

Serinus Energy Inc.: Ukraine-Impact of New Ukrainian Royalty Law

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CALGARY, ALBERTA--(Marketwired - Aug 4, 2014) - [Serinus Energy Inc.](#) ("**Serinus**", "**SEN**" or the "**Company**") (TSX:SEN)(WSE:SEN), informs about the potential impact of a new bill concerning gas royalties in Ukraine.

On July 31, 2014, the Ukrainian parliament considered and passed Draft Law No. 4309A that would increase royalties on natural gas and condensate production to 55% and 45% respectively, from their current levels of 28% and 42%, effective August 1, 2014 and lasting until January 1, 2015. Unless subsequently renewed or extended, gas royalties would then revert back to current levels (i.e., 28% and 42%).

The new law also contains provisions for a "lowering coefficient" on new wells drilled after August 1, 2014. This reduces the royalties paid on production from those new wells to 55% of the nominal rates (i.e., the effective rate for new wells would be 30.25% for gas, and 24.75% for condensate) for a period of two years.

The bill was signed into law by President Petro Poroshenko on August 1, 2014.

The new law is still being studied by Serinus and its partners, but based on the best information and interpretation currently available, management estimates that this new royalty regime would result in an approximate 45% decline in its Ukraine after-tax cash flow over the five month period proposed, and a reduction in its Ukrainian netback from \$5.78/Mcf to approximately \$3.15 Mcf, assuming a \$10.00/Mcf gas price. Serinus will re-evaluate its planned capital program in light of the reduced cash flow available pursuant to this new royalty regime.

Jock Graham, Serinus' Executive Vice President and COO, said *"This increase in royalties is disappointing, however, this remains a difficult time for the country, and a time of hardship for the people living in the Lugansk Oblast where our fields are located. Fortunately there has been a material improvement in the security situation in the vicinity of our main producing fields, where I have just visited the past week. Production in the month of July averaged 34.8 MMcf/d (24.3 MMcf/d SEN WI) and the Company is in discussions with service providers about the potential to resume drilling and completion operations. During the last 6 months, KUB-Gas and its employees have demonstrated great courage, determination and perseverance to keep our main fields producing and we thank them for their efforts on behalf of the Company."*

Abbreviations

bbl	Barrel(s)	bbl/d	Barrels per day
Mbbl	Thousand barrels	MMbbl	Million barrels
boe	Barrels of Oil Equivalent	boe/d	Barrels of Oil Equivalent per day
Mboe	Thousand boe	MMboe	Million boe
Mcf	Thousand Cubic Feet	Mcf/d	Thousand Cubic Feet per day
MMcf	Million Cubic Feet	MMcf/d	Million Cubic Feet per day
Mcfe	Thousand Cubic Feet Equivalent	Mcfe/d	Thousand Cubic Feet Equivalent per day
MMcfe	Million Cubic Feet Equivalent	MMcfe/d	Million Cubic Feet Equivalent per day
Mcm	Thousand Cubic Metres	Bcf	Billion Cubic Feet
UAH	Ukrainian Hryvnia	USD	U.S. Dollar
CAD	Canadian Dollar		

About Serinus

Serinus is an international upstream oil and gas exploration and production company with a diversified

portfolio of projects in Ukraine, Brunei, Tunisia, Romania and Syria and with a risk profile ranging from exploration in Brunei, Romania and Syria to production and development in Ukraine and Tunisia. The common shares of the Company trade under trading symbol "SEN" on both the WSE (Warsaw Stock Exchange) and the TSX.

In Ukraine, Serinus owns an effective 70% interest in KUB-Gas LLC through its 70% shareholding of KUBGas Holdings Limited. The assets of KUB-Gas LLC consist of 100% interests in five licences near to the City of Lugansk in the northeast part of Ukraine. Four of the licences are gas producing.

In Tunisia, Serinus owns a 100% working interest in the Chouech Essaida, Ech Chouech, Sanrhar and Zinnia concessions, and a 45% working interest in the Sabria concession. Four of the concessions are currently producing oil or gas.

In Romania, Serinus has a 60% working interest in the onshore Satu Mare concession, a 2,949 square kilometre exploration and development block, in north western Romania.

In Brunei, Serinus owns a 90% working interest in a production sharing agreement which gives the Company the right to explore for and produce oil and natural gas from Block L.

In Syria, Serinus holds a participating interest of 50% in the Syria Block 9 production sharing contract which provides the right to explore for and, upon the satisfaction of certain conditions, to produce oil and gas from Block 9, a 10,032 square kilometre area in northwest Syria. The Company has an agreement to assign a 5% ownership interest to a third party which is subject to the approval of Syrian authorities, and which, if approved, would leave the Company with a remaining effective interest of 45% in Syria Block 9. Serinus declared force majeure, with respect to its operations in Syria, in July 2012.

The main shareholder of the Company is Kulczyk Investments S.A., an international investment house founded by Polish businessman Dr. Jan Kulczyk.

For further information, please refer to the Serinus website (www.serinusenergy.com).

Translation: This news release has been translated into Polish from the English original.

Forward-looking Statements This release may contain forward-looking statements made as of the date of this announcement with respect to future activities that either are not or may not be historical facts. Although the Company believes that its expectations reflected in the forward-looking statements are reasonable as of the date hereof, any potential results suggested by such statements involve risk and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements. Various factors that could impair or prevent the Company from completing the expected activities on its projects include that the Company's projects experience technical and mechanical problems, there are changes in product prices, failure to obtain regulatory approvals, the state of the national or international monetary, oil and gas, financial, political and economic markets in the jurisdictions where the Company operates and other risks not anticipated by the Company or disclosed in the Company's published material. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties and actual results may vary materially from those expressed in the forward-looking statement. The Company undertakes no obligation to revise or update any forward-looking statements in this announcement to reflect events or circumstances after the date of this announcement, unless required by law.

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