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Current Report No. 22/2016
Date: 2016-08-12
Issuer's trading name: SERINUS ENERGY INC.
Title: Q2 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 June 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.

SECOND QUARTER HIGHLIGHTS

- Production from the Company's continuing operations in the second quarter was 1,206 boe/d, unchanged vs. 1,206 boe/d in Q2 2015, and 5% higher than the 1,154 boe/d in Q1 2016. The increase over the prior quarter was due to higher production from several wells after having pump changes in Q1.

- Gross revenues for the quarter were $4.1 million, down 40% vs. Q2 2015 and up 8% from Q1 2016. The decrease vs. 2015 was due substantially to lower commodity prices, while the increase over the immediate prior period was commensurate with the increase in production and better prices.

- Tunisian netbacks were $11.71/boe in Q2, significantly lower than the $24.32/boe achieved in Q2 2015, due substantially to the effects of lower commodity prices. Measured against Q1 2016, the netback increased slightly from $11.44/boe, reflecting higher oil prices, partially offset by a higher proportion of production from higher royalty fields.

- Funds from Operations in the second quarter were a loss of $0.7 million, compared to a loss of $0.3 million in Q1 2016, and (positive) $1.9 million in Q2 2015, driven by the same factors as described above for royalties and netbacks for each period.

- The net loss for the quarter was $4.0 million as compared to losses of $1.1 million and $4.1 million in Q2 2015 and Q1 2016 respectively, again due to the same factors described previously.

- Capital expenditures for the quarter were $0.6 million vs. $2.5 million for the same period in 2015.

OPERATIONAL HIGHLIGHTS & UPDATE

- Oil and gas production for the second quarter were 882 bbl/d and 1.9 MMcf/d respectively. As shown in the summary table attached, the oil volumes were 7% lower than in the same period in 2015, while gas was 27% higher. The differences are due to normal operational variances including workovers, wells shut in for pressure build-ups, and variable gas offtake by STEG (the national gas utility to which the gas is sold).

- The Company, through its wholly owned subsidiary Winstar Tunisia B.V. (“Winstar”), has entered into a marketing agreement with Shell International Trading and Shipping Company Limited for the sale of its Tunisian oil production. The term of the agreement is for 5 years and the pricing mechanism is competitive with realized prices that Winstar has received from other purchasers of its Tunisian crude oil. This benefits the Company by getting regular crude oil liftings from a large and highly reputable purchaser.

OUTLOOK

Average daily production (SEN WI) for the third quarter to date was approximately 998 boe/d (822 bbl/d of oil, 1.1 MMcf/d of gas). At Chouech Es Saida, gas sales have been curtailed since early July due to operational issues at STEG, and the CS-3 well developed a tubing leak, necessitating remediation. Workover operations have commenced and the well is expected to be back on production by the end of August. Management estimates that rectification of these issues will restore approximately 900 Mcf/d and 100 bbl/d of production respectively.

The Company’s focus remains on reducing costs wherever possible while maintaining existing production in Tunisia. The Company estimates that new drilling is economically viable at current prices in the mid – forties per barrel, provided they are sustainable. The 2016 budget 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. Existing production in Tunisia remains cash flow positive at prices as low as $30/bbl.

In Romania, Serinus will concentrate on moving the Moftinu-1001 discovery into the experimental production phase. Pending ratification of the Phase 3 extension of the Satu Mare Licence, management continues to refine the drilling program and has commenced preliminary design of the required surface facilities.

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 and in Polish and English via the ESPI system, and will also be available on 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 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

Attachment:

Summary of Q2 2016 Financial Results (table)

SERINUS ENERGY

Attachment to current report No 22/2016
of August 12, 2016
Issuer's trading name: **SERINUS ENERGY INC.**

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

		Three Months Ending June 30		
		2016	**2015**	**Change**
Oil and Gas Revenue [1]		4,080	6,815	(40%)
Net Loss [1]		(3,994)	(1,123)	256%
per share, basic and diluted		($0.05)	($0.01)	
Comprehensive Net Income (Loss) [2]		(3,994)	3,483	(215%)
per share, basic and diluted		($0.05)	$0.04	
Funds from Operations [1,3]		(714)	1,860	(138%)
per share, basic and diluted		($0.01)	$0.02	
Capital Expenditures [1]		611	2,531	(76%)
Average Production [1]				
Oil	*(Bbl/d)*	882	951	(7%)
Gas	*(Mcf/d)*	1,942	1,531	27%
BOE	*(boe/d)*	1,206	1,206	0%
Average Sales Price				
Oil	*($/Bbl)*	41.25	$63.48	(35%)
Gas	*($Mcf)*	$4.35	$9.50	(54%)
BOE	*($/boe)*	$37.18	$62.12	
		June 30		
		2016	**2015**	
Cash & Equivalents		10,015	12,484	
Working Capital		(31,577)	(7,865)	
Long Term Debt		-	-	
Shares				
Outstanding, period end		78,629,941	78,629,941	
Average for period (basic)		78,629,941	78,629,941	
Average for period (FD)		78,629,941	78,629,941	

1. From or for continuing operations only
2. Includes earnings and foreign currency translation from discontinued operations for Q2 2015 of $4.606 million (2016: nil)
3. Funds from Operations is not a recognized measure under IFRS. See Management's Discussion and Analysis for further information on non-IFRS measures.