SERINUS ENERGY INC.

Management's Discussion and Analysis
For the year ended December 31, 2015
(US Dollars)

This Management's Discussion and Analysis ("MD&A") for Serinus Energy Inc. ("Serinus", or "the Company") is a review of the results of operations and the liquidity and capital resources of Serinus Energy Inc. and its subsidiaries (collectively "Serinus" or "the Company"). The MD&A should be read in conjunction with Serinus' December 31, 2015 audited Consolidated Financial Statements and the accompanying notes. Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document.

Management is responsible for preparing the MD&A, while the audit committee of the Company's Board of Directors ("the Board") reviews the MD&A and recommends its approval by the Board.

This MD&A uses United States dollars ("US Dollars" or "USD") which is the reporting currency of the Company. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") also referred to as GAAP. This document is dated March 16, 2016.

In the Advisory section located at the end of this document, readers can find the definition of certain terms used in the disclosure regarding Oil and Gas Information, Non-IFRS Measures as well as information on "Critical Accounting Estimates". Additional information related to Serinus, including its Annual Information Form, is available on SEDAR at www.sedar.com or on Serinus' website at www.serinusenergy.com

HIGHLIGHTS [1]

- On February 8, 2016, Serinus announced the closing of the sale of its 70% interest in Ukraine to Resano Trading Ltd. for total cash consideration of $32.9 million including all working capital and inter-company adjustments, subject to a final statement of adjustment. Net proceeds of the sale have been used to repay $19.2 million of debt and interest outstanding with the European Bank for Reconstruction and Development ("EBRD") against the Romania and Tunisia debt facilities. The balance of the proceeds will be used for general corporate purposes and to help fund development of the Moftinu gas discovery in Romania.
- During 2015, net production levels (being the Company's production from Tunisia and its net 70% interest in Ukraine) averaged 4,105 boe/d, compared to 5,219 boe/d for 2014, a decrease of 21%. Overall production was down from the comparable period in 2014 due to lower production in Ukraine. That decline was primarily due to a lack of investment in capital projects as a result of falling commodity prices and higher royalties which reduced available cash flow, as well as some lingering effects of government legislation affecting the gas market. In Tunisia, production was negatively impacted by the shut-in of the Sabria field from late May to late July due to local protests. These protests were against the lack of development, investment, and job creation in the area and not specifically directed at the Company or other operators in the area.
- In the fourth quarter of 2015, net production levels averaged 3,959 boe/d compared to 5,413 bod/d for 2014, a decrease of 27%. The change reflects a decrease in Ukraine production of 1,297 boe/d and Tunisia production of 157 boe/d.
- Production for 2015 was weighted 73% (2014: 79%) natural gas with the remainder consisting of oil and condensate production.
- Average natural gas prices in Ukraine were lower in 2015 at $7.19 per Mcf compared to $9.69 per Mcf in 2014. The Hryvnia ("UAH") price at which the Company's natural gas is sold was higher in 2015 as compared to 2014; however a significant deterioration in the UAH as compared to the US dollar resulted in lower USD natural gas prices compared to 2014. The average effective market exchange rates for the UAH for the three and twelve months ended December 31, 2015 were 22.95 UAH/USD and 22.05 UAH/USD versus 14.62 UAH/USD and 12.19 UAH/USD in the comparable period of 2014.
- Average crude oil prices in Tunisia were lower in 2015 at $52.75 per bbl, compared to $96.18 per bbl in 2014, reflecting the significant decline in Brent that has continued since the latter part of 2014. In 2015, Brent prices averaged $52.35/bbl as compared to $99.02/bbl in 2014, and in Q4, 2015, Brent prices averaged $43.56 per bbl compared to $81.53 per bbl in the comparable period of 2014.
- The overall netback[2] [4] for 2015 for the Company was $14.91 per boe, compared to $35.19 per boe in 2014. The decrease was attributable to lower netbacks in Ukraine of $13.03 per boe compared to $31.05 per boe in 2014, and in Tunisia, of $20.86 per boe compared $53.18 per boe in 2014. The lower netback in Ukraine was driven by lower commodity prices and higher royalties. The official royalty rate on natural gas in Ukraine increased from 28% to 55%, effective August 1, 2014. Effective royalty rates in Ukraine for the three and twelve months ended December 31, 2015 were 53.1% and 56.0% as royalties were payable based on the Limit Price (the Limit Price being the maximum price set by regulators each month that can be charged to industrial customers) which has been significantly higher than the realized price. The lower netback in Tunisia was driven by lower commodity prices.
- Funds from operations[2] [3] were $2.1 million and $16.8 million for the three and twelve months periods ended December 31, 2015, as compared to $10.4 million and $65.3 million for the comparative periods of 2014. In 2015, lower production, lower commodity prices and higher Ukraine royalties contributed to the decrease in funds from operations.
- Revenue, net of royalties, for the three and twelve months ended December 31, 2015 decreased to $11.4 million and $50.3 million compared to $24.1 million and $115.7 million in the comparative periods of 2014. The decrease in 2015 is attributable to lower commodity prices, lower production and higher royalty rates in Ukraine.
- Dividends of $2.4 million were declared to the shareholders of Kub-Gas Holdings Limited ("KUB Holdings") for the year ended December 31, 2015 (2014: $31.5 million). Since acquisition, total dividends of $71.1 million have been paid out by KUB-Gas LLC ("KUB-Gas"). Effective September 23, 2014 and subsequently extended, the

[1] Substantially all financial and production analysis in this MD&A reflect the 100% interest in the results of KUB Holdings and KUB-Gas unless specifically noted as net to Serinus which is at the effective 70%. See "Discontinued operations" for further explanation.
[2] See "Non-IFRS Measures" in the end of this MD&A
[3] See "Funds from Operations" for a reconciliation of funds from operations to cash flows
[4] See "Oil and Gas Netback" for a reconciliation of netback to revenue

National Bank of Ukraine issued a resolution prohibiting foreign exchange transactions associated with the payment of dividends to foreign entities.

- Due to the sustained low oil prices the Company recorded further impairment of $7.1 million in Tunisia at December 31, 2015 for a total impairment charge of $51.4 million in 2015. In addition, due to the pending sale of Ukraine subsequent to year end, the Company recorded impairment of $3.3 million in Ukraine as at December 31, 2015 (2014 – Tunisia $49.3 million, Ukraine $5.6 million).
- At December 31, 2015, Serinus was not in compliance with the Financial Debt to EBITDA covenant at the Tunisian level on its debt held with the EBRD. Subsequent to year end, EBRD waived compliance with this ratio for the year ended December 31, 2015. The result of this waiver is that 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 classified its long term debt as current as required under the accounting standards. There is a risk that the Company may violate certain financial covenants from the second quarter of 2016 onwards relating to its debt held with EBRD, given the current low 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. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern.
- In Romania, the National Agency for Mineral Resources (“NAMR”) approved a 3 year extension to the exploration period for the Satu Mare Concession (“Satu Mare”) in northwest Romania. The extension is pending ratification by several government ministries. The work obligations pursuant to the extension include the drilling of two wells, and, at the Company’s option, either the acquisition of 120 km2 of new 3D seismic data or to drill a third well. The two firm wells must be drilled to minimum depths of 1,500 and 2,000 metres respectively, and if so elected, the third well to a depth of 2,500 metres. The Company, through its indirectly wholly owned subsidiary Winstar Satu Mare SRL (“Winstar Satu Mare”), currently holds a 60% interest in Satu Mare. The holder of the remaining 40% interest gave notice pursuant to the operating agreement that it wished to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company, but was of the belief that it could not affect such withdrawal and assignment until certain matters particular to it were resolved with the Government. Consequently, the holder of the 40% interest executed an agreement that amongst other things, provided it would hold the 40% interest in trust for Winstar Satu Mare until such time as it could transfer the interest to Winstar Satu Mare in accordance with the provisions of the Concession Agreement, giving the Company an effective 100% working interest.

OPERATIONAL OVERVIEW

Serinus is an international oil and gas exploration and production company with operations in Tunisia and Romania. The Company also had operations in Ukraine which were disposed of subsequent to year end. The Company has management offices in Calgary (Canada), Dubai (United Arab Emirates) and Warsaw (Poland).

Included in the MD&A is an analysis of the above operations. Given the Ukraine operations, represented by KUB Holdings and its subsidiary KUB Gas, were sold subsequent to year end, the related assets and liabilities are classified as held for sale on the Statement of Financial Position as at December 31, 2015 and as discontinued operations in the Statement of Operations for the years ended December 31, 2015 and 2014. Prior year numbers have therefore been restated to reflect this change in presentation. For purposes of this MD&A, analysis of the results of Ukraine have been included in the respective category of revenue/expense rather than following the Statement of Operations presentation.

Ukraine

On December 23, 2015, Serinus announced an agreement to dispose of its 70% shareholding in KUB Holdings, which holds a 100% interest in KUB Gas, representing its Ukraine operations. On February 8, 2016, Serinus announced the closing of the shares of KUB Holdings to Resano Trading Ltd. Upon closing, Serinus received total cash consideration of $32.9 million including working capital and inter-company adjustments, subject to a final statement of adjustment.

As at December 31, 2015, Serinus indirectly owned the following licenses in Ukraine:

Production license	**Issue date**	**Expiry date**
Vergunskoye field	27 September 2006	27 September 2026
Olgovskoye field	06 February 2012	06 February 2032
Makeevskoye field	10 April 2012	10 April 2032
Krutogorovskoye field	30 August 2013	30 August 2033
Exploration license		
North Makeevskoye field	29 December 2010	29 December 2015 [(a)]
Special Permit		
West Olgovskoye field	3 June 2015	3 June 2035

(a) As at December 31, 2015, KUB-GAS has entered into negotiations to extend the license date.

The Company began to generate revenues with its acquisition of KUB-Gas in June 2010, and since that time has generated $333.3 million of revenue, net of royalties, in aggregate from these assets, of which $233.3 million is net to the 70% interest held by Serinus[1].

Starting in December 2015, Ukraine legislation requires one month of production held in storage, Serinus had $2.1 million of natural gas held in storage as at December 31, 2015 (2014 – nil)

During the course of 2014 and 2015 the government of Ukraine introduced a series of laws and regulations that had a material adverse effect on KUB-Gas' business. Effective August 1, 2014, the nominal royalty rates on natural gas increased to 55% from the previous level of 28%. Those nominal rates were applied to prices set periodically by regulators which were based on the cost of imported gas. Other legislation placed restrictions on the gas market, causing realized prices in the private sector to fall significantly below those regulated prices, resulting in effective royalty rates as high as 64%. This royalty rate was reduced to 29% effective January 1, 2016.

On September 23, 2014, Ukraine imposed foreign exchange controls which restricted remittances of currency outside the country, effectively cutting off access to approximately 70% of the Company's revenues. As well, the global weakening of energy prices has also been felt in Ukraine. Finally, while Serinus reports in US dollars, restrictions on foreign exchange transactions meant that most of that cash flow remained in the weakening hryvnia held in accounts in Ukraine. This combination of factors severely reduced cash flow.

Tunisia

As at December 31, 2015, Serinus has the following interests in Tunisia concessions:

Concession	**Working interest**	**Expiry date**
Chouech Es Saida	100%	December 2027
Ech Chouech	100%	September 2022
Sabria	45%	November 2028
Zinnia	100%	December 2020
Sanrhar	100%	December 2021

As at December 31, 2015, four of the concessions were producing oil or gas.

The Tunisian state oil and gas company, Enterprise Tunisienne d'Activites Petroliere ("ETAP"), has the right to back into the Chouech Es Saida concession for up to a 50%, if and when the cumulative liquid hydrocarbon sales, net of royalties and shrinkage, from the concession exceed 6.5 million barrels. As at December 31, 2015, cumulatively 5.1 million barrels, net of royalties and shrinkage have been sold from the concession.

The Company began to generate revenues in Tunisia with its acquisition of Winstar on June 24, 2013, and since that time has generated $86.9 million of revenue, net of royalties, in aggregate from these assets.

1 See "Discontinued operations" for more information on the financial results of KUB Holdings.

Romania

With the extension for Satu Mare, Serinus is concentrating on development of 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 License and the various permits and approvals required, drilling and construction could commence in mid to late 2016.

Given the success in Moftinu, the Company is also proceeding to refine and expand the exploration inventory within the concession. Based on older vintage 2D seismic data and existing wells, management has identified over 25 leads and prospects. The exploration program will include acquiring more 3D seismic.

Serinus currently holds a 60% interest in Satu Mare. The holder of the remaining 40% gave notice pursuant to the operating agreement that it wished to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company and signed a withdrawal agreement. Pending such assignment, and in accordance with the provisions of the operating agreement and withdrawal agreement, the other interest owner has agreed to hold its 40% interest in trust for the benefit of Serinus, giving the Company an effective 100% working interest.

The Satu Mare concession is on the border with Hungary and Ukraine within the Pannonian Basin and the term of the concession agreement expires in September 2033.

Other

In Brunei, the Company holds a 90% working interest in the Brunei Block L production sharing agreement ("Block L PSA") which gives the Company and the other parties thereto the right to explore for and, upon fulfillment of certain conditions, the right to produce oil and gas from Block L, a 1,123 square kilometer (281,000 acre) area covering certain onshore and offshore areas. Serinus is the operator of Block L. Due to the results of the wells drilled to date; the Brunei Block L assets are fully impaired. The Company, together with Petroleum-BRUNEI, are in the process of evaluating future plans.

In Syria, the Company holds a working interest of 50% in the Syria Block 9 production sharing contract ("Block 9 PSC") which provides the right to explore for and, upon fulfillment of certain conditions, to produce oil and gas from Block 9, a 10,032 square kilometer (2.48 million acre) 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 Block 9. Effective July 16, 2012, the Company, in its capacity as Operator of Syria's Block 9, declared Force Majeure due to conditions arising from the current instability, including difficult operating conditions and the inability to move funds into the country, rendering the performance of its obligations under the contract impossible. The Company will continue to monitor operating conditions in Syria to assess when a recommencement of its Syrian operations is possible.

Serinus has interests in a minor property at Sturgeon Lake in Alberta, Canada. This asset is not currently producing and has a future abandonment liability associated with it of CAD$1.8 million, of which approximately $0.2 million of abandonment work is being undertaken in the first quarter of 2016.

DISCONTINUED OPERATIONS

Through KUB Holdings, a private company incorporated in Cyprus, Serinus held a 70% ownership interest in KUB-Gas, a Ukrainian company. Serinus controlled KUB Holdings and is required under IFRS to consolidate the results of KUB Holdings and KUB-Gas into its financial statements, and in doing so the Company reports 100% of the revenues, royalties and production and other expenses for KUB Holdings and KUB-Gas. Similarly, the Company reports 100% of the assets and liabilities of KUB Holdings and KUB-Gas on its consolidated balance sheet. The 30% share of the net assets and earnings of KUB Holdings and KUB-Gas attributable to the minority shareholder is presented by way of a one line entry as "non-controlling interest". As noted above, given the Ukraine operations, represented by KUB Holdings and its subsidiary KUB Gas, were sold subsequent to year end the assets and liabilities are classified as Held for Sale on the Statement of Financial Position as at December 31, 2015 and as discontinued operations in the Statement of Operations for the years ended December 31, 2015 and 2014.

Substantially all financial and production analysis in this MD&A reflect the 100% interest in the results of KUB Holdings and KUB-Gas unless specifically noted as net to Serinus which is at the effective 70%.

The tables below summarizes discontinued operational results as reported by the Company in accordance with IFRS; and segregates the 30% share allocation to the non-controlling interest; and the 70% net results attributable to the Company.

	Three months ended Dec 31, 2015			Twelve months ended Dec 31, 2015		
Net earnings from discontinued operations	As reported	Allocated to non-controlling interest	Net to Serinus	As reported	Allocated to non-controlling interest	Net to Serinus
Oil and gas revenue	$ 15,220	$ 4,566	$ 10,654	$ 61,986	$ 18,596	$ 43,390
Royalty expense	(8,089)	(2,427)	(5,662)	(34,701)	(10,410)	(24,291)
Oil and gas revenue, net of royalties	$ 7,131	$ 2,139	$ 4,992	$ 27,285	$ 8,186	$ 19,099
Operating expenses:						
Production expenses	(2,370)	(711)	(1,659)	(8,539)	(2,562)	(5,977)
General and administrative	(2)	(1)	(1)	(46)	(14)	(32)
Gain (loss) on disposition of assets	(36)	(11)	(25)	(82)	(25)	(57)
Depletion and depreciation	(3,498)	(1,049)	(2,449)	(10,346)	(3,104)	(7,242)
Asset impairment	(3,303)	(991)	(2,312)	(3,303)	(991)	(2,312)
Finance income/(expense)						
Interest and other income	2,024	607	1,417	2,312	694	1,618
Interest expense and accretion	(60)	(18)	(42)	(510)	(153)	(357)
Foreign exchange loss	(382)	(115)	(267)	(1,104)	(331)	(773)
Earnings before tax	(496)	(150)	(346)	5,667	1,700	3,967
Current tax expense	(442)	(133)	(309)	(2,808)	(842)	(1,966)
Deferred tax recovery	553	166	387	1,493	448	1,045
Net earnings from discontinued operations (net of tax)	$ (385)	$ (117)	$ (268)	$ 4,352	$ 1,306	$ 3,046

FUNDS FROM OPERATIONS

Serinus uses funds from operations as a key performance indicator to measure the ability of the Company to generate cash from operations to fund future exploration and development activities. Funds from operations is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities.

The following table is a reconciliation of funds from operations to its most closely related IFRS measure cash flow from operations:

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Cash flow from operations	$ 1,491	$ 4,336	$ 12,582	$ 66,145
Changes in non-cash working capital	636	6,088	4,247	(834)
Funds from operations [a]	$ 2,127	$ 10,424	$ 16,829	$ 65,311
Funds from operations per share	$ 0.03	$ 0.13	$ 0.21	$ 0.83
Funds from operations				
Continuing operations	$ (2,192)	$ 950	$ 935	$ 10,899
Discontinued operations [b]	4,319	9,474	15,894	54,412
	2,127	10,424	16,829	65,311

(a) Funds from operations is defined as cash flow from operations before changes in non-cash working capital and is calculated as oil and gas revenue net of royalties, less production expenses, G&A, transaction costs, current taxes and realized foreign exchange gains/losses. Funds from operations are not a standard measure under IFRS. See section titled "Non-IFRS Financial Measures" for advisory over use of non-IFRS financial measures.

(b) Ukraine is reported as a discontinued operation in the Statement of Operations

Positive funds from operations are generated in Ukraine and Tunisia, representing the Company's producing assets for the year.

Funds from operations decreased by $8.3 million for the three month period ended December 31, 2015 to $2.1 million as compared to $10.4 million in the comparable period of 2014.

Similar trends are noted on a year to date basis as funds from operations decreased by $48.5 million to $16.8 million, as compared to $65.3 million in 2014. The decrease in funds from operations year over year is primarily attributable to lower commodity prices, lower production in Ukraine and increased royalties in Ukraine, partially offset by decreased production costs, G&A, and transaction costs.

PRODUCTION (Net to Serinus)

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Average Daily Production (net to Serinus)				
Crude Oil (bbl/d)	1,001	1,115	1,055	999
Natural gas (Mcf/d)	17,414	25,289	17,937	24,768
Natural gas liquids (bbl/d)	56	83	60	92
Total boe/d	3,959	5,413	4,105	5,219
Production by Location (boe/d)				
Ukraine [a]	2,682	3,979	2,757	3,904
Tunisia	1,277	1,434	1,348	1,315
Total boe/d	3,959	5,413	4,105	5,219

a) Ukraine is reported as a discontinued operation in the Statement of Operations

Production volumes decreased by 27% in Q4 2015 to 3,959 boe/d, net to Serinus, compared to 5,413 boe/d in the comparable period of 2014. The change in Q4 2015 reflects a decrease of 33% in production volumes from Ukraine and 11% from Tunisia.

On a year to date basis, production decreased by 21% to 4,105 boe/d, compared to 5,219 boe/d in the prior year. The change reflects a decrease in Ukraine production of 29% (1,147 boe/d), partially offset by an increase in Tunisian production of 3% (33 boe/d).

Ukraine

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Average Daily Production (net to Serinus)				
Natural gas (Mcf/d)	15,757	23,375	16,182	22,874
Natural gas liquids (bbl/d)	56	83	60	92
Total boe/d	2,682	3,979	2,757	3,904

In Ukraine, production volumes, net to Serinus, decreased by 33% in the fourth quarter of 2015, to 2,682 boe/d, compared to 3,979 boe/d in the comparable period of 2014. Overall production has continued to decline since there has been no capital investment in the country for the last year other than the completion of the M-22 well in May 2015 and the Q3/15 frac program.

Similar trends are noted on a year to date basis, with production decreasing by 29% to 2,757 boe/day for the year ended December 31, 2015, as compared to 3,904 boe/day in 2014.

Tunisia

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Average Daily Production (net to Serinus)				
Crude Oil (bbl/d)	1,001	1,115	1,055	999
Natural gas (Mcf/d)	1,655	1,914	1,755	1,894
Total boe/d	1,277	1,434	1,348	1,315

Tunisia production is predominantly from the Chouech Es Saida and Sabria fields, which account for 90% of Tunisia production.

Production volumes decreased by 11% in the fourth quarter to 1,277 boe/d, compared to 1,434 boe/d in the comparable period of 2014. The decrease was due primarily to reduced production from the WIN-12bis well, and downtime on two other wells needing changes of bottom-hole pumps. WIN-12bis experienced scale build up in the production tubing, requiring periodic clean out. Oil and water samples were analyzed and an appropriate inhibition program is underway. WIN-12bis resumed production subsequent to year end.

Production volumes have increased by 3% for the twelve months ended December 31, 2015 to 1,348 boe/d, compared to 1,315 boe/d in the comparable period of 2014. The major factor behind the increase was the inclusion of the WIN-12bis well, which commenced production December 10, 2014.

OIL AND GAS REVENUE

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Crude oil	$ 3,855	$ 7,552	$ 20,331	$ 35,071
Natural gas	15,829	32,078	66,287	125,487
Natural gas liquids	330	792	1,343	3,769
	$ 20,014	$ 40,422	$ 87,961	$ 164,327
Revenue by Location				
Ukraine	$ 15,220	$ 30,388	$ 61,986	$ 119,325
Tunisia	4,794	10,034	25,975	45,002
Total	$ 20,014	$ 40,422	$ 87,961	$ 164,327

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Ukraine [(a), (b)]				
Natural gas ($/Mcf)	$ 7.19	$ 9.63	$ 7.19	$ 9.69
Natural gas liquids ($/bbl)	44.84	72.34	42.78	78.19
Average price ($/boe)	$ 43.17	$ 58.10	$ 43.11	$ 58.61
Tunisia				
Crude Oil($/bbl)	$ 41.85	$ 73.61	$ 52.75	$ 96.18
Natural gas ($/Mcf)	6.17	14.10	8.81	14.37
Average price ($/boe)	$ 40.81	$ 76.06	$ 52.77	$ 93.76

(a) Ukraine realized commodity prices for natural gas price and condensate are based on the average price received in UAH converted to USD using the average FX rate for the period.

(b) Ukraine is reported as a discontinued operation in the Statement of Operations.

Oil and gas revenue decreased by 50% or $20.4 million in Q4 2015 as compared to Q4 2014. During Q4 2015, the contributing factors were lower commodity prices and lower production.

In Ukraine, revenues totalled $15.2 million for Q4 2015, compared to $30.4 million in Q4 2014. The 50% decrease is attributable to a 33% decrease in production volumes and a 26% decrease in the average commodity price.

Ukraine natural gas prices were lower in Q4 2015 compared to Q4 2014, with a realized natural gas price of $7.19 per Mcf, compared to $9.63 per Mcf in Q4 2014. Gas sold in Ukraine is paid for in UAH, making its realized price in USD also subject to exchange rate risk. Natural gas prices in UAH were higher in Q4 2015 as compared to Q4 2014, but a lower UAH to USD exchange rate significantly impacted the USD equivalent price. The exchange rate for the UAH for the three months ended December 31, 2015 was 22.95 UAH/USD as compared to 14.62 UAH/USD in the comparable period of 2014.

The majority of the Company's production is marketed and sold to wholesalers, who then sell to industrial users, and therefore KUB-Gas' realized price is also net of the margins paid to those wholesalers.

A similar trend is noted on a year to date basis with a realized natural gas price of $7.19 per Mcf, compared to $9.69 per Mcf in 2014.

Oil sales for Tunisia include volumes loaded onto tankers, as well as the change in the net realizable value of oil inventory, there have been ten tanker lifts of oil during the twelve months of 2015.

In Tunisia, revenues totalled $4.8 million for Q4 2015, compared to $10.0 million in Q4 2014. The decrease of 52% is attributable to a 44% decrease in the average commodity price and a 11% decrease in production.

Oil prices in Tunisia are based on a premium or discount to Brent over the 3 day lifting period, depending on the payment settlement terms. The Company is required to sell 20% of its annual oil production from the Sabria concession into the local market, which is sold at an approximate 10% discount to the price obtained on its other crude sales. In Q4 2015, Brent prices averaged $43.56 per bbl compared to $81.53 per bbl in the comparable period in 2014, a 47% decline. Natural gas prices are nationally regulated and are tied to the twelve month trailing average of low sulphur heating oil (benchmarked to Brent).

A similar trend is noted on a year to date basis with a realized crude oil price of $52.75 per Mcf, compared to $96.18 per Mcf in 2014.

On a year-to-date basis, revenues totalled $88.0 million as compared to $164.3 million in the comparable period of 2014. The decrease of 46% is attributable to lower commodity prices, driven by the decline in Brent, and a 21% decrease in production.

ROYALTIES

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Ukraine [(a)]	$ 8,089	$ 14,959	$ 34,701	$ 42,670
Tunisia	562	1,314	2,989	5,937
Total royalties	$ 8,651	$ 16,273	$ 37,690	$ 48,607
$/boe	$ 18.41	$ 24.85	$ 19.53	$ 19.32
Royalties by Location as a percentage of sales				
Ukraine	53.1%	49.2%	56.0%	35.8%
Tunisia	11.7%	13.1%	11.5%	13.2%
	43.2%	40.3%	42.8%	29.6%

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

The average royalty rate for Q4 2015 was 43.2% as compared to 40.3% in Q4 2014. The increase in royalty rates year over year is attributable to the increase in rates in Ukraine.

In Ukraine, the average royalty rate for the fourth quarter of 2015 was 53.1% compared to 49.2% in the fourth quarter of 2014. The royalty rates applied to the Company's production have increased significantly as a result of the government of Ukraine's actions to increase state revenues. Effective August 1, 2014 the royalty rates on natural gas and condensate production increased to 55% and 45% respectively, from 28% and 42%. The new law also had a provision for a "lowering coefficient" on new wells drilled after August 1, 2014, which reduced gas royalties on new wells to 55% of nominal rates (i.e. the effective rates of new wells is 30.25% for gas) for two years. The lowering coefficient was allowed to expire in January 2015, but was subsequently reinstated effective April 1, 2015 and still relates to wells drilled after August 1, 2014.

In Ukraine, royalties were calculated based on the NERC Limit Price (rather than the realized gas price received from market). As a result, the actual royalty percentage paid on natural gas revenue can be greater than the enacted royalty rate on natural gas wells. During 2015, the effective rate has been as high as 66%.

The change in royalty rates had a similar impact on year to date results.

On December 24, 2015, the Rada (the Ukrainian parliament) approved a bill to reduce the royalties on natural gas from 55% (28% on wells deeper than 5,000 metres) to 29% and 14% respectively. The relief pursuant to the above mentioned lowering coefficient for the first two years of a new well's life will no longer apply. Royalties on oil and liquids would remain unchanged at 43%. The bill came into effect on January 1, 2016.

In Tunisia, the Q4 2015 royalty rate was lower at 11.7% as compared to 13.1% in the comparative period of 2014. Tunisian royalties are based on individual concession agreements, none of which exceed 15%. In two concessions, Sabria and Zinnia, the royalty rate varies depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the "R factor". As the R factor increases, so does the royalty percentage to a maximum rate of 15%. The decrease in the average royalty rate reflects proportionally more production from Sabria in 2015, which has a 7% royalty rate, therefore decreasing the average royalty rate for Tunisia. Similar trends are noted on a year-to-date basis.

PRODUCTION EXPENSES

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Ukraine [(a)]	$ 2,370	$ 4,105	$ 8,539	$ 13,428
Tunisia	3,698	3,501	12,718	13,538
Canada	105	52	248	240
Production expenses	$ 6,173	$ 7,658	$ 21,505	$ 27,206

Production expense by location ($/boe)				
Ukraine	$ 6.72	$ 7.85	$ 5.94	$ 6.60
Tunisia	31.48	26.54	25.84	28.21
	$ 13.14	$ 11.69	$ 11.14	$ 10.81

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

On an absolute basis, production expenses decreased 19% to $6.2 million in Q4 2015 from $7.7 million in Q4 2014. However, on a per boe basis, production expenses increased to $13.14 per boe in Q4 2015 compared to $11.69 per boe in Q4 2014.

Ukraine production expenses were $6.72 per boe in Q4 2015 compared to $7.85 per boe in the comparable period of 2014. Production expense decreased on both an absolute and per boe metric, primarily due the weakening of the UAH.

Tunisia production expenses for Q4 2015 averaged $31.48 per boe, compared to $26.54 per boe in Q4 2014. On an absolute basis, production expense increased by 6% versus an 11% decrease in production, due to maintenance work completed in the fourth quarter and costs associated with resuming production on WIN-12bis resulted in a higher per boe metric. Tunisia's production has higher average production expenses as compared to Ukraine because Tunisia's production is weighted to oil, which has a higher cost to produce, than Ukraine's natural gas properties.

Canadian production expenses relate to the Sturgeon Lake assets and totalled $105 thousand and $248 thousand for the three and twelve month period ended December 31, 2015, respectively. The asset is not producing and is incurring minimal operating costs to maintain the property.

For the year ended December 31, 2015, production expenses decreased by $5.7 million to $21.5 million from $27.2 million in the comparable period of 2014. On a per boe basis, production expenses increased slightly by 3% to $11.14 per boe from $10.81 in 2014.

OIL AND GAS NETBACK

Serinus uses netback as a key performance indicator to measure the Company's revenue less the direct costs consisting of royalties and production expenses to assist management in understanding Serinus' profitability relative to current market conditions and as an analytical tool to benchmark changes in operational performance against prior periods. Netback is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities.

The following table shows the reconciliation of netback to its most closely related IFRS measure revenue:

Ukraine Netback by Commodity [(a)]	Three months ended Dec 31,					
(Volumes in thousand)	2015			2014		
	Gas (Mcf)	Liquids (bbl)	**Total (boe)**	Gas (Mcf)	Liquids (bbl)	**Total (boe)**
Average daily sales volumes (gross)	22,510	80	**3,832**	33,393	119	**5,685**
Average daily sales volumes (net to Serinus)	15,757	56	**2,682**	23,375	83	**3,979**
Revenue	$ 7.19	$ 44.84	**$ 43.17**	$ 9.63	$ 72.34	**$ 58.10**
Royalty expense	(3.85)	(16.30)	**(22.94)**	(4.77)	(28.41)	**(28.60)**
Production expenses	(1.14)	-	**(6.72)**	(1.34)	-	**(7.85)**
Netback [(b)]	$ 2.20	$ 28.54	**$ 13.51**	$ 3.52	$ 43.93	**$ 21.65**

(Volumes in thousand)	Twelve months ended Dec 31, 2015			2014		
	Gas (Mcf)	Liquids (bbl)	**Total (boe)**	Gas (Mcf)	Liquids (bbl)	**Total (boe)**
Average daily sales volumes (gross)	23,119	86	**3,939**	32,678	132	**5,578**
Average daily sales volumes (net to Serinus)	16,182	60	**2,757**	22,874	92	**3,904**
Revenue	$ 7.19	$ 42.78	**$ 43.11**	$ 9.69	$ 78.19	**$ 58.61**
Royalty expense	(4.05)	(17.30)	**(24.14)**	(3.44)	(35.06)	**(20.96)**
Production expenses	(1.01)	-	**(5.94)**	(1.13)	-	**(6.60)**
Netback [(b)]	$ 2.13	$ 25.48	**$ 13.03**	$ 5.12	$ 43.13	**$ 31.05**

Tunisia Netback by Commodity

(Volumes in thousand)	Three months ended Dec 31, 2015			2014		
	Gas (Mcf)	Oil (bbl)	**Total (boe)**	Gas (Mcf)	Oil (bbl)	**Total (boe)**
Average daily sales volumes (net to Serinus)	1,655	1,001	**1,277**	1,914	1,115	**1,434**
Revenue	$ 6.17	$ 41.85	**$ 40.81**	$ 14.10	$ 73.61	**$ 76.06**
Royalty expense	(0.66)	(5.02)	**(4.78)**	(1.73)	(9.84)	**(9.96)**
Production expenses	(4.99)	(31.90)	**(31.48)**	(2.72)	(29.46)	**(26.54)**
Netback [(b)]	$ 0.52	$ 4.93	**$ 4.55**	$ 9.65	$ 34.31	**$ 39.56**

(Volumes in thousand)	Twelve months ended Dec 31, 2015			2014		
	Gas (Mcf)	Oil (bbl)	**Total (boe)**	Gas (Mcf)	Oil (bbl)	**Total (boe)**
Average daily sales volumes (net to Serinus)	1,755	1,055	**1,348**	1,894	999	**1,315**
Revenue	$ 8.81	$ 52.75	**$ 52.77**	$ 14.37	$ 96.18	**$ 93.76**
Royalty expense	(0.95)	(6.17)	**(6.07)**	(1.81)	(12.85)	**(12.37)**
Production expenses	(4.31)	(25.83)	**(25.84)**	(4.32)	(28.93)	**(28.21)**
Netback [(b)]	$ 3.55	$ 20.75	**$ 20.86**	$ 8.24	$ 54.40	**$ 53.18**

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

(b) Netback is defined as revenue less direct expenses and is calculated as oil and gas revenue net of royalties, less production expenses. Netback is not a standard measure under IFRS; see section titled "Non-IFRS Financial Measures" for advisory over the use of non-IFRS financial measures.

In Ukraine, the netback decreased to $13.51 per boe in Q4 2015 compared to $21.65 per boe in Q4 2014, due to higher royalties and lower realized prices.

In Tunisia, the netback decreased to $4.55 per boe for Q4 2015 compared to $39.56 in Q4 2014. The decrease in Q4 2015 is due to lower realized prices, partially offset by lower royalties.

Similar trends are noted on a year-to–date basis.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Ukraine [(a)]	$ 4	$ 24	$ 46	$ 88
Corporate	2,271	2,653	6,984	10,398
General and administrative	$ 2,275	$ 2,677	$ 7,030	$ 10,486
$/boe	$ 4.84	$ 4.09	$ 3.64	$ 4.17

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

G&A costs incurred by the Company are expensed, with certain costs directly related to exploration and development assets being capitalized. General and administrative ("G&A") costs decreased 15% year over year to $2.3 million in Q4 2015 compared to $2.7 million in Q4 2014. The decrease is due to lower consultancy, staff costs, and travel.

In 2015, G&A costs decreased by $3.5 million, or 33%, as compared to 2014, due to cost cutting measures that have been taken throughout the year.

On a per boe basis, decreased production for the quarter compared to last year resulted in G&A costs increasing by 18% to $4.84 per boe. On a full year basis, G&A costs per boe decreased by 13% to $3.64 per boe, compared to $4.17 per boe in 2014.

STOCK BASED COMPENSATION

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Stock based compensation	$ 40	$ 495	$ 775	$ 2,897
$/boe	$ 0.09	$ 0.76	$ 0.40	$ 1.15

Under the terms of the stock option plan, when options are granted 1/3 vest immediately and then 1/3 vests on the anniversary of grant date for each of the two subsequent years. These terms result in a proportionally higher expense in the period of grant as compared to later periods.

Stock based compensation was $40 thousand in Q4 2015 compared to $495 thousand in Q4 2014. The lower expense recognized in Q4 2015 as compared to Q4 2014, reflects that no options were granted in Q4 2015 versus options granted and immediately vested in Q4 2014.

On a year-to-date basis, stock based compensation expense was $775 thousand compared to $2.9 million in the comparable period of 2014. The decrease in expense in 2015 is attributable to there being no grants in 2015, partially offset by the cancellation of 2,753,400 options resulting in an accelerated expense in Q1 2015.

DEPLETION AND DEPRECIATION

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Ukraine [a]	$ 3,498	$ 1,483	$ 10,346	$ 16,805
Tunisia	1,392	3,928	8,190	12,790
Corporate	53	44	211	152
Depletion and depreciation ("**D&D**")	$ 4,943	$ 5,455	$ 18,747	$ 29,747
D&D by location ($/boe)				
Ukraine	$ 9.92	$ 2.84	$ 7.20	$ 8.25
Tunisia	11.85	29.77	16.65	26.65
	$ 10.52	$ 8.33	$ 9.71	$ 11.82

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

D&D is computed on a concession by concession basis taking into account the net book value of the concession, future development costs associated with the reserves as well as the proved and probable reserves of the field.

In Q4 2015, depletion and depreciation expense decreased to $4.9 million from $5.5 million in 2014. Of this amount, $3.5 million relates to Ukraine and $1.4 million relates to Tunisia. In Ukraine, the increase in depreciation expense reflected a higher depletion rate per boe, slightly offset by lower production. In Tunisia, the decrease in depletion expense was due to a lower depletion rate per boe and lower production. Depletion expense in Q4 2015 reflects reserves associated with the 2015 reserve report.

On a full year basis, depletion and depreciation expense decreased to $18.7 million from $29.7 million in 2014. Of this amount, $10.3 million relates to Ukraine and $8.2 million relates to Tunisia. In Ukraine, the decrease in depreciation expense reflects a lower depletion rate per boe for the first three quarters and lower production. In Tunisia, the decrease in depletion expense was due to a lower depletion rate per boe associated with impairment, recognized from declining oil prices, recorded in 2014 and lower production.

On a per boe basis, depletion rates have increased to $10.52 per boe for the three months ended December 31, 2015, compared to $8.33 per boe in the comparative period of 2014. The increase is due to a higher depletable base in Ukraine associated with higher future development costs in the 2015 reserve report, partly offset by a decrease in Tunisia due to a decrease in the depletable base associated with impairment, recognized from declining oil prices, recorded in 2014 and Q3 2015.

For the year ended December 31, 2015, on a per boe basis, depletion rates have decreased to $9.71 per boe, compared to $11.82 per boe in the comparative period of 2014. The decrease in rate is primarily due to Tunisia, due to a decrease in the depletable base associated with impairments recorded in 2014 and Q3 2015. In Ukraine, the decrease is from a lower depletion rate per boe for the first three quarters and lower production overall.

IMPAIRMENT

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Impairment by location				
Ukraine [a]	$ 3,303	$ 5,595	$ 3,303	$ 5,595
Tunisia	7,113	49,331	51,390	49,331
	$ 10,416	$ 54,926	$ 54,693	$ 54,926

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

The carrying amounts of the Company’s property, plant and equipment are reviewed whenever events or changes in circumstances indicate that that the carrying value of an asset may not be recoverable and at a minimum at each reporting date. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash generating unit or “CGU”). The Company’s CGU’s generally align with each concession or production sharing contract.

Due to the sustained low oil prices, the Company performed impairment tests on Tunisian CGUs at December 31, 2015 using a value in use methodology. The value in use at year end was used based on: 2015 year-end proved plus probable reserves data; a risk-adjusted discount rate of 24%-27%; and a price forecast, adjusted for quality differentials specific to the Company. The calculations resulted in a $7.1 million impairment charge for all fields within Tunisia: Sabria, Ech Chouech, Chouech Es Saida, Sanrhar and Zinnia at December 31, 2015. On a full year basis, impairment of $51.4 million has been recognized in Tunisia.

Impairment of $49.3 million on Tunisian assets was recognized for the year ended December 31, 2014, using a value-in-use recoverable amount.

For Ukraine, initial classification as held for sale requires an assessment of impairment. As a result $3.3 million has been recognized for impairment in 2015, representing the lower of fair value less costs of disposal and carrying amount. Fair value was determined to be equal to the sale price less transaction costs, subject to the final statement of adjustment.

In 2014, $5.6 million of impairment was recognized for Ukraine on assets located inside an area controlled by rebel factions opposing the government of Ukraine.

INTEREST EXPENSE AND ACCRETION

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Interest on long-term debt	$ 1,134	$ 1,745	$ 4,310	$ 3,817
Interest on convertible note and debentures	-	-	-	922
Other interest charges	75	21	352	119
Accretion on asset retirement obligations	153	205	610	844
	$ 1,362	$ 1,971	$ 5,272	$ 5,702
Continuing operations	$ 1,302	$ 923	$ 4,762	$ 3,590
Discontinued operations [(a)]	60	1048	510	2112
	$ 1,362	$ 1,971	$ 5,272	$ 5,702

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

Interest expense and accretion for the three and twelve months ended December 31, 2015 decreased to $1.4 million and $5.3 million, respectively, as compared to $2.0 million and $5.7 million in 2014. On a full year basis, interest decreased due to there being no interest in 2015 relating to the convertible debt, partially offset by increased interest on the ERBD debt, due to higher debt outstanding. Interest on long-term debt relates to interest incurred on the EBRD whereas the convertible debt relates to the Dutco loan which was repaid in Q3, 2014.

In 2015, interest on long-term debt amounted to $3.4 million on the EBRD-Tunisia loan facility, $0.2 on the EBRD Ukraine loan facility and $0.7 million on the ERBD Romania loan.

FOREIGN EXCHANGE LOSS

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Foreign exchange loss from continuing operations	$ 890	$ 1,398	$ 1,765	$ 2,295
Foreign exchange loss from discontinued operations [(a)]	382	779	1,104	6,707
Total foreign exchange loss	$ 1,272	$ 2,177	$ 2,869	$ 9,002

(a) Ukraine is reported as a discontinued operation in the Statement of Operations

Fluctuations in foreign currency exchange rates are an economic factor that affects the Company's cash flow required for operations and for investments. The financial statements are presented in US dollars, which is the reporting currency of the Company.

Fluctuations in foreign currency exchange rates between US dollars and other currencies resulted in a foreign exchange loss of $1.3 million for the three months ended December 31, 2015, compared to $2.2 million in 2014. For the twelve months ended December 31, 2015, a loss of $2.9 million was recorded as compared to $9.0 million in the comparable period of the prior year.

On consolidation of KUB-Gas by the Company, the assets and liabilities of KUB-Gas are translated into US dollars at exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into US dollars using foreign exchange rates that approximate those on the date of the underlying transaction. These translation gains and losses are included in accumulated other comprehensive loss, with a loss of $4.0 million and $12.1 million recorded for the three and twelve month periods ended December 31, 2015, respectively (2014: loss of $6.7 million and $34.1 million).

CAPITAL EXPENDITURES

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Capital expenditures on property, plant and equipment	$ 1,636	$ 18,629	$ 13,275	$ 54,246
Capital expenditures on exploration and evaluation assets	274	7,958	5,510	14,204
Total capital expenditures	$ 1,910	$ 26,587	$ 18,785	$ 68,450

	Three months ended Dec 31,		Twelve months ended Dec 31,	
	2015	2014	2015	2014
Expenditure by location				
Ukraine [(a)]	$ 1,347	$ 4,242	$ 5,552	$ 18,322
Tunisia	391	13,240	8,430	36,651
Romania	177	7,969	4,785	12,312
Corporate	(5)	1,136	18	1,165
	$ 1,910	$ 26,587	$ 18,785	$ 68,450

(a) Ukraine is reported as Assets held for sale on the Statement of Financial Position

Capital expenditures consist of expenditures incurred on assets which are in the exploration and evaluation stage and include expenditures incurred on wells and seismic acquisition and processing. For these assets, the technical feasibility and commercial viability of the underlying property has yet to be determined. Exploration and evaluation assets ("E&E") are not subject to depletion and depreciation, but are subject to impairment. As at December 31, 2015, this includes certain Ukraine assets and the Romanian assets. Expenditures incurred on assets for which technical feasibility and commercial viability have been determined are classified as property, plant and equipment ("PP&E").

In Ukraine, the Company incurred $1.3 million and $5.6 million of capital expenditures for the three and twelve month periods ended December 31, 2015, which included:

- The M-22 well in Ukraine was completed, tested and frac'd;
- Field compression for the Olgovskoye field;
- Frac'ing of the O-11 and O-15 wells; and,
- Acquisition of new 2D seismic data over the West Olgovskoye licence.

In Tunisia, the Company incurred $0.4 million and $8.4 million of capital expenditures for the three and twelve months ended December 31, 2015, which included:

- Drilling and completion of WIN-13. Production from the WIN-13 well commenced on April 28; and,
- ECS-1, WIN-12, CS-7-bis and CS-9 workovers.

In Romania, the Company incurred $0.2 million and $4.8 million of capital expenditures for the three and twelve month periods ended 2015, which included:

- Completion and testing of the Moftinu-1001 and Moftinu-1002bis. The Moftinu-1001 well achieved a maximum test rate of 7.5 MMcf/d and 19 bbl/d of condensate with only trace amounts of water. The Company's reserve evaluator has assigned unrisked contingent P50 resources of 12.6 Bcf (10.7 Bcf risked). Test results from the Moftinu-1002bis well indicated a tight formation with formation damage, consistent with apparent porosities on logs and the use of heavy fluids to control washout and hole collapse during drilling. The well produced an average of 2.8 MMcf/d for 30 minutes, then declined to 245 Mcf/d over the following two hours. Data quality was poor, but Moftinu-1002bis does prove the existence of movable hydrocarbons in the four Miocene sands tested. The Company now estimates that the tested zones contain 90 Bcf (P50) of original gas in place, although eventual recovery factors will be contingent upon identifying suitable drilling and completion techniques to allow commercial production rates.

Capitalized costs of the Company's exploration and evaluation assets are as follows:

	As at December 31, 2015	As at December 31, 2014
Ukraine[a]	$ 4,742	$ 6,766
Romania	18,521	12,557
	$ 23,263	$ 19,323

(a) Ukraine is reported as held for sale on the Statement of Financial Position

LIQUIDITY, DEBT AND CAPITAL RESOURCES

	Three months ended Dec 31, 2015	Three months ended Dec 31, 2014	Twelve months ended Dec 31, 2015	Twelve months ended Dec 31, 2014
Operating	$ 1,491	$ 4,336	$ 12,582	$ 66,145
Financing	309	(2,003)	12,837	(2,154)
Investing	(14)	(26,231)	(24,618)	(77,240)
Effect of exchange rate changes on cash	(436)	7,841	(80)	4,429
Change in cash	$ 1,350	$ (16,057)	$ 721	$ (8,820)
Change from continuing operations	$ (1,707)	$ (9,488)	$ (3,681)	$ (6,794)
Change from discontinued operations [a]	3,057	(6,569)	4,402	(2,026)
	$ 1,350	$ (16,057)	$ 721	$ (8,820)

(a) Ukraine is reported as held for sale on the Statement of Financial Position

Serinus uses working capital as a key performance indicator to measure the Company's current assets less current liabilities to assist management in understanding Serinus' liquidity relative to current market conditions and as an analytical tool to benchmark changes against prior periods. Working capital is not a standard measure under IFRS and therefore may not be comparable to similar measures reported by other entities.

The following table shows the reconciliation of working capital to its most closely related IFRS measure current assets:

Working Capital [b]

	As at December 31, 2015	As at December 31, 2014
Current assets	$ 72,914	$ 43,057
Current liabilities	84,157	56,030
Working capital	$ (11,243)	$ (12,973)

Working capital from continuing operations	$ (59,639)	$ 19,835
Working capital from discontinued operations [a]	48,396	(32,808)
	$ (11,243)	$ (12,973)

(a) Ukraine is reported as held for sale on the Statement of Financial Position

(b) Working capital is defined as current assets less current liabilities. Working capital is not a standard measure under IFRS; see section titled "Non-IFRS Financial Measures" for advisory over the use of non-IFRS financial measures.

The Company's liquidity requirements arise primarily from the need to finance exploration and development expenditures and general working capital. Serinus has a working capital deficit of $11.2 million as at December 31, 2015 (December 31, 2014: $13.0 million).

The change in working capital excluding the discontinued operations relating to Ukraine is primarily due to violation of the Tunisia Financial Debt to EBITDA financial covenant, on debt held with EBRD, thus long-term debt has been reclassified to current in the financial statements at December 31, 2015. Subsequently, EBRD waived compliance for the Tunisia Financial Debt to EBITDA financial covenant for the reporting period ended December 31, 2015. ERBD also approved the reduction of the threshold for the debt service coverage ratio to 0.25 times for the reporting period ended December 31, 2015, effectively enabling the Company to meet this covenant at December 31, 2015. The implication of these changes is that 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. In Q4 2015, the Company financed cash outflows including working capital and capital expenditures from cash on deposit and funds from operations.

There is a risk that the Company may violate certain financial covenants from the second quarter of 2016 onwards relating to its debt held with ERBD, given the current low commodity prices. If these covenants are not met the debt may become due on demand. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern.

As is the case with many exploration companies, the Company is exposed to the risk that internally generated cash flows may not be sufficient to fund capital projects, additional financing may not be available to the Company, or that actual expenditures may exceed those planned. The Company has successfully undertaken, and plans to continue to undertake, various measures to mitigate the risk. The Company monitors its liquidity position regularly to assess whether it has the funds necessary to complete planned programs. Alternatives available to Serinus to manage this liquidity risk include deferring planned capital expenditures that exceed amounts required to retain concession licences, farm-out arrangements and securing new equity or debt capital. Based on the current commodity pricing environment, Serinus continues to advance and explore all alternatives to provide the necessary liquidity and capital.

There are no restrictions on the use of the Company's capital resources that could materially affect, directly or indirectly, its operations or activities. The Company is in compliance with all covenants to debt agreements except as noted above.

To ensure security and the preservation of capital, the Company's investment policy for cash that is surplus to immediate requirements is to invest such funds in instruments issued by major chartered banks that are rated "triple A", or its equivalent by independent rating agencies.

The following details the debt agreements the Company has or had in place over the period ended December 31, 2015:

EBRD-Tunisia Loan Facility

On November 20, 2013 the Company finalized two loan agreements aggregating USD $60 million with EBRD. The Senior Loan was in the amount of USD $40 million, has a term of seven years, and was available in two tranches of USD $20 million each. With the placement of the EBRD Romanian Facility in Q1 2015, the committed portion of the second tranche of the Company's senior debt facility with the EBRD associated with the Tunisian assets has been reduced from $20 million to $8.72 million. The second tranche of the Senior Loan was available only after the Convertible Loan was fully drawn, and was also subject to certain conditions including achieving and maintaining specified production targets for a period of three continuous months, and meeting specified financial and reserve coverage ratios. Both loan agreements contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. Refer to "Covenants" section for details of the associated covenants.

Senior loan interest is payable semi-annually at a variable rate equal to LIBOR plus 6%. At the Company's option, the interest rate may be fixed at the sum of 6% and the forward rate available to EBRD on the interest rate swap market. The Senior Loan is repayable in twelve equal semi-annual installments. The first repayment of $1.7 million was made March 31, 2015 and the second payment of $2.1 million made on September 30, 2015. The increase in the repayment in September was due to an additional disbursement of $5 million received under the second tranche during August 2015. Subsequent to year end, $7.6 million of the Senior Loan, including interest, was repaid using the proceeds from the sale of Ukraine.

The Company will apply 40% of its Excess Cash from Tunisia toward early repayment of the Senior loan Facility outstanding with EBRD. Excess Cash is defined as the Operating Cash Flow from Serinus' Tunisia subsidiary, less debt repayments and service costs arising from all senior debt on the Tunisia assets and the Romanian debt, less capital expenditures, plus any new debt disbursement on the Tunisian debt. In the event that pre-payments are made on the Romanian loan in any given year, the repayment from Tunisia shall drop to 25% of Excess Cash. No pre-payment fees are applicable to the accelerated payments described above.

The Convertible Loan in the amount of USD $20 million has a term of seven years, and bears interest at a variable rate that is the LIBOR and a percentage calculated on the basis of incremental net revenues earned from the Tunisian assets, with a floor of 8% per annum and a ceiling of 17% per annum. The Company can elect, subject to certain conditions, to convert all or any portion of the Convertible Loan principal and accrued interest outstanding for newly issued shares of the Company at the then current market price of the shares on the TSX or WSE, as required by the exchange rules. The EBRD can also at any time, and on multiple occasions elect to convert all or any portion of the Convertible Loan principal and accrued interest outstanding for newly issued shares of the Company at the then current market price of the shares on the TSX or WSE. Conditions to conversion include a requirement for substantially all of the Company's assets and operations to be located and carried out in the EBRD countries of operations.

The Company can also repay the Convertible Loan at maturity in cash or in kind, subject to certain conditions, by issuing new common shares valued at the then current market price of the shares on the TSX or WSE. The repayment amount is subject to a discount of approximately 10% in the event that the requirement for substantially all of the Company's assets and operations to be located and carried out in the EBRD countries of operations is not met at the date of repayment.

Both loans are available to be drawn for a period of three years.

The loans are secured by the Tunisian assets, pledges of certain bank accounts plus the shares of the Company's subsidiaries through which the concessions are owned, plus the benefits arising from the Company's interests in insurance policies and on-lending arrangements within the Serinus group of companies.

As at December 31, 2015, the Company has drawn $20.0 million from Tranche 1 of the Senior Loan, $5.0 million from Tranche 2 of the Senior Loan, $20.0 from the Convertible Loan and incurred $1.0 million of transaction costs (December 31, 2014: $20.0 million Senior Loan; $15.0 million Convertible Loan; and $1.0 million transaction costs). In addition, the Company locked in the interest rate on the $20.0 million Senior Loan at a rate of 6.9% for a two year period from September 30, 2014 to September 30, 2016.

EBRD–Romania Facility

On February 20, 2015, Serinus finalized a $11.28 million debt facility with EBRD. The proceeds from the senior loan facility (the "Romania Facility") were used to fund the Company's capital program in Romania.

Interest on the Romania Facility was payable semi-annually in March and September of each year at a variable rate equal to LIBOR (six month) plus 8%.

The debt was also subject to certain affirmative covenants, including maintaining the specific security, environmental and social compliance, and maintenance of specified financial ratios. Refer to "Covenants" section for details of the associated covenants.

As at December 31, 2015, the Company has fully drawn the facility of $11.28 million and $0.4 million of transaction costs were paid. Subsequent to year end, the Romania facility was repaid in full using proceeds from the sale of Ukraine.

EBRD-Tunisia and Romanian Loan Facility Covenants

Both loan agreements as part of the EBRD-Tunisia and Romanian Loan Facility contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. The covenants use non-GAAP financial measures which are not standard measures under IFRS and may not be comparable to similar measures reported by other entities; details of the calculations have been provided in the footnotes below.

	As at December 31, 2015	As at December 31, 2014
Debt Service Coverage Ratio (not less than 1.3:1) (a)		
- Tunisia (b)	2.1 - In compliance	23.0
Debt Service Coverage Ratio (not less than 0.25:1) (c)		
- Serinus (d)	0.6- In compliance	5.8
Financial Debt to EBITDA (no more than 2.5) (e)		
- Tunisia (f)	3.2 - Non compliance	0.8
Financial Debt to EBITDA (no more than 2.75) (g)		
- Serinus (h)	2.5 - In compliance	0.5
Compliance	NO	YES

(a) This calculation is equal to the trailing twelve month cash flow from operations divided by debt service costs. A deduction is made from cash flows for Tunisia capital expenditures not considered part of the EBRD project expenditures.
(b) Tunisia adjusted cash flow was $12.8 million for the 12 month period ended December 31, 2015. The debt service costs for the same period were $5.9 million (December 31, 2014: $21.0 million and $0.91 million respectively).
(c) This calculation is equal to the trailing twelve month cash flow from operations divided by debt service costs. A deduction is made from cash flow for capital expenditures not considered EBRD project costs in Tunisia and Romania.
(d) Serinus' adjusted consolidated cash flow amount was $5.8 million for the 12 month period ended December 31, 2015. The debt service costs for the same period were $10.1 million (December 31, 2014: $43.1 million and $7.4 million respectively).
(e) Financial debt as defined under the agreement includes the senior portion of the EBRD Tunisian Loan and Romanian EBRD Loan. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs. Subsequent to year end, EBRD has formally waived compliance for the Tunisia Financial Debt to EBITDA financial covenant for the reporting period ended December 31, 2015.
(f) Tunisia financial debt totalled $32.5 million as at December 31, 2015. EBITDA totalled $10.1 million for the same period (December 31, 2014: $19.8 million and $25.5 million respectively).
(g) Financial debt as defined under the agreement includes all Serinus long term debt. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs.
(h) Serinus financial debt totalled $53.1 million as at December 31, 2015. EBITDA totalled $21.4 million for the 12 month period ending December 31, 2015 (December 31, 2014: $37.3 million and $76.5 million respectively).

EBRD–Ukraine Loan Facility

In the second quarter of 2011, KUB Gas signed an agreement with the EBRD for a loan facility of up to $40.0 million with proceeds of the loan to be used to fund development of the licenses in Ukraine. The financing had interest in two components, one being LIBOR + 6% and the other being a fee based on incremental revenues with the total rate not to exceed 19%. The loan balance outstanding was to be repaid in thirteen equal semi-annual payments that commenced in July 2012. Serinus, as the indirect majority owner of KUB-Gas, provided a guarantee for the entire amount of the loan outstanding from time to time.

In July 2015, a scheduled repayment of $1.8 million was made, resulting in $0.6 million left outstanding (December 31, 2014: $2.4 million). In January 2016, the ERBD Ukraine loan was repaid in its entirety.

EBRD – Ukraine Loan Facility Covenants

In accordance with the EBRD – Ukraine Loan Facility there are specified financial ratios, as follows. The covenants use non-GAAP financial measures which are not standard measures under IFRS and may not be comparable to similar measures reported by other entities; details of the calculations have been provided in the footnotes below. In 2014, the working capital covenant relating to the EBRD Ukraine loan was removed from the loan agreement.

	As at December 31, 2015	As at December 31, 2014
Debt Service Coverage Ratio (not less than 1.3:1) (a)		
- Ukraine (b)	2.9	5.3
Financial Debt to EBITDA (no more than 3) (c)		
- Ukraine (d)	0.0	0.1
Compliance	YES	YES

(a) This calculation is equal to KUB Gas LLC trailing twelve month adjusted cash flows divided by debt service costs. Cash flows are adjusted as required by the agreement for interest expense and capital expenditures net of loan proceeds from borrowings.
(b) KUB Gas LLC adjusted cash flow was UAH 188.4 million for the 12 month period ended December 31, 2015. The debt service costs for the same period were UAH 64.7 million (December 31, 2014: UAH 483.9 million and UAH 91.9 million respectively).
(c) Financial debt as defined under the agreement includes current and long term loans. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs.
(d) KUB Gas LLC financial debt totalled UAH 13.1 million as at December 31, 2015. EBITDA totalled UAH 405.7 million for the 12 month period ending December 31, 2015. (December 31, 2014: UAH 42.3 million and UAH 709.6 million respectively).

SHARE DATA

The Company is authorized to issue an unlimited number of common shares of which 78,629,941 common shares and 1,270,600 options with a USD exercise price and 111,000 options with a Canadian Dollar ("CAD") exercise price to purchase common shares were outstanding as at December 31, 2015.

The Company is also authorized to issue an unlimited number of preferred shares. No preferred shares are issued or outstanding.

Summary of common shares outstanding:

	Number of Shares	Carrying Amount
Balance, December 31, 2015 and 2014	78,629,941	$ 344,479

Summary of options outstanding:
The following table summarizes information about common share purchase options outstanding at December 31, 2015:

	USD denominated options		**CAD denominated options**	
	Number of Options	Weighted average exercise price per option (US$)	Number of Options	Weighted average exercise price per option (CAD$)
Balance, December 31, 2013	7,089,900	$ 4.69	-	$ -
Granted	248,000	$ 3.54	141,000	$ 2.39
Exercised	(18,500)	$ 2.85	-	$ -
Expired	(1,677,000)	$ 5.40	-	$ -
Balance, December 31, 2014	5,642,400	$ 4.39	141,000	$ 2.39
Expired/Cancelled	(4,371,800)	$ 4.52	(30,000)	$ 2.80
Balance, December 31, 2015	1,270,600	$ 3.96	111,000	$ 2.28

The following tables summarize information about the USD and CAD options outstanding as at December 31, 2015:

USD denominated options:

Exercise price (US$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
$ 2.85 - $ 3.50	168,000	168,000	2.61
$ 3.51 - $ 4.00	354,000	354,000	0.89
$ 4.01 - $ 5.00	736,600	736,600	2.76
$ 5.01 - $ 6.20	12,000	12,000	1.20
$ 3.96	1,270,600	1,270,600	2.20

CAD denominated options:

Exercise price (CAD$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
$ 1.56 - $ 2.50	74,000	49,333	3.84
$ 2.51 - $ 3.22	37,000	24,666	3.43
$2.28	111,000	73,999	3.70

At the date of issuing this report, the following are the options outstanding and changes to directors, executives and officers options owned since December 31, 2015, up to the date of this report:

		Changes to Ownership		
Name of Director/Executive Officer/Key Person	**Options held as at March 16, 2016**	**Shares held at Dec 31, 2015**	**Change in share ownership**	**Shares held at March 16, 2016**
Timothy M. Elliott	853,600	600,000	-	600,000
Norman W. Holton	-	337,791	-	337,791
Jock M. Graham	-	146,258	-	146,258
Michael A. McVea	-	10,000	-	10,000
Gary R. King	-	6,750	-	6,750
Evgenij Iorich [(a)]	-	3,415	-	3,415
Stephen C. Akerfeldt	-	-	-	-
Helmut Langanger	-	-	-	-
Sebastian Kulczyk [(b)]	-	-	-	-
Vanja Baros	-	-	-	-
Aaron LeBlanc	-	-	-	-
Tracy Heck	-	-	-	-
Jakub Korczak	-	-	-	-
	853,600	1,104,214	-	1,104,214

a) Mr. Iorich holds a position with Pala Investments, which is related to Pala Assets Holdings Limited (“Pala”). Pala owns 5,880,484 Shares. By virtue of his position with Pala Investments, Mr. Iorich is deemed to have direction over such Shares in addition to those Shares that are shown above.

b) Mr. Kulczyk holds a senior executive position with KI. KI owns 39,909,606 Shares. By virtue of his position with KI, Mr. Kulczyk is deemed to have direction over such Shares in addition to those Shares that are shown above.

As at the date of issuing this report, management is only aware of two shareholders holding more than 5% of the common shares of the Company. KI owns 50.8% and Pala Holdings owns 7.5% of the common shares issued at December 31, 2015.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations as at December 31, 2015 are as follows:

	Within 1 Year	2-3 Years	4-5 Years	+5 Years	Total
Office Rental	$ 575	$ 836	$ 801	$ -	$ 2,212
EBRD loan – Ukraine [(a)]	634	-	-	-	634
EBRD loan – Tunisia [(a), (b)]	11,134	6,667	3,788	22,033	43,622
EBRD loan – Romania [(a), (b)]	11,526	-	-	-	11,526
Total contractual obligations	$ 23,869	$ 7,503	$ 4,589	$ 22,033	$ 57,994

a) Long-term debt obligations are presented excluding deferred financing costs and include only current accrued interest.

b) The current amounts for Tunisia and Romania are net of the prepayments made from the proceeds of sale of Ukraine of $7.6 million and $11.6 million, respectively.

The Company's commitments are all in the ordinary course of business and include the work commitments for Ukraine, Tunisia and Romania.

Ukraine

Ukraine is presented as a discontinued operation and held for sale as at December 31, 2015. Due to the sale of 100% of Serinus' interest in Ukraine all contractual obligations and commitments have transferred to the new owner.

Tunisia

The Tunisian state oil and gas company, ETAP, has the right to back into up to a 50% working interest in the Chouech Es Saida concession if, and when, the cumulative liquid hydrocarbon sales, net of royalties and shrinkage, from the concession exceeds 6.5 million barrels. As at December 31, 2015 cumulative liquid hydrocarbon sales net of royalties and shrinkage was 5.1 million barrels. Management is of the opinion that there are sufficient exploration and development opportunities which, if successful, could result in this provision being exercised within the next 10 years.

Romania

A 3 year extension to the exploration period of the 2,949 square kilometer onshore Satu Mare Concession ("Satu Mare") in northwest Romania was approved by NAMR and will become effective once it has been approved by certain government ministries and gazetted. The work obligations pursuant to the extension include the drilling of two wells, and, at the Company's option, either the acquisition of 120 km2 of new 3D seismic data or to drill a third well. The two firm wells must be drilled to minimum depths of 1,500 and 2,000 metres respectively, and if so elected, the third well to a depth of 2,500 metres.

Office Space

The Company has a lease agreement for office space in Calgary, Canada which expires on November 30, 2020.

OFF BALANCE SHEET ARRANGEMENTS

Serinus was not party to any off balance sheet arrangements during the reporting or comparative period.

RELATED PARTY TRANSACTIONS

Nemmoco Petroleum Corporation ("Nemmoco") is a private company of which 37.5% is owned by Timothy M. Elliott, an officer and director of the Company, provides certain personnel, general, accounting and administrative services to the Company at its offices in Dubai on a cost basis. For the three and twelve months ended December 31, 2015, the fees totalled $0.1 million and $0.7 million, (Q4 2014: $0.1 and $0.7 million). At December 31, 2015, $11 thousand due to Nemmoco (December 31, 2014: $67 thousand).

Loon Energy Corporation ("Loon Energy") is a publicly traded Canadian corporation with no employees. Serinus and Loon Energy are related as they have five common directors and officers and the same principal shareholder. Management and administrative services are provided by the management and staff of Serinus. For the three and twelve months ended December 31, 2015, these fees totalled $2 thousand and $9 thousand (Q4 2014: $3 thousand and $11 thousand). At December 31, 2015, Loon Energy owed $nil (December 31, 2014: $nil) to Serinus for these services.

Serinus, through its ownership of KUB-Gas, has a non-interest bearing loan with its minority partner totaling $0.4 million. The loan is due on or before December 31, 2016. There is an enforceable right to set off the loan and a dividend payable (held for sale in Ukraine) to the minority partner in the event of bankruptcy or default of either party to the agreement.

As part of the Serinus plan of arrangement to spin-off its Colombian and Peruvian assets to Loon Energy in 2008, Loon Energy and Serinus entered into an indemnification agreement in which Loon Energy agreed to indemnify Serinus for any and all liabilities, claims, etc. associated with the share and asset transfers that were part of the spin-off of those assets. Both companies are in process of wind-up and management expects the exposure under the guarantee to end in 2016.

All related party transactions were at exchange amounts agreed to by both parties.

2016 OUTLOOK

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/late-2016. The Company is considering taking on a joint venture partner to assist in financing the Moftinu project.

DIVIDENDS

To date, the Company has not paid dividends and does not anticipate paying dividends in the foreseeable future. Should the Company decide to pay dividends in the future the Company would be required to satisfy certain liquidity tests as established in the Alberta Business Corporations Act.

SELECTED ANNUAL INFORMATION

The following table sets out selected annual information extracted from the audited consolidated financial statements.

	As at December 31,		
	2015	2014	2013
Total assets	$ 185,187	$ 259,467	$ 312,473
Total long term liabilities	54,832	97,447	81,758

	For the year ended December 31,		
	2015	2014	2013
Sales revenue, net of royalties (a)	$22,986	$39,065	$24,850
Net loss from continuing operations attributable to:			
Common shareholders	($52,150)	($45,763)	($105,868)
Net loss per share			
Basic and diluted	($0.66)	($0.58)	($1.65)
Total net loss attributable to:			
Common shareholders	($49,104)	($30,501)	($68,682)
Non-controlling interest	$1,306	$6,540	$11,156
Net loss per share			
Basic and diluted	($0.62)	($0.39)	($1.07)
Weighted average number of shares	78,629,941	78,627,711	64,018,949

(a) Amounts have been presented net as a result of the reclassification of Ukraine to discontinued operations, see note 5 to the December 31, 2015 Audited Consolidated Annual Financial Statements.

Total assets

Total assets as at December 31, 2015 were $185.2 million compared to $259.5 million as at December 31, 2014. The decrease is due to impairment recognized in the year of $54.7 million and the continued decline in the exchange rate between the Ukraine hryvnia and the US Dollar. Year over year, the deterioration in the Ukrainian hryvnia to the US Dollar was 47.9%.

Total long term liabilities

Total long term liabilities as at December 31, 2015 were $54.8 million compared to $97.5 million as at December 31, 2014. The change is primarily due to reclassification of all debt to current, following a covenant violation as at December 31, 2015, subsequently waived by EBRD, and the reclassification of the Ukraine long-term liabilities to current as classified as liabilities held for sale.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth summarized quarterly financial information for the most recent eight financial quarters:

		Restated (a)						
	Q4 2015	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**	**Q1 2014**
Oil and gas revenue	$4,794	$6,237	$6,816	$8,128	$10,034	$10,288	$12,263	$12,417
Continuing operations loss attributable to:								
Common shareholders	($14,291)	($32,092)	($1,133)	($4,634)	($39,638)	($2,706)	($2,563)	($856)
Loss per share - basic and diluted	($0.18)	($0.41)	($0.01)	($0.06)	($0.50)	($0.03)	($0.03)	($0.01)
Total income/(loss) attributable to:								
Common shareholders	($14,604)	($30,281)	$49	($4,268)	($41,295)	$3,793	$5,344	$1,657
Non-controlling interest	($116)	$777	$500	$145	($684)	$2,758	$3,389	$1,077
Loss per share - basic and diluted	($0.18)	($0.39)	$0.00	($0.05)	($0.53)	$0.05	$0.07	$0.02

(a) Amounts have been restated as a result of the reclassification of Ukraine to discontinued operations, see note 5 to our December 31, 2015 Audited Consolidated Annual Financial Statements.

- In Q3 2014, the netback was negatively impacted by the increase in royalties in Ukraine effective August 1, 2014.
- In Q4 2014, the netback was negatively impacted by lower commodity prices, the increase in royalties in Ukraine and an impairment charge of $54.9 million, $5.6 million related to Ukraine and $49.3 million related to Tunisia.
- In Q1 2015, revenues were impacted by lower production in Ukraine, lower commodity prices and increase in royalties in Ukraine.
- In Q2 2015, revenues were impacted by lower production and lower commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine.
- In Q3 2015, revenues were impacted by lower production and lower commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine. In addition, earnings were negatively impacted by an impairment charge of $44.3 million related to Tunisia and the related deferred tax impact.

In Q4, 2015, revenues were impacted by lower production and commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine. In addition, earnings were negatively impacted by impairment charge of $7.1 million for Tunisia and $3.3 million for Ukraine.

RISK FACTORS

Serinus takes a proactive approach to identifying inherent risks to its business and operations through the consistent identification of risks in day to day operations enabling the appropriate decision making. Below is a list of what Serinus has identified as its principal risks. A principal risk is an exposure that has the potential to materially impact the ability of Serinus to meet objectives. Some risks are common to operations in the oil and gas industry, while others are specific to Serinus and its operations in emerging markets. The risks below are not meant to be an exhaustive or a static list, nor should they be taken as a complete summary of all the risks associated with our business. If any of the these risks or other risks occur, our business, financial condition, results of operations and cash flows could be adversely affected in a material way.

Commodity Price Risk

Serinus' financial performance is impacted by prices obtained for crude oil, natural gas and natural gas liquids. The prices of all of these commodities are influenced by global and regional supply and demand which can result in price volatility. Prices are also affected by factors such as economic growth, transportation constraints, political developments, decisions made by the Organization of Petroleum Exporting Countries (OPEC) members and weather. These dynamics can affect different types of products differently.

Specifically, Serinus is exposed to risks due to fluctuations in the price of natural gas in Ukraine and the market price of Brent crude oil. The domestic gas price within Ukraine was set by the National Electricity Regulatory Commission of Ukraine by reference to the Russian imported gas price until September 30, 2015. On October 1, 2015, market reforms led to pricing being based on the market in Ukraine. With the sale of Ukraine, the Company no longer has the foregoing commodity price exposure. In Tunisia, oil prices are based on a premium or discount to the market price of Brent crude oil. Natural gas prices in Tunisia are nationally regulated and are tied to the twelve month trailing average of low sulphur heating oil (benchmarked to Brent). The Company has no commodity hedge program in place which could potentially mitigate the price risk.

Given recent global economic conditions, there has been volatility and we expect continued uncertainty in prices in the near term. A prolonged period of low prices could affect, and is affecting, the value of assets and the level of capital expenditure, thus having a material adverse effect on Serinus and its operations.

Financial Risks

Financial risks include foreign currency exchange risk, interest rate risk, credit risk, and liquidity risk.

Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between the Canadian dollar, Polish zloty, Ukraine UAH, Romanian leu, Tunisian dinar, the Euro and the United States dollar. At December 31, 2015 the Company's primary currency exposure related to Canadian dollar ("CAD"), Ukraine UAH ("UAH"), Tunisian dinar ("TD"), and Romanian leu ("LEU") balances. The following table summarizes the Company's foreign currency exchange risk for each of the currencies indicated:

	December 31, 2015			
	CAD	UAH	TD	LEU
Cash and cash equivalents	443	124,517	2,006	326
Accounts receivable	56	41,886	4,589	401
Income tax receivable	-	44,739	6,052	3
Prepaid expenses	(169)	15,827	437	265
Accounts payable and accrued liabilities	(409)	(138,123)	(9,536)	(767)
Net foreign exchange exposure	$ (79)	$ 88,846	$ 3,548	$ 228
US $ equivalent at period end exchange rate	$ (57)	$ 3,690	$ 1,741	$ 55

Based on the net foreign exchange exposure at the end of the period, if these currencies had strengthened or weakened by 10% compared to the U.S. dollar and all other variables were held constant, the after tax net earnings would have decreased or increased by approximately the following amounts:

	As at December 31 2015	As at December 31 2014
Canadian dollar	$ (6)	$ (46)
Ukraine UAH	369	(389)
Tunisian dinar	174	262
Romanian leu	5	(237)
Total	$ 542	$ (410)

Interest rate risk

The Company maintains its cash and cash equivalents in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. The primary exposure to interest risk is related to Serinus' debt. Subsequent to year end the Ukraine debt and Romania debt were fully repaid, resulting in the Tunisia debt being the only debt outstanding.

The interest on the EBRD loan for Tunisia is based on LIBOR and has a portion based on incremental revenue with a floor of 8% and ceiling of 17% relating to the convertible loan portion. A 1% change in the LIBOR would affect interest expense by $6 thousand based on the debt balance outstanding at December 31, 2015 (December 31, 2014: $24 thousand).

Credit risk

The Company's cash and cash equivalents and restricted cash are held with major financial institutions. Management monitors credit risk by reviewing the credit quality of the financial institutions that hold the cash, cash equivalents and restricted cash. As at December 31, 2015, $7.8 million of cash and restricted cash is held in Ukraine due to the currency controls in place, and which are classified as Assets held for sale on the Statement of Financial Position (December 31, 2014: $5.6 million).

The Company's accounts receivable consist of receivables from other joint venture partners that are anticipated to be applied against future capital expenditures, receivables for revenue in Tunisia, commodity taxes recoverable from the federal government of Canada and interest earned on restricted cash deposits, for which credit risk is assessed as being low as the funds are on deposit with major financial institutions.

Management believes that the Company's exposure to Tunisian credit risk is manageable, as commodities sold are under contract or require payment within 30 days. Oil is sold with reputable parties and collection is prompt based on the individual terms with the parties. At December 31, 2015, the Company had nil (December 31, 2014: $1.4 million) receivables that were considered past due. The majority of these amounts are due from large well established customers and management believes the balances will be collected. For the three and twelve month period ended December 31, 2015, the Company has three customers with sales representing 36%, 22%, 11% and 11% of total sales (2014: four customers with sales representing 34%, 23%, 13% and 7% of total sales).

Management has no formal credit policy in place for customers outside Ukraine and the exposure to credit risk is approved and monitored on an ongoing basis individually for all significant customers. The maximum exposure to credit risk is

represented by the carrying amount of each financial asset in the statement of financial position. The Company does not require collateral in respect of financial assets.

Liquidity risk

Liquidity risk is the risk that Serinus will not be able to pay financial obligations when due. There are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. The Company mitigates this risk through monitoring its liquidity position regularly to assess whether it has the resources necessary to fund planned exploration commitments on its petroleum and natural gas properties or that viable options are available to fund such commitments. Alternatives available to the Company to manage its liquidity risk include deferring planned capital expenditures that exceed amounts required to retain concession licences, farm-out arrangements and securing new equity or debt capital. Refer to liquidity, debt, and capital resources section.

Operational, Environmental and Safety Risks

Serinus' operations require significant investment in both the exploration and evaluation and operation and maintenance of facilities. Associated are the risks relating to environmental and safety. Keeping employees and worksites safe and secure and to preserving and protecting the environment, is of paramount importance. Operational hazards include fires, explosions, blow-outs, power outages, severe weather conditions and the release of harmful substances such as oil spills, gas leaks. Any of these hazards can interrupt operations, cause injury or death, damage property, equipment or/and the environment. Losses resulting from the occurrence of any of these risks could have a material adverse effect on operations.

To mitigate these risks, the Company evaluates projects for financial, geological and engineering risk and mitigation plans are developed, including a comprehensive insurance program. There is the risk that insurance may not provide adequate coverage in all circumstances, nor are all risks insurable.

Project risk

There are risks associated with exploration, evaluation and execution of oil and gas projects.

Risks in exploration include failure to acquire or find additional reserves which will, at a minimum, result in erosion of the Company's existing reserves as these reserves are depleted through ongoing production, and may negatively impact the Company's ability to grow its asset base in the future. There is no assurance that Serinus will be able to find suitable properties to acquire or participate in the future. Serinus uses proactive project planning on existing licences and performs extensive business development dedicated to identifying and pursuing potential opportunities. Further, all investment opportunities are reviewed using careful consideration and technical analysis.

Risks in the evaluation of future oil and natural gas properties may involve unprofitable efforts from dry wells as well as from wells that are productive but do not produce sufficient production to return a profit after drilling, completing, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of costs spent. To mitigate this, Serinus uses reputable industry specialists and monitors field performance on a daily basis

Risks involved in the execution of projects relate primarily to engineering and a failure in the specification, design or technology of a project; the construction and a failure in the ability to build the project in the time and cost budgeted; and lastly the commissioning and start up failure of the facility to meet performance targets. To mitigate these risks, Serinus estimates costs and an expectation for all projects and at each stage evaluates the project to ensure financial viability. There are numerous factors beyond our control such as commodity prices, weather, availability of equipment, unexpected cost increases, accidental events, regulatory changes which could have a negative impact on Serinus ability to execute projects on time and budget.

The oil and natural gas industry in emerging markets where Serinus operates is not as developed as the oil and natural gas industry in developed nations such as Canada. As a result, drilling and development operations may take longer to complete and may cost more than similar operations in a developed nation. As well, the availability of technical expertise, specific equipment and supplies may be more limited. Such factors subject operations in emerging markets to unique risks not experienced by others.

Political and Economic Risks

Serinus operates in emerging markets that are subject to political and economic risks. Political stability and the uncertainty regarding political decisions may result in: the possibility of war/revolution, border disputes, expropriation, renegotiation or modification of existing contracts, import, export and transportation restrictions, change in regulations and tariffs, tax increases, loss of subsidy, change of market policy and laws regarding resource extraction. As a result of political instability, economic challenges that may ensue include slow growth, high inflation and unfavorable fluctuations in exchange rates.

In 2015, the Company's production of natural gas was impacted by the current situation in Ukraine and production levels decreased from prior year.

Regulatory Risks

Serinus is subject to a range of laws and regulations imposed by a number of and various levels of government and regulatory bodies in the jurisdictions in which it operates. The Company believes it fully complies with or exceeds all government laws, regulations and industry standards in its countries of operation; however these regulations are subject to intervention by governments that can affect future exploration, production and abandonment of fields and licenses. Rights and licenses can be cancelled, may expire or be expropriated and regulations can change. Certain licenses have restrictions which may not be removed on a timely basis. Due to the nature of emerging markets and changing regulations, regulatory changes can have a material adverse effect on operations in a way beyond what we can forecast.

LITIGATION

Neither the Company nor any of its subsidiaries are involved in any proceedings before a court, relevant arbitration body or public administrative authority concerning payables or debt of the Company or its subsidiaries whose value, individually or in aggregate, would be equal to or greater than 10% of the Company's equity.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions based on currently available information that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However actual results could differ from these estimates. By their very nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant estimates and judgments made by management in the consolidated financial statements are described below:

(i) Oil and Gas Reserves

Measurements of depletion, depreciation, impairment, ARO and business acquisitions are determined in part based on the Company's estimate of oil and gas reserves and resources. The process of determining reserves is complex and involves the exercise of professional judgement. All reserves have been evaluated at December 31, 2015 by independent qualified reserves evaluators. All significant judgments are based on available geological, geophysical, engineering, and economic data. These judgments are based on estimates and assumptions that may change substantially as additional data from ongoing development activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates are based on current production forecasts, prices and economic conditions. As circumstances change and additional data becomes available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, prices and economic conditions. Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve

estimates can arise from changes in year-end oil and gas prices and reservoir performance. Such revisions could be material and result in either positive or negative amounts.

The cash flow model used to value oil and gas properties incorporates estimates of future commodity prices. Generally the pricing assumptions used are those of the external reserve engineer adjusted for differentials specific to the Company. Commodity prices can fluctuate for a variety of external reasons including supply and demand fundamentals, inventory levels, exchange rates, weather, and economic and geopolitical factors as well as internal reasons including quality differentials.

(ii) Oil and Gas Activities

The Company is required to apply judgment when designating the nature of oil and gas activities as exploration, evaluation, development or production, and when determining whether the initial costs of these activities are capitalized and reclassified. The Company is required to make judgments about future events and circumstances and applies estimates to assess the economic viability of extracting the underlying resources.

(iii) Cash Generating Units (“CGU”)

The determination of CGUs requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

(iv) Impairment and Reversals

Judgment in assessing the existence of impairment and impairment reversal indicators is based on various internal and external factors. The recoverable amount of CGUs and individual assets is determined on the higher of fair value less cost of disposal or value in use. Key estimates in determining the recoverable amount normally include proved and probable reserves, forecasted commodity prices, expected production, future operating and development costs, discount rates and tax rates. In determining the recoverable amount, management may also need to make assumptions regarding the likelihood of an event. Changes to these estimates and judgements will impact the recoverable amounts of CGUs and individual assets and may require a material adjustment to their carrying value.

(v) Asset Retirement Obligation

The Company recognizes liabilities for the future decommissioning and restoration of exploration and evaluation assets and property, plant and equipment. Management applies judgment in assessing the existence and extent as well as the expected method of reclamation of the Company’s decommissioning and restoration obligations at the end of each reporting period. Management also uses judgment to determine whether the nature of the activities performed are related to decommissioning and restoration activities or normal operating activities. In addition, these provisions are based on estimated costs, which take into account the anticipated method and extent of restoration and the possible future use of the site. Actual costs are uncertain and estimates can vary as a result of changes to relevant laws and regulations, the emergence of new technology, operating experience, prices and closure plans. The estimated timing of future decommissioning and restoration may change due to certain factors, including reserve life. Changes to estimates related to future expected costs, discount rates and timing could result in a significant adjustment to the provisions established which would affect future financial results.

(vi) Deferred Taxes

Estimates and assumptions are used in the calculation of deferred taxes. Judgments include assessment whether valuation allowances are required based on expectations of future cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred tax assets and liabilities recorded at the balance sheet date could be impacted by a material amount. Additionally, changes in tax laws could limit the ability of the Company to obtain tax deductions in the future.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Estimates that require significant judgments are also made with respect to the timing of temporary difference reversals, the realizability of tax assets and in circumstances where the transaction and calculations

for which the ultimate tax determination are uncertain. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

(vii) Stock Based Compensation Expense

Stock options issued by the Company are recorded at fair value using the Black-Scholes option pricing model. The calculation of share-based payment expense requires estimates which involve assumptions about the share price volatility, forfeiture rates, option life, dividend yield and risk-free rate at the initial grant date. Changes to these estimates impact the stock based compensation expense and contributed surplus and may have a material impact on the amounts presented.

FUTURE CHANGES IN ACCOUNTING POLICIES

Below is a brief description of new IFRS standards and amendments that are not yet effective and have not been applied in the preparation of these financial statements. There are no other standards or interpretations issued, but not yet adopted, that are anticipated to have a material impact on the Company's financial statements.

On May 28 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers," which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. On April 28, 2015, the IASB proposed to defer the effective date by one year to January 1, 2018, which was approved on July 22, 2015. The Company intends to adopt IFRS 15 on the finalized adoption date and is currently evaluating the impact of adopting the standard on its consolidated financial statements.

On July 24, 2014, the IASB issued the complete IFRS 9, "Financial Instruments" to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 is effective for years beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

On December 18, 2014, the IASB issued amendments to IAS 1, "Presentation of Financial Statements". These amendments will not require significant changes to the Company's current practices but are aimed to facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2016. The Company does not expect these amendments to have a material impact.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The preparation of this MD&A is supported by a set of disclosure controls and procedures (“DC&P”) and internal controls over financial reporting (“ICFR”) as at December 31, 2015.

Disclosure controls and procedures as defined in National Instrument 52-109 means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer’s management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure;

Internal control over financial reporting means a process designed by, or under the supervision of, an issuer’s certifying officers, and effected by the issuer’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s Generally Accepted Accounting Principles (“GAAP”) and includes those policies and procedures that:
(a) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;

(b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
(c) Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial statements.

The Company's Chief Executive Officer and Chief Financial Officer of the Company have designed DC&P and ICFR, or caused them to be designed under their supervision, to provide reasonable assurance that all material information required to be disclosed by Serinus in its annual filings and interim filings are recorded, processed, summarized and reported within the time periods specified in applicable securities legislation, and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. The ICFR is based on criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013.

The board of directors, through its Audit Committee, is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Audit Committee meets at least annually with the Company's external auditors to review accounting, internal control, financial reporting, and audit matters.

There have been no material changes to the Company's internal controls over financial reporting since December 31, 2014. Under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, Serinus conducted an evaluation of the effectiveness of it DC&P and ICFR as at December 31, 2015. Based on this evaluation, the Officers conclude that as at December 31, 2015 the DC&P and ICFR are effective.

NON-IFRS MEASURES

The financial information presented in this MD&A has been prepared in accordance with IFRS except for the terms such as "funds from operations", "netback", "working capital" and certain terms under the loan covenants which are not recognized measures under IFRS and do not have standardized meanings prescribed by IFRS. These non-IFRS measures are presented for information purposes only and should not be considered an alternative to, or more meaningful than information presented in accordance with IFRS. Management believes these may be useful supplemental measures as they are used by the Company to measure operating performance and to evaluate the timing and amount of capital required to fund future operations. The Company's method of calculating these measures may differ from those of other companies and, accordingly, they may not be comparable to measures used by other companies.

Serinus calculates "funds from operations", "netback" and "working capital" as applicable to its most closely related IFRS measure.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements. These statements relate to future events or future performance of the Company. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "predict", "seek", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect the Company's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance, or achievements to vary from those described in this MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated, or expected.

Specific forward-looking statements in this MD&A, among others, include statements pertaining to the following:

- factors upon which the Company will decide whether or not to undertake a specific course of action;
- world-wide supply and demand for petroleum products;
- expectations regarding the Company's ability to raise capital;
- treatment under governmental regulatory regimes; and

- Commodity prices.

With respect to forward-looking statements in this MD&A, the Company has made assumptions, regarding, among other things:

- the impact of increasing competition;
- the ability of partners to satisfy their obligations;
- the Company's ability to obtain additional financing on satisfactory terms; and
- the Company's ability to attract and retain qualified personnel.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- general economic conditions;
- volatility in global market prices for oil and natural gas;
- competition;
- liabilities and risks, including environmental liability and risks, inherent in oil and gas operations;
- the availability of capital;
- geopolitical volatility in the countries of operations; and
- alternatives to and changing demand for petroleum products.

Furthermore, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitable in the future.

The forward–looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this MD&A.

ABBREVIATIONS

The following is a list of abbreviations that may be used in this MD&A:

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	$M	Thousands of Dollars
$MM	Millions of Dollars		

MEASUREMENT CONVERSIONS

Certain crude oil and natural gas liquids volumes have been converted to Mcfe or MMcfe on the basis of one bbl to six Mcf. Also, certain natural gas volumes have been converted to boe or Mboe on the same basis. Any figure presented in Mcfe, MMcfe, boe or Mboe may be misleading, particularly if used in isolation. A conversion ratio of one bbl of crude oil or natural gas liquids to six mcf of natural gas is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent value equivalency at the wellhead.

INVESTOR INFORMATION

Additional information regarding Serinus and its business and operations is available at **www.sedar.com**. Information is also accessible on the Company's website at www.serinusenergy.com**.**

We welcome questions from interested parties. Contact should be directed to Serinus' head office via address: 1500, 700 – 4th Avenue S.W., Calgary, Alberta T2P 3J4, phone: +1 403 264-8877 or e-mail: **info@serinusenergy.com**.