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Current Report No. 24/2017
Date: 2017-05-12
Issuer's trading name: SERINUS ENERGY INC.
Title: Serinus - Q1 2017Financial 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" or the „Company") informs that in Canada via the SEDAR system it has published information about its financial and operating results for the three months ended March 31, 2017.

Q1 2017 Highlights

- During Q1 2017, production averaged 698 boe/d, down from 1,154 boe/d during 2016, a decline of 40%. Lower production during 2017 was due to the shut-in of the Chouech Es Saida field for 54 days of the quarter, due to labour issues. The Chouech Es Saida field remains shut in since February 28, 2017. The decrease in Chouech Es Saida production was partially offset by increased production in Sabria, due to increased production from the WIN-12 well as compared to Q1, 2016.

- The netback in Q1 2017 was $14.68 per boe, compared to $11.44 per boe in Q1 2016. The higher netback in 2017 was driven by higher commodity prices partially offset by higher production expenses and royalty expenses per boe.

- Funds from operations was $0.2 million for the three-month period ended March 31, 2017 (Q1 2016: $2.7 million). Funds from operations for the three months were comprised of funds from operations in Tunisia of $0.9 million offset by a corporate loss from operations of $0.7 million.

- The net loss for the three-month period ended March 31, 2017 was $2.1 million, compared to a net loss from continuing operations of $4.1 million in Q1 2016.

- On May 9, 2017, the Company signed an Engineering, Procurement, Construction and Commissioning Contract ("EPCC") with Confind S.R.L., a Romanian company, for the construction of a gas facility and associated flowlines and pipelines for Moftinu development in Romania. Construction will commence imminently with expected first gas production in the first quarter of 2018.

- The Company filed a short form prospectus, dated February 21, 2017, which qualified for distribution 72 million common shares of the Company at CAD$0.35 per share for aggregate gross proceeds of CAD$25.2 million (net CAD$24.3 million, after agents fees of CAD$0.9 million)("the Offering"). The Offering closed on February 24, 2017, and the net proceeds will be used by the Company to fund the development of the Moftinu Gas Development Project and pre-work for the 2018 drilling program in the Satu Mare Concession in Romania, production enhancement in the Sabria block in Tunisia, and for general corporate purposes.

- At March 31, 2017, the Company was not in compliance with the financial debt to EBITDA ratio and the debt service coverage ratio at the consolidated level on its debt held with EBRD. Subsequent to March 31, 2017, EBRD has acknowledged that a waiver for the quarter end covenant violation is forthcoming, however this has not yet been received by the Company.

Summary of Q1 2017 Financial Results is presented in the attachment.

General & Financial Highlights

- Revenue, net of royalties, for three-month period ended March 31, 2017 decreased to $2.6 million, compared to $3.4 million in Q1 2016, due to lower production.

- Total royalties paid decreased from $0.4 million in Q1 2016 to $0.3 million in Q1 2017. Much of this decrease was due to lower production offset by higher average commodity prices.

- Serinus made capital expenditures of $0.8 million in Q1 2017, of which $0.3 million and $0.5 million were in Tunisia and Romania respectively.

- At March 31, 2017, the Company was not in compliance with the financial debt to EBITDA ratio and the debt service coverage ratio at the consolidated level on its debt held with EBRD. Subsequent to March 31, 2017, EBRD has acknowledged that a waiver for the quarter end covenant violation is forthcoming, however this has not yet been received by the Company. Given the covenant was breached as at March 31, 2017, Serinus has reclassified its long-term debt to current in the financial statements, as required under accounting standards. There is a risk that the Company will continue to violate certain financial covenants relating to its debt held with EBRD, particularly given the current commodity prices. Although the EBRD has previously provided waivers for covenant breaches there is no certainty this will occur in the future. If these covenants are not met, the debt may therefore become payable on demand.

Operational Highlights

- During Q1 2017, production averaged 698 boe/d, down from 1,154 during 2016, a decline of 40%. Lower production during 2017 was due to the shut-in of the Chouech Es Saida field for 54 days of the quarter, due to labour issues. The Chouech Es Saida field remains shut in since February 28, 2017. The decrease in Chouech Es Saida production was partially offset by increased production in Sabria, due to increased production from the WIN-12 well as compared to Q1 2016.

- In Tunisia, the Company incurred $0.3 million of capital expenditures for the three month period ended March 31, 2017, which included costs for pumps and parts in preparation of workovers on the CS-1 and CS-3 wells in Chouech Es Saida. In Romania, the Company incurred $0.5 million of capital expenditures for the three month period ended March 31, 2017, which included permitting and licensing, land rentals and ongoing engineering study costs.

Outlook

The Company is focusing on Romania as the impetus for growth over the next three years. The Moftinu gas development project is a near-term project that is expected to begin producing from the gas discovery wells Moftinu-1001 and Moftinu-1000 in early 2018. The Company signed an EPCC contract on May 9, 2017 and will imminently commence construction of a gas plant with 15 MMcf/d of operational capacity, with expected first gas production in the first quarter of 2018.

The Company is also developing the drilling program to meet work commitments for the extension and plans to drill two additional development wells (Moftinu-1003 and 1004) with a potential third well in 2018. The Corporation sees potential production from these wells being able to bring the gas plant to full capacity in late 2018.

In Tunisia, the Company will focus on carrying out low cost incremental work programs to increase production from existing wells, including the Sabria N-2 re-entry and installing artificial lift on another Sabria well. The Corporation views Sabria as a large development opportunity longer term.

Average working interest production in Q2 2017 in Tunisia to the end of April was 637 boe/d (470 bbl/d of oil, 957 MMcf/d of gas).

The Company's production has been significantly curtailed in the first quarter of 2017 because of the shut-in of the Chouech Es Saida field in Tunisia from February 28, 2017, to date. Assuming the continued shut-in, production is projected to be approximately 620 boe/d for the second quarter of 2017. Increasing full year production for 2017 is dependent on the resolution of the associated security and safety issues that would allow for successful resumption of production at the Chouech Es Saida field, as well as the timing of the above-mentioned capital program in Sabria.

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.

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 will be available at the website: www.serinusenergy.com

Attachment to current report No 24 / 2017 of May 12, 2017

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

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

		Three Months Ended March 31		
		2017	**2016**	**Change**
Net Oil and Gas Revenue (net of royalties)		2,642	3,400	(22%)
Net Income from Continuing Operations		(2,099)	(4,137)	49%
per share, basic and diluted		(0.02)	(0.05)	
Funds from Continuing Operations		166	2,628	(94%)
per share, basic and diluted		0.00	0.03	(97%)
Capital Expenditures		858	999	(14%)
Average Production (net to Serinus from continuing operations)				
Oil	(Bbl/d)	525	901	(42%)
Gas	(Mcf/d)	1,037	1,518	(32%)
BOE	(boe/d)	698	1,154	(40%)
Average Sales Price (from continuing operations)				
Oil	($/Bbl)	$50.89	$37.12	37%
Gas	($Mcf)	$5.85	$5.31	10%
BOE	($/boe)	$46.98	$35.97	31%

	March 31 2017	**December 31 2016**
Cash & Equivalents	19,142	4,297
Working Capital	(21,934)	(38,475)
Long Term Debt	-	-
Shares Outstanding	150,629,941	78,629,941
Average for Period	106,629,941	78,629,941