



**THIS REPORT WAS FILED IN ENGLISH WITH SECURITIES REGULATORS IN POLAND ON NOVEMBER 10, 2016**

**Current Report No. 29/2016**

**Date: 2016-11-10**

**Issuer's name: SERINUS ENERGY INC.**

**Title: Q3 2016 Financial and Operating Results**

**Legal basis: other regulations**

**Content:**

Pursuant to Article 62.8 of the Act on Public Offering [...] the Management of SERINUS ENERGY INC. ("Serinus", "SEN" or the "Company") informs that in Canada via the SEDAR system it has published information about its financial and operating results for the quarter ended September 30, 2016.

Note: with the sale of its 70% ownership interest in Ukraine in early February 2016, the financial results from those assets have been reclassified as discontinued operations starting with the three month period ending March 31, 2016. The comparative financial statements have been restated to show the discontinued operations separate from continuing operations. Unless otherwise noted, all figures contained in this press release are with respect to the continuing operations only. More information concerning the discontinued operations is contained in the Financial Statements and Management's Discussion and Analysis.

Note: Serinus reports in US dollars. All dollar amounts referred to herein, whether in dollars or dollars per share, barrel, Mcf or other are in USD, unless specifically noted otherwise.

**Third Quarter Highlights**

- Production from the Company's continuing operations in the third quarter was 1,007 boe/d, 17% lower than the 1,206 boe/d in Q2 2016 and 25% lower than the 1,336 boe/d in Q3 2015. The decreases were due to pump failures on CS-1 and CS-3 wells in the Chouech Es Saida field, which resulted in a total of 78 days of downtime during the quarter. CS-3 and CS-1 resumed production in early September and early October respectively.

- Realized commodity prices for the third quarter were \$43.01/bbl and \$4.26/Mcf for oil and gas respectively, vs. \$52.24/bbl and \$7.61/Mcf in the same period last year, and \$41.25/bbl and \$4.35/Mcf in Q2 2016.

- Gross revenues (including changes in oil inventory) for the quarter were \$3.6 million, down 42% vs. Q3 2015 and 11% from Q2 2016. These decreases were commensurate with changes in production levels and commodity prices between the respective periods.

- Netbacks were \$12.54/boe in Q3, significantly lower than the \$22.19/boe achieved in Q3 2015, due substantially to the effects of lower commodity prices. Measured against Q2 2016, the netback increased slightly from \$11.71/boe, reflecting higher average oil prices quarter over quarter.

- Funds from Operations in the third quarter were a loss of \$3.2 million, compared to a loss of \$0.7 million in Q2 2016 and a gain of \$0.01 million in Q3 2015. The major contributing factors were lower production as described above, commodity prices, and one-time payments aggregating to \$2.2 million associated with the departure of senior executives during the quarter.

- The net loss for the quarter was \$5.0 million as compared to losses of \$32.1 million and \$4.0 million in Q3 2015 and Q2 2016 respectively. The same factors described above contributed to these changes, and the loss in Q3 2015 was also influenced by an impairment charge of \$44.3 million taken against the Tunisian assets.

- Capital expenditures for the quarter were \$1.1 million vs. \$0.4 million for the same period in 2015.

## **Outlook**

Average daily production (SEN WI) for the fourth quarter to date has been approximately 1,226 boe/d (919 bbl/d of oil, 1.84 MMcf/d of gas) with the restoration of production from CS-1 and CS-3.

The Company's focus remains on reducing costs wherever possible while maintaining existing production in Tunisia. Budgets will be re-examined on an ongoing basis in the event of that management becomes confident that such prices can be sustained, and that funding is available to recommence drilling.

As previously announced, on October 31, 2016 the National Agency for Mineral Resources ("NAMR") in Romania granted approval of the Phase 3 Extension Addendum (the "Addendum") for the Satu Mare Licence. The Company will now concentrate on moving the Moftinu gas discovery into experimental production. Serinus has been conducting certain engineering studies and preliminary design work with respect to the requisite surface facilities and development wells, but was limited from substantial further progress until the approval of the Addendum.

Serinus, through its wholly owned subsidiary Winstar Satu Mare S.A., owns a 60% interest in Satu Mare. The owner of the remaining 40% (the "Partner") has indicated that it does not wish to participate in future development. However, the Partner is currently in a legal dispute with the Romanian government, and its ability to transfer that interest to Serinus is uncertain. The Company is in discussions with the Partner and various government agencies including NAMR and the financial authorities to ensure that it acquires 40% interest.

The Company is examining several alternatives for funding the development activities in both Romania and Tunisia.

## **Supporting Documents**

The full Management Discussion and Analysis ("MD&A") and Financial Statements have been filed in English on [www.sedar.com](http://www.sedar.com) and in Polish and English via the ESPI system, and will also be available on [www.serinusenergy.com](http://www.serinusenergy.com).

## **Cautionary Statement:**

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Test results are not necessarily indicative of long-term performance or of ultimate recovery. Test data contained herein is considered preliminary until full pressure transient analysis is complete.

This text contains selected excerpts from the original news release in English, which has been filed by Company in Canada (country of its registered office ) by way of the SEDAR system and is available at the website [www.sedar.com](http://www.sedar.com) by entering the Company name at [http://www.sedar.com/search/search\\_form\\_pc\\_en.htm](http://www.sedar.com/search/search_form_pc_en.htm).

The Polish translation of the entire text of the news release is available at the website: [www.serinusenergy.com](http://www.serinusenergy.com)

## **Attachment:**

Summary of Q3 2016 Financial Results (table)

