year (2021 – 0.2 million).

NET FINANCE EXPENSE

	Year ended 31 December	
($000)	**2022**	**2021**
Interest on leases	**33**	53
Accretion on decommissioning provision	**1,143**	377
Foreign exchange and other	**461**	14
	1,637	444

Net finance expense for 2022 increased by $1.2 million (246%) to $1.6 million (2021 – $0.4 million). Accretion on decommissioning provision increased by $0.8 million due to increases in decommissioning obligations in the year.

RELEASE OF PROVISION

Year ended 31 December	2022	2021
Release of provision	1,639	6,636

In 2022, the Company reversed a provision of $1.6 million related to historic decommissioning liabilities which have expired due to the passage of statute of limitations.

The release of provision in 2021 was the reversal of a provision of $6.6 million related to an exploration penalty due to the passage of statute of limitations.

IMPAIRMENT

At 31 December 2022, the Company completed an impairment assessment to determine if there were any indicators of impairment or impairment reversals. In Tunisia, there were no indicators of impairment or impairment reversals identified at Sabria or South Tunisia. The Company had applied to extend the Ech Chouech licence but this expired in June 2022. The Company intends to continue its application to regain the licence once the licence application process is formalised. No indication has been received that they will not be successful once the process to re-apply becomes available and as such has made the judgement that it will be able to regain the Ech Chouech licence and therefore no impairment has been charged to this asset. In Moftinu, the Company determined that there was an indicator of impairment and recorded an impairment expense of $1.9 million.

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

During the year ended 31 December 2022 income tax expense was $3.1 million (31 December 2021 - $0.4 million). The change in income tax expense is due to the recovery of tax basis in Tunisia during the year.

SOLIDARITY TAX

On 29 December 2022, the Government of Romania published Emergency Ordinance no.186/2022 detailing measures to implement Council Regulation (EU) 2022/1854 regarding the emergency intervention to introduce a solidarity contribution for companies that carry out activities in the oil, natural gas, coal and refinery sectors. This additional tax in Romania is calculated at a rate of 60% applied to the company's annual profit, in excess of 20% of its average profits for the financial years 2018-2021. The solidarity tax will apply for the financial years 2022 and 2023.

The Company does not believe that the solidarity tax is applicable to it and has received legal advice to support that position and will challenge the legality of this additional tax. If the Company were to consider the tax applicable the amount due is estimated to be approximately $741,000. However the Company has made the judgement that the solidarity tax is not applicable and therefore has made no provision in respect of this tax within the financial statements. It should be noted that the amount due falls below materiality.

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 5% from 0.229 to 0.217 USD:RON. The revaluation of the balance sheet to the year-end rate resulted in a $2.0 million loss through other comprehensive income.

GOING CONCERN

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

As at 28 February 2023, the Group had cash balances of $2.8 million.

Andrew Fairclough, Chief Financial Officer

17 March 2023

REVIEW OF OPERATIONS

ROMANIA

- Satu Mare Block – 2,949 km^2 of onshore land.
- Located within the Pannonian 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% working interest which is owned and operated through the wholly owned subsidiary Serinus Energy Romania S.A. The Company has completed all of its commitments under the third exploration phase of the Satu Mare Concession Agreement, and in October 2021, received an additional two-year evaluation phase on the Satu Mare Concession until 27 October 2023. The Company is in routine conversations with the National Agency for Mineral Resources ("NAMR") regarding the further extension of this concession. The greater Moftinu gas field area has been declared a commercial operation and is exempt from this routine licence extension procedure.

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 100% working interest in the concession as its partner has defaulted on its obligations under the Joint Operating Agreement. The Company filed a Request for Arbitration with the Secretariat of the International Court of Arbitration of the International Chamber of Commerce ("ICC") 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. Following the year end, Serinus announced that it had received confirmation from the ICC that as a result of its partners' default under the Joint Operating Agreement, the defaulted partners' 40% participating interest in the Satu Mare concession will be transferred to Serinus Romania, directing the defaulted partner to take all necessary actions to formally transfer the 40% participating interest to Serinus.
- 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 Exploration Phase 3.
- The Phase 3 work program included the following commitments:
    - To drill two wells: one well to a depth of 1,000m and one well to a depth of 1,600m.
        - Serinus drilled Moftinu-1007 (a re-drill of Moftinu-1001) and Moftinu-1003 (1,600m).
    - 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 Moftinu-1008 well was drilled in February 2021 and will qualify as the 1,000m commitment well and the Sancrai well was drilled in the second half of 2021 which qualified as the 1,600m well.
- The Company has completed all of its commitments under the third exploration phase of the Satu Mare Concession Agreement, and in October 2021, received an additional two-year evaluation phase on the Satu Mare Concession until 27 October 2023. The Company has agreed to the following work commitments over the term of this evaluation phase:
    - Phase 1: From 28 October 2021 to 27 October 2022, the Company is required to reprocess 160.9 km 2D seismic in the Madaras area at an estimated cost of $100,000; and
    - Phase 2: From 28 October 2022 to 27 October 2023, the Company is required to reprocess 30.1 km 2D seismic in the Santau-Nusfalau area at an estimated cost of $50,000.
- The Phase 1 work commitment was completed in 2022 and Phase 2 is expected to be completed early in 2023.
- The Company is in routine conversations with the National Agency for Mineral Resources ("NAMR") regarding the further extension of this concession and will apply for a further appraisal period during 2023. The greater Moftinu gas field area has been declared a commercial field and is exempt from this routine licence extension procedure.

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

The Moftinu gas plant was designed at a capacity of 15 MMcf/d and can accommodate up to six flowlines. During 2022, production was predominantly comprised from three wells (Moftinu-1004, Moftinu-1007, and Moftinu-1008) and averaged 2.3 MMcf/day (2021 – 6.4 MMcf/d). The Company continues to explore future drilling locations both within the existing field of Moftinu, and throughout the rest of the Satu Mare concession. The Company believes there are similar shallow gas fields to the Moftinu gas field, providing Serinus with additional low-cost shallow gas reserves to tie into the gas plant. The Group drilled two wells in 2022, the Canar-1 and Moftinu Nord-1 exploration wells.
Subsequent to the year-end, the Company has concluded a block-wide review of the regional geology with RISC consultants which will form the basis for further exploration of the many plays that exist on the block.

TUNISIA

The Group currently holds two Tunisia concessions, each of which currently produces oil and gas (Sabria and Chouech Es Saida). 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	Expired June 2022
Sanrhar	100%	36,879	Relinquished 2021
Zinnia	100%	17,471	Relinquished 2021

The Ech Chouech licence expired in June 2022 and the Company previously held the non-producing Zinnia and Sanrhar concessions which were relinquished in 2021. The Company had applied to extend the Ech Chouech licence but this expired in June 2022. The Company intends to continue its application to regain the licence once the licence application process is formalised.

Sabria

- Produced over 7.0 million boe (gross) to date.
- Large Ordovician light oil field with stable production from its large reserve base and long reserves life index.
- The Ordovician reservoir at Sabria contains 445 million bbl OIIP (P50), into which only eight wells (12 including re-entries) have been drilled. The reservoir comprises a large stratigraphic trap with a continuous oil column that spans the Upper Hamra, Lower Hamra and the El Atchane formations.
- The Group has received delivery of the first artificial lift pump for the W-1 well in the Sabria field. The Company initiated workover operations in the W-1 well in December 2022 to complete the workover and pump installation. Plans for additional pumps in the Sabria field are being progressed.

Chouech Es Saida

- Produced over 3.9 million boe to date from the TAGI Formation in the Triassic reservoir.
- The deeper Silurian Acacus sands and the Tannezuft fan, which have been penetrated successfully and produced hydrocarbons from two wells in the concession, hold enormous growth potential for Serinus.
- The Silurian Acacus sands, which are hydrocarbon-charged in the Chouech block, are emerging in Southern Tunisia as a major new oil, condensate and gas play with exploration success rates of nearly 100%.
- The Company conducted workover operations in the Chouech Es Saida wells in 2022 to replace and standardise pumps in order to increase production and efficiency.

RESERVES[2]

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

	2022			2021			
	Oil & Liquids (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Oil & Liquids** (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Change**
Tunisia							
Proved (1P)	2,310	4,640	3,083	2,840	5,670	3,785	(19%)
Probable	2,630	6,290	3,678	2,810	7,030	3,982	(8%)
Proved & Probable (2P)	4,940	10,930	6,762	5,650	12,700	7,767	(13%)
Romania							
Proved (1P)	0.4	1,640	274	4	3,110	522	(48%)
Probable	0.3	1,060	177	6	1,990	338	(48%)
Proved & Probable (2P)	0.7	2,700	451	10	5,100	860	(48%)
Group							
Proved (1P)	2,310	6,280	3,357	2,844	8,780	4,307	(22%)
Probable	2,630	7,350	3,855	2,816	9,020	4,320	(11%)
Proved & Probable (2P)	4,941	13,630	7,212	5,660	17,800	8,627	(16%)

The downward revision in Group reserves was attributable to 2022 production, the expiry of the Ech Chouech licence and a reduction in reserve volumes in Romania. Given that the Ech Chouech licence had expired in June 2022, the Group reserves for the year ended 31 December 2022 do not include reserves attributed to Ech Chouech. The Company had applied to extend the Ech Chouech licence but this expired and the Company intends to continue its application to regain the licence once the licence application process is formalised. No indication has been received that its application would not be successful once the process to re-apply becomes available and as such has made the judgement that it will be able to regain the Ech Chouech licence and therefore no impairment has been charged to this asset. For the year ended 31 December 2021, the Gaffney Cline third party reserves report attributed 253Mboe of 2P Reserves to Ech Chouech.

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

	2022			2021			
			Discount rates				**PV 10%**
(US$ millions)	**0%**	**10%**	**15%**	**0%**	**10%**	**15%**	**Change**
Tunisia							
Proved (1P)	52.6	30.3	23.5	44.2	29.0	23.9	4%
Probable	93.7	48.7	39.4	80.0	42.1	33.3	16%
Proved & Probable (2P)	146.3	79.0	62.9	124.2	71.1	57.2	11%
Romania							
Proved (1P)	0.9	1.5	1.7	10.3	10.2	10.0	(85%)
Probable	5.5	4.9	4.6	9.0	7.9	7.5	(38%)
Proved & Probable (2P)	6.4	6.4	6.3	19.3	18.1	17.5	(65%)
Group							
Proved (1P)	53.5	31.8	25.2	54.5	39.2	33.9	(19%)
Probable	99.2	53.6	43.9	89.0	50.0	40.8	7%
Proved & Probable (2P)	152.7	85.4	69.1	143.5	89.2	74.7	(4%)

[2] Source: 2022 and 2021 results from Gaffney Cline & Associates Limited Reserves audit at 31 December 2022 and 31 December 2021, respectively.

CONTINGENT RESOURCES

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

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

COMPANY GROSS UNRISKED CONTINGENT RESOURCES – USING FORECAST PRICES

	2022			2021			
	Oil & Liquids (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Oil & Liquids** (Mbbl)	**Gas** (MMcf)	**Boe** (Mboe)	**Change**
Tunisia							
1C Contingent Resources	400	1,000	567	400	1,000	567	0%
2C Contingent Resources	1,000	2,900	1,483	1,000	2,900	1,483	0%
3C Contingent Resources	1,900	5,300	2,783	1,900	5,300	2,783	0%
Romania							
1C Contingent Resources	-	2,500	417	-	2,500	417	0%
2C Contingent Resources	-	4,300	717	-	4,300	717	0%
3C Contingent Resources	-	7,000	1,167	-	7,000	1,167	0%
Group							
1C Contingent Resources	400	3,500	984	400	3,500	984	0%
2C Contingent Resources	1,000	7,200	2,200	1,000	7,200	2,200	0%
3C Contingent Resources	1,900	12,300	3,950	1,900	12,300	3,950	0%

PRICE FORECASTS

The commodity price forecast used in preparing the evaluation of the 2022 reserves and resources is as follows:

Year	**Brent** (US$/bbl)	**Sabria Gas** (US$/Mcf)	**Chouech Gas** (US$/Mcf)	**Romania Gas** (US$/Mcf)
2023	83.83	10.48	9.22	24.28
2024	78.99	9.87	8.69	23.59
2025	80.00	10.00	8.80	19.03
2026[3]	81.60	10.20	8.98	13.00

[3] +2% inflation per year on commodity prices for 2027 and beyond

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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

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

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

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

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

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

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

ENVIRONMENT

Serinus has existing concession and licence holdings in Romania and Tunisia. Both asset portfolios cover extensive acreage but in vastly different topographic settings with the Satu Mare licence covering 2,949 km^2 in the north-west of Romania, across primarily agricultural farmland, while the two Tunisian concessions are located in the 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 has continued to present an excellent HSE track record through 2022, with a zero-frequency rate (per one million man hours worked) for Total Recordable Injuries across all sites (2021 - zero for Serinus Romania employees) and in February 2023, the Moftinu Gas Plant reached 1,385 accident-free days of continuous operation. There have been no spills or environmental incidents at the Moftinu Gas Plant since its commissioning in 2019. Serinus Romania has maintained full compliance with all of its regulatory and environmental obligations.

Serinus Energy Romania completed its annual certification inspection and is certified for ISO 14001:2015 (Environmental Management Systems), ISO 9001:2015 (Quality Management) and ISO 45001:2018 (Occupational Health and Safety).

Romanian operations currently produce gas through the Moftinu Gas Plant which was brought onstream in April 2019 and is currently supplied by two producing gas wells. In 2022, Serinus Energy Romania completed the

acquisition of 100km of seismic in the area of Ghenci-Moftinu Nord-Domanesti and drilled two exploration wells, Canar-1, to a depth of 1,570m and Moftinu Nord-1, to a depth of 1,000m. Well logging and gas show readings for both wells indicted gas in the zones of interest, but not in sufficient quantities to justify proceeding with the testing and completion programme on either well, and were suspended. The Canar-1 has subsequently completed testing and re-purposing as a water injection well for produced water from the Moftinu gas field. Pumps for water injection have been configured to use solar power further reducing the environmental footprint of our operations. In addition to the water injection being powered by renewable solar power the use of a near field water injection facility has obviated the requirement to transport produced water approximately 300km to the nearest water injection well, eliminating the bulk of the transport footprint and generating significant cost savings. The Moftinu Nord-1 well is currently suspended and it is intended to evaluate its suitability for water injection in the future.

The process to plan and permit the 2D seismic programme and drilling of the two exploration wells involved extensive engagement with a wide range of stakeholders from local landowners, regional agencies and national regulators. The 2D seismic acquisition programme necessitated the company to conclude landowner agreements with over 500 local landowners and obtain over 15 local and national permits in order to begin operations. In order to commence drilling operations for Canar-1 and Moftinu Nord-1, the process included gaining permission from each local landowner impacted by each 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 2022 (no incidents in 2021).

During 2022, energy use from grid electricity at the Moftinu Gas Plant was 317 MWh, 0.12% of the annual production of 267,582 MWh, compared with 314 MWh in 2021, which was 0.04% of that year's annual production of 749,980 MWh. Nine solar panels have been installed at the Moftinu gas plant which generated 27.44kWh of energy in 2022, offsetting the equivalent of 9,007kg of CO_2 emissions. Serinus Energy Romania continues to assess opportunities to expand its utilisation of solar power on its available sites.

In 2022, 24,069 MMcf of gas was flared from the three wells in production, including gas utilisation by the two compressors, during the year, being 2.8% of annual production, and equivalent to flared gas of 2,006 MMcf per month. 19,341 m^3 of produced water was generated from the three wells in 2022, compared with 3,292 m^3 of produced water from four wells during 2021.

Flue gas emissions tests are performed annually, in accordance with the requirements specified in the environmental permit. The most recent test was undertaken in April 2022 which monitored an average CO_2 emission level of 2.08% of total flue gas, below the benchmark CO_2 threshold of 3.0%.

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 April 2022. 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 2,644 potential emission sources, of which 26 were not accessible (a source of emission that cannot be measured as it cannot be reached physically or safely without additional tools and is recalculated to be representative of all sources) and 2,618 were accessible.

Of the 2,618 accessible potential emission sources identified, there were only 13 registered leaks, being 0.5% of accessible sources and resulted in an emission loss of 1,506 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 1,489 kg/year. The report concluded that a successful repair of the leak above Repair Definition could reduce the emission loss by 1,489 kg/year, equating to 92.25% of the total emission. The leak has been repaired.

TUNISIA

Serinus Tunisia maintained a strong HSE track record through 2022, with a zero-frequency rate (per one million man hours worked) for Total Recordable Injuries across all sites (2021 – zero for Serinus Tunisia employees). There were no environmental incidents at Sabria and five minor incidents at Chouech Es Saida 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 2022 was submitted to the Agence Nationale de Protection de l'Environnement ("ANPE") in January 2023.

During 2022, the annual environmental monitoring was undertaken by Le Centre Mediterraneen d'Analyses ("CMA") at the Sabria and Chouech Es Saida fields, assessing: air emissions from stacks at both fields; air quality monitoring; groundwater monitoring; produced water; fresh water; soil sampling and noise pollution. The environmental monitoring programme for remote locations is reviewed by local management and implemented at all sites.

Stack air emission analysis and air quality monitoring was conducted at Sabria and Oum Chiah in October 2022. Analysis of the results demonstrated that the Company was in compliance with approved thresholds of groundwater and soil contaminants and required solid waste management. The Company's own review of air emissions showed compliance in all areas, 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, except for carbon monoxide ("CO") emissions from older fixed equipment. The Company has investigated mitigation measures and a short and medium-term action plan with an enhanced preventative maintenance programme has been implemented to address this, including the refurbishment and overhaul of affected equipment. Ground water monitoring is conducted on a yearly basis from existing water wells drilled at Sabria. No evidence of pollution has been reported. Five piezometer wells were drilled at Sabria to monitor the ground water table in 2014 which continue to be monitored.

The water disposal project manages produced water production at Sabria. This formation water has high salinity (360 grams/litre) with traces of heavy metals. Until 2015, disposal at Sabria was conducted by discharge into lined surface pits for natural evaporation of fluids. The low efficiency of natural evaporation together with the ongoing need to construct additional lined pits led to the introduction of automated fracturing evaporator technology in 2015 and which has enabled the acceleration of evaporation of produced water through an automated and a more efficient process. At Sabria, 49,129m^3 of produced water was disposed of in 2022 (2021 – 45,598m^3) and at Chouech Es Saida 225,283m^3 of produced water was evaporated from lined surface pits in 2022 (2021 – 193,400m^3). The Company is investigating alternative environmentally-responsible produced water disposal solutions.

A review of environmental management at the Sabria fields was conducted by First North African Consultancy for the Environment ("FNAC" www.fnac-environment.com), an engineering consultancy, in September 2020. This was designed to review compliance at Sabria with Tunisian environmental regulations and analyse underground water and soil pollution in proximity to the water disposal project. The scope of this work included: the recovery, analysis and assessment of environmental and technical documents and reports related to the evaporation ponds; the analysis of all previous waste pit treatment operations and related reports; analysis of existing red register (hazardous waste) and blue register (domestic waste); coring and sampling investigations of the potential impacted areas (soil and underground water) within the Sabria field; water sampling and laboratory analysis from existing piezometers and production water discharge; and the performance of 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. Subsequent to this review, recommendations from the report have been, and continue to be, implemented. The Company began air emissions monitoring at Sabria and Chouech in August 2015 and continues to do so.

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, 822 kg of paper and plastic bottles were recycled in the Tunis office in 2021, which increased to 1,164 kg of paper and plastic bottles being recycled in 2022, as a result of training and greater awareness of wastage. Electricity consumption at the Tunis office in 2022 returned to more equivalent pre-COVID-19 levels of 93,920 kWh, as personnel returned to work in the office. At Sabria electricity consumption decreased 5% to 679,902 kWh (2021 – 717,836 kWh). Chouech is not connected to the electricity grid and power at Chouech is provided by on site gas generators. Fresh water consumption in 2022 at Sabria was 16,290m^3 (2021 - 14,949m^3) and at Chouech, 41,440m^3 (2021 - 65,558 m^3). Diesel consumption across all operational locations was 153m^3 a 4% decrease over 2021 (160 m^3) but remains a significant reduction from 2019 (305 m^3) reinforced by a combination of greater awareness of wastage, training, optimisation and more efficient transport management.

SOCIAL

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

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

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 2022, a total of 52 HSSE training drills and asset protection drills took place in Tunisia and 336 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 2022 (2021 - 25) and an annual audit was undertaken by Lloyds Register for ISO certifications in Romania.

Serinus has an Emergency Response Plan in place for all projects and assets. This plan is reviewed annually with consultation from the Business Units. The plans are communicated to the workforce and response personnel receive training to ensure they are competent to carry out their emergency roles. The plan is recirculated to the Serinus team involved, prior to the launch of any major works campaign. These circulations are further supplemented by periodic refresher training, with drills and training exercises regularly carried out. In Romania, there have been no accidents since commencing production in 2019. There had been 1,347 days without accidents as at 31 December 2022. In Tunisia, there were 2,583 days with no accidents as at 31 December 2022. In 2022, 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 2022 was dominated by measures implemented to protect its workforce from COVID-19 which included amended shift patterns and working from home schedules as required by local regulations, additional operational protocols to minimise the risk of infection, the provision of protective equipment, regular disinfection of facilities and testing of personnel, as well as on-site access to medical staff. While much of the widespread impact of COVID-19 has abated, the Company remains alert to any potential resurgence and maintains its ability to re-introduce the measures previously, and successfully, adopted to protect its workforce.

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 30% of the staff in Romania are women, while in Tunisia 32% of the local head office are female. We value a diverse and equal opportunities workforce and we aim to recruit locally in all jurisdictions as we believe in the quality of our staff and the available pool of talent in each local market.

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

Serinus Tunisia developed its CSR program in conjunction with local communities and stakeholders to identify those areas which would make a significant impact to those groups, focussing on support for healthcare, education and culture in the local areas within which it operates. It has managed a program since 2013 to undertake this, with

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

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

GOVERNANCE

The Group recognises the importance of good corporate governance and is managed under the direction and supervision of the Board of Directors. As required under the AIM Rules, we have adopted and comply with a recognised corporate governance code, being the Quoted Companies Alliance Corporate Governance Code (the "Code") and set out a summary of how we comply with it on pages 32 to 35 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 63 out of 180 countries in the 2022 CPI. Tunisia is ranked number 85 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, changes in the taxation environment 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, taxes 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.
- Follows strict tendering protocols, physical inspection of all contractor fabrication facilities and extensive financial due diligence of counterparties is designed to minimise contractor performance and counterparty credit risk.
- Carries adequate levels of insurance.
- Rigorous review processes when selecting vendors and contractors. Once engaged as a contractor the Company monitors contractor performance to ensure contractor compliance with Company policies.
- Rigorously monitors costs, actual to budget trends and adjusting forecasts on a frequent basis.
- Employs geological and technical experts to review data and work programs, and undertakes an annual reserves audit with external technical expert.
- Training and development opportunities are considered for all staff.
- Executive directors and senior staff have notice periods of between six and twelve months to ensure sufficient time to transfer responsibilities in the event of departure.
- Succession planning is considered regularly at board level.
- The Remuneration Committee meets quarterly and as additionally required to evaluate compensation and incentivisation plans to ensure they remain competitive.

AVAILABILITY OF FINANCING

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

- Monitor the cash position by producing monthly cash projections to determine future cash flow requirements.
- Maintain a public listing of its equity on the Alternative Investment Market of the London Stock Exchange in order to access capital, if required.
- The Company is currently debt-free, with a low operating cost base and has continued to generate positive cashflows during 2022.
- 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:

- The Company's production in Romania is 100% 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.

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

Appointed March 2016

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

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

Jim Causgrove

Independent Director, Chair of the Reserves Committee, Member of the Audit Committee, Member of the Remuneration Committee, Member of the Environmental, Social, & Governance Committee

Appointed September 2017

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

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

Natalie Fortescue

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

Appointed March 2021

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

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

Jonathan Kempster

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

Appointed March 2021

Mr. Kempster has held CFO board positions at Delta plc, Fii Group plc, Frasers Group plc, Linden plc, Low & Bonar plc, Utilitywise plc and Wincanton plc. Mr. Kempster is a Non-Executive Director and Audit Committee Chair of DX (Group) plc and Bonhill Group plc and a Non-Executive Director at FireAngel Safety Technology plc and a Trustee of the Delta plc pension scheme.
Mr. Kempster qualified as a Chartered Accountant with Price Waterhouse in 1990 and has a BA (Hons) in Business Studies from the University of Liverpool.

Jeffrey Auld

Chief Executive Officer, Executive Director

Appointed September 2016

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

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

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

Andrew Fairclough

Chief Financial Officer, Executive Director

Appointed February 2020

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

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

SENIOR MANAGEMENT

Stuart Morrison

Chief Operating Officer, Serinus Energy plc

Mr. Morrison has over 35 years of oil and gas industry operational experience in numerous senior management roles. Early in his career he worked as a Petroleum and Reservoir Engineer with BP Research, British Gas, Sun Oil and Oryx Energy UK prior to joining Premier Oil in 1997. At Premier, Mr. Morrison assumed a variety of technical and management positions such as Chief Petroleum Engineer, Business Development Manager and Exploration Manager in corporate roles and business units such as the Middle East and Falkland Islands.

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

Calvin Brackman

Vice President, External Relations & Strategy

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

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

Alexandra Damascan

President, Serinus Energy Romania S.A.

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

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

Haithem Ben Hassen

President, Serinus Energy Tunisia B.V.

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

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

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

CORPORATE GOVERNANCE 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 to, and followed, the recommendations and rules contained within the "Code of Best Practice for WSE Listed Companies 2021". These rules were adopted by the WSE Supervisory Board on 29 March 2021 (Resolution No. 13/1834/2021) and are accessible at:

https://www.gpw.pl/best-practice2021

https://www.gpw.pl/pub/GPW/files/PDF/dobre_praktyki/en/DPSN2021_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 and 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:

- Presenting quarterly results presentations online
- Investor roadshows
- Participating in online interviews
- Attending investor conferences
- Hosting capital markets days
- Timely disclosure of material information
- Regular reporting

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

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

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

Key stakeholders are as follows:

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

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

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

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

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

- The Company has a risk register that outlines the key financial and operational risks which has been circulated to all management and Board members. A summary of these risks is included in the Risk Management Statement of this annual report.
- The Audit Committee monitors the integrity of the financial statements.
- The Audit Committee focuses particularly on compliance with legal requirements, accounting standards and the relevant rules for the listings the Company resides (AIM and Warsaw).
- The Board acknowledges that the Group's international operations may give rise to possible claims of bribery and corruption. The Board has adopted a zero-tolerance policy toward bribery and has reiterated its commitment to carry out business fairly, honestly, and openly.
- The Group has also adopted a share dealing code, in conformity with the requirements of Rule 21 of the AIM Rules for Companies.
- All material contracts are required to be reviewed and signed by a Director and reviewed by our external counsel.

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

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

Directors' attendance at Board and Committee meetings during 2022 was as follows:

Director	Board	Audit Committee	Remuneration Committee	Environmental Social & Governance Committee	Reserves Committee
Total Meetings	**4**	**4**	**6**	**2**	**1**
Lukasz Redziniak	4	1	6	2	-
Jeffrey Auld	3	3	1	2	1
Andrew Fairclough	4	4	-	2	1
Jim Causgrove	4	4	6	2	1
Natalie Fortescue	4	4	1	2	1
Jon Kempster	4	4	6	1	-

Key Board activities this year included:

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

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

The Company's Board has a broad range of relevant experience suitable for issues pertaining to the oversight of a publicly listed oil and 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 2022 was Fairway Trust Limited. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including financial, legal, capital markets and technical skill sets. As the Board is a strong believer in diversity, the Board has one female director, Natalie Fortescue, and the President of the Romanian operations is Alexandra Damascan.

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

New Directors have access to the entire management team and other Directors to further develop their understanding of the business operations and risks. The Directors are encouraged to seek independent advice to ensure they are able to fulfil their duties at the expense of the Company.

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

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

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

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

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

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

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

The Board meets at least four times annually in accordance with its scheduled quarterly meeting calendar. This may be supplemented by additional meetings if, and when required. During the year ended 31 December 2022, the Board met for its four scheduled meetings.

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

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

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

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

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

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

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

For the Company's shareholder meetings, any resolutions voted by shareholders that have a significant number of dissenting votes the Company will provide, on a timely basis, an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

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
- Jim Causgrove
- Jon Kempster

RESPONSIBILITIES

The aim of the Remuneration Committee is to:

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

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

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

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

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

2022 ACTIVITY

The Committee met six times throughout the year (2021 – two times).

EXECUTIVE DIRECTORS' REMUNERATION

Compensation for the executive Directors is shown in US dollars[4] in the table below.

Director	Salaries	Benefits[5]	2022 Total	2021 Total[6]
Jeffrey Auld	423,626	55,036	478,662	543,411
Andrew Fairclough	302,590	39,115	341,705	387,129
	726,216	94,151	820,367	930,540

The 2022 compensation package above for the executive Directors included salaries and benefits, and are short-term in nature.

EXECUTIVE DIRECTORS' SHARE CAPITAL

The following tables outline the share options outstanding and shares owned as at 31 December 2022 for the executive Directors. There have been no changes between 31 December 2022 and17 March 2023.

Director	Share Options	LTIP Awards[7]	Shares
Jeffrey Auld	2,580,000	1,656,355	488,875
Andrew Fairclough	175,000	903,631	108,053
	2,755,000	2,559,986	596,928

Stock Options

Director	Grant date	Strike Price	Share Options
Jeffrey Auld	22 Dec 2020	£0.20	1,880,000
Jeffrey Auld	27 May 2019	£0.20	100,000
Jeffrey Auld	03 Dec 2018	£0.20	250,000
Jeffrey Auld	22 Sep 2016	£0.20	350,000
Andrew Fairclough	02 Apr 2020	£0.20	175,000
			2,755,000

LTIP Awards

Director	Grant date	LTIP Awards
Jeffrey Auld	29 Apr 2022	356,355
Jeffrey Auld	24 Dec 2020	1,300,000
Andrew Fairclough	29 Apr 2022	203,631
Andrew Fairclough	24 Dec 2020	700,000
		2,559,986

[4] The average GBP:USD rate for the year was 0.8262 (2021 – 0.7264).
[5] Benefits include medical insurance and UK pension scheme contributions.
[6] 2022 shares and options consists of share options, shares issued in lieu of salary, and LTIP awards. Share options are priced at the fair value on the grant date, calculated using Black Scholes, and amortised over the vesting period. Shares issued in lieu of salary, were issued at the average share price over the period related to the salary forgone. The LTIP awards were priced using the closing share price on the issuance date and have no vesting conditions. Both the shares issued in lieu and LTIP awards are fully expensed at date of issuance.
[7] 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.

Director	Fees[8]	Share Options[9]	2022 Total	2021 Total
Lukasz Redziniak	60,518	-	60,518	68,833
Jim Causgrove	48,414	-	48,414	55,066
Natalie Fortescue	48,414	-	48,414	41,300
Jon Kempster	48,414	-	48,414	37,858
	205,760	-	205,760	203,057

NON-EXECUTIVE DIRECTORS' SHARE CAPITAL

The following tables outline the share options outstanding and shares owned as at 31 December 2022 for the non-executive Directors. There have been no changes between 31 December 2022 and17 March 2023.

Director	Options held at 31 December 2022	Shares held at 31 December 2022
Lukasz Redziniak	-	72,000
Jim Causgrove	-	40,000
Jon Kempster[10]	-	60,261
	-	172,261

Lukasz Redziniak, Chairman of the Remuneration Committee

17 March 2023

[8] Translated using the average exchange rate for the year GBP:USD 0.8262 (2021 – GBP:USD 0.7264).
[9] Share options are priced at the fair value on the grant date, calculated using Black Scholes, and amortised over the vesting period.
[10] Shares held by Catherine Kempster (the spouse of Jon Kempster)

AUDIT COMMITTEE REPORT

This report addresses the responsibilities, the membership and the activities of the Audit Committee in 2022 up to the approval of the 2022 Annual Report and 2022 year-end Financial Statements.

MEMBERSHIP

- Jon Kempster – Chairman
- Jim Causgrove
- Natalie Fortescue

RESPONSIBILITIES

The main responsibilities of the Audit Committee are the following:

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

2022 ACTIVITY

The Committee met four times throughout the year (2021 – four times).

The Committee, together with the CFO, is responsible for the relationship with the external auditor. PKF Littlejohn LLP is the Group's auditor.

For the 2022 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 this Annual Report or Note 2 of the Financial Statements).
4. Cash flow forecasts.

INTERNAL CONTROLS AND RISK MANAGEMENT, WHISTLEBLOWING AND FRAUD

The Committee is vigilant regarding internal financial controls and risk management. During 2022, the Committee has undertaken anti-bribery and anti-corruption exercises and has reviewed whistle blowing arrangements.

Jon Kempster, Chairman of the Audit Committee

17 March 2023

REPORT OF THE DIRECTORS

The Directors' present their report, together with the audited consolidated financial statements of Group for the year ended 31 December 2022.

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	11.66%
Crux Asset Management	8.46%
Quercus TFI SA	7.30%

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 11 to 17 of this Annual Report.

The Directors do not recommend payment of a dividend in respect of these financial statements (2021 - $nil).

STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Companies (Jersey) Law 1991 requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The directors have elected to prepare accounts under IFRS as adopted by the United Kingdom for all purposes except for the financial statements for the purposes of the Warsaw Stock Exchange filing which are prepared under European Union ("EU") endorsed IFRS.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

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

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

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

WEBSITE PUBLICATION

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

STATEMENT OF DISCLOSURE TO AUDITORS

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

AUDITORS

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

On behalf of the Board

Jeffrey Auld, Chief Executive Officer

17 March 2023

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

Opinion

We have audited the financial statements of Serinus Energy plc (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS (UK) and
- have been prepared in accordance with the requirements of The Companies (Jersey) Law 1991.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's ability to continue to adopt the going concern basis of accounting included:

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

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

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

Our application of materiality

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

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

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

Group performance materiality was set at $540,000, consistent with prior year.

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

Our approach to the audit

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

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

Key audit matters

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

Key Audit Matter	How our scope addressed this matter
Carrying value of development and production assets (see note 11)	
The group's total development and production assets are highly material and are key to the group's operations. **Management are required to assess at the end of the reporting period as to whether there are any indications of impairment in line with IAS 36. If such indicators are identified, the entity is required to estimate the recoverable amount.**	The audit team obtained a detailed understanding of the business of Serinus Energy plc, to ensure that appropriate audit procedures were performed. As part of the audit work performed, the audit team specifically: • Held meetings with management in order to be able to assess the operating activity and development of the assets undertaken during the year;

The assessments undertaken by management in undertaking these impairment reviews include significant judgements and estimates. **There is the risk that the group's development and production assets are impaired and that the judgements and estimates made in the calculations are inappropriate.**	• Ensuring ownership of licences and that a commitment and ability to reapply for any expired licences existed; • Examined license concession agreements and supporting documentation in order to assess that appropriate legal and beneficial ownership percentages had been considered; • Reviewing management's impairment indicators assessment for each cash generating unit (CGU) against the criteria in the accounting standard in order to determine whether their assessment was complete and in accordance with the requirements of the accounting standard; • Challenging managements' reserve stress testing analysis which was performed to determine the point at which there would be working capital issues. Our testing considered whether such scenarios, including significant reductions in commodity prices and production levels, would have a material impact on the carrying value of the development and production assets; • Checking the arithmetical accuracy and integrity of the impairment model; • Reviewing the reasonableness of key inputs, including discount rates, oil prices, production estimations, capex and opex; and • Assessing the competence and independence of the group's reserve expert by reviewing the latest reserves report provided and comparing key model inputs to data obtained elsewhere during the course of the audit, and to third party publicly available data. Based on the audit work performed and the challenge of management we do not consider the carrying value of development and production assets to be materially misstated. It is however important to draw users attention to the fact that the recoverable value ($4,648,124) of the Echouech licence area is dependent on the successful renewal of this licence. Failure to obtain the necessary licence renewals may result in an impairment to the carrying value of the development and production assets held.

Other information

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the group and the industry in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the industry sector.

- We determined the principal laws and regulations relevant to the group in this regard to be those arising from AIM Rules for Companies July 2016, The Companies (Jersey) Law 1991, IFRSs, Health and Safety Regulations and License requirements and local laws and regulations applicable in the jurisdictions where the group has operations. The team remained alert to instances of non-compliance with laws and regulations throughout the audit.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to: enquiries of management; review of minutes of meetings; review of Regulatory News Service announcements and correspondence.

- We have also discussed among the engagement how and where fraud might occur and any potential indicators of fraud. We then challenged the key assumptions made by management in respect of their significant accounting estimates (see key audit matter).

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

- The component auditors performed audit procedures for each of the components, based on the instructions issued to them by us. This included reviewing journal entries for evidence of material misstatement due to fraud; reviewing accounting estimates, judgements and assumptions for evidence of management bias; and performing a review of the bank transactions to ensure appropriate authorisation.

- The audit team was in constant communication with the component auditors during the component audits, including regular discussions on those areas that were of concern to the component auditors.

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

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

Use of our report

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

Joseph Archer
For and on behalf of PKF Littlejohn LLP
Chartered Accountants
17 March 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

Serinus Energy plc
Consolidated Statement of Comprehensive Income for the year ended 31 December 2022
(US$ 000s, except per share amounts)

	Note	2022	2021
Revenue	6	**49,280**	39,984
Cost of sales			
Royalties		**(3,314)**	(3,320)
Windfall tax		**(16,014)**	(9,432)
Production expenses		**(10,491)**	(9,976)
Depletion and depreciation	11, 13	**(6,564)**	(10,055)
Total cost of sales		**(36,383)**	(32,783)
Gross profit		**12,897**	7,201
Administrative expenses		**(5,300)**	(4,479)
Share-based payment expense	7	**(70)**	(213)
Total administrative expenses		**(5,370)**	(4,692)
Impairment expense	11,12	**(1,871)**	-
Release of provision	23	**1,639**	6,636
Decommissioning provision recovery	18	**209**	142
Loss on disposal of assets		**(1,081)**	-
Operating income		**6,423**	9,287
Finance expense	8	**(1,637)**	(444)
Net income before tax		**4,786**	8,843
Tax expense	9	**(3,156)**	(419)
Income after taxation attributable to equity owners of the parent		**1,630**	8,424
Other comprehensive income			
Other comprehensive income to be classified to profit and loss in subsequent periods:			
Foreign currency translation adjustment		**(1,998)**	(2,463)
Total comprehensive income for the year attributable to equity owners of the parent		**(368)**	5,961
Earnings per share:			
Basic	10	**0.01**	0.07
Diluted	10	**0.01**	0.01

The accompanying notes on pages 51 to 75 form part of the consolidated financial statements

Serinus Energy plc
Consolidated Statement of Financial Position as at 31 December 2022
(US$ 000s, except per share amounts)

As at	Note	31 December 2022	31 December 2021
Non-current assets			
Property, plant and equipment	0	**62,311**	71,747
Exploration and evaluation assets	12	**10,529**	5,042
Right-of-use assets	13	**688**	370
Total non-current assets		**73,528**	77,159
Current assets			
Restricted cash	14	**1,088**	1,144
Trade and other receivables	15	**10,007**	7,396
Product inventory	16	**705**	656
Cash and cash equivalents	14	**4,854**	8,429
Total current assets		**16,654**	17,625
Total assets		**90,182**	94,784
Equity			
Share capital	17	**401,426**	401,426
Share-based payment reserve	7	**25,557**	25,487
Treasury shares	17	**(455)**	(121)
Accumulated deficit		**(386,356)**	(387,986)
Cumulative translation reserve		**(3,372)**	(1,374)
Total equity		**36,800**	37,432
Liabilities			
Non-current liabilities			
Decommissioning provision	18	**24,046**	28,232
Deferred tax liability	19	**10,942**	10,516
Lease liabilities	20	**465**	252
Other provisions	21	**1,358**	1,358
Total non-current liabilities		**36,811**	40,358
Current liabilities			
Current portion of decommissioning provision	18	**5,085**	6,636
Current portion of lease liabilities	20	**280**	193
Accounts payable and accrued liabilities	22	**11,206**	10,165
Total current liabilities		**16,571**	16,994
Total liabilities		**53,382**	57,352
Total liabilities and equity		**90,182**	94,784

The accompanying notes on pages 51 to 75 form part of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors and authorised for issue on 17 March 2023 and were signed on its behalf by:

JON KEMPSTER
DIRECTOR, CHAIR OF THE AUDIT COMMITTEE

ANDREW FAIRCLOUGH
DIRECTOR AND CFO

Serinus Energy plc
Consolidated Statement of Shareholder's Equity for the year ended 31 December 2022
(US$ 000s, except per share amounts)

	Note	Share capital	Share-based payment reserve	Treasury Shares	Accumulated deficit	Accumulated other comprehensive loss	Total
Balance at 31 December 2020		401,426	25,274	-	(396,410)	1,089	31,379
Income for the year		-	-	-	8,424	-	8,424
Other comprehensive income for the year		-	-	-	-	(2,463)	(2,463)
Total comprehensive income for the year		-	-	-	8,424	(2,463)	5,961
Transactions with equity owners							
Shares issued	7	-	213	-	-	-	213
Share issue costs	17	-	-	(121)	-	-	(121)
Share-based payment expense		-	-	-	8,424	(2,463)	5,961
Balance at 31 December 2021		401,426	25,487	(121)	(387,986)	(1,374)	37,432
Income for the year		-	-	-	1,630	-	1,630
Other comprehensive loss for the year		-	-	-	-	(1,998)	(1,998)
Total comprehensive loss for the year		-	-	-	1,630	(1,998)	(368)
Transactions with equity owners							
Share-based payment expense		-	70	-	-	-	70
Shares purchased to be held in Treasury		-	-	(334)	-	-	(334)
Balance at 31 December 2022		401,426	25,557	(455)	(368,356)	(3,372)	36,800

The accompanying notes on pages 51 to 75 form part of the consolidated financial statements

Serinus Energy plc
Consolidated Statement of Cash Flows for the year ended 31 December 2022
(US$ 000s, except per share amounts)

	Note	2022	2021
Operating activities			
Income for the year		**1,630**	8,424
Items not involving cash:			
Depletion and depreciation	0, 13	**6,564**	10,055
Impairment expense	0, 12	**1,871**	-
Share-based payment expense	7	**70**	213
Tax expense	9	**3,156**	419
Accretion expense on decommissioning provision	18	**1,143**	377
Change in other provisions	21	**-**	(41)
Foreign exchange (gain) / loss		**144**	(15)
Decommissioning provision recovery		**(209)**	(142)
Other income		**(19)**	(4)
Loss on disposal of assets		**1,081**	-
Release of provision	23	**(1,639)**	(6,636)
Income taxes paid		**(2,353)**	(2,085)
Expenditures on decommissioning liabilities		**-**	(332)
Funds from operations		**11,439**	10,233
Changes in non-cash working capital	26	**(4,052)**	3,866
Cashflows from operating activities		**7,387**	14,099
Financing activities			
Lease payments	20	**(211)**	(235)
Shares purchased to be held in treasury	17	**(334)**	(121)
Cashflows used in from financing activities		**(545)**	(356)
Investing activities			
Capital expenditures	26	**(10,875)**	(11,248)
Proceeds on disposition of property, plant and equipment		**42**	8
Cashflows used in investing activities		**(10,833)**	(11,240)
Change in cash and cash equivalents		**(3,991)**	2,427
Cash and cash equivalents, beginning of year		**8,429**	6,002
Impact of foreign currency translation on cash		**416**	**(76)**
Cash and cash equivalents, end of year		**4,854**	8,429

The accompanying notes on pages 51 to 75 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 2022 and 2021.

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 2022 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. The directors have elected to prepare accounts under IFRS as adopted by the United Kingdom for all purposes except for the financial statements for the purposes of the Warsaw Stock Exchange filing which are prepared under European Union ("EU") endorsed IFRS. No material differences have been noted between EU IFRS and UK IFRS for the year ended 31 December 2022.

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

GOING CONCERN

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the results of the Group and all subsidiaries. Subsidiaries are entities over which the Group has control. All intercompany balances and transactions, and any recognised gains or losses arising from intercompany transactions are eliminated upon consolidation. Serinus has three directly held subsidiaries, Serinus Energy Canada Inc., Serinus Holdings Limited and Serinus Petroleum Consultants Limited. Through Serinus Holdings Limited, the Group has the following indirect wholly-owned subsidiaries: Serinus Energy Romania Trading S.r.l, Serinus Energy Romania S.A., SE Brunei Limited, AED South East Asia Ltd. and Serinus Tunisia B.V. 99.999996% of Serinus Energy Romania S.A. is held by Serinus Holdings Limited, with Serinus Tunisia B.V. owning the remaining 0.000004% of Serinus Romania S.A. On 21 December 2022, the Group completed a reorganisation whereby by the interests in Serinus Tunisia B.V. and Serinus Energy Romania S.A. were transferred from Serinus B.V. to Serinus Holdings Limited. On 9 August 2022 KOB Borneo Limited was struck off and on 17 August 2022, the liquidation of Serinus B.V. was completed.

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

Basis of consolidation

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

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

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

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

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

(b) Segment information

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

(c) Foreign currency

i. Foreign currency transactions

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

ii. Foreign currency translation

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

(d) Revenue recognition

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

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

(e) Windfall tax

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

(f) Share-based compensation

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

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

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

When a share option modification is completed, the Company compares the original fair-value of the share option on the modification date, to the modified fair-value on the modification date. If the fair-value of the modified share option is lower than the original fair-value, no adjustment is required as the original fair-value is the minimum the Company is required to expense. The increase in incremental fair-value is expensed over the remaining vesting period. If the share option is fully vested, the incremental fair-value is expensed immediately through profit and loss and carried under the share-based payment reserve.

(g) Taxes

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

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

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

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

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

(h) Cash and cash equivalents and restricted cash

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

(i) Financial instruments

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

Classification and measurement of financial assets

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

i. Amortised costs: includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cashflows that represent solely payments of principal and interest;

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

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

The Group's cash and cash equivalents, restricted cash and trade receivables and other receivables are measured at amortised cost.

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

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

Impairment of financial assets

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

Classification and measurement of financial liabilities

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

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

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

The Group has no financial liabilities measured at FVTPL.

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

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

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

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

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

i. Exploration and evaluation expenditures

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

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

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

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

ii. Development and production costs

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

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

iii. Subsequent costs

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

iv. Depletion and depreciation

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

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

v. Impairment

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

is then estimated. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell.

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

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

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

vi. Corporate assets

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

(k) ROU asset and lease liabilities

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

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

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

(l) Product inventory

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

(m) Provisions

i. General

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

ii. Decommissioning provisions

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

settlement of the retirement obligation and is recognised within financial costs in the statement of comprehensive loss.

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

(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) Treasury shares

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

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

(p) 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.

(q) 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.

(r) Changes and amendments to accounting policies

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

(s) Accounting standards issued but not yet adopted

The following standards have been published and are mandatory for accounting periods beginning after 1 January 2023 but have not been early adopted by the Group and could have an impact on the Group financial statements:

i. Amendments to IAS 1: Presentation of Financial Statements and IFRS - Practice Statement 2: Disclosure of Accounting Policies – effective 1 January 2023

ii. Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates – effective 1 January 2023

iii. Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information – effective 1 January 2023

iv. Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction – effective 1 January 2023

v. Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current – effective 1 January 2023

vi. Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date – effective 1 January 2023

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

RISK MANAGEMENT

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

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

COMMODITY PRICE RISK

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

The Group has no commodity hedge program in place which could limit exposure to price risk. For the year ended 31 December 2022, a 10% change in the price of crude oil per bbl would have impacted revenue, net of royalties by $1.4 million (2021 - $1.0 million) and a 10% change in the price of gas per mcf would have impacted revenue, net of royalties by $3.3 million (2021 - $2.7 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 2022	GBP	CAD	LEU	TND
Cash and cash equivalents	296	179	1,825	4,715
Restricted cash	-	1,476	22	-
Accounts receivable	49	33	14,747	15,785
Accounts payable	(660)	(58)	(15,302)	(13,484)
Lease liabilities	(322)	(165)	-	(392)
Net foreign exchange exposure	(637)	1,465	1,292	6,624
Translation to USD	1.2103	0.7370	0.2165	0.3217
USD equivalent	(771)	1,080	280	2,131

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

For the year ended 31 December 2022, a 1% change in foreign exchange rates would have impacted net income by $27,000 (2021 - $3,000).

CREDIT RISK

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

Management believes that the Group's exposure to credit risk is manageable, as commodities sold are under contract or payment within 30 days. Commodities are sold with reputable parties and collection is prompted based on the individual terms with the parties. For the year ended 31 December 2022, Tunisia's revenue was generated from three customers (2021 – five), with a 80%, 10% and 10% weighting (2021 – 28%, 22%, 18%, 17% and 15%). Romania's sales were made primarily to three customers (2021 – three), with a 49%, 37% and 11% weighting (2021 – 58%, 38% and 4%). At 31 December 2022, the Group had $nil (2021 - $nil million) of revenue receivables that were considered past due (over 90 days outstanding).

The Company applied the simplified model for assessing the ECLs under IFRS 9. This approach uses a lifetime expected loss allowance based on the days past due criteria. Upon reviewing the historical transactions with the Company's vendors, it was determined that the ECL was insignificant as there is no history of default or unpaid invoices. As a result the Company has determined the ECL percentage to be nominal and has not recorded any allowance for doubtful accounts as at 31 December 2022 and 31 December 2021.

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 2022	**1 year**	**1 - 3 years**	**3+ years**	**Total**
Accounts payable and accrued liabilities	11,205	-	-	11,205
Lease liabilities	307	237	311	855
Total	11,512	237	311	12,060

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

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

INTEREST RATE RISK

During the prior year, the Company fully repaid its long-term debt, and no longer has an interest rate risk.

5. USE OF ESTIMATES AND JUDGMENTS

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

(a) Cash generating units

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

(b) Oil and gas reserves

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

The Company's reserves drive the calculation of depletion of the oil and gas assets, calculating the future cash flows of the assets and the recoverable amount for each CGU. The Company compares the recoverable amount to the carrying amount to determine any potential impairment. In determining the recoverable amount, the Company makes other key estimates and judgements which involve the proved and probable reserves, forecasted commodity prices, expected production, future development costs and discount rates. Any changes to these estimates may materially impact the expected reserves of the Company. An impairment sensitivity analysis is detailed in Note 0.

(c) Deemed 100% interest in the Satu Mare concession

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

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

During 2021 the Group commenced international arbitration proceedings in the International Chamber of Commerce ("ICC") against the partner to seek a ruling to formalize Serinus' 100% interest in the Satu Mare concession.

On 15 February 2023, the Group announced that it had received confirmation from the ICC that as a result of the partner's default under the JOA, the partner's 40% participating interest in the Satu Mare concession will be transferred to Serinus Romania, and directed the partner to take all necessary actions to formally transfer the 40% participating interest to Serinus.

(d) Decommissioning provisions (Note 18)

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

(e) Income taxes (Notes 9 and 19)

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

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

(f) VAT receivable

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

(g) Product inventory (Note 16)

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

(h) Exploration and evaluation assets (Note 12)

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

(i) Impairment of assets (Note 11)

The management and directors review the carrying value of the Group's assets to determine whether there are any indicators of impairment such that the carrying values of the assets may not be recoverable. The assessment of whether an indicator of impairment or reversal thereof has arisen requires considerable judgement, taking account of factors such as future operational and financial plans, commodity prices and the competitive environment.

For exploration and evaluation assets held by the Group, namely exploration works at the Satu Mare concession in Romania, before the technical feasibility and commercial viability of extracting hydrocarbon resources is demonstrable, indicators of impairment can include: (a) the right to explore in a specific area has expired and is not expected to be renewed; (b) significant expenditure for further exploration or evaluation activities is not being planned; (c) exploration and evaluation of mineral resources have not led to the discovery or confirmation of commercially viable resource; or (d) that sufficient data exists to indicate that the carrying amount of the asset may not be recovered in full from development or sale.

The Group's operating oil & gas assets, some of which have previously been impaired, are assessed for impairment at a Cash Generating Unit (CGU) level, in accordance with IAS 36, which align to the concession agreements held by the Group, i.e. Moftinu and Santau in Romania and in Tunisia, Sabria and Chouech Es Saida and Ech Chouech as the South Tunisia CGU. These assets are sensitive to changes in operational assumptions and commodity pricing and therefore the management and directors need to make judgements as to whether certain events represent indicators of impairment or impairment reversal.

Where such indicators exist, the carrying value of the assets of a CGU or exploration and evaluation asset is compared with the recoverable amount of those assets, that is, the higher of its fair value less costs to sell and value in use, which is typically determined on the basis of discounted future cash flows.

For the year ended 31 December 2022, the management and directors performed assessment of impairment indicators across the Group's CGUs. In Tunisia, there were no indicators of impairment or impairment reversals identified at Sabria or South Tunisia. The Company has applied to extend the Ech Chouech licence but this expired in June 2022. The Company intends to continue its application to regain the licence once the licence process is formalised. No indication has been received that they will not be successful once the process to re-apply becomes available and as such has made the judgement that they will be able to regain the Ech Chouech licence and therefore no impairment has been charged to this asset. At Moftinu, the management and directors identified an indicator of impairment and recorded an impairment expense of $1.9 million.

Note 11 and 12 disclose the carrying amounts of the Group's property, plant and equipment and exploration and evaluation assets, respectively, as well as assumptions made by the management and directors in the discounted cash flow model which is used to determine estimated recoverable amounts.

(j) Solidarity Tax

On 29 December 2022, the Government of Romania published Emergency Ordinance no.186/2022 detailing measures to implement Council Regulation (EU) 2022/1854 regarding the emergency intervention to introduce a solidarity contribution for companies that carry out activities in the oil, natural gas, coal and refinery sectors. This additional tax in Romania is calculated at a rate of 60% applied to the

company's annual profit, in excess of 20% of its average profits for the financial years 2018-2021. The solidarity tax will apply for the financial years 2022 and 2023.

The Company does not believe that the solidarity tax is applicable to it and has received legal advice to support that position and will challenge the legality of this additional tax. If the Company were to consider the tax applicable the amount due is estimated to be approximately $741,000. However the Company has made the judgement that the solidarity tax is not applicable and therefore has made no provision in respect of this tax within the financial statements.

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 2022, the receivable balance related to contracts with customers, included within accounts receivable is $3.8 million (31 December 2021 - $2.8 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. The 2017 options have expired. In 2018, options were granted with a ten-year term, which vested one-third immediately with the remaining two-thirds at one-third per year each anniversary of the grant date for the two subsequent years.

In 2020, the Group repriced all stock options with the exception of those of the non-executive directors, to a strike price of £0.20, which constitutes a modification to the share-based payment plan. The Group expensed the incremental fair-value increase related to all vested stock options and will expense the fair-value increase related to unvested stock options over the remaining term of the options. The options granted to non-executive directors have not been repriced or converted to the Company's LTIP. The increase in the fair value was calculated using the Black-Scholes model as of the day of modification, with and without the amended strike price. The incremental fair value increase was determined to be insignificant.

In 2020, the Company issued 2.2 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 (£0.265) on the issuance date of the Awards. In 2021, the Company issued 175,000 stock options with a strike price of £0.20.

In 2022, the Company issued 702,717 awards under the LTIP to members of the management team on 29 April 2022. 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 (£0.169) on the issuance date of the Awards. The total fair value of these awards was $0.1 million (£0.1 million). As at 31 December 2022, the total awards outstanding under the LTIP was 2.9 million (2021 – 2.2 million), with a weighted average valuation of £0.0265 (2021 £0.0265).

The weighted average fair value of options granted during the year ended 31 December 2022 was £0.13 per option (31 December 2021 - £0.01 per option) using the following assumptions:

Inputs used in the Black-Scholes model	2022	2021
Risk-free interest rate	**1.31%**	0.29%
Expected dividend yield	**nil**	nil
Expected volatility (based on actual historical volatility)	**70%**	71%
Forfeiture rate	**5%**	5%
Expected option life (in years)	**10**	10

A summary of the changes to the option plans during the year ended 31 December 2022, are presented below:

(a) CAD denominated options

	2022		**2021**	
	Options	Exercise Price	Options	Exercise Price
Balance, beginning of year	10,000	3.70	20,000	3.70
Forfeited	-	-	(10,000)	-
Expired	(10,000)	(3.70)	-	-
Balance, end of year	-	-	10,000	3.70

As at 31 December 2022 there are nil (2021 – 10,000) options outstanding to non-executive directors as the options expired in the year.

(b) GBP denominated options

	2022		**2021**	
	Options	Exercise Price	Options	Exercise Price
Balance, beginning of year	3,364,300	0.20	3,289,300	0.20
Granted	5,000	0.20	175,000	0.20
Forfeited	(253,700)	-	(100,000)	(0.20)
Balance, end of year	3,115,600	0.20	3,364,300	0.20

As at 31 December 2022 there are 3,115,600 (2021 – 3,364,300) options outstanding to executive directors and employees with a weighted average contractual life of 5.0 (2021 – 8.9) years and a weighted average exercise price of £0.20 (2021 - £0.20).

GBP denominated option breakdown

Exercise price (GBP)	**Options outstanding**	**Options exercisable**	**Average life (years)**
0.20	3,115,600	3,115,600	5.0

8. FINANCE EXPENSE

Year ended 31 December	**2022**	**2021**
Interest of leases (Note 20)	**33**	53
Accretion on decommissioning provision (Note 18)	**1,143**	377
Foreign exchange and other	**461**	14
	1,637	444

9. TAXATION

	2022	**2021**
Current income tax expense	**2,738**	1,879
Deferred income tax		
Origination and reversal of temporary differences (Note 19)	**418**	(1,460)
Tax expense	**3,156**	419

Reconciliation of the effective tax rate:

Year ended 31 December	2022	2021
Income before income taxes	**4,786**	8,843
Statutory tax rate	**50.0%**	50.0%
Expected income tax	**2,393**	4,422
Non-taxable (deductible) items	**(2,331)**	(57)
Losses utilised	**(459)**	(526)
Tax rate differences	**1,667**	(3,248)
Foreign exchange and other	**3,470**	35
Net change in tax attributes not recognised	**(1,584)**	(207)
Income tax expense	**3,156**	419

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

The advance taxes unrecoverable in the year ending 31 December 2022 is related to taxes that are prepaid within the various operating concessions in Tunisia. Tunisia requires taxes to be paid in advance based on the prior year tax balance. The amounts paid may only be deducted from future taxes and are unrecoverable. The Company has determined that based on the future development plans within Tunisia that the Company will not generate enough taxable income to fully utilise all advance taxes paid, losses carried forward and other taxable pools available to the Company.

10. EARNINGS PER SHARE

Year ended 31 December ($000's, except per share amounts)	2022	2021
Income for the year	**1,630**	8,424
Weighted average shares outstanding		
Basic	**114,686**	116,293
Diluted	**114,686**	117,291
Income per share		
Basic and diluted	**0.01**	0.01

In determining diluted net income per share, the Group assumes that the proceeds received from the exercise of "in-the-money" stock options are used to repurchase ordinary shares at the average market price. In calculating the weighted-average number of diluted ordinary shares outstanding for the year ended 31 December 2022, the Group excluded 0.1 million (2021 – 0.1 million) stock options. All outstanding warrants expired in 2021.

11. PROPERTY, PLANT AND EQUIPMENT

	Oil and gas interests	Corporate assets	Total
Cost or deemed cost:			
Balance as at 31 December 2020	263,356	1,624	264,980
Capital additions	5,797	69	5,866
Change in decommissioning provision	793	-	793
Disposals	-	(50)	(50)
Balance as at 31 December 2021	269,946	1,643	271,589
Capital additions	7,702	76	7,778
Change in decommissioning provision	(5,380)	-	(5,380)
Disposals	(2,218)	-	(2,218)
Balance as at 31 December 2022	270,050	1,719	271,769
Accumulated depletion and depreciation			
Balance as at 31 December 2020	(186,884)	(1,526)	(188,410)
Depletion and depreciation	(10,378)	-	(10,378)
Disposals	-	42	42
Balance as at 31 December 2021	(197,262)	(1,484)	(198,746)
Depletion and depreciation	(6,507)	(158)	(6,665)
Disposals	1,095	-	1,095
Impairments	(1,871)	-	(1,871)
Balance as at 31 December 2022	(204,545)	(1,642)	(206,187)
Cumulative translation adjustment			
Balance as at 31 December 2021	(1,109)	13	(1,096)
Currency translation adjustments	(2,175)	-	(2,175)
Balance as at 31 December 2022	(3,284)	(13)	(3,271)
Net book value			
Balance as at 31 December 2021	71,575	172	71,747
Balance as at 31 December 2022	62,221	90	62,311

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 $28.7 million (2021 - $30.1 million) and for Romania are $3.6 million (2021 - $5.3 million).

IMPAIRMENT

At 31 December 2022, the Company completed an impairment assessment to determine if there were any indicators of impairment or impairment reversals. In Tunisia, there were no indicators of impairment or impairment reversals identified at Sabria or South Tunisia. The Company had applied to extend the Ech Chouech licence but this expired in June 2022. The Company intends to continue its application to regain the licence once the licence application process is formalised. No indication has been received that they will not be successful once the process to re-apply becomes available and as such has made the judgement that they will be able to regain the Ech Chouech licence and therefore no impairment has been charged to this asset. In Moftinu, the Company determined that there was an indicator of impairment, and recorded an impairment expense of $1.9 million.

The Company determined the estimated recoverable amount based on a discounted cash flow model, using an after-tax discount rate equal to the weighted average cost of capital of Romania (17%), computed internally using external market data.

The following table shows the forecast commodity prices used in the GCA 31 December 2022 Reserve Report and used in the discounted cash flow model:

Year	Brent (US$/bbl)	Romania Gas (US$/MMBtu)
2023	83.83	24.28
2024	78.99	23.59
2025	80.00	19.03
2026	81.60	13.00
2027+	+2% inflation	+2% inflation

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.

Romania ($000s)	1% increase to discount rate	1% decrease to discount rate	10% increase to commodity prices	10% decrease to commodity prices
Additional impairment, net of tax	67	(67)	(1,620)	1,620

At 31 December 2021, the Company completed an impairment assessment on its PP&E to determine if there were any indicators of impairment or impairment reversals. In South Tunisia and Sabria, no indicators of impairment or impairment reversals were identified. In Moftinu the Company determined that there was an indicator of impairment and an impairment test was conducted on the Moftinu CGU. The Company determined the estimated recoverable amount based on a discounted cash flow model, using an after-tax discount rate equal to the weighted average cost of capital of Romania (10%), computed internally using external market data. The following table shows the forecast commodity prices used in the GCA 31 December 2021 Reserve Report and used in the discounted cash flow model:

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

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

Romania ($000s)	1% increase to discount rate	1% decrease to discount rate	10% increase to commodity prices	10% decrease to commodity prices
Additional impairment, net of tax	-	-	-	-

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

At 31 December 2022, the Group recorded $0.2 million of depletion in inventory (2021 - $0.5 million).

12. EXPLORATION AND EVALUATION ASSETS

Carrying amount	2022	2021
Balance, beginning of the year	**5,042**	14
Additions	**5,225**	4,888
Change in decommissioning provision	**739**	494
Cumulative translation adjustment	**(477)**	(354)
Balance, end of the year	**10,529**	5,042

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

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 2020	840	39	879
Additions	97	-	97
Disposals	(66)	-	(66)
Balance as at 31 December 2021	871	39	910
Additions	584	-	584
Disposals	(127)	-	(127)
Balance as at 31 December 2022	1,328	39	1,367
Accumulated depreciation			
Balance as at 31 December 2020	(335)	(27)	(362)
Depreciation	(212)	(12)	(224)
Disposals	66	-	66
Balance as at 31 December 2021	(481)	(39)	(520)
Depreciation	(256)	-	(256)
Disposals	127	-	127
Balance as at 31 December 2022	(610)	(39)	(649)
Cumulative translation adjustment			
Balance as at 31 December 2020	(5)	-	(5)
Currency translation adjustments	(15)	-	(15)
Balance as at 31 December 2021	(20)	-	(20)
Currency translation adjustments	(10)	-	(10)
Balance as at 31 December 2022	(30)	-	(30)
Carrying amounts			
Balance as at 31 December 2021	370	-	370
Balance as at 31 December 2022	688	-	688

14. CASH

As at 31 December	2022	2021
Cash and cash equivalents	**4,854**	8,429
Restricted cash	**1,088**	1,144
Total cash	**5,942**	9,573

The Group has cash on deposit with the Alberta Energy Regulator of $1.1 million (2021 - $1.1 million), as required to meet future abandonment obligations existing on certain oil and gas properties in Canada (see Note 18). This deposit accrues nominal interest. The fair value of restricted cash approximates the carrying value.

15. TRADE AND OTHER RECEIVABLES

As at 31 December	2022	2021
Trade receivables	**6,772**	4,269
VAT receivable	**723**	1,956
Corporate tax receivable	**380**	213
Prepaids and other	**2,132**	958
Total trade and other receivables	**10,007**	7,396

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 2022 and 2021 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 2022 and 2021.

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

16. PRODUCT INVENTORY

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

These costs are initially capitalised and expensed when sold. As at December 31, 2022, the Company held 9.9 Mbbls of crude oil in inventory valued at approximately $70.70/bbl.

17. SHAREHOLDER'S CAPITAL

AUTHORISED

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

Year ended 31 December		2022		2021
	Number of shares	Amount ($000s)	Number of shares	Amount ($000s)
Balance, beginning of the year	114,066,073	401,426	114,066,063	401,426
Issued for cash	-	-	100	-
Issuance costs, net of tax	-	-	-	-
Issued in lieu of salary	-	-	-	-
Issued to retire Convertible Loan	-	-	-	-
Warrants exercised	-	-	-	-
Balance, end of the year	114,066,073	401,426	114,066,073	401,426

Following shareholder approval at the Company's AGM on 12 May 2022, the Company undertook a share consolidation on a one for ten basis whereby for every 10 Ordinary Shares (each and Existing Share) as shown on the register of members of the Company to be in issue at 6.00 p.m on 12 May 2022, be consolidated into one Ordinary Share, having the same rights as the Existing Ordinary Shares. Prior to the consolidation there were 1,140,660,729 Ordinary Shares of no par value in issue and following the consolidation there were 114,066,073 Ordinary Shares.

TREASURY SHARES

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

Year ended 31 December		2022		2021
	Number of shares	Amount ($000s)	Number of shares	Amount ($000s)
Balance, beginning of the year	592,500	121	-	-
Shares purchased	2,119,749	334	592,500	121
Balance, end of the year	2,712,249	455	592,500	121

18. DECOMMISSIONING PROVISION

As at 31 December	2022	2021
Balance, beginning of the year	**34,868**	34,074
Liabilities incurred	**703**	639
Liabilities settled	**(1,852)**	(332)
Accretion	**1,143**	377
Change in estimate	**(5,611)**	527
Foreign currency translation	**(120)**	(417)
Balance, end of year	**29,131**	34,868

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

The Group has estimated as at 31 December 2022 the decommissioning provisions of the wells in Canada to be $0.8 million. During the year, the Company completed the abandonment of three wells in Canada and it was determined that the Company was no longer obligated to fulfil the decommissioning provisions of $1.6 million relating to legacy properties. The remaining obligations are reported as current liabilities as they relate to non-producing properties or expired production sharing contracts.

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

The Company anticipates the concession licenses will continue to be extended until they are no longer economical for the Company to continue operating. As at 31 December 2022, 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	2022			2021		
	Risk-free rate (%)	Inflation rate (%)	Net present value	Risk-free rate (%)	Inflation rate (%)	Net present value
Tunisia	3.6 – 1.9	2.0	24,211	0.3 – 1.9	2.0	28,454
Romania	6.8 – 8.6	2.5 – 11.8	4,102	3.5 – 5.1	3.6	3,743
Brunei	-	-	-	-	-	1,643
Canada	-	-	818	-	-	1,028
Total			29,131			34,868
Due within one year			5,085			6,636
Long-term liability			24,046			28,232
Total			29,131			34,868

19. DEFERRED INCOME TAX

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

Movement in deferred income tax balances:

Tax effect related to:	31 December 2021	Recovery	31 December 2022
PP&E and E&E assets	(15,304)	561	(14,743)
Decommissioning provision	4,243	(937)	3,306
Other	537	(42)	495
Deferred income tax liability	(10,524)	(418)	(10,942)

Tax effect related to:	31 December 2020	Recovery	31 December 2021
PP&E and E&E assets	(16,112)	808	(15,304)
Decommissioning provision	3,928	315	4,243
Other	200	337	537
Deferred income tax liability	(11,984)	1,460	(10,524)

UNRECOGNISED DEFERRED TAX ASSETS

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

As at 31 December	2022	2021
PP&E and E&E assets	**(2,100)**	(3,063)
ROU assets and lease liabilities	**(10)**	-
Decommissioning provision	**6,814**	7,741
Non-capital losses carried forward and other	**10,086**	11,923
Unrecognised deferred tax asset	**14,790**	16,601

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

The Group has Canadian non-capital losses of $0.3 million (2021 - $0.3 million) that do not expire, Cyprus tax losses of $24.4 million (2021 - $14.6 million) that expire between 2025 and 2027, Tunisian losses of $0.9 million that expire in four years and $10.5 million have no expiry date (2021 - $4.3 and $24.0 million respectively), and Romanian losses of $4.3 million (2021 - $7.1 million) that expire after seven years between 2023 to 2029.

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

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

20. LEASE LIABILITIES

The following table details the movement in the Group's lease obligations for the year ended 31 December 2022:

As at 31 December	2022	2021
Opening balance	**445**	586
Additions	**584**	97
Principle payments	**(285)**	(235)
Cumulative translation adjustment	**1**	(3)
Balance, end of the year	**745**	445
Lease liabilities due within one year	**280**	193
Lease liabilities due beyond one year	**465**	252

During the year the Company made total payments toward lease liabilities in the amount of $0.3 million (2021 - $0.2 million), of which $0.03 million (2021 - $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 2022 were nominal and have been included in G&A expense in the Statement of Comprehensive Loss. The Group's short-term leases and leases of low-value consist primarily of office equipment leases.

21. OTHER PROVISIONS

	JV audit	Severance	Other	Total
Balance as at 31 December 2020	1,211	147	41	1,399
Change in provision	-	-	(41)	(41)
Balance as at 31 December 2021	1,211	147	-	1,358
Reclassification	-	-	-	-
Balance as at 31 December 2022	1,211	147	-	1,358
Current	-	-	-	-
Non-current	1,211	147	-	1,358

The Group is subject to audits arising in the normal course of business, with its joint venture partner in the Sabria concession in Tunisia. A provision is made to reflect management's best estimate of eventual settlement of these audits. The years currently under audit are 2014-2021. 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 2022.

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 2022 reflects the potential costs to terminate the remaining employees.

22. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at 31 December	2022	2021
Accounts payable and accrued liabilities	**9,295**	9,734
Taxes payable	**1,911**	431
Total accounts payable and accrued liabilities	**11,206**	10,165

23. RELEASE OF PROVISION

Year ended 31 December	2022	2021
Release of provision	**1,639**	6,636

In 2022, the Company reversed decommissioning provisions of $1.6 million related to Block L, due to the passage of statute of limitations.

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

24. AGGREGATE PAYROLL EXPENSE

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

Year ended 31 December	2022	2021
Wages, salaries, and benefits[11]	**5,447**	5,049
Share-based payment expense[12]	**70**	213
Total aggregate payroll expense	**5,517**	5,262

Of the total aggregate payroll expense, $0.1 million (2021 - $0.1 million) has been classified as E&E assets.

25. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2022 and 2021, related party transactions include the compensation of key management personnel. Key management personnel consist of Serinus' Board of Directors, both executive and non-executive. Transactions with key management personnel are noted in the table below:

Year ended 31 December	2022	2021
Wages and salaries	**938**	1,067
Benefits	**94**	105
Share-based payment expense	**69**	224
Total related party transactions	**1,101**	1,396

26. SUPPLEMENTAL CASH FLOW DISCLOSURE

Year ended 31 December	2022	2021
Cash (used in) generated from:		
Trade receivables and other	**(3,126)**	2,280
Inventory	**157**	(656)
Accounts payable and accrued liabilities	**(1,088)**	2,223
Restricted cash	**5**	19
Changes in non-cash working capital from operations	**(4,052)**	3,866

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

Year ended 31 December	2022	2021
PP&E additions (Note 0)	**7,778**	5,880
E&E additions (Note 12)	**5,225**	4,888
Total capital additions	**13,003**	10,768
Changes in non-cash working capital	**(2,052)**	480
Total capital expenditures	**10,951**	11,248

27. CAPITAL MANAGEMENT

Year ended 31 December	2022	2021
Shareholders' equity	**36,800**	37,432
Total capital resources	**36,800**	37,432

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

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

28. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

During the year, the Company completed the Phase 1 work commitment associated with its two year evaluation phase, to reprocess 160.9 km 2D seismic in the Madaras area, and has the Phase 2 work commitment to reprocess 30.05 km of 2D seismic in the Santau-Nusfalau area outstanding.

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 2022, cumulative liquid hydrocarbon sales net of royalties and shrinkage was 5.4 million (2021 – 5.4 million) barrels. The Company currently does not expect to meet this threshold by the expiry of the concession.

29. PRIOR YEAR COMPARATIVES

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

30. INCOME FROM OPERATIONS ANALYSIS

($000)	2022	2021
Administrative expenses	(5,300)	(4,479)
Share-based payment expense (Note 7)	(70)	(213)
Impairment recovery (expense) (Note 0, 12)	(1,871)	-
Release of provision (Note 23)	1,639	6,636

Included within administrative expenses of $5.3 million (2021 - $4.5 million) are the following:

($000)	2022	2021
Salaries and wages	(2,653)	(2,249)
Corporate audit and review fees	(450)	(431)
Consulting fees	(400)	(237)

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 2022	**Romania**	**Tunisia**	**Corporate**	**Total**
Total assets	32,881	54,587	2,715	90,183
For the year ended 31 December 2022				
Crude oil revenue	-	15,854	-	15,854
Natural gas revenue	31,793	1,576	-	33,369
Condensate revenue	57	-	-	57
Total revenue	31,850	17,430	-	49,280
Cost of sales				
Royalties	(1,132)	(2,182)	-	(3,314)
Production expenses	(5,590)	(4,851)	(50)	(10,491)
Depletion and depreciation	(3,624)	(2,782)	(158)	(6,564)
Windfall tax	(16,014)	-	-	(16,014)
Total cost of sales	(26,360)	(9,815)	(208)	(36,383)
Gross profit (loss)	5,490	7,615	(208)	12,897
Administrative expenses	-	-	(5,300)	(5,300)
Share-based payment expense	-	-	(70)	(70)
Release of provision	-	-	1,639	1,639
Impairment expense	(1,871)	-	-	(1,871)
Loss on asset disposal	(63)	(1,018)	-	(1,081)
Decommissioning recovery	-	62	147	209
Operating income (loss)	3,556	6,659	(3,792)	1,658
Finance expense	(848)	(1,015)	226	(1,637)
Net income (loss) before income taxes	2,707	5,644	(3,566)	4,786
Tax expense	(152)	(3,017)	13	(3,156)
Net income (loss) for the year	2,556	2,628	(3,553)	1,630
Capital expenditures	8,388	4,452	76	12,916

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

32. POST BALANCE SHEET EVENTS

On 15 February 2023, the Group announced that it had received confirmation from the International Chamber of Commerce that as a result of the partner's default under the Joint Operating Agreement, the partner's 40% participating interest in the Satu Mare concession will be transferred to Serinus Romania, and directed the partner to take all necessary actions to formally transfer the 40% participating interest to Serinus.