



Current Report No. 19/2014

Date: 2014-05-14

Issuer's trading name: SERINUS ENERGY INC.

Title: Summary of information about Serinus' financial and operating results for the first quarter

Legal basis: other regulations

Content:

Pursuant to Article 62.8 of the Act of 29 July 2005 on Public Offering [...] the Management of SERINUS ENERGY INC. ("Serinus" or the "Company") informs that in Canada via the SEDAR system it has published information concerning Company's financial and operating results results for the quarter ended March 31, 2014.

First Quarter Highlights

- Production in the first quarter was 4,849 boe/d, up 54% vs. Q1 2013, but down marginally from 5,088 boe/d in Q4 2013. The growth vs. Q1 2013 was assisted by the acquisition of Winstar Resources.
- Organic growth in the Company's Ukraine properties continued, with average production (net to SEN WI) for the quarter rising 11% to 3,504 boe/d vs. the same period in 2013.
- Gross revenues for the quarter reached \$35.9 million, up 25% over Q1 2013. The portion allocable to SEN shareholders was \$28.8 million vs. \$20.1 million in Q1 2013. The balance is attributable to the owner of the remaining 30% of KUBGAS Holdings Limited not held by Serinus (see About Serinus below).
- Tunisian netbacks continue to be robust at \$65.86/boe. Netbacks in Ukraine were \$30.85/boe (\$5.14/Mcfe), affected significantly by the discounts on imported Russian gas, and the deterioration of the exchange rate between the Ukrainian Hryvnia ("UAH") and the US Dollar. The Hryvnia depreciated by 35% during the quarter.
- Funds from Operations in the first quarter were up 49% to \$14.9 million vs. \$10.0 million in Q1 2013, and up 2% compared to \$14.6 million in Q4 2013. The amount allocable to SEN shareholders was \$11.3 million.
- Net earnings for the quarter, before the currency charges, were \$2.7 million (\$1.7 million attributable to SEN shareholders), as compared to \$4.2 million in Q1 2013 (\$2.1 million attributable to SEN shareholders) due to an unrealized foreign exchange loss of \$3.6 million. Before the foreign exchange impact, net earnings were \$6.3 million. That foreign exchange loss relates to the translation of non-UAH denominated balances (predominantly the EBRD loan) to UAH on the books of the Ukrainian subsidiaries at the period end rate.

- Serinus recorded a comprehensive net loss of \$16.2 million (\$0.19/sh) in the first quarter of 2014. Comprehensive earnings were impacted by a \$18.9 million charge taken for unrealized foreign currency translation. This relates to the translation of the Ukrainian subsidiaries' financial statements from UAH to USD, and the loss reflects the deterioration of the UAH. As the exchange rate fluctuates, the equivalent value as reported in US dollars changes, but this does not impair the ability of those assets or liabilities to perform their intended purpose(s). If the Hryvnia were to appreciate, some or all of this unrealized loss would be recouped. Capital expenditures for the quarter were \$10.3 million vs. \$8.9 million for the same period in 2013.
- During the quarter, KUB-Gas repaid \$3.6 million of intercompany loans, and paid dividends of \$1 million (\$0.7 million SEN WI)

Summary Financial Results – see Attachment

Note: Serinus prepares its financial results on a consolidated basis, which includes 100% of its indirectly 70% owned subsidiary, KUB-Gas LLC ("KUB-Gas"). Unless otherwise noted by the phrases "allocable to Serinus", "net to Serinus", "attributable to SEN shareholders" or "net to SEN WI", all values and volumes refer to the consolidated figures. Serinus reports in US dollars; all dollar values referred to herein, whether in dollars or per share values are in US dollars unless otherwise noted.

Operational Highlights & Update

- First quarter production and prices - see Attachment
- Production for the first quarter of 4,849 boe/d declined slightly vs. Q4 2013 (5,088 boe/d) due to continued facility constraints in Ukraine and pending workover requirements in Tunisia. Also, the schedule for Serinus' 2014 capital program is such that most of the expenditures that should directly increase production (such as drilling new wells, bringing on new facilities etc.) will occur in Q2, Q3 and Q4.
- In Ukraine, the new gas processing facility in Makeevskoye started up on March 6th, 2014. Production increases to date have been limited while the Company reconfigures the flowlines to each plant to minimize the system back pressure and optimize overall production from both Makeevskoye and Olgovskoye fields.
- The M-17 well was drilled during the first quarter. Logs indicated 9 metres of net pay in the primary target, the S6 sand, and 2.5 metres of pay in the S5. They also indicated resource potential of 5.5 metres in the deeper S7, and 22 metres in the R30c. Testing commenced in late April, and the S7 achieved a rate of 900 Mcf/d, exceeding the Company's expectations that it would require stimulation to produce at a commercial rate. Serinus has no reserves allocated to the S7 on its licences. A bridge plug will be set above the S7 to permit testing of the S6. Once testing is done, M-17 may be dually completed in the S6 and S7. The S7 is still being evaluated for stimulation in the planned frac' campaign this fall.

- The O-24 well was also tested and flowed gas at low rates. It has been added to the fall stimulation program.
- Average second quarter 2014 production to date is approximately 4,873 boe/d (1,008 bbl/d of oil, 22.6 MMcf/d of gas, 97 bbl/d of liquids).
- Despite recent events in Ukraine, Serinus is pleased to report that all of its personnel are safe, and operations to date have continued without substantial interruption. The Company cautions however, that the situation is volatile, and that there can be no assurance that future disruptions or delays will not occur.

Outlook

Serinus has an active program planned for the balance of the year, which includes among other things:

- In Ukraine, the Company plans to drill 4 addition wells in 2014, including O-11 which is currently drilling at a depth of 2,867 metres. These will be funded through cash flow in Ukraine, although with the uncertainty in gas prices there, it is possible that the program could be constrained.
- Fracture stimulations are planned for four wells in Ukraine, including NM-3, O-11, O-15 and possibly the S7 zone in M-17.
- The official price for May at which gas can be sold to industrial customers in Ukraine is 4,724 UAH per Mcm. At the current exchange rate of 11.65 UAH/USD, that is equivalent to \$11.42/Mcf. The price that KUB-Gas receives is approximately 10% lower, reflecting the margins of the traders through whom the gas is sold. The Company's realized gas price during the first quarter was \$8.55/Mcf.
- In Tunisia, a coiled tubing unit commenced operations in April to remediate the CS-Sil-1 and CS-Sil-10 wells. The rig cleaned out the well to bottom, opened two sliding sleeves and installed a velocity tubing string to more efficiently lift the liquids on CS-Sil-1. Rates and pressures are continuing to increase as it recovers the water from the wellbore.
- A workover rig has moved to Ech Chouech. Operations are expected to commence by the end of May. Four wells, EC-4, ECS-1, CS-11 and CS-8bis, are scheduled to have various work performed intended to increase or restore production, and to improve overall uptime rates. Pending regulatory approval, ECS-1 and EC-4 will be stimulated during the summer.
- Two wells will be drilled in the Sabria field in Tunisia. Each well is anticipated to cost \$14.4 million (\$6.5 million SEN WI) and take 70 days to drill. The first well, Winstar-12bis, is expected to spud in mid-June.
- A 203 km² 3D seismic survey will be shot over the Sanrhar concession during May and June.
- In Romania, Serinus will drill two exploration wells and shoot 180 km² of new 3D seismic. Each well is expected to cost \$3 million (SEN WI). Spud date for the first well

is anticipated to be in November. The seismic acquisition is slated to commence in September.

Updated Corporate Presentation

Serinus' May 2014 corporate presentation is now available on the Company's website at www.serinusenergy.com, in the Investor Centre.

Supporting Documents

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

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 by entering the Company name at 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



Schedule to the current report no. 19/2014 of May 14, 2014
 Issuer's trading name: **SERINUS ENERGY INC.**

Summary Financial Results (US\$ 000's unless otherwise noted)

	Three Months Ending March 31		
	2014	2013	Change
Oil and Gas Revenue	35,863	28,709	25%
Net Income (as reported) per share, basic and diluted	2,734 \$0.03	4,234 \$0.09	(35%)
Net Income (allocable to SEN) per share, basic and diluted	1,657 \$0.02	2,082 \$0.04	(20%)
Comprehensive Net Income per share, basic and diluted	(16,156) (\$0.21)	4,234 \$0.09	(482%)
Cash Flow from Operations (as reported) per share, basic and diluted	14,867 \$0.19	9,961 \$0.21	49%
Cash Flow from Operations (allocable to SEN) per share, basic and diluted	\$11,315 0.14	\$5,912 0.12	91%
Capital Expenditures	10,251	8,881	15%
Average Production (net to Serinus)			
Oil (Bbl/d)	1,024	-	
Gas (Mcf/d)	22,355	18,067	24%
Liquids (Bbl/d)	99	140	(29%)
BOE (boe/d)	4,849	3,151	54%
Average Sales Price			
Oil (\$/Bbl)	\$108.06	na	
Gas (\$Mcf)	\$9.04	\$11.61	
Liquids (\$Bbl)	<u>\$78.19</u>	<u>\$95.69</u>	
BOE (\$/boe)	\$66.07	\$70.86	
	March 31		
	2014	2013	
Cash & Equivalents	14,756	35,553	
Working Capital	(17,387)	1,217	
Long Term Debt	10,571	17,112	
Shares Outstanding	78,629,941	48,175,673	
Average for period	78,620,897	48,175,673	

First quarter production and prices are broken down as follows:

	Q1 2014 Production			Q1 2014 Commodity Prices		
	Ukraine ¹	Tunisia	Total	Ukraine	Tunisia	Total
Oil (bbl/d)	-	1,024	1,024	(\$/bbl)	-	\$108.06
Gas (Mcf/d)	20,427	1,928	22,355	(\$/Mcf)	\$8.55	\$14.18
Liquids (bbl/d)	99	-	99	(\$/bbl)	<u>\$78.19</u>	<u>\$95.69</u>
Boe (boe/d)	3,504	1,345	4,849	(\$/boe)	\$52.04	\$102.57

1. Ukraine volumes are Serinus 70% interest