

CALGARY, ALBERTA--(Marketwired - May 12, 2016) - [Serinus Energy Inc.](#) ("Serinus", "SEN" or the "Company") (TSX:SEN)(WARSAW:SEN), is pleased to report its financial and operating results for the quarter ended March 31, 2016.

Note: with the sale of its 70% ownership interest in Ukraine, the financial results from those assets have been reclassified as discontinued operations for the three months ending March 31, 2016. The comparative financial statements have been restated to show the discontinued operations separate from continuing operations. In accordance with IFRS standards, results of operations in Ukraine are included up to the date of close in Serinus' consolidated financial results

First Quarter Highlights

- In early February, Serinus closed the sale of all its interests in Ukraine. Total final consideration was \$33.2 million including the previously disclosed \$32.9 million plus subsequent working capital and inter-company adjustments. The Company purchased its position in Ukraine in 2010 for \$45 million, and received aggregate dividends and other payments in the amount of \$41.5 million which, when combined with the sales proceeds, resulted in a 12.5% annual rate of return over the life of the project.
- From the proceeds of the Ukraine sale, the Company repaid a total of \$19.2 million of debt and accrued interest to the European Bank for Reconstruction and Development ("EBRD"). Subsequent to quarter end, a further repayment of \$3.4 million was made, reducing corporate debt plus accrued interest to \$31.0 million.
- Production for Q1 2016 averaged 2,213 boe/d, down 44% and 50% vs. Q4 2015 and Q1 2015 respectively. The major causes of the drop were the sale of the Ukraine assets, lost time to workovers and testing and natural declines manifesting themselves in Tunisia.
- Tunisian netbacks rose from \$4.55/boe in Q4 2015 to \$11.44/boe in Q1 2016, with the Company's ongoing cost reduction efforts more than offsetting lower commodity prices.
- Funds from Operations in the first quarter were down 35% to \$2.7 million vs. \$4.3 million in Q1 2015, and down 24% compared to Q4 2015, due primarily to the sale of the Ukraine assets and lower production rates. The amount allocable to SEN shareholders was \$1.8 million.
- The net loss for the quarter, before currency charges, was \$34.8 million (\$35.5 million attributable to SEN shareholders), as compared to a \$4.1 million loss in Q1 2015 (\$4.3 million attributable to SEN shareholders). The Company realized a non-cash loss on disposition on the Ukraine assets of \$33.0 million on closing, primarily relating to cumulative foreign exchange translation adjustments of \$34.2 million being removed from the balance sheet.
- Capital expenditures for the quarter were \$1.0 million vs. \$11.2 million for the same period in 2015 and \$1.9 million in Q4 2015 and consisted of workovers in Tunisia and preparatory work and licencing in Romania. Low commodity prices made drilling in Tunisia uneconomic, and significant expenditures in Romania cannot be made until the final ratification of the Phase 3 extension of the Satu Mare concession.

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

	Three Months Ending March 31			Change	
	2016	2015			
Oil and Gas Revenue	3,779	8,128	(54		%)
Net Income (as reported)	(34,794	) (4,123	) 744		%
per share, basic and diluted	(\$0.44	) (\$0.05	)		
Net Income (allocable to SEN)	(35,515	) (4,268	) 732		%
per share, basic and diluted	(\$0.45	) (\$0.05	)		
Comprehensive Net Income (as reported)	(37,084	) (14,990	) 147		%
per share, basic and diluted	(\$0.47	) (\$0.19	)		
Funds from Operations* (as reported)	2,732	4,344	(37		%)
per share, basic and diluted	\$0.03	\$0.06			
Funds from Operations* (allocable to SEN)	\$1,828	\$3,167	(42		%)
per share, basic and diluted	0.02	\$0.04			
Capital Expenditures	\$999	\$11,246	(91		%)
Average Production (net to Serinus, including discontinued operations)					
Oil (Bbl/d)	901	1,240	(27		%)
Gas (Mcf/d)	7,716	18,581	(58		%)
Liquids (Bbl/d)	26	69	(62		%)
BOE (boe/d)	2,213	4,406	(50		%)
Average Sales Price					
Oil (\$/Bbl)	\$37.12	\$53.85	(31		%)
Gas (\$/Mcf)	\$6.44	\$8.13	(21		%)
Liquids (\$/Bbl)	\$29.34	\$39.83	(26		%)
BOE (\$/boe)	\$37.98	\$49.75	(24		%)
	March 31				
	2016	2015			
Cash & Equivalents	13,442	22,819			

Working Capital	(2,184	) (7,685	)
Long Term Debt	27,236	44,533	
Shares Outstanding	78,629,941	78,629,941	
Average for period	78,629,941	78,629,941	

* Funds from Operations is not a recognized measure under IFRS. See Management's Discussion and Analysis for further information on non-IFRS measures.

Operational Highlights & Update

First quarter production and prices are broken down as follows:

Q1 2016 Production ¹				Q1 2016 Commodity Prices			
	Ukraine ²	Tunisia	Total		Ukraine	Tunisia	Total
Oil (bbl/d)	-	901	901	(\$/bbl)	-	\$37.12	\$37.12
Gas (Mcf/d)	6,198	1,518	7,716	(\$/Mcf)	\$6.63	\$5.31	\$6.44
Liquids (bbl/d)	26	-	26	(\$/bbl)	\$29.34	-	\$29.34
Boe (boe/d)	1,059	1,154	2,213	(\$/boe)	\$39.52	\$35.97	\$49.75

1. Numbers may not add due to rounding

2. Ukraine volumes are Serinus 70% interest

- Production in Tunisia for the first quarter was 1,154 boe/d, consisting of 901 bbl/d of oil and 1.5 MMcf/d of natural gas. This was 10% lower than in the prior quarter (Q4 2015) and was due substantially to downtime incurred changing out bottomhole pumps and wells shut in for pressure build ups. Production was down 27% vs. Q1 2015, as the WIN-12bis well continues to produce at restricted rates due to scaling issues, two more wells in Sabria require workovers, and natural declines have manifested themselves in the absence of new drilling.
- Ukraine production was 1,059 boe/d (6.2 MMcf/d of gas and 26 bbl/d of condensate, both volumes are SEN's 70% WI) averaged over the entire quarter. The actual rates from January 1 until the closing of the sale in early February were 15.6 MMcf/d and 66 bbl/d, marginally lower than the 15.8 MMcf/d and 56 bbl/d in the prior quarter.
- During the quarter, the Company worked over two wells in the Choueich Es Saida permit to replace the electric submersible pumps ("ESP"s). The ESP in CS-3 failed in early January and was replaced in early February, restoring the well to its previous rate of approximately 275 boe/d. The ESP in CS-1 well failed in late February, and the well was returned to production in mid-March and is currently producing approximately 185 boe/d.
- The Company continued work on the program to bring the Moftinu gas discovery in Romania on to experimental production status. This included pre-permitting and licencing work for wellsites and flowline routes, land rentals and engineering studies for the requisite surface facilities.

Outlook

Average daily production for the second quarter to date was approximately 1,225 boe/d (902 bbl/d of oil, 1.9 MMcf/d of gas).

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 Company estimates that new drilling will become economically viable at sustained prices in the mid - forties per barrel, although existing production in Tunisia remains cash flow positive at prices as low as \$30/bbl. The 2016 budget will be re-examined on an ongoing basis in the event of that management becomes confident that such a price can be sustained, and that funding is available to recommence drilling.

In Romania, Serinus will concentrate on moving the Moftinu-1001 discovery into the experimental production phase. Management is currently refining the drilling program and has commenced preliminary design of the required surface facilities. Pending ratification by several government ministries of the Phase 3 extension of the Satu Mare Concession, and receipt of typical permits and approvals, drilling and construction could commence in the second half of 2016. The Company is considering taking on a joint venture partner to assist in financing the Moftinu project.

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
Mcf	Thousand Cubic Feet Equivalent	Mcf/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	\$M	Thousands of Dollars
\$MM	Millions of Dollars		

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.

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.

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 "net to 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.

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