

CALGARY, ALBERTA--(Marketwired - Mar 16, 2016) - [Serinus Energy Inc.](#) ("Serinus", "SEN" or the "Company") (TSX:SEN)(WARSAW:SEN), is pleased to report its financial and operating results for the year ended December 31, 2015.

2015 Highlights

- On December 23, 2015, the Company announced that it had reached an agreement to sell all of its interests in Ukraine to Resano Trading Ltd., an affiliate of the Burisma Group. That transaction closed in early February, 2016 and Serinus received total cash consideration of \$32.9 million (including the originally disclosed \$32.8 million plus a gain on the subsequent foreign exchange translation) including all working capital and inter-company adjustments, subject to a final statement of adjustment. The Company repaid a total of \$19.2 million of debt and accrued interest to the European Bank for Reconstruction and Development ("EBRD") out of the proceeds from the sale, reducing its bank debt to \$33.8 million. The balance of the proceeds will be used for general corporate purposes and to further the development of the Moftinu gas discovery in Romania.
- In Romania, Serinus confirmed a significant gas discovery in the Moftinu-1001 well in April when the well tested at a maximum rate of 7.4 MMcf/d and 19 bbl/d of condensate. That discovery has been assigned unrisked contingent resources of 12.6 Bcf (10.7 Bcf risked, based on an 85% chance of development) by the Company's independent reserve evaluator. Pending regulatory approvals by the Romanian government and ability to finance, first production is anticipated in early 2017 and will require \$14 million of capital expenditures.
- In 2015, Serinus achieved average production (SEN WI) of 4,105 boe/d, compared to 5,219 boe/d in 2014. The main drivers behind the reduction vs. 2014 include a two month shut-in of the Sabria Field in Tunisia due to political protests, government interference in the gas market in Ukraine during the first half of 2015, and natural declines manifesting themselves due to curtailed drilling. The 2015 capital program was severely restricted due to lower world commodity prices and uneconomically high royalty rates in Ukraine. Total working interest production exited the year at 4,085 boe/d, a 25% decline vs YE 2014.
- Netbacks in 2015 were also significantly impacted by the drop in commodity prices. In Tunisia, the average netback was \$20.86/boe vs. \$53.18/boe in 2014. Ukrainian netbacks, which were also negatively affected by the fall in the Ukraine hryvnia vs. the U.S. dollar and the full year effects of royalty increases first imposed in August 2014, fell from \$31.05/boe in 2014 to \$13.03/boe in 2015.

Notes: 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 "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.

- Funds from Operations for 2015 fell to \$16.8 million (\$0.21/share) compared to \$65.3 million (\$0.83/share) in 2014. The portion allocable to SEN shareholders was \$12.1 million (\$0.15/share) compared to \$49.4 million (\$0.63/share) in 2014. The principle drivers were the lower production and netbacks described above.
- Serinus recorded net losses of \$14.7 million (\$0.19/share) and \$47.8 million (\$0.61/share) in Q4 and FY2015 respectively. The comparable values for 2014 were losses of \$42.0 million (\$0.53sh) and \$24.0 million (\$0.30/sh). Income was impacted by \$51.4 million of impairment charges taken against its Tunisian assets with smaller charges taken against the Ukraine assets.

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

	Three Months Ending December 31				Year Ending December 31			
	2015	2014*	Change		2015	2014*	Change	
Oil and Gas Revenue	4,794	10,034	(52	%)	25,975	45,002	(42	%)
Net Income from Discontinued Operations	(385	) (2,277	) (83	%)	4,352	21,802	(80	%)
Net Income (as reported)	(14,720	) (41,979	) (65	%)	(47,798	) (23,961	) 99	%)
per share, basic and diluted	(\$0.19	) (\$0.53	)		(\$0.61	) (\$0.30	)	
Net Income (allocable to Serinus)	(14,604	) (41,295	) (65	%)	(49,104	) (30,501	) 61	%)
per share, basic and diluted	(\$0.19	) (\$0.53	)		(\$0.62	) (\$0.39	)	
Comprehensive Net Income	(18,657	) (48,714	) (62	%)	(59,855	) (58,069	) 3	%)
per share, basic and diluted	(\$0.24	) (\$0.62	)		(\$0.76	) (\$0.74	)	
Funds from Operations (as reported)	2,127	10,424	(80	%)	16,829	65,311	(74	%)
per share, basic and diluted	\$0.03	\$0.13			\$0.21	\$0.83		
Funds from Operations (allocable to SEN)	\$831	\$8,040	(90	%)	\$12,061	\$49,444	(76	%)
per share, basic and diluted	\$0.01	0.10			\$0.15	\$0.63		
Capital Expenditures	1,910	26,587	(93	%)	18,785	68,450	(73	%)
Average Production (net to Serinus, including discontinued operations)								
Oil	(Bbl/d) 1,001	1,115	(10	%)	1,055	999	6	%)
Gas	(Mcf/d) 17,414	25,289	(31	%)	17,937	24,768	(28	%)
Liquids	(Bbl/d) 56	83	(33	%)	60	92	(35	%)

BOE	(boe/d)	3,959	5,413	(27 %)	4,105	5,219	(21 %)
Average Sales Price							
Oil	(\$/Bbl)	\$41.85	\$73.61		\$52.75	\$96.18	
Gas	(\$Mcf)	\$7.12	\$9.88		\$7.30	\$9.95	
Liquids	(\$Bbl)	\$44.84	\$72.34		\$42.78	\$78.19	
BOE	(\$/boe)	\$42.58	\$61.72		\$45.59	\$65.32	

	December 31		December 31	
	2015	2014*	2015	2014*
Cash & Equivalents	6,594	11,096	6,594	11,096
Working Capital	(11,243)	(12,973)	(11,243)	(12,973)
Long Term Debt	-	32,204	-	32,204
Shares Outstanding	78,629,941	78,629,941	78,629,941	78,629,941
Average for period	78,629,941	78,629,941	78,629,941	78,627,711

* With the agreement to sell the Ukraine assets, the Ukraine segment is presented as discontinued operations and a disposal group held for sale as at and for the year ended December 31, 2015. The 2014 financial results have been restated to be shown on a comparable basis.

General & Financial Highlights

- Revenues in Tunisia fell from \$45.0 million in 2014 to \$26.0 million in 2015, substantially all attributable to the fall in commodity prices.
- Revenues in Ukraine in 2015 were \$62.0 million vs. \$119.3 million in the prior year. The key contributors to this decline were the 29% fall in production (See Operational Highlights below), average natural gas and condensate prices falling by 26% and 45% respectively year over year, and the Ukraine hryvnia declined by 32% vs. the U.S. dollar during 2015, reducing the revenues in USD terms.
- Total royalties paid decreased from \$48.6 million in 2014 to \$37.7 million in 2015. Much of this drop was due to lower commodity prices, but was partially offset by the full year effects of the royalty rate increases in Ukraine first imposed in August 2014. Overall royalties in Ukraine were \$34.7 million (vs. \$42.7 million in 2014), but the average effective rate increased from 35.8% to 56.0%.
- Serinus made capital expenditures of \$18.8 million in 2015, of which \$5.6 million, \$8.4 million, and \$4.8 million were spent in Ukraine, Tunisia and Romania respectively. This is slightly above the Company's previous guidance of \$17 million for the year due to workovers on the WIN-12bis and CS-7bis wells during the fourth quarter for tubing clean out and pump replacement respectively, and other repair and maintenance items.
- Due to the continued decline in oil prices, Serinus took a further impairment charge of \$8.8 million at December 31, 2015 against its Tunisian assets for a total of \$51.4 million for the year. This does not affect the present value of the properties, and the Company looks forward to investment and growth in Tunisia when commodity prices recover. The reclassification of the Ukraine assets to "held for sale" required an impairment charge of \$3.3 million.
- On February 20, 2015, the Company announced that it had executed an agreement for a new loan facility with the EBRD for \$11.28 million (EUR10 million). This facility was used to fund the capital program then underway in Romania which included two exploration wells and a 3D seismic survey, and resulted in the gas discoveries in the Moftinu-1001 and 1002bis wells previously announced on April 2 and 20, 2015 respectively. With the sale of the Ukraine assets in February 2016, this facility and all accrued interest was repaid in full.
- At December 31, 2015, the Company was not in compliance with the financial debt to EBITDA ratio financial covenant at the Tunisia level on its debt held with the EBRD. The EBRD subsequently waived compliance with this ratio for the year ended December 31, 2015. Debt repayments will follow their original scheduled repayment terms and the bank will not be acting on its security. However, given the covenant was breached as at December 31, 2015, Serinus has reclassified its long-term debt to current in the financial statements, as required under accounting standards.

Operational Highlights

- Production in Tunisia averaged 1,348 boe/d (78% oil), up slightly from 1,315 boe/d in 2014. Increases came from the Winstar-13 ("WIN-13") well and a full year of production from Winstar-12bis ("WIN-12bis"), both in the Sabria area of Tunisia. These gains were largely offset by the shut-in of the Sabria Field from late February to late July due to local protests. These protests were against the lack of development, investment and job creation in the area, and not directed at the Company, and affected several other nearby fields run by other companies. Gas sales were also restricted in Choueche Es Saida in June due to operational issues with STEG (the national gas utility and transmission system) related to high ambient temperatures.
- WIN-12bis commenced production on December 10, 2014 at an initial rate of 635 boe/d (286 boe/d SEN WI). After the well cleaned up and stabilized, it reached daily rates of over 1,000 boe/d (450 boe/d SEN WI). Later in the year, the well experienced some downtime due to scale formation in the tubing, requiring a workover to clean out and restore production. The cause of the scale has been identified, and control measures are being designed and implemented. Even with this downtime and the shut-in due to the above mentioned protests at Sabria, WIN-12bis averaged 744 boe/d (335 boe/d SEN WI) for calendar 2015.
- WIN-13 reached its target total depth of 3,781 metres on March 11, 2015. After completion it was put on production in April 2015. It averaged 240 boe/d (108 boe/d SEN WI) during the last quarter of 2015.

- Production in Ukraine averaged 2,757 boe/d or 16.5 MMcfe/d (both SEN WI) during 2015, 29% lower than 2014. Government policies first enacted in November 2014 which reserved a large portion of the industrial gas market for the state owned energy company restricted production and sales. Those laws were overturned at the end of March, but the market was slow to re-adjust and the effects were felt for several more months. Later in the year, production was affected by the onset of normal declines as drilling was curtailed due to lower commodity prices and the high royalties imposed in August 2014.
- In Romania, the two exploration wells, Moftinu-1001 and Moftinu-1002bis, that were drilled in late 2014 were completed and tested during March and April 2015. Three zones with aggregate net pay of 17 metres were tested in Moftinu-1001 and that discovery has been assigned unrisked contingent resources of 12.6 Bcf (10.7 Bcf risked, based on an 85% chance of development) by the Company's independent reserve evaluator. In Moftinu-1002bis, four lower Miocene aged sands were tested, and movable gas was encountered. The sands were both tight and damaged during drilling, and commerciality will depend upon identifying suitable drilling and completion techniques in future wells.

Outlook

Average working interest production in 2016 in Tunisia to the end of February was approximately 1,140 boe/d (926 bbl/d of oil, 1.3 MMcf/d of gas). Average daily production in Ukraine until the closing of the sale to Resano was 15.6 MMcf/d and 67 bbl/d (both values SEN 70% WI).

In light of the current low commodity price environment, the Company's focus will be on reducing costs wherever possible while maintaining existing production in Tunisia. The 2016 budget will be re-examined on an ongoing basis in the event of a significant movement in Brent crude oil prices.

In Romania, Serinus will concentrate on developing the Moftinu-1001 discovery. Management is currently refining the development drilling program and has commenced preliminary design of the required surface facilities. Pending gazetting of the Phase 3 extension of the Satu Mare Licence and the various permits and approvals required, drilling and construction could commence in mid-2016. The Company is considering taking on a joint venture partner to assist in financing the Moftinu project.

Board Change

At its meeting on March 16, 2016, the Board of Directors of Serinus (the "Board") accepted the resignation of Mr. Vanja Baros with immediate effect, and also with immediate effect, nominated Mr. Rędziniak as a non-executive director. Mr. Rędziniak is an attorney-at-law with more than 20 years of experience in private and public service. He is also General Counsel and a board member of Kulczyk Investments S.A., the Company's largest shareholder.

The Company and the Board thank Mr. Baros for his service over the past year.

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.

Abbreviations

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

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. The test data contained herein is

considered preliminary until full pressure transient analysis is complete.

About Serinus

Serinus is an international upstream oil and gas exploration and production company that owns and operates projects in Tunisia and Romania.

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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