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Date: 2017-10-30
Issuer's trading name: SERINUS ENERGY INC.
Title: Serinus Announces EBRD Debt Restructuring Agreement
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 that the Company has reached an agreement with the European Bank of Reconstruction and Development ("EBRD") to restructure the terms of the two debt facilities the Company has outstanding with the EBRD. The Company believes that this restructuring of the debt provides the appropriate balance for the Company to be able to meet the debt servicing requirements while also being able to make the capital investments necessary to grow the Company to the benefit of the equity shareholders in the Company.

The Company has two outstanding loan agreements with the EBRD, these being the Senior Loan Facility and the Convertible Loan Facility. Both loan agreements contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. The new agreement provides for changes to specific terms of each of the loan facilities as well as to the affirmative covenants.

The outstanding principal of the Senior Loan Facility is currently US$5.4 million with an interest rate of 6-month LIBOR plus 6.0% and an original maturity date of March 2019. The original payment schedule had the principal repayments made in twelve equal semi-annual instalments with the first repayment made on March 31, 2015. The new agreement with the EBRD involves the following changes to the terms of the Senior Loan Facility:

- The repayment schedule no longer requires the scheduled US$1.7 million payments for September 30, 2017, March 31, 2018 and September 30, 2018, with the remaining balance thereof to be paid on March 31, 2019. Instead, the terms under the new agreement are such that the Company will make payments of $2.7 million on March 31, 2019 and September 30, 2019, covering the remaining balance of the Senior Loan Facility.
- The cash sweep is now computed at the corporate level, instead of only Tunisia, on the annual and semi-annual consolidated accounts. Any cash balance in excess of US$7.0 million is to be used to prepay the senior loan in inverse order of maturity until the outstanding senior loan balance is no greater than that under the original amortisation schedule.
- The interest rate of 6-month LIBOR plus 6.0% remains unchanged and the payment of accrued interest is unchanged.

The Convertible Loan Facility has a current outstanding principal of US$25.4 million with an original maturity of June 2021 and an original interest rate of 6-month Libor plus a margin. The original margin was determined by the calculation of the Incremental Net Revenues Percentage (INRP) for Tunisia, which is the percentage rate equal to (i) the amount by which the Net Revenues (revenues minus royalties) for the most recent complete Financial Year exceeds US$35,000,000, divided by (ii) US$2,000,000 (rounded down to two decimal points). The minimum margin is 8.0% and the maximum margin is 17.0%. Under the new agreement, the terms of the Convertible Loan Facility have changed as follows:

- The maturity is extended to June 2023, with accrued interest accumulation until June 2020.

- In June 2020, the total outstanding principal plus accumulated accrued interest will be determined and this amount will constitute the new balance to be equally amortized over four annual payments to be made each month of June for the years 2020 to 2023.
- From the date of the loan amortization, interest is paid on the outstanding loan balance on each interest payment date.
- The Loan Conversion option remains as per the original agreement.
- The interest rate remains 6-month LIBOR plus the margin, but the margin is now calculated on the consolidated net revenues of our Tunisia and Romania subsidiaries exceeding US$25,000,000 instead of US$35,000,000 for Tunisia alone as per the original agreement. The minimum and maximum margins remain the same at 8.0% and 17.0%, respectively.

In addition to the specific changed terms applied to each of the loan facilities, some of the affirmative covenants of both facilities have also been changed. The original agreements had a debt service coverage ratio calculated on a quarterly basis for Tunisia and at the corporate level, with a minimum ratio of 1.3x for Tunisia and 1.5x for consolidated required to be in compliance. A debt-to-EBITDA ratio was also calculated on a quarterly basis at the Tunisia and corporate level in both original agreements with a maximum ratio of 2.5x for Tunisia and 2.75x consolidated required to be in compliance. The new agreement covenants have changed as follows:

- The debt service coverage ratio will now only be calculated on a consolidated corporate level and only for the Senior Loan Facility starting in December 2018. This ratio will no longer be applicable to the Convertible Loan Facility. The minimum ratio is 1.3x.
- For the debt-to-EBITDA ratio, the maximum ratio for compliance will be 10.0x for calculation in September 2018 and December 2018, reverting to a maximum of 2.5x for quarterly calculations from 2019 onwards.
- The definition of cash flow after debt service has been changed to exclude any capital expenditures made from any equity proceeds raised by the Company.

The new loan restructuring agreement will maintain the original security on both loans, with an additional security pledge of the shares of Serinus Energy Romania S.A., holder of the Romanian assets.

This text contains translation of 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