SERINUS ENERGY

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2015

March 30, 2016

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GLOSSARY OF TERMS

All capitalized terms used in this Annual Information Form ("**AIF**") but not otherwise defined herein shall have the meanings set forth below. The information set out in the AIF is stated as at December 31, 2015 unless otherwise specifically stated.

"2008 Arrangement" means the court-approved plan of arrangement involving Loon, the securityholders of Loon and Loon Corp effected pursuant to Section 193 of the ABCA, which was completed on December 10, 2008;

"2013 Arrangement" means the court-approved plan of arrangement involving Winstar, the securityholders of Winstar, Serinus and KI effected pursuant to Section 193 of the ABCA, which was completed on June 24, 2013;

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended;

"**AED SEA**" means AED Southeast Asia Limited, a company existing under the laws of Cyprus, which is a wholly-owned subsidiary of Serinus Holdings;

"**AED SEA Acquisition**" means the acquisition by Serinus Holdings of all of the issued and outstanding shares of AED SEA effective December 5, 2011;

"**Block 9**" means Syria Block 9;

"**Block 9 JOA**" means the Joint Operating Agreement dated September 1, 2010 in respect of Syria Block 9 among Loon Latakia, MENA Syria and Ninox;

"**Block L Operating Agreement**" means the operating agreement in respect of Block L dated August 28, 2006 among Kulczyk Oil Brunei and QAF;

"**Board of Directors**" means the board of directors of the Company;

"**Brunei Assets**" means the right to explore for and produce oil and gas from Block L in Brunei as set forth in the Brunei Block L PSA;

"**Brunei Block L**" or "**Block L**" means the lands subject to the Brunei Block L PSA;

"**Brunei Block L PSA**" means the production sharing agreement for Brunei Block L, which is described in "*Principal Oil and Gas Assets - Brunei*";

"**Brunei Block M**" means the lands that were subject to the Brunei Block M PSA;

"**Brunei Block M PSA**" means the production sharing agreement for Brunei Block M which expired in August, 2012;

"**CAD**" means the Canadian dollar, the lawful currency of Canada;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook;

"**Common Shares**" means the common shares in the capital of the Company on a post-consolidation basis after giving effect to the 2013 Arrangement;

"**Company**" **has the same meaning as** Serinus, a term defined below;

"**Cub Energy**" means Cub Energy Inc. (formerly 3P Energy International Energy Corp.), a public company listed on the TSX-V;

“Dutco” means Dutco Energy Limited, a wholly owned subsidiary of Dubai Transport Company LLC, a Middle Eastern conglomerate with operations in construction and engineering, trading, manufacturing, hospitality and oil and gas.

“Dutco Loan” means the $15 million credit facility provided by Dutco to the Company for the purpose of funding exploration drilling in Brunei. See also “*General Development of the Business – Three Year History of the Company – Dutco Loan”*

“**EBRD**” means the European Bank for Reconstruction and Development;

“**EBRD Tunisia Facility**” means the $60.0 million loan facility provided by the EBRD to Serinus with respect to financing the Company’s capital program for the Tunisia Assets;

“**EBRD Romania Facility**” means the $11.28 million loan facility provided by the EBRD to Serinus with respect to financing the Company’s capital program for the Romania Assets

“**EBRD Ukraine Facility**” means the $40.0 million loan facility provided by the EBRD to KUB-Gas;

“ETAP” means Entreprise Tunisienne d’Activités Pétrolières, the state owned national oil company of Tunisia;

“**Gastek**” means Gastek LLC, a private California company, which is a 30% shareholder of KUBGAS Holdings, and which is wholly-owned by Cub Energy;

“**GPC**” means General Petroleum Corporation, successor to the SPC;

“**IMF**” means the International Monetary Fund;

“**Jura**” means Jura Energy Corporation, a public company listed on the Toronto Stock Exchange, in which Serinus owns a non-controlling interest;

“**KI**” means Kulczyk Investments S.A., a company existing under the laws of Luxembourg, which is the largest shareholder of the Company;

“**KI Loan**” means the $12.0 million in debt funding provided by KI to Serinus pursuant to the KI Loan Agreement;

“**KI Loan Agreement**” means the amended and restated loan agreement dated December 11, 2012 pursuant to which KI provided the KI Loan to Serinus;

“KOV Borneo” means KOV Borneo Limited, a company existing under the laws of the United Kingdom, which is a wholly-owned subsidiary of Serinus Holdings;

“**KUB-Gas**” means KUB-Gas LLC, a company existing under the laws of Ukraine, which is a wholly-owned subsidiary of KUBGAS Holdings, which was an indirect 70% owned subsidiary of the Company;

“**KUB-Gas Borova**” means KUB-Gas Borova LLC, a company existing under the laws of Ukraine, which is a 99% owned subsidiary of KUB-Gas LLC, which was an indirect 70% owned subsidiary of the Company;

“**KUBGAS Holdings**” means KUBGAS Holdings Limited (formerly Loon Ukraine Holding Limited), a company existing under the laws of Cyprus, which was a 70% owned subsidiary of Serinus Holdings, which in turn owns 100% of KUB-Gas;

“**Kulczyk Oil Brunei**” means Kulczyk Oil Brunei Limited (formerly Loon Brunei Limited), a company existing under the laws of Cyprus, which is a wholly-owned subsidiary of Serinus Holdings;

"**LEU**" means the Romanian Leu, the lawful currency of Romania;

"**Loon Corp**" means Loon Energy Corporation, a public company listed on the TSX-V, which was formed as a part of the 2008 Arrangement;

"**Loon Latakia**" means Loon Latakia Limited, a company existing under the laws of Cyprus, which is a wholly-owned subsidiary of Serinus Holdings;

"**MENA**" means MENA Hydrocarbons Inc., a public company listed on the TSX-V;

"**MENA Syria**" means MENA Hydrocarbons (Syria) Inc., a subsidiary of MENA;

"**Naftogaz**" means National Joint Stock Company Naftogaz of Ukraine, a state-owned company under the Ministry of Fuel and Energy of Ukraine;

"NAMR" means the National Agency for Mineral Resources, the government body regulating petroleum and mineral resources in Romania;

"**NERCU**" means the National Electricity Regulatory Commission of Ukraine, the body regulating gas and electricity prices in Ukraine;

"**NI 51-101**" means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

"**Ninox**" means Ninox Energy Pte Ltd. (formerly Triton Petroleum Pte Ltd.), a privately held Australian company, in which Serinus Holdings owns a non-controlling interest;

"**OEBS**" means Oilfield Exploration Business Solutions S.A., formerly called Rompetrol S.A. a subsidiary of KMG International N.V.;

"**PetroleumBRUNEI**" means Brunei National Petroleum Company Sendirian Berhad, a private limited company wholly-owned by the Government of Brunei;

"**Pre-Consolidation Shares**" means common shares in the capital of the Company issued and outstanding prior to giving effect to the consolidation of the Pre-Consolidation Shares on June 24, 2013 on the basis of ten Pre-Consolidation Shares for one post-consolidation Common Share;

"**Radwan**" means Radwan Investments GmBH, a private Austrian company;

"**Resano**" means Resano Trading Ltd., an affiliate of the Burisma Group, a Ukraine entity actively involved in the upstream oil and gas industry in Ukraine.

"**Romania Assets**" means the right to explore for and produce oil and gas from the Satu Mare concession under the terms of the Satu Mare Concession Agreement and the property, plant and equipment associated with the exploration and production of oil and gas on those concessions described in the section *Principal Oil and Gas Assets – Romania"*;

"**RPS**" means RPS Energy, an engineering consulting company;

"**RPS Report**" means the report of RPS effective December 31, 2015 and dated March 14, 2016 on their evaluation of the reserves in the Company's holdings in Tunisia and Ukraine;

"Serinus" or **"SEN"** or **"Company"** means Serinus Energy Inc., a company incorporated pursuant to the laws of the Province of Alberta, Canada which is listed on the TSX and the WSE under trading symbol 'SEN';

“**Satu Mare Concession Agreement**” or “**SMCA**” means the agreement governing the exploration, development and production of oil and gas in the Satu Mare concession in northwest Romania.

“**Satu Mare Farm Out Agreement**” or “**SMFA**” means the agreement between Rompetrol S.A. and Winstar Romania whereby Winstar Romania earned a 60% interest in the Satu Mare Concession Agreement by fulfilling certain work and expenditure requirements. See *“Principal Oil and Gas Properties – Romania – Material Agreements”*;

“**Serinus Holdings**” means Serinus Holdings Limited (formerly Kulczyk Oil Ventures Limited), a company existing under the laws of Cyprus, which is a wholly-owned subsidiary of the Company;

“**SHA**” means the shareholder’s agreement dated November 10, 2009, as amended, between Serinus Holdings, Gastek and KUBGAS Holdings governing their relationship as shareholders of KUBGAS Holdings;

“**SPC**” means Syrian Petroleum Company, a legal entity created by Legislative Decree Number 9 of 1974 by the Government of the Syrian Arab Republic and registered in Damascus, Syria;

“**Syria Assets**” means the right to explore for and produce oil and gas from Syria Block 9 in Syria as set forth in the Syria Block 9 PSC;

“**Syria Block 9**” means the lands subject to the Syria Block 9 PSC;

“**Syria Block 9 PSC**” means the contract for the exploration, development and production of petroleum under which the Company has the right to explore for and produce oil or gas from Syria Block 9, which is described in “*Principal Oil and Gas Assets - Syria*”;

“**TIG**” means, collectively, TGEM Asia LP, Tiedemann Global Emerging Markets LP and Tiedemann Global Emerging Markets QP LP, each a limited partnership registered in the Cayman Islands;

“**TIG Convertible Debenture**” has the meaning ascribed thereto in “*Interest of Management and Others in Material Transactions – TIG Notes and TIG Convertible Debenture*”;

“**TIG Notes**” means convertible unsecured loan notes formerly issued by Triton and held by TIG;

“**Triton**” means Triton Hydrocarbons Pty Ltd., a private Australian company, whose entire share capital Serinus Holdings acquired in the Triton Acquisition, as described in the section “*General Development of the Business*”;

“**TSX-V**” means the TSX Venture Exchange;

“**TSX**” means the Toronto Stock Exchange;

“Tunisia Assets” means all the assets held by the Company in Tunisia, including its working interests in its five concession areas, and the property, plant and equipment associated with the exploration and production of oil and gas on those concessions described in the section *Principal Oil and Gas Assets – Tunisia”*;

“**Tunisia Concession Agreements**” means the agreements governing oil and gas exploration, development and production in the Sabria, Sanrhar, Zinnia, Ech Chouech and Chouech Es Saida concessions operated by Winstar Tunisia;

“**UAH**” means the Ukrainian hryvnia, the lawful currency of Ukraine;

“**Ukraine Assets**” or “**KUB-Gas Assets**” means the assets owned by KUB-Gas, including the Ukraine Licences, and certain other property, plant and equipment described in the section “*Principal Oil and Gas Assets - Ukraine*”;

“**Ukraine Licences**” or “**KUB-Gas Licences**” means the exploration and production special permits in five licence areas owned by KUB-Gas in Ukraine in the Makeevskoye, Olgovskoye, Krutogorovskoye, Vergunskoye, North Makeevskoye areas and West Olgovskoye;

“**USD**” means the U.S. dollar, the lawful currency of the United States of America;

“**WI**” means working interest, the proportional interest owned by any entity in a concession, licence, permit or other title instrument (collectively “Concessions”) entitling that entity to explore and/or produce hydrocarbons, and by extension, that entity’s share of the production of hydrocarbons (before the deduction of royalties) from those Concessions, or that entity’s share of the volume of hydrocarbon reserves (also before the deduction of royalties) estimated to be contained within those Concessions;

“Winstar” means Winstar Resources Ltd., a company incorporated pursuant to the *Business Corporations Act (Alberta)* which is a wholly-owned subsidiary of Serinus;

“Winstar Hungary” means Winstar Magyarorszag Kft, a company existing under the laws of Hungary which 99.8% owned by Winstar Netherlands and 0.2% owned by Winstar Tunisia;

“Winstar Netherlands” means Winstar B.V., a company existing under the laws of the Netherlands which is a wholly-owned subsidiary of Winstar;

“Winstar Romania” means Winstar Satu Mare S.A., a company existing under the laws of Romania which is 99.9995% owned by Winstar Netherlands and 0.0005% owned by Winstar Tunisia;

“Winstar Tunisia” means Winstar Tunisia B.V., a company existing under the laws of the Netherlands which is a wholly-owned subsidiary of Winstar Netherlands;

“**WSE**” means the Warsaw Stock Exchange.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids		Natural Gas	
bbl	barrel	Mcf	thousand cubic feet
bbl/d	barrels per day	MMcf	million cubic feet
Mbbl	thousands of barrels	Bcf	billion cubic feet
boe/d	barrels of oil equivalent per day	Mcf/d	thousand cubic feet per day
boe	barrels of oil equivalent of natural gas and crude oil, unless otherwise indicated	MMcf/d	million cubic feet per day
		GJ	gigajoule
Mboe	thousand boe	Tcf	trillion cubic feet
MMboe	million boe		
NGL	natural gas liquids	Mcfe	thousand cubic feet equivalent
MMBtu	million British thermal units	kPa	kilopascals, a measurement of pressure
Stb	standard stock tank barrel	psi	pounds per square inch, a measurement of pressure
Mstb	thousand standard stock tank barrels	Mcm	thousand cubic metres

Production information is commonly reported in units of barrel of oil equivalent or natural gas equivalent. However, boe's or Mcfe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 bbl, or an Mcfe conversion ratio of 1 bbl:6 Mcf, is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

CONVERSIONS

To Convert From	To	Multiply By
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
kilograms	pounds	2.205
pounds	kilograms	0.454
Mcf	thousand cubic metres	0.028
thousand cubic metres	Mcf	35.494
bbl	cubic metres	0.159
cubic metres	bbl	6.29
psi	kilopascals	6.895
kilopascals	psi	0.145

CURRENCY PRESENTATION AND EXCHANGE RATE DATA

Unless otherwise indicated, references herein to "$", "US$", "U.S. dollars" or "dollars" are to United States dollars. References to "PLN" are to Polish Zlotys and "UAH" are to Ukrainian Hryvnias

	Canadian Dollar (CAD$) to US$1.00	**Polish Zloty** (PLN) to US$1.00	**Ukrainian Hryvnia** (UAH) to US$1.00
2013			
Year-end	1.0636	3.0120	8.1508
Average	1.0299	3.1615	8.1196
Annual high	0.9815	3.3724	8.0240
Annual low	1.0737	3.0105	8.1541
2014			
Year-end	1.1621	3.5423	15.8200
Average	1.0992	3.1397	11.6800
Annual high	1.1669	3.6010	8.1710
Annual low	1.0429	3.0021	15.9100
2015			
Year-end	1.3837	3.9246	24.1019
Average	1.2769	3.7675	21.9262
Annual high	1.1610	3.5273	15.8050
Annual low	1.3961	4.0404	33.7500

Source:		
Source:	2013:	Bank of Canada (www.bankofcanada.ca), National Bank of Poland (www.nbp.pl) and National Bank of Ukraine (www.bank.gov.ua)
	2014 - 2015	Bloomberg

FORWARD-LOOKING INFORMATION

Certain statements contained in this AIF constitute forward-looking statements under applicable securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "predict", "project", "should", "target", "will", or similar words suggesting future outcomes or language suggesting an outlook. 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. Management believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this AIF should not be unduly relied upon.

Forward-looking statements and information in this AIF include, but are not limited to, statements with respect to:

- drilling plans and timing of drilling and testing of wells;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;
- results of various projects of the Company;
- growth expectations within the Company;

- access to attractive investment opportunities and success in bidding for and winning new assets;
- timing of development of undeveloped reserves;
- transportation arrangements and markets for oil and/or gas produced from the Company's licence areas;
- the performance and characteristics of the Company's oil and natural gas properties;
- the quantity of oil and natural gas reserves and resources;
- capital expenditure programs;
- supply and demand for oil and natural gas and commodity prices;
- the impact of governmental regulation on the Company relative to other oil and gas companies of similar size;
- expected levels of royalty rates, operating costs, general administrative costs, costs of services and other costs and expenses;
- expectations regarding the Company's ability to raise capital and to continually add to reserves and resources through acquisitions, development and exploration;
- treatment under governmental regulatory regimes and tax laws; and
- realization of the anticipated benefits of acquisitions and dispositions.

Statements relating to "reserves" or "resources" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, including that the reserves and resources described can be profitably produced in the future. See "*Statement of Reserves Data and Other Oil and Gas Information"*.

Developing forward-looking information involves reliance on a number of assumptions and consideration of certain risks and uncertainties, some of which are specific to the Company and others that apply to the oil and gas industry generally.

Although the Company believes that the assumptions and expectations reflected in the forward-looking statements and information are reasonable, there can be no assurance that such assumptions and expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. The factors or assumptions on which the forward-looking information is based include:

- the Company's projected capital investment levels;
- the flexibility of capital spending plans and the associated source(s) of funding;
- the expertise of management of the Company in contributing to increased production volumes and the success and revenues of the Company; and
- estimates of quantities of oil and natural gas from properties and other sources not currently classified as proved reserves.

Some of the risks and other factors, some of which are beyond the Company's control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this AIF include, but are not limited to:

- competition within the oil and natural gas industry for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- environmental risks and hazards associated with the oil and gas industry;
- adverse weather conditions in areas where the Company conducts operations;
- variations in foreign exchange rates and interest rates;
- risks associated with the realization of the anticipated benefits of acquisitions and dispositions;
- the availability of certain equipment and services and the Company's access to such equipment and services;
- political, social, fiscal, legal and economic risks in the countries in which the Company operates;
- the early stage of some of the Company's operations;
- risks associated with the exploration, development and production of the Company's interests, including geological, technical, drilling and processing problems and other difficulties in producing reserves and failure to realize anticipated benefits of exploration activities;
- the effects of regulations (including environmental regulation) and changes in regulatory regimes in the countries in which the Company operates;
- the effects of sanctions, including those of the European Union, the Canadian government and the U.S. government on the Company's interests in Syria;
- risks of the effect of relinquishment obligations under the term of the Company's production sharing arrangements and governmental regulatory regimes in countries in which the Company operates;
- risks associated with the Company's reliance on its third party operators;
- uncertainties regarding the interpretation and application of foreign laws and regulations; and
- other factors described further in "*Risk Factors*".

Readers are cautioned that the foregoing lists are not exhaustive. The factors and risks set out in these lists are difficult to predict and the assumptions used in the development of the forward-looking information contained herein, although considered reasonably accurate at the time of development, may prove to be incorrect or incomplete. Furthermore, the forward–looking statements contained in this AIF are made as of the date hereof, and the Company undertakes no obligation, except as required by applicable securities laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

CORPORATE STRUCTURE

Name, Address and Incorporation

The full legal name of the Company is Serinus Energy Inc. The Company's head office and registered office are located at Suite 1500, 700-4th Avenue S.W. Calgary, Alberta T2P 3J4.

The Company was incorporated pursuant to the provisions of the ABCA on March 16, 1987 as Titan Diversified Holdings Ltd., a public investment company listed on the Alberta Stock Exchange, a predecessor to the TSX-V. On August 18, 1997, the name of the Company was changed to Loon Energy Inc. and the Company invested in Canadian oil and gas assets until 2001, at which time the Company changed its focus to international oil and gas assets.

In December 2008, following the completion of the 2008 Arrangement, the Pre-Consolidation Shares were de-listed from trading on the TSX-V at the request of the Company, and the name of the Company was changed to Kulczyk Oil Ventures Inc.

On May 25, 2010 the common shares of the Company were listed for trading on the Warsaw Stock Exchange under trading symbol "KOV".

On September 7, 2010, the Articles of the Company were amended to permit shareholder meetings of the Company to be held outside of the province of Alberta, and the By-laws of the Company were amended to, among other things, provide the shareholders of the Company with protection against the dilution of their shareholdings in the Company by requiring majority shareholder approval for certain types of private placements by the Company, which provisions were materially the same as those imposed by the TSX at the time.

On June 24, 2013, pursuant to the 2013 Arrangement, the Company completed the acquisition of Winstar, consolidated its Pre-Consolidation Shares on a 10:1 basis and changed the name of company from "Kulczyk Oil Ventures Inc." to "Serinus Energy Inc.".

In late June, 2013, the common shares of the Company were listed on the Toronto Stock Exchange under trading symbol "SEN" and the trading symbol on the WSE was changed to "SEN".

At the Company's 2013 annual general meeting, held on May 14, 2014, the Company amended its By-Laws to remove the provisions requiring majority shareholder approval for certain types of private placements by the Company. As the Company is listed on the TSX, shareholders are protected by the TSX's rules, making those provisions in the By-Laws redundant. Further, the TSX may, from time to time, amend its rules which provide these shareholder protections, thereby potentially causing the provision in the By-Laws to no longer be sufficiently consistent with the TSX's rules.

The Company is a reporting issuer in Poland and in the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland in Canada.

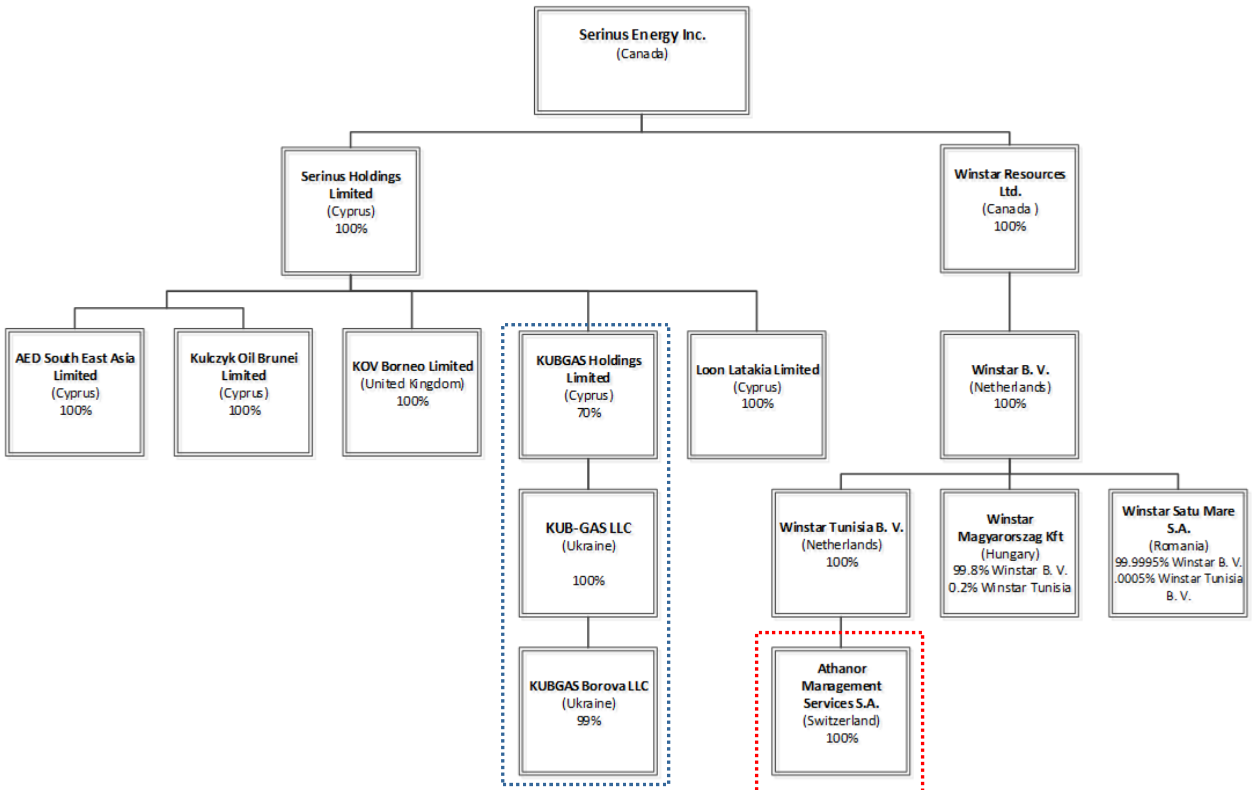
Intercorporate Relationships

Serinus has two direct wholly-owned subsidiaries, Serinus Holdings and Winstar.

As at December 31, 2015, Serinus Holdings in turn, has four material wholly-owned subsidiaries, KOV Borneo, Kulczyk Oil Brunei, Loon Latakia and AED SEA., and one 70% owned subsidiary, KUBGAS Holdings, which in turn owns 100% of the shares of KUB-Gas. The Company subsequently sold its interest in KUBGAS Holdings in early February 2016. For further information, please see "*General Development of the Business – Sale of Ukraine Assets*" and "*Principal Oil and Gas Assets – Ukraine*".

Winstar has one direct wholly owned subsidiary, Winstar B.V., which in turn owns 100% of Winstar Tunisia, 99.8% of Winstar Hungary and 99.9995% of Winstar Romania. Winstar Tunisia owns the remaining 0.2% and 0.0005% of Winstar Hungary and Winstar Romania respectively.

The corporate ownership structure and the inter-corporate relationships of the Company and its principal operating subsidiaries, including the percentage of votes attaching to voting securities owned, or controlled or directed, directly or indirectly, by Serinus, are shown below. The jurisdictions of incorporation, formation or organization as at December 31, 2015 are shown in brackets under the company name.



Sold subsequent to December 31, 2015
Wound up subsequent to December 31, 2015

The above diagram includes the Company's subsidiaries which have total assets that exceed 10% of the Company's total consolidated assets, or which have sales and revenues which exceed 10% of the Company's total consolidated sales and revenues or which are, in the opinion of the Company, pertinent to an understanding of the business of the Company. The assets and revenues of the Company's unnamed subsidiaries did not exceed 20% of the Company's total consolidated assets or total consolidated sales and revenues at and for the year ended December 31, 2015.

GENERAL DEVELOPMENT OF THE BUSINESS

Serinus Energy, a Canadian company and producer of crude oil and natural gas, owns 100% of Winstar, which operates the Tunisia Assets and the Romania Assets. At December 31, 2015 the Company also indirectly owned 70% of KUB-Gas, which operates the Ukraine Licences and the gas fields contained therein. In early February 2016, Serinus closed the sale of all of its shares in KUBGAS Holdings to Resano, thereby disposing of all its interests in Ukraine and the Ukraine Assets. Serinus also owns 90% of the Brunei Block L PSA, and has a 50% participating interest in the Syria Block 9 PSC. During 2015, the Company had average working interest production of 16.2 MMcf/d and 60 bbl/d in Ukraine. Working interest production from the Tunisia Assets averaged 1,055 bbl/d and 1.8 MMcf/d during 2015. There was no production during 2015 from the Romania Assets, Brunei Block L or Syria Block 9.

In light of the uncertain status of both Brunei Block L and Syria Block 9, the Company has fully impaired the value of both assets, and they are now considered minor assets. There was no activity on either block during 2015, nor is any future activity anticipated in the foreseeable future.

The Company, in its capacity as operator of Syria Block 9, declared a *force majeure* event in July 2012 under the Syria Block 9 PSC. Although the current exploration period is extended by the time spent in *force majeure*, it was previously extended contingent on renewal of a bank guarantee which the Company has been unable to provide due to international sanctions. It is therefore possible that this extension may not be enforceable and the Syria Block 9 PSC could lapse.

In Brunei, the Luba-1 and Lukut Updip-1 wells drilled in late 2013 fulfilled all outstanding work commitments with respect to Phase 2 of the Brunei Block L PSA. No further activity is planned for Brunei Block L, and management has been attempting to sell the property. In the event that no further activity is undertaken, it is possible that Brunei Bloc L will expire.

Three-Year History of the Company

The following describes the significant events in the development of the Company's business over the last three years.

EBRD Loan Facility - Ukraine

In May 2011, KUB-Gas finalized an agreement for the EBRD Ukraine Facility of up to $40.0 million from the EBRD. The proceeds of the EBRD Ukraine Facility are to be used to fund development of the Ukraine Licences. The EBRD Ukraine Facility bears interest at variable rates, to a maximum annual rate of 19.0%. The loan proceeds from the EBRD Ukraine Facility were to be advanced in two tranches, with a first $23.0 million tranche being advanced in 2011. On May 30, 2013, the remaining $17.0 million expired without any drawdown in accordance with the terms of the loan agreement. Serinus, as the indirect majority owner of KUB-Gas, has provided a guarantee for the entire amount of the EBRD Ukraine Facility outstanding from time to time. The EBRD Ukraine Facility balance outstanding is to be repaid in thirteen equal semi-annual payments, which commenced in July 2012 with a repayment in the amount of $1.8 million. As at December 31, 2012, the entire first tranche in the amount of $23.0 million had been drawn. On January 8, 2013, the Company announced that a $10.0 million prepayment had been made under the EBRD Ukraine Facility, and, with the regularly scheduled repayment on January 15, 2013 in the amount of $1.8 million, the principal balance outstanding of the EBRD Ukraine Facility after that time was $9.5 million. Further scheduled payments of $1.8 million were made on each of July 15, 2013, January 15, 2014, July 15, 2014, December 26, 2014, and July 15, 2015. At December 31, 2015, the principal balance outstanding was $0.6 million. Subsequent to year end 2015, KUB-Gas ,made the final repayment of the Ukraine Facility, and there is no longer any amount outstanding.

KI Loan

On June 22, 2012, the Company finalized an arrangement with KI for the provision of up to $12.0 million in funding to Serinus (the "**KI Loan**") to fund Serinus' ongoing working capital requirements. KI agreed to provide funding by way of a loan to Serinus for the principal amount of up to $12.0 million. Interest was payable at a rate of 15.0% per annum, and Serinus could at any time prepay the loan in whole or in part.

On December 11, 2012, the Company and KI entered into an amended and restated loan agreement (the "**KI Loan Agreement**") to, among other things, extend the term of the loan by one year from December 31, 2012 to December 31, 2013, and to make amounts owing under the loan convertible into Pre-Consolidation Shares. The KI Loan Agreement provided that Serinus shall use its commercially reasonable efforts to complete an IPO (as such term was defined in the KI Loan Agreement) by no later than December 31, 2013. In the event of an IPO, the KI Loan Agreement provided for the automatic conversion of the outstanding principal amount under the KI Loan, together with all accrued and unpaid interest thereon and any other fees or costs payable by Serinus to KI in connection with the KI Loan, if any. On June 24, 2013, the principal and accrued interest of $13.4 million on the KI Loan was converted into 3,183,268 Common Shares pursuant to the KI Loan Agreement and the 2013 Arrangement at a conversion price of $4.20 per Common Share.

Acquisition of Winstar Resources

On June 24, 2013 the Company completed the acquisition of Winstar pursuant to the 2013 Arrangement, adding approximately 1,500 boe/d of additional production. At the time of the 2013 Arrangement, Winstar held various interests in five concessions in Tunisia, a 60% interest in one concession in Romania, and an interest in one minor property in the province of Alberta in Canada. In connection with the closing of the 2013 Arrangement, the Company changed its name from "Kulczyk Oil Ventures Inc." to "Serinus Energy Inc." and consolidated its common shares on the basis of one Common Share for every ten Pre-Consolidation Shares. Under the terms of the 2013 Arrangement, Winstar shareholders, for each share held, received 7.555 Pre-Consolidation Shares or CAD$2.50 in cash, subject to a maximum of CAD$35 million in cash, with such cash provided by KI. The maximum cash consideration was elected, resulting in KI acquiring 14,000,000 Winstar shares at closing, which were then exchanged for Common Shares of the Company in accordance with the terms of the 2013 Arrangement, of which 10,577,000 Common Shares were issued to KI. A total of 16,675,500 Common Shares of the Company were issued to Winstar shareholders who elected to receive Common Shares, for a total of 27,252,500 Common Shares issued as consideration for the acquisition of Winstar. After completion of the 2013 Arrangement, the Company had a total of 78,644,441 Common Shares outstanding. The new Common Shares issued pursuant to the Winstar acquisition are freely trading on the TSX and the WSE.

For further information on the assets acquired, please see "*Principal Oil and Gas Assets – Tunisia"* and "*Principal Oil and Gas Assets – Romania",* and *"Statement of Reserves Data and Other Oil and Gas Information".*

Listing on TSX

On June 27, 2013 the Company's Common Shares commenced trading on the Toronto Stock Exchange under trading symbol "SEN". The Common Shares continue to be listed on the Warsaw Stock Exchange, now under the symbol "SEN".

Listing of New Shares on WSE

After a rigorous application process with Polish regulators, the Common Shares issues pursuant to the Winstar acquisition became freely trading on the WSE on October 27, 2014.

Dutco Strategic Relationship and Dutco Loan

In July 2013, Serinus and Dutco announced the formalization of a strategic relationship. As part of this new strategic relationship and pursuant to various agreements entered into by Serinus, KOV Brunei and Dutco:

- Serinus granted Dutco an option to acquire between 5% and 15% of the Brunei Block L oil exploration block in Brunei (the "**Brunei Option**") in consideration of $1 million per percentage point of interest acquired by Dutco. If there are amounts outstanding from Serinus to Dutco under the Dutco Loan then Dutco may elect to set-off the price of the Brunei Option against those amounts. A decision to exercise the right to acquire an interest is to be made within 31 days of the test results of a discovery well being announced in Brunei Block L. Dutco did not so elect, and the Brunei Option expired according to the terms of the agreement;

- Serinus granted Dutco a right to convert up to $5 million of Serinus' debt under the newly established Dutco Loan into Common Shares based on the trading price of Common Shares on the TSX (the "Dutco Conversion Right"); and

- Serinus and Dutco agreed that for a period of one year, commencing July 17, 2013, they would jointly explore opportunities to collaborate on oil and gas investments in Tunisia.

As part of this transaction, the Company, as borrower, Dutco, as lender, and KOV Brunei entered into the Dutco Loan under which the Company could borrow up to $15 million to fund drilling in Brunei. The term of the Dutco Loan was 12 months with interest calculated on outstanding amounts at a rate of 12% per annum and paid monthly. Dutco could convert up to $5.0 million, unless the loan is in default in which case up to $15 million, of the amounts outstanding under the Dutco Loan into Common Shares, subject to TSX approval. The loan was convertible into Common Shares based on the trading price at the time of the conversion of the Company on the TSX. The facility required that Serinus maintain a financial ratio of current assets to current liabilities of not less than 1:1 on a consolidated basis excluding certain non-operating items, taxes payable or recoverable.

The Dutco Loan was fully repaid during 2014 with two payments totalling $7 million in Q2, and the balance of $8 million in Q3. No further oil and gas investments were made in Tunisia pursuant to the strategic relationship agreement.

EBRD Loan Facility - Tunisia

In November 2013, the Company finalized an agreement for the EBRD Tunisia Facility of up to $60.0 million from the EBRD. The proceeds are to be used to fund the capital program being planned for its oil and gas fields in Tunisia. The EBRD Tunisia Facility consists of two separate loan agreements, a senior loan in the amount of $40 million (the “Senior Loan”) and a convertible loan of $20 million (the “Convertible Loan”). The Senior Loan has a term of seven years, and is available in two tranches of $20 million each. Interest is payable semi-annually at a variable rate equal to the sum of the London UK interbank rate 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 commencing after the first year of the loan. The second tranche of the Senior Loan is available only after the Convertible Loan is fully drawn, and is 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.

The Convertible Loan has a term of seven years, and bears interest at a variable rate that is the sum of the London interbank rate 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 Common Shares at the then current market price of the Common 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 Common Shares at the then current market price of the Common Shares on the TSX or WSE. 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 Common 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 for a period of three years. On a repayment or conversion initiated by the Company, the number of Common Shares that may be issued is limited to a maximum of 5% of the number of Common Shares then issued and outstanding, with any amounts remaining outstanding then paid in cash. On a conversion initiated by EBRD, no such limit applies under the loan agreement, although the EBRD may be subject to its own internal guidelines regarding the maximum ownership in any given entity.

During 2014, the Company drew the full $20 million on the first tranche of the Senior Loan and $15 million on the Convertible Loan. Interest rates on the first $20 million of the senior loan agreement have been locked in at a rate of 6.9% for the two year period from September 30, 2014 to September 30, 2016.

Pursuant to the finalization of the EBRD Romania Facility on February 20, 2015, the committed portion of the second tranche of the Senior Loan of the EBRD Tunisia Facility was reduced from $20 million to $8.72 million. Excess Cash flow from Tunisia also became subject to early repayment of the Romania Facility as described in *"Three Year History of the Company – EBRD Loan Facility – Romania"* below.

The final draw of $5 million on the Convertible Loan was made in Q1 2015, and the Company drew an additional $5 million on the second tranche of the Senior Loan in Q3 2015. At December 31, 2015, the amounts outstanding were $21.1 million and $21.9 million for the Senior Loan and Convertible Loan respectively.

With the sale of its interests in Ukraine, the Company was required to repay $7.4 million of the Senior Loan plus accrued interest to the EBRD. That repayment was made on February 12, 2016..

EBRD Loan Facility - Romania

On February 20 2015, the Company finalized an agreement for EBRD Romania Facility of $11.28 million from the EBRD. The proceeds were to be used to fund the capital program performed in Romania during late 2014 and early 2015, consisting of the drilling, completion and testing of two exploration wells, and the acquisition of 180 km^2 of new 3D seismic data. Interest was payable semi-annually at a variable rate equal to the sum of the London UK interbank rate plus 8%, and the principal was repayable in ten equal semi-annual installments commencing after the first year of the loan. With the finalization of the EBRD Romania Facility, the committed portion of the second tranche of the Senior Loan of the Company's EBRD Tunisia Facility was reduced from $20 million to $8.72 million. The Company drew the entire $11.28 million during Q1 2015.

There were also provisions for accelerated repayment of the principal. If and when the Company is able to convert and repatriate its cash in Ukraine, currently held in UAH, it will apply those funds to early repayment the Romania Facility according to the following schedule: .

Threshold	**Amount Applied to Pre-Payment**
Up to the first 50 million UAH equivalent	100%
Thereafter, until 50% of the EBRD Romania Facility has been pre-paid	70%
Thereafter, until 70% of the EBRD Romania Facility has been pre-paid	50%
Thereafter, until the EBRD Romania Facility has been fully repaid	30%

The Company would also apply 40% of its Excess Cash from Tunisia toward early repayment of the Romania Facility and once repaid, then Excess Cash shall be applied to the Tunisian facility outstanding with EBRD. Excess Cash is defined as the Operating Cash Flow from Serinus' Tunisia subsidiary, less debt 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 EBRD Tunisia Facility. In the event that pre-payments are made in any given year from Ukraine as described above, the repayment from Tunisia shall drop to 25% of Excess Cash. No pre-payment fees are applicable to the accelerated payments described above.

With the sale of the Ukraine Assets, Serinus was required to repay the Romania Facility in full plus accrued interest. That payment was made on February 12, 2016.

Sale of Ukraine Assets

On December 23, 2015, the Company announced that it had executed an agreement to sell its 70% interest in KUBGAS Holdings to Resano for $30 million plus appropriate adjustments for inter-company balances and working capital. The closing of the transaction was announced on February 8, 2016.

Significant Acquisitions During Most Recently Completed Financial Year

No significant acquisitions were made during the 2015 fiscal year.

2016 ACTIVITY

In 2016, Serinus is focused on cost reductions and preservation of capital in light of the expected commodity price environment. The Company will also pursue developing its natural gas discovery in Romania, and continuing its exploration efforts in that country, and to that end, may take on a joint venture partner.

DESCRIPTION OF THE BUSINESS

Overview

Serinus is an international oil and gas exploration company led by a management team with a strong international and operational background and with extensive global contacts in the oil and gas business. The Company has a diversified asset base with exposure to development and appraisal prospects and significant exploration upside. Its principal assets include its interests in the Tunisia Assets and Romania Assets. Its interests in the Brunei Assets and Syria Assets are not material.

Oil and Natural Gas Exploration and Production

Serinus' average WI production (before royalties) in 2015 was 4,105 boe/d. In Ukraine, average WI production was 16.2 MMcf and 60 bbl/d, and 15.7 MMcf/d and 62 bbl/d at year end. Tunisian production averaged 1,348 boe/d (75% oil) for 2015, with an exit rate of 1,408 boe/d (1,088 bbl/d and 1.9 MMcf/d). The total corporate exit rate for 2015 was 4,088 boe/d.

The table below shows the Company's working interest production and realized sales price(s) by country for 2015 compared to 2014.

		2015			2014		
		Ukraine	**Tunisia**	**Total**	**Ukraine**	**Tunisia**	**Total**
Oil	*(bbl/d)*	-	1,055	1,055	-	999	999
	($/bbl)	-	52.75	52.75	-	96.18	96.18
Gas	*(Mcf/d)*	16,182	1,755	17,937	22,874	1,894	24,768
	($/Mcf)	7.19	8.81	7.35	9.69	14.37	10.16
Condensate	*(bbl/d)*	60	-	60	92	-	92
	($/bbl)	42.78	-	42.78	78.19	-	78.19
BOE	*(boe/d)*	2,757	1,348	4,105	3,904	1,315	5,219
	($/boe)	43.11	52.79	46.30	58.61	93.76	65.32

Through its indirectly owned 70% subsidiary KUB-Gas, Serinus had interests in 198,933 gross acres (139,253 net acres) within the Ukrainian Licences. The Company's exploration focus has been in the Carboniferous sequence including the Moscovian and Bashkirian zones which have been the traditional source of production in the area, and the deeper Serpukhovian and Visean formations which have been drilled and established as prospective more recently. In 2015, KUB-Gas fracture stimulated three wells, and installed field compression in the Olgovskoye field. On December 23, 2015, the Company announced that it had reached an agreement to sell all of its interests in Ukraine for $30 million plus appropriate adjustments for inter-company balances and working capital. That sale closed in early February 2016. See also *"Principal Oil and Gas Assets – Ukraine – Exploration/Development Activity"*

The five Tunisia concessions cover 163,640 gross acres (147,750 net acres). The major exploration and appraisal opportunities are within the Sabria (28,890 gross acres, SEN 45% WI), Chouech Es Saida (42,820 gross acres, SEN 100%) and Ech Chouech (35,860 gross acres, SEN 100%) blocks. Sabria contains an Ordovician aged oil accumulation of 358 MMbbl (OOIP, P50), into which only six wells (10 including re-entry attempts) have been drilled. Chouech Es Saida and Ech Chouech are prospective in the Triassic Trias Argilo-Greseux Inferieur ("**TAGI**") sandstone, Devonian Oum Qasa carbonates, and Silurian aged Acacus sands, and there may be potential in the deeper Ordovician, but it has not yet been penetrated in these two blocks. In 2015, the Company drilled one successful development well in Sabria, and continued on several projects aimed at facility optimization and de-bottlenecking. No major work is planned for 2016 in Tunisia without a significant improvement in commodity prices. See also *"Principal Oil and Gas Assets – Tunisia".*

Pursuant to the Satu Mare Farm Out Agreement, in 2013, Serinus earned a 60% working interest in the Satu Mare Concession in northwest Romania, covering 730,000 gross acres. In 2015, the Company completed all of the work requirements for the Phase 2 exploration phase, entitling it to exclusive negotiations with NAMR with respect to an extension of the Satu Mare Concession. Those negotiations were completed in May 2015, when NAMR approved a 3 year extension of the exploration period ("Phase 3"). The new work program to be completed during that period includes drilling two wells and, at the Company's option, either acquire 120 km^2 of new 3D seismic data or drill a third well. The approval of the extension by NAMR is subject to ratification by several government ministries.

OEBS, the owner of the remaining 40% of Satu Mare, elected not to participate in the extension, and under the provisions of the Joint Operating Agreement, will forfeit that interest to Winstar Romania. OEBS will hold its 40% interest in trust for the benefit of Winstar Romania until the formal award of the Phase 3 extension (including all ministerial ratifications and gazetting), after which it will withdraw from the joint venture and formally assign that interest to the Winstar Romania. This gives Serinus an effective 100% working interest in Satu Mare.

Historical drilling has been sparse, and the Company has an inventory of over 50 leads and prospects. In 2016, Serinus plans to install surface facilities and drill development wells to bring its Moftinu gas discovery on production. See also *"Principal Oil and Gas Assets – Romania"*.

In Brunei, exploration work on Brunei Block L is conducted by the Company's subsidiaries, AED SEA and Kulczyk Oil Brunei, through a joint venture with another local company. No operations were conducted in Brunei during 2015.

Exploration work in Syria, which has been conducted by the Company's subsidiary, Loon Latakia, remains suspended as at the date of this AIF. Effective July 16, 2012, the Company, in its capacity as operator of Syria Block 9, declared a *force majeure* event due to difficult local operating conditions and the inability due to sanctions to fund local operations, which have rendered the performance of its obligations under the Syria Block 9 PSC impossible. The Company continues to monitor operating conditions in Syria to assess when a recommencement of its Syrian operations may become possible.

Key Personnel

The management of the Company is led by its President and Chief Executive Officer, Timothy Elliott, and its Executive Vice President, Jock Graham, both of whom are based in Dubai, United Arab Emirates, and the Vice Chairman of the Board of Directors, Norman Holton, who is based in Calgary, Alberta, Canada. The Company's management team has extensive experience in managing and growing publicly listed oil and gas companies, has demonstrated transaction-structuring capability that enhances shareholder value and has extensive technical and international oil and gas experience. The senior management and key technical personnel have in-depth expertise on the mechanics of evaluation of potential opportunities with respect to both commercial and technical risks and have a record of success in the international oil and gas business in the Middle East, Asia, Europe and Americas.

Specialized Skill and Knowledge

The Company's management team has expertise in all professional disciplines needed to successfully develop and manage its diversified international portfolio of oil and gas assets. The management team's specialized skills and knowledge include:

- a proven track record of delivering value in the upstream oil and gas business, including sourcing and executing discovery and development of oil and gas production, the application of modern technology to legacy assets and arranging appropriate financing to fund the necessary capital commitments;

- experience in the Americas, Europe, the Middle East, Southeast Asia and Africa and extensive global contacts in the oil and gas business, which can be utilized to exploit existing assets and develop new opportunities for growth effectively;

- strong deal-making capability leading to effective transaction execution from initial scoping of deal through to due diligence and finalization of contracts; and

- highly effective evaluation of opportunities, ensuring the optimisation and acceleration of development and production plans and an efficient use of personnel and financial and technical resources.

The management of Serinus believes that the experience of its international management team, combined with its effective evaluation of opportunities, its deal-making capability and the quality of its technical team will continue to be key factors in achieving its strategic objectives.

Competitive Conditions

Companies operating in the petroleum industry must manage risks which are beyond the direct control of company personnel. Among these risks are those associated with exploration, transportation infrastructure (including access), environmental damage, fluctuating commodity prices, foreign exchange rates and interest rates, changes in law and its application and adjudication, changes in political regimes, and geopolitical issues.

The Company will, from time to time, compete for reserve acquisitions, exploration leases, licences and concessions and skilled industry personnel with a substantial number of other oil and gas companies, many of which have significantly greater financial resources than the Company. The Company's competitors include major integrated oil and natural gas companies, state owned oil and natural gas companies, numerous independent oil and natural gas companies and trusts, and individual producers and operators.

The Company believes that the following factors contribute to its chances of success and revenue maximization in the future.

Diversified Asset Base

Serinus' management believes that its diversified asset base, balanced between high-risk exploration and lower risk appraisal opportunities, will maximize the future revenues of the Company and help mitigate the risks inherent in oil and gas exploration and development. It achieves further risk mitigation by having assets in multiple countries, reducing its dependence on any single jurisdiction for production, cash flow and development potential.

At year-end 2015, Serinus' production was split between Ukraine (approximately 65%) and Tunisia (35%). The disposition of the Ukraine Assets however, will have the result that all of the Company's production will be from Tunisia until such time as the Moftinu gas discovery in Romania is brought on stream. Development plans for Moftinu are still being formulated and are subject to change, but first production is currently expected in early 2017.

The Tunisia Assets and Romanian Assets all have inventories of exploration, appraisal and development prospects, giving the Company the flexibility of directing capital investment to the venue(s) that offer the best returns at any given time.

High Quality Deal Flow

The management of Serinus based in Dubai and Calgary are able to access new exploration and production opportunities from these key energy hubs by utilising their extensive personal contacts in the industry. In addition, the extensive business networks of KI in emerging markets and in Central and Eastern Europe are another likely source of new investment opportunities for the Company.

Serinus' management believes that the deal flow available to it and its directors through Canada, Dubai and in Europe will lead to continued access to attractive investment opportunities.

Partnering with Local Companies

The management of Serinus believes that forming alliances with local and industry partners is an essential part of the sourcing and securing of new opportunities, through benefiting from such partners' local market knowledge and relationships, and helps mitigate the inherent operational risks associated with the exploration and development of gas and oil assets. Retention by local partners of equity in assets adds further comfort and mutual alignment in business development. In turn, local companies benefit from the technical expertise and business experience of the Serinus team.

Serinus has a strong track record of partnering with local companies in each of the countries in which it operates, and management believes that continuing to partner with local companies will help ensure continued success in bidding for and winning new assets.

Flexible Financing Structure

Serinus' management seeks to ensure an optimal mix of financing to fund the Company's operations, particularly its capital commitment obligations. The Company's principal sources of funding have been, and will likely continue to be, equity, debt, and farm-out arrangements. As at December 31, 2015, the Company had total borrowings of $54.1 million, all of which $11.2 million was with the EBRD pursuant to the EBRD Romania Facility, and $42.9 million was with the EBRD pursuant to the EBRD Tunisia Facility. The Company has farm-out arrangements in place in respect of certain interests held by the Company in Syria Block 9. The entire outstanding amount on the EBRD Romania Facility, and $7.4 million on the EBRD Tunisia Facility was repaid subsequent to year end from the proceeds from the sale of the Company's Ukraine assets.

Leverage Expertise

Serinus will continue to utilize the technical expertise of its experienced team in implementing production optimisation and acceleration based on the best available and cost-effective technology.

Portfolio Diversification

The Company will continue to evaluate international oil and gas opportunities and focus on maintaining a well-balanced portfolio of exploration and development projects.

Management believes that the foregoing competitive strengths will enable the Company to take advantage of future opportunities and achieve its strategic objectives. The information presented above with respect to the competitive strengths of Serinus is presented by the management of Serinus, and there are no third-party reports or other sources that constitute the basis for statements made by the Company regarding its competitive position.

Cycles

Prices for crude oil and natural gas are subject to periods of volatility. Prolonged increases or decreases in the price of oil and gas could significantly impact the Company. There is a strong relationship between energy commodity prices and access to both equipment and personnel. High commodity prices also affect the cost structure of services which may impact the Company's ability to accomplish drilling, completion and equipping goals. In addition, weather patterns are unpredictable and can cause delays in implementing and completing field projects.

The oil and gas business is cyclical by nature, due in part to the volatility of oil and gas commodity pricing as described above. Additionally, seasonal interruptions in drilling and construction operations can occur but are expected and accounted for in the budgeting and forecasting process. In Romania, cold temperatures, heavy snows or extremely muddy conditions may cause delays to planned activities. In Tunisia, sandstorms and both high and low temperatures can make operations more difficult and costly.

Employees

As at December 31, 2015, the Company had 27 direct employees in its offices in Calgary (21), Dubai (2) and Warsaw (4), 288 staff employed directly by KUB-Gas in Ukraine, and 148 employed by Winstar in Tunisia and Romania. Serinus operated indirectly in Ukraine through its indirect 70% owned subsidiary KUB-Gas. As at December 31, 2015, the Company's operations on the Syrian Assets remained suspended.

PRINCIPAL OIL AND GAS ASSETS

This section of the AIF provides more detailed information with respect to the material oil and gas properties of the Company and the countries in which the properties are located. Although the Ukraine Assets were sold to Resano, closing of that transaction did not occur until February 2016, so they were still owned by the Company as at December 31, 2015. This section of the AIF therefore also includes information concerning the Ukraine Assets. It also provides certain historical information concerning resources, estimates of the volume of resources, production estimates, historical production amounts and other information in respect of the areas surrounding the areas covered by the Ukraine Licences, the Tunisia Assets and the Romania Assets which is "analogous information" as defined by applicable securities laws. This analogous information is derived from publicly available information sources which the Company believes are predominantly independent in nature. Some of this data may not have been prepared by qualified reserves evaluators or auditors and the preparation of any estimates may not be in strict accordance with the COGE Handbook. Regardless, estimates by engineering and geo-technical practitioners may vary and the differences may be significant. The Company believes that the provision of this analogous information is relevant to the Company's activities, given its ownership interests and operations (either ongoing or planned) in the areas in question. However, readers are cautioned that there is no certainty that any of the Company's activities on the areas covered by the Ukraine Licences, the Tunisia Assets and the Romania Assets will be successful to the extent in which operations on the areas in which the analogous information is derived from were successful, or at all.

Tunisia

Through its wholly owned subsidiary, Winstar Resources Ltd., Serinus has interests in and operates five concessions in Tunisia. It holds 100% working interests in four blocks, and a 45% interest in Sabria, the fifth. The Tunisia Assets were acquired as part of the Company's acquisition of Winstar in 2013. Winstar in turn acquired them through its acquisition of Winstar Netherlands (then named Athanor B.V.) in 2005.

Tunisia Assets

The five concession blocks, Sabria, Zinnia, Sanrhar, Ech Chouech and Chouech Es Saida are located throughout the country, from the northern coast on the Mediterranean Sea, down to the south end near the Algerian border. Basic information regarding each is summarized in the table below:

Tunisia Concession Summary Data

Name	Location (within Tunisia)	Working Interest	Approximate Gross Area *(acres)*	Outstanding Work Commitments	Expiry
Chouech Es Saida	South	100%	52,480	nil	Dec 2027
Ech Chouech	South	100%	33,920	nil	June 2022
Sabria	Center West	45%	11,520	nil	Nov 2028
Sanrhar	South Central	100%	35,840	nil	Dec 2021
Zinnia	North	100%	17,920	nil	Dec 2020

The five concessions were originally awarded to a variety of operators, and changed ownership several times prior to their acquisition by Winstar Netherlands. See *'Principal Oil and Gas Properties – Tunisia – Sabria, Chouech Es Saida, Ech Chouech, Sanrhar and Zinnia"*

Government Administration and Licencing Terms

The Tunisian government administers the various licences through ETAP. The fiscal terms of the concessions are of a general royalty and income tax scheme. Details for each block are summarized in the table below:

Summary of Tunisia Asset Fiscal Terms

	Choech Es Saida	Ech Chouech	Sabria	Sanrhar	Zinnia
Working Interest	100% *	100%	45%	100%	100%
Outstanding Work Commitments	nil	nil	nil	nil	nil
Royalties	15%	15%	2 - 15% based on R factor	2 - 15% based on R factor	12.5%
Income Tax Rate	35%	35%	50 - 75% based on R factor	50 - 75% based on R factor	55%

* ETAP has the right to back in for a 50% working interest after a total of 6.5 MMbbl of crude/condensate sales, net of royalties. Current cumulative production was 5.1 MMbbl as of December 31, 2015

Exploration / Development Activity

Sabria

The Sabria Concession is located near the southern margin of Chott el Jerid in the Sahara Desert of Tunisia. The Sabria Concession, named after the nearby village of Sabriyah, was carved out of the Kebili Exploration Permit. The first seismic survey was carried out by Mobil who held the exploration permit for the area from 1970-1977. From 1978-1985 the area was operated by Amoco, who drilled four wells: Sabria North 1 ("**SAB-N1**"), Sabria North 2 ("**SAB-N2**"), Sabria North 3 ("**SAB-N3**") and Sabria West 1 ("**W-SAB-1**"). These exploration wells indicated oil in the Ordovician formations but were considered non-commercial at the time.

In 1991 MOL Hungarian Oil & Gas PLC ("**MOL**") became the operator of the Sabria concession. From 1991- 1995 MOL performed three 2D seismic surveys and based on these surveys and re-evaluation of the previous wells, re-completed W-SAB-1 as a horizontal well ("**W-SAB-1H**") near the top of the Hamra Formation. This well tested hydrocarbon potential in August 1996. In 1998 MOL drilled Sabria Northwest 1 ("**SAB-NW1**"), completed as a horizontal producer. In late 1998 and early 1999 MOL re-entered SAB-N1 and drilled a new horizontal leg. Based on disappointing results, the well was suspended in 1999.

Sabria was put on stream in October 1998 with well W-SAB-1H, followed by SAB-NW1 in May 1999 and SABN3H in January 2002. In early 2000, Winstar Netherlands (then Athanor B.V.) acquired the MOL interest in the Sabria concession and became the field operator. In 2002, the SAB-N3 well was re-entered, drilled and completed as a horizontal producer ("**SAB-N3H**"). Associated gas is recovered at the field, compressed to 100 bar pressure and delivered into a third party gas pipeline from where it is transported and sold to Societe Tunisienne de l'Electricite et du Gaz ("**STEG**"), the Tunisian state electricity and gas company. Condensate is recovered from the associated gas via a chilling unit and slip-streamed back into the crude oil stream for sales.

During 2006 the transportation arrangements were upgraded such that oil is now trucked from the field to a transfer terminal on the local pipeline network at Oumchia from which it is transported via pipeline to the Mediterranean Coast at Skhira.

Winstar finished drilling the Sabria 11 well in the first quarter of 2007 and completed the well in the second quarter of 2007. Sabria 11 has been on production since late June 2007. In late 2013 to early 2014, the choke size was increased in a number of stages which increased production while having no material adverse effects on either the water cut or gas-oil ratio.

In 2009, Winstar completed the re-entry and drilling of Sabria N3H. The re-entry operation consisted of drilling two new horizontal laterals from the existing wellbore at Sabria N3H. The well was successful in encountering abundant areas of highly fractured and productive reservoir.

In July 2014, Winstar Tunisia spud the Winstar-12bis well ("**WIN-12bis**") which reached its total depth of 3,855 metres in November 2014. Logs indicated 79 metres of oil bearing reservoir in the Upper Hamra, Lower Hamra and El Atchane formations. Production from WIN-12bis commenced on December 10, 2014 at an initial rate of 635 boe/d. That rate was gradually increased to over 1,000 boe/d by the end of December 2014.

The Winstar-13 well ("**WIN-13**") well was spud on December 10, 2014. After early lost circulation issues and an active shallow aquifer caused significant delays, it reached its targeted total depth of 3,781 metres on March 11, 2015. The well was completed and production commenced on May 3, 2015 at an average rate of 58 boe/d, rising to over 100 boe/d by the end of 2015.

Chouech Es Saida

The Chouech Es Saida oil field is located on the southwest border of the southern tip of Tunisia. Seven wells were drilled on the Chouech Es Saida structure between 1971 and 1992. The field was put on production in 1977, with the Chouech Es Saida #1 ("**CS-1**") well remaining on production until 1992. In 1993, Chouech Es Saida #3 ("**CS-3BIS**") and Chouech Es Saida #7 ("**CS7-BIS**") were put on production, and produced for seven and two years, respectively. In 1996, Chouech Es Saida #5 ("**CS-5**") was tested briefly, and was then suspended. Winstar Tunisia (then known as Athanor Tunisia B.V.) acquired the concession together with the neighbouring Ech Chouech concessions, from AGIP in 2002. The field was shut in from 1999 until late 2003, at which time Winstar Tunisia brought the CS7-BIS well back on production.

Oil from Chouech Es Saida is transported to a sales point at El Borma by a six inch, 80 kilometre pipeline that is owned by Winstar. In 2009, Winstar completed and commissioned its six inch diameter, 78 kilometre gas line, which is currently in use. Serinus has also installed two compressors at the Chouech Es Saida Central Production Facility with a combined capacity of 170 Mcm/d (6.0 MMcf/d). During 2011, Winstar transported its 100% owned natural gas treatment and compression facility from Hungary to the Chouech Es Saida concession where it was installed and commissioned. Actual rates have fluctuated between 0 and 5.0 MMcf/d because STEG (purchaser of the gas in the Chouech Es Saida concession), is only required to take gas on a best efforts basis at its facility at El Borma.

Chouech Es Saida #8 ("**CS-8**") was drilled, completed and placed on production in 2008. Winstar attempted a dual completion in the well in the fourth quarter of 2008 and encountered a serious problem during routine cementing and recompletion operations, and the wellbore was lost. The re-entry and sidetrack of CS-8 commenced at the end of December, 2009 and was successful in reaching the target reservoir and achieved combined test rates in excess of 1,625 boepd. However, communication with the reservoir was lost after the testing and the well was suspended. Drilling of Chouech Es Saida #8Bis was completed on September 25, 2011. Initial production was unstable; and a subsequent work-over operation was required to install an electronic submersible pump ("**ESP**"), following which production stabilized at 300 bbl/d in December of 2011.

The Chouech Es Saida #9 well ("**CS-9**") was drilled in the third quarter of 2008, tested over 900 bbl/d from 4 zones and was placed on production in the fourth quarter of 2008 at approximately 500 bbl/d. Following a period of shut-in during the first seven months of 2011, Winstar performed a remedial cementing operation at CS-9, which produced approximately 200 bbl/d for the remainder of the year.

Chouech Es Saida #11 was drilled, completed and put on production in 2010 at a rate of approximately 500 bbl/d. Chouech Es Saida #13 was drilled, completed and tested in 2010. Although zones came in on prognosis the reservoirs themselves contained no hydrocarbons so the well was suspended.

In November of 2010, Winstar commenced the drilling of its first Silurian exploration well, Chouech Es Saida Silurian #1 ("**CS Sil #1**"), which tested at combined production test rates of approximately 3,379 boepd. Prior to the installation of the gas compression and treatment facility transported from Hungary, the primarily crude oil bearing zones (zones 2 &3) were placed on long term production tests from February 2011 to September 2011 producing between 80-120 bbl/d. Following the installation of the gas facility, production from zone 1 commenced at between 900 - 1,000 boepd. Sand production and liquid loading subsequently limited production and it produced only intermittently during 2013. A workover to clean out the wellbore, open additional zones and install a smaller diameter velocity string was performed in April 2014, and the well was returned to production in May 2014 at approximately 500 Mcfe/d. Production has since declined due to scaling issues which are currently being addressed with a chemical program.

Winstar completed drilling of Chouech Es Saida #12 ("**CS-12**") in September 2011. Following the installation of a beam pump, the well has been producing approximately 30 bbl/d plus associated gas.

In December 2011, Winstar completed its drilling program at Chouech Es Saida Silurian #10 ("**CS Sil #10**") targeting both the Silurian zones identified and tested at CS Sil #1 as well as a new Triassic discovery that was logged but not tested at CS Sil#1. Initial test rates from all five targeted zones were inconclusive and following investigation into the well completion it was determined that the inconclusive testing resulted from potential downhole blockages in the lower Silurian zones and potential water invasion due to poor cementing and isolation of the targeted Triassic zones. During the fourth quarter of 2012 a workover was performed to remove the completion in the lower Silurian zones and re-cement the upper Triassic zones. That workover was not successful, and the well is currently shut in, awaiting further analysis and remedial measures. A workover in May 2015 to clean out the wellbore and re-establish production was unsuccessful, and the well has been suspended.

Work in Chouech Es Saida during the last three quarters of 2014 and all of 2015 has consisted of normal course operations for a producing oil field including such items as workovers to replace or repair bottomhole pumps in wells and maintenance of surface facilities.

<u>Ech Chouech</u>

Five wells have been drilled in the Ech Chouech concession since 1970. The field was discovered by the Ech Chouech #1 well ("**EC-1**"), which encountered oil in the Devonian Ouan Kasa formation at a depth of 3,220 metres. EC-1 was completed in 1991 and tested for 6 months at rates ranging from 200-220 boepd and produced a total of 34,000 bbl. The test was terminated by a well-bore blockage. In 2008, Winstar conducted a successful workover of EC-1 and the well was put back on production, averaging almost 100 bbl/d. A workover was conducted on EC-1 in 2010 to address some production impediments and the well came back on production at a rate of 140 bbl/d and produced and average of 71 bbl/d in 2014.

The second location drilled at this concession, Ech Chouech #2 tested a small quantity of gas in the Ouan Kasa sand to a depth of 3,182 metres. The Ech Chouech #3 well encountered only traces of gas but Ech Chouech #4 ("**EC-4**") tested oil in the Ouan Kasa sandstone. The operator assessed the field reserves to be some 478 Mbbl and no further development was undertaken. Winstar conducted a workover on the EC-4 well in 2007 but the workover did not result in commercial quantities of hydrocarbons and further analysis is required.

During the third quarter of 2014, workovers and stimulations were performed on the EC-4 and ECS-1 wells. Debris left in the wellbores by previous operators was cleaned out, and both wells were hydraulically stimulated in the Devonian Ouan Kasa formation. During swabbing, ECS-1 initially produced gas and water, and as swabbing continued, the condensate cut increased. Operations commenced in early March to equip the well with a small diameter velocity tubing string, and to tie it into the flowline at EC-1.

EC-4 initially produced water with increasing oil cuts, but later swabbing showed almost all water. The well is being further analyzed to determine additional remedial measures.

No significant exploration or development activity was conducted in Ech Chouech during 2015.

<u>Sanrhar</u>

The Sanhrar field is located 60 kilometres northeast of the El Borma oil field in the Sahara desert of Southern Tunisia. Three wells have been drilled on the Sanhrar domal structure of the Triassic TAGI Sandstone formation. The first well in 1957, Sanrhar-1 ("**SN-1**"), was drilled on the flank of the structure near the original oil/water contact. Sanrhar North 1 ("**SNN-1**") the "discovery well" drilled in 1989 was located near the top of the structure. Winstar Tunisia acquired the Sanrhar concession in May 2000. In 2002, a third well, Sanrhar West-1 ("**SNW-1**"), 6 km to the west down dip on the west flank of the structure was wet and was plugged and abandoned. SNN-1 is the sole oil producer in the field and has been on-stream since 1991. In 2008, the Company installed a new pump system in the SNN-1 well which had a positive impact on production. On February 10, 2016, SNN-1 was shut in until such time as commodity prices recover sufficiently to make production economic.

Winstar Tunisia shot 203.5 km^2 of 3D seismic over the Sanrhar concession in July and August of 2014.

<u>Zinnia</u>

The Zinnia oil field is located on the Cap Bon peninsula of Tunisia, 60 km southeast of Tunis, 10 km from the town of Nabeul, and approximately 3 km from the Mediterranean shore. Winstar Tunisia acquired the concession in 2000.

The field was discovered in 1989 by Shell, with the drilling of the Zinnia #1 ("**ZNN-1**") well on the west flank of a faulted anticlinal structure. The productive formation is the Abiod formation, a late Cretaceous fractured carbonate formation. A subsequent operator took over in March 1990 and completed the ZNN-1 well as an oil producing well. In April 1991, a second oil producing well, Zinnia 2 ("**ZNN-2D**"), was drilled from the same surface location in an up-dip bottom hole location position to improve the structural control of the northeast area of the trap. This well tested both oil and gas.

ZNN-1 was shut-in in July 1993 and then converted to a water disposal well. The ZNN-2D well was completed with 2-⅞ inch tubing and had been producing with the assistance of an electric submersible pump. It was shut in in 2008 due to a pump failure and never resumed production as the combination of high operating costs and low productivity for the well made it uneconomic.

Infrastructure, Transportation and Marketing

Associated gas production from the Sabria and Chouech Es Saida concessions is sold into the domestic market. The price is indexed at 75% of the high sulphur fuel oil price for Zinnia gas (when producing) and at 77% of the low sulphur fuel oil price for Sabria gas. The price for the Chouech Es Saida concession is 65% of the low sulphur fuel oil price.

In 2013, Winstar delivered a surplus refurbished compressor to STEG at its El Borma facilities. The intent was to improve on STEG's receipt capacity and up time percentage, thereby increasing Serinus gas sales. Start-up has been delayed due to scarcity of parts and instrumentation, and availability of technicians from the manufacturer to complete the installation.

In the longer term, OMV has undertaken construction of a new gas pipeline known as the Nawara Gas Pipeline Project. The line will run from the southern end of the country to a gas plant to be built near the town of Gabes in southeast Tunisia, and have a capacity of 350 MMcf/d. From Gabes, the gas will be connected to existing sales lines including the TransMed Pipeline to Italy. While being built primarily for OMV's Nawara gas/condensate discovery, the line capacity appears to be sufficient that other operators in the southern end of Tunisia will be able to nominate in for space. OMV's last disclosed estimate for start up is late 2017.

Oil production from the Sabria and Sanrhar concessions is trucked to a third party facility and then pipelined to a storage terminal. Oil production from Chouech Es Saida and Ech Chouech is pipelined to a third party facility and then to a storage terminal. Except for 20% of the Sabria oil production which is sold into the local market, the oil is loaded from the terminal onto tankers arranged by third parties and sold on the world market every one to three months, depending on production levels and tanker availability. The price paid for oil is directly tied to the price quoted for Zarzaitine crude. The oil tanker price is based on the average price for the three days after loading.

Romania

Serinus acquired its interest in the Satu Mare Concession in June 2013 as part of the Winstar Acquisition.

KMG International N.V. ("KMG", formerly known asThe Rompetrol Group N.V.) and NAMR entered into Satu Mare Concession Agreement in September 2003 which granted KMG the right to explore for hydrocarbons within the perimeter of the EIV 5-Satu Mare block. The Satu Mare Concession Agreement entered into force upon its publication in the Romanian Gazette in September 2004 and continues for a term of 30 years from that date, ending September 2034. The Concession would terminate automatically if the Satu Mare Concession holders did not make a commercial discovery before the end of the second exploration phase. KMG subsequently transferred the Satu Mare Concession Agreement into its wholly owned subsidiary OEBS.

In April 2008, Winstar executed a joint venture transaction with OEBS whereby, by fulfilling certain conditions, Winstar could earn up to a 60% interest in the Satu Mare Concession. Winstar subsequently assigned its interest in the Satu Mare Farmout Agreement to its wholly-owned subsidiary, Winstar Romania. In March 2009, after receiving approval from NAMR, OEBS assigned an initial 25% participating interest in the Satu Mare Concession to Winstar Romania. In Q3 2013, after Winstar Romania had satisfied the conditions precedent to the second transfer and NAMR had granted its approval of such transfer, OEBS assigned a subsequent 35% participating interest in the Satu Mare Concession to Winstar Romania. Winstar Romania and OEBS currently hold 60% and 40% participating interests in the Satu Mare Concession, respectively.

In July 2013, NAMR granted its approval of the successful completion of the Phase 1 exploration obligations under the Satu Mare Concession Agreement. Winstar Romania satisfied 100% of the official Phase 1 work program, which consisted of the re-processing of approximately 1,075 kilometres of existing 2D seismic, acquisition of 80 square kilometres of 3D seismic, and the drilling of two exploration wells, Madaras 109 and Moftinu 1000.

Winstar Romania, encouraged by the success of Phase 1, elected to enter the second stage of exploration in November 2012 (thereby placing the Satu Mare Concession holders in both Phase 1 and Phase 2 of exploration for a time). In fall 2012 the Satu Mare Concession stake holders were successful in obtaining an extension of the end of the Phase 2 exploration period from September 2013 to May 2015 and agreed to certain amendments to the stage 2 work commitments. The amended minimum work obligations for Phase 2 were: (i) analysis of data acquired during stage 1, integrated reinterpretation of the geological and geophysical data and drillings, and a seismic 3D project; (ii) acquisition of 180 square kilometres of 3D seismic, processing and integrated reinterpretation of data, and the drilling of two exploration wells. Pursuant to the terms of the Satu Mare Farmout Agreement, the Company was responsible for 100% of the costs of satisfying the Phase 2 minimum work commitments. The seismic acquisition was completed in October 2014 and processing and interpretation were performed during the balance of 2014 and 2015. The two wells were drilled during November and December 2014. Completion and testing operations were conducted from late February 2015 to April 2015.

The Moftinu-1001 and 1002bis wells, together with the 180 km^2 3D seismic survey shot in the Santau area during 2014, fulfilled all of the Phase 2 work commitments. This gave Winstar Romania the right to exclusive negotiations with NAMR with respect to an extension of the Satu Mare Concession with a third exploration period and work commitments. Those negotiations were completed in May 2015, when NAMR approved a 3 year extension of the exploration period ("Phase 3"). The new work program to be completed during that period includes drilling two wells and, at the Company's option, either acquire 120 km^2 of new 3D seismic data or drill a third well. The approval of the extension by NAMR is subject to ratification by several government ministries. The three year period will not commence until such time as those ratifications have been received and the award of the extension has been gazetted.

OEBS, the owner of the remaining 40% of Satu Mare, elected not to participate in the extension, and under the provisions of the Joint Operating Agreement, had a contractual obligation to withdraw and assign that interest to Winstar Romania. OEBS will hold its 40% interest in trust for the benefit of Winstar Romania until the formal award of the Phase 3 extension (including all ministerial ratifications and gazetting), after which it will withdraw from the joint venture and formally convey that interest to the Winstar Romania. This gives Serinus an effective 100% working interest in Satu Mare.

The Romania Assets

The Satu Mare concession is a large block covering 730,000 gross acres in northwest Romania, bordering both Hungary and Ukraine. The basic fiscal terms of the Satu Mare Concession Agreement are summarized in the table below:

Summary of Satu Mare Concession Agreement Fiscal Terms

Phase 1 Exploration Period	Status:	Complete
Phase 2 Exploration Period	Status:	Complete
Phase 3 Exploration Period	Status:	Approved pending ratification
	Expiry:	3 years after ratification
Concession Expiry		Sep 2034
Outstanding Work Commitments		Two wells, plus at Company's option, 120 km^2 of 3D seismic or a third well
Royalties		3.5 - 13.5%
Income Tax Rate		16%

Exploration / Development Activity

Winstar Romania conducted the 180 km^2 3D seismic acquisition over the Santau area during September and October 2014.

The Moftinu-1001 well was spud in early November 2014, and reached its total depth of 1,463 metres on November 28, 2014. Logs indicated three Pliocene/Miocene aged zones with aggregate potential net pay of 17 metres at depths ranging from approximately 730 to 900 metres. These sands show excellent porosity, ranging between 24% and 36%. The well also encountered three additional zones at depths between 500 and 600 metres with aggregate sand thickness of 23 metres. The Pliocene/Miocene sands were tested in April 2015 at maximum rate of 7.4 MMcf/d and 19 bbl/d of condensate at a flowing wellhead pressure of 813 psi.

The Moftinu-1002bis well was drilled during December 2014 and reached a total depth of 2,083 metres, open hole wireline logs, mud logs and/or drill cuttings indicate seven Cenozoic aged sandstones with an aggregate of 90.5 metres of hydrocarbon bearing rock, and 22 metres of potential net pay. Only a limited electric log suite was obtainable over three of the lower zones due to several well stabilization issues which resulted in hole collapse and washout. Four Miocene aged sands were tested in April 2015. The well averaged approximately 2.8 MMcf/d for 30 minutes, then declined to 245 Mcf/d over the following two hours. Overall data quality was poor, but the test did confirm the existence of movable hydrocarbons.

Infrastructure, Transportation and Marketing

With the successful test of Moftinu-1001, Serinus is conducting preliminary design work on the required surface facilities. Final detailed design and construction will commence once the ratification and gazetting of the Phase 3 extension have been received. The gas will be sold to Transgaz S.A, the Romanian national gas distribution and marketing company. Transgaz has transmission lines running through Satu Mare andthe Company has been in contact with them with respect to operating and construction parameters.

Material Agreements

(a) Satu Mare Concession Agreement

The Satu Mare Concession Agreement was originally executed between KMG (as the contractor) and NAMR in 2003. Winstar became a party to the SMCA in 2008, as a condition precedent to the Satu Mare Farm Out Agreement was that the Romanian government approve the assignment of the interest in the SMCA to Winstar under the terms of the SMFA. The SMCA provides the contractor(s) the right to explore for and produce hydrocarbons from the Satu Mare concession, subject to the contractor(s) fulfilling certain work commitments in two phases:

Phase 1: Reprocessing existing seismic data, acquiring new seismic data, and drilling one exploration well

Phase 2: New seismic acquisition and drilling two exploration wells.

All of the Phase 1 and Phase 2 requirements have been met, and Serinus has negotiated a Phase 3 exploration period with NAMR, which will have a 3 year term and work commitments of two wells, plus at the Company's option, either 120 km^2 of 3D seismic or a third well. NAMR has approved this extension, and it is now pending ratification from various ministries and official gazetting.

In the event of a commercial discovery, the SMCA provides that Winstar Romania can apply for and negotiate a production licence for each such discovery, providing that the overall concession is in good standing.

The fiscal terms of the SMCA are shown in *Principal Oil and Gas Properties – Romania – The Romania Assets*.

(b) Satu Mare Farm Out Agreement

In April 2008, Winstar executed the Satu Mare Farm Out Agreement with OEBS, the key terms of which are summarized below:

- Winstar would become operator and fully fund and perform all requirements of the Phase 1 exploration period under the Satu Mare Concession Agreement. By completing these requirements, Winstar would earn a 60% working interest in the entire Satu Mare concession.
- Winstar would have the option to continue to the Phase 2 exploration period, and fully fund and perform all the associated work requirements. Upon satisfying that commitment, the entire Satu Mare concession area would be retained with Winstar owning 60% and OEBS the remaining 40%. If Winstar elected not to continue on to Phase 2, it would retain its 60% interest in any discoveries made in Phase 1, and the balance of the lands would be relinquished.

(c) Satu Mare Withdrawal Agreement

OEBS has elected not to participate in the Phase 3 extension, and under the provisions of the Joint Operating Agreement, had a contractual obligation to withdraw and assign its interest to Winsater Romania. Under the terms of the Satu Mare Withdrawal Agreement, OEBS will:

- hold its 40% interest in trust for the benefit of Winstar Romania until the formal award of the Phase 3 extension (including all ministerial ratifications and gazetting)
- after the award of the Phase 3 extension, it will withdraw from the joint venture and formally convey that 40% interest to Winstar Romania. This gives Serinus an effective 100% working interest in Satu Mare.

Other Assets

The Company owns interests in the Brunei Assets and the Syria Assets which are not, at this time, considered to be material to the Company and Winstar formerly owned a working interest in a minor property at Sturgeon Lake in the Province of Alberta, Canada. The mineral rights expired in 2013, but the Company still owns surface access rights, and minor facilities. It also has a C$1.7 million bond posted with the Alberta government against abandonment liabilities. In Q1 2016, Serinus commenced abandonment operations on three wells. Once all abandonments are completed, the bond will be released by the Alberta government.

Ukraine

Note: The Company sold its its 70% of the shares in KUBGAS Holdings to Resano in February 2016 for $32.8 million including inter-company balances and working capital adjustments. That 70% share of KUBGAS Holdings comprised all of Serinus' interest in the Ukraine Assets, consequently, the Company no longer has any interests or assets in Ukraine. However, as closing did not take place until after the end of the 2015 fiscal year, the following information regarding the Ukraine Assets is therefore included below.

As at December 31, 2015, the Company had an indirect 70% shareholding in KUBGAS Holdings, Cypriot company that owns 100% of the share capital of KUB-Gas, a private Ukrainian company and one of the largest private gas producers in the country, selling gas domestically to both gas traders and industrial consumers. KUB-Gas holds a 100% interest in the Ukraine Licences, as well as a drilling rig, a specialized workover rig and other well servicing assets, and over 40 kilometres of gas pipelines connected to the Ukrainian gas transportation infrastructure. The remaining 30% shareholding in KUBGAS Holdings is held by Gastek. On March 29, 2012, Gastek was acquired by Cub Energy, a public oil and gas company listed in Canada on the TSX-V. The relationship between Serinus (through Serinus Holdings) and Gastek is governed by the SHA, the material terms of which are described below in "*Principal Oil and Gas Assets – Ukraine – Material Agreements – Shareholders' Agreement"*.

On November 10, 2009, the Company, through its subsidiaries Serinus Holdings and KUBGAS Holdings, entered into two sale and purchase agreements with Gastek under which Serinus Holdings indirectly acquired 70% of the share capital of KUB-Gas (the "**KUB-Gas Acquisition**") for a cash consideration of $45.0 million. KUB-Gas, at the time of acquisition, owned 100% interests in four oil and gas licences near the City of Lugansk in the northeast part of Ukraine as well as certain well servicing assets.

Through a series of steps which were completed in June 2010, Serinus Holdings acquired 70% of the ordinary issued equity of KUBGAS Holdings, with Cub Energy (which acquired Gastek in 2012) owning the remaining 30% of KUBGAS Holdings' shares. KUBGAS Holdings owns 100% of the charter capital of KUB-Gas. At the time of the acquisition, KUB-Gas held one 20-year production licence (Vergunskoye) and three exploration licences (Olgovskoye, Makeevskoye and Krutogorovskoye). Olgovskoye and Makeevskoye were converted to 20-year production special permits in February 2012 and April 2012 respectively. In August 2013, the Ukrainian Ministry of Fuel and Energy formally acknowledged the conversion of the Krutogorovskoye licence from an exploration licence to a 20-year production licence, leaving only North Makeevskoye as an exploration licence.

KUB-Gas was awarded its fifth exploration licence (North Makeevskoye) in December 2010. The North Makeevskoye licence area is 19,000 hectares (47,000 acres SEN WI) in size and is adjacent to the Makeevskoye and Olgovskoye licences. The North Makeevskoye licence is prospective for gas production from multiple zones within the Moscovian, Bashkirian and Serpukhovian sedimentary sections. In May 2015, KUB-Gas Borova was granted the West Olgovskoye Special Permit. It covers and area of 44,900 hectares (76,438 acres SEN WI) and surronds (but does not include) the existing Druzhelyubovskoe gas/condensate field which is owned and operated by Ukrgasdobycha, a subsidiary of Naftogaz, the state owned oil company. West Olgovskoye is also prospective for gas production from multiple zones within the Moscovian, Bashkirian and Serpukhovian sedimentary sections.

Each of the four producing licence areas (Vergunskoye, Olgovskoye, Krutogorovskoye, and Makeevskoye) has its own pipelines connecting each producing well to a central processing facility within each licence area where the gas is separated from the water, condensate and other impurities and treated. From the central processing facility, the gas is transported by pipeline and delivered to the national pipeline infrastructure.

KUB-Gas owns 100% of a Canadian-built drilling rig, a snubbing unit, two service rigs, and an inventory of spare parts, support vehicles, land and buildings

Ukraine Assets

The six Ukraine Licences, Vergunskoye, Olgovskoye, Makeevskoye, North Makeevskoye Krutogorovskoye, and West Olgovskoye are located in the Lugansk, Donetsk and Kharkiv oblasts in the northeast part of Ukraine. Information relating to each of the six Ukraine Licences held by KUB-Gas is summarized below.

Ukraine Licences – Size, Location and Duration

Field Name	**Licence Type**	**#**	**Oblast**	**Approximate Area (km^2)**	**Restrictions**	**Date of Expiry** *(dd/mm/yy)*
Olgovskoye	Production Special Permit	5480	Luganska, Kharkivska	79.72	None	06/02/32
Makeevskoye	Production Special Permit	5506	Luganska, Donetska	72.44	None	10/04/32
Vergunskoye	Production Special Permit	4037	Luganska	17.00	Note 1	27/09/26
Krutogorovskoye	Production Special Permit	5835	Luganska	10.93	None	30/08/33
North Makeevskoye	Exploration Special Permit	3915	Luganska	190.2	None	20/12/15
West Olgovskoye	Special Permit	4662	Kharkiv	449	None	14/05/35

Note:

(1) The Vergunskoye licence is restricted to depths not deeper than 1,000 metres.

The total gross area included in the six Ukraine Licences is 56,354 hectares (198,933 acres). KUB-Gas must hold these licences in order to conduct its current natural gas and condensate producing operations in Ukraine. All six licences are subject to a royalty tax system, the rates of which are subject to periodic change. Effective January 1, 2016, royalties were 29% for gas wells shallower than 5,000 meters (14% for deeper wells), and 45% for liquids, and the corporate income tax rate is 18%. The gas royalty rates are applied to a price set by the regulators that is equivalent to the average price of imported gas. To the extent that the Company's realized price is lower (higher) than that import price, the effective royalty rate will be higher (lower) proportionately.

Licensing and Regulatory Regime in Ukraine

The regulation of hydrocarbons in Ukraine is administered by a number of governmental bodies including the Ministry of Energy and Coal Industry of Ukraine (the former Ministry of Fuel and Energy of Ukraine), which is responsible for matters including energy strategy and regulation, and the Ministry of Ecology and Natural Resources of Ukraine (the former Ministry of Environmental Protection of Ukraine) and the State Geological Service, the latter of which is responsible for the issuance of exploration and development special permits and production special permits, which are referred to elsewhere in this AIF as exploration and development licences and production licences.

As a general rule, special permits for subsoil use are granted to eligible applicants on an auction basis. After permit issuance, the licencee and the State Geological Service also enter into a special permit agreement – which is deemed an integral part of the special permit. Exploration and development special permit agreements contain minimum work program obligations in respect of matters such as: (i) undertaking seismic surveys; (ii) exploration drilling; (iii) well workovers; (iv) reserves estimation and other studies; and (v) environmental impact assessments. The State Geological Service may insert additional special conditions, such as minimum production requirements.

Special permits for exploration (including pilot production) of onshore deposits are generally granted for a period of five years. A subsoil user is also provided with a pre-emptive right to extend the term of an existing special permit on a non-auction basis, provided that the subsoil user adhered to its obligations with respect to that special permit and can explain why additional time is needed to complete the exploration (i.e., to confirm reserves in the field). This right may be exercised no more than two times, each for five years. Hence, the total term of an exploration licence (with two extensions) may extend for up to 15 years.

Pilot production for an exploration licence is statutorily capped at 10% of previously estimated reserves, with limited exceptions.

Special permits for commercial production are issued for 20-year terms. The permits may be extended, although the legislation does not state how many times. The holder of a special permit allowing exploration at a particular field has the pre-emptive right to apply for a production special permit without the need for an auction, assuming that the holder is compliant with the terms of its exploration special permit.

In order to construct gas pipelines from its producing wells on the Ukraine Licences to the Ukraine gas transportation infrastructure, the Company must comply with the land use registration system in Ukraine. Recent developments relating to the land use registration system in Ukraine may result in delays or may increase the costs for the Company's plans to connect additional producing wells to the Ukraine gas transportation infrastructure, or may result in the Company having to suspend production of gas from certain of its producing wells on the Ukraine Licences until certain pipelines are constructed.

Historically, the domestic gas price within Ukraine is set by NERCU by reference to the Russian imported gas price. As Ukraine relies to a significant extent on energy resources from Russia, the domestic industrial gas price in Ukraine exhibited a strong correlation with the Russian gas import price. This import price, and consequently the prices which may be charged by producers in Ukraine to their industrial customers, was determined based on annual negotiations between the governments of Ukraine and Russia.

Ukrainian gas pricing regulation also differentiates between gas prices which may be charged to residential customers and prices which may be charged to industrial customers. The Ukrainian government sets maximum prices at which gas is sold to the industrial end users. Residential gas prices are regulated to a much lower level. All of the KUB-Gas' production is ultimately sold to industrial users, although much of it is marketed via third parties, resulting in lower realized wellhead prices as the traders take a margin.

This pricing mechanism weakened during 2014 due to the unrest in the eastern part of the country, and disputes with Russia over outstanding bills and gas prices. Specifically, five significant factors affected prices in various directions at different times of the year:

1. Prices fell by approximately 30% during the first quarter of 2014 due to a deal with Russia for subsidized gas after Ukraine pulled out of discussions regarding closer economic ties with the European Union. After the protests during that same quarter resulted in the resignation of President Victor Yanukovych, that deal expired at the end of March 2014, and gas prices partially recovered but not to the levels experienced in 2012 or 2013.

2. In April 2014, Ukraine stopped importing gas from Russia altogether, and declared a moratorium on further payment to Gazprom. This eliminated the Russian benchmark against which gas prices had previously been set.

3. The geopolitical instability in eastern Ukraine caused a deterioration in the exchange rate. The hryvnia fell from approximately 8.2 UAH/USD in January 2014 to 16 UAH/USD in January 2015, and to 26 UAH/USD in late February 2015 after the National Bank of Ukraine allowed it to float freely. This was further complicated by the imposition of foreign exchange restrictions in late September 2014. The falling exchange rate muted the effect of the price recovery that occurred after the expiry of the subsidized gas deal during the first quarter of 2014.

4. In October 2014, Ukraine and Russia announced an agreement for 4 billion cubic metres of short term gas sales to Ukraine during Q4 2014 and Q1 2015, for prices of $378 and $365/Mcm respectively (approximately $10.65 and $10.28/Mcf).

5. The Ukrainian Cabinet of Ministers passed three resolutions (No.' 596, 599 and 647) in November 2014, which collectively required 170 of the largest gas consumers in Ukraine to purchase gas exclusively from Naftogaz. This resulted in several private producers having to shut in domestic production in December 2014 and January 2015 due to lack of creditworthy customers. The latest, No. 647, was overturned by the District Administrative Court of the City of Kyiv on December 17, 2014. The government appealed, and the resolution remained in effect until the appeal process was complete. KUB-Gas sold approximately 4 million cubic metres of gas less than its productive capability in January 2015 due to this regulation. The Kyiv Appellate Administrative Court and the High Administrative Court of Ukraine, both upheld the lower court's decision.

On October 1, 2015 bill reforming the natural gas market in Ukraine was enacted, which among other things, eliminated the Limit Price (the maximum price set by regulators each month that can be charged to industrial customers) on which royalties were previously calculated. Subsequently, producers were informed that royalties would be calculated on the average price of imported gas each month.

See also *"Principal Oil and Gas Properties – Ukraine – Infrastructure, Transportation and Marketing*

From 2013 onward, royalties for gas and condensate were set at 25% and 39% respectively, and raised to 28% and 42% effective April 1, 2014. Effective August 1, 2014, the rates were raised again to 55% for gas from wells shallower than 5,000 metres (28% for deeper wells) and 43% for condensate, with a two-year period of an effective 30.25%/15.4% gas royalty rate on new wells. On January 1, 2015, these rates were made permanent. The two-year abatement period was allowed to expire, but was subsequently reinstated by the government on March 10, 2015. On December 24, 2015, the government decreased the royalties on natural gas to 29%/14% for wells of depths shallower/deeper than 5,000 metres, and the abatement period was abolished.

Exploration / Development Activity

Note on well nomenclature: Well names officially consist of the licence name (Olgovskoye, Makeevskoye, Krutogorovskoye, Vergunskoye and North Makeevskoye) and the number of the well. Rather than defining each well individually, all wells referred to herein will be named by the first initial of the licence followed by the well number. For example, the Makeevskoye-19 well is referred to herein as M-19.

Serinus acquired its indirect 70% shareholding in KUB-Gas in June 2010 and in July 2010, the first full production month following the acquisition, KUB-Gas' production from its four producing licence areas amounted to 4.88 MMcf/d of natural gas (3.4 MMcf/d SEN WI).

Seismic processing and interpretation undertaken by the Company in 2010 led to the identification of a "bright spot" in potential channel sands and the drilling of a gas discovery in the R8 sand package at M-19 in late 2010. The M-19 well was subsequently put on production in July 2011 at a rate of more than 5 MMcf/d (3.5 MMcf/d SEN WI).

A 120 km^2 3D seismic survey was shot during the first half of 2011 over the Olgovskoye and Makeevskoye licences to better define the M-19 discovery and other Carboniferous reservoirs and structures.

The 2011 drilling program included 5 wells in the Olgovskoye field, O-8, O-9, O-14, O-12 and O-18. Four were completed as gas producers in the Bashkirian formation, tied into processing facilities and are currently producing.

A 71 km^2 3D seismic programme over the North Makeevskoye licence area was completed in the second quarter of 2011.

In October 2011, KUB-Gas initiated a reservoir stimulation programme using hydraulic fracturing technology. The first two fracture stimulations on the O-6 and O-8 wells proved positive. The O-6 well was tied in for commercial production in February 2012 and gas production during that month averaged 1.5 MMcf/d (1.1 MMcf/d SEN WI). O-8 was tied in for commercial production in March 2012 and gas production during that month averaged 1.0 MMcf/d (0.7 MMcf/d SEN WI).

In January 2012, a new snubbing unit, a specialized service rig that allows for the workover of wells while under pressure without isolating an existing producing zone, manufactured in Canada, was delivered to KUB-Gas in Ukraine. The snubbing unit provides KUB-Gas with the ability to perform dual completions on certain of its wells. Dual completion of a well allows for natural gas production concurrently from two separate zones. In the fourth quarter of 2012, the O-18 well in the Olgovskoye licence area and the M-21 well in the Makeevskoye licence area were dually completed.

The M-21 well spud in February 2012 and was cased to a total depth of 2,210 metres in March 2012. The R8 formation was production tested in June 2012 for one hour at an average rate of 3 MMcf/d with a flowing tubing head pressure ("**FTHP**") of 9,185 kPa. M-21 began commercial production in August 2012 and as of December 31, 2013, was producing approximately 800 Mcf/d with its production being restricted by the flow from the M-19 and M-20 wells, each of which were producing in excess of 10 MMcf/d.

The NM-1 well was spud in May 2012 and cased to its total depth of 2,500 metres in mid-June in anticipation of further testing. The well is currently suspended.

In June 2012, a 225 km^2 3D seismic survey programme was completed over North Makeevskoye, expanding on the original 71 km^3 survey shot in 2011. Interpretation of the North Makeevskoye 3D data identified five additional structural prospects.

The M-20 well was spud in July 2012 and cased to its total depth of 2,000 metres in August. It was completed and tied-in for commercial production during Q4 of 2012 and as of December 31, 2013 was producing 5 MMcf/d.

The M-16 well was spud in August 2012 and was cased to its total depth of 4,300 metres in December 2012 after encountering seven potential gas zones. The well was tested in three sections of the Serpukhovian formation and is producing from the S6 zone.

The K-7 well was spud in September 2012 and cased to its total depth of 3,206 metres in November 2012. Evaluation of wireline logs and drilling information indicated up to five potential gas zones in this well. The well was completed and will be tied in and producing by the end of April 2014. The long delay is due was due to the change in the land registration system described further in *"Risk Factors – Risks Relating to the Operations of the Company - Compliance with Foreign Regulatory Regimes"*

The first of the North Makeevskoye structural prospects was evaluated by the drilling of the NM-2 well, located in the southern part of the North Makeevskoye licence area. The well was spud in December 2012, and was abandoned in February 2013 after being drilled to a depth of 3,150 metres after wireline logs and other information obtained during the drilling operation did not indicate any prospective zones.

In March 2013, KUB-Gas tested the S13 and S5 zones in the Carboniferous Serpukhovian section in the M-16 well. The S5 was tested with various choke sizes, and recorded a maximum stabilized rate of 4.3 MMcf/d at a FTHP of 1,900 psig. Total testing time was 74 hours. The S13 zone produced gas at rates too small to measure. The well was placed on production at an initial rate of 3.13 MMcf/d (2.2 MMcf/d SEN WI) in May 2013.

The O-15 well was spud in March 2013, and reached its total depth of 3,246 metres in late May. It was tested at various choke sizes, and achieved a maximum stabilized rate of 1.5 MMcf/d from the S5 zone and placed on production in August 2013.

The NM-3 well was spud in the North Makeevskoye licence on May 30, 2013. It reached a total depth of 2,426 metres (measured depth) and penetrated the metamorphic basement. An open hole drill stem test recovered 0.5 m^3 of 37^o API oil and minor amounts of gas from the Carboniferous aged Visean sandstone. The well was cased, and the Company plans to frac' and test the Visean once economic and security issues improve.

On August 19, 2013, the drilling rig spud the O-24 well, targeting the Bashkirian aged B6 pool initially discovered in the O-12 well in 2011. The original planned target depth was 2,900 metres, but during drilling, it was decided to deepen the well to the Serpukhovian to see if the S5 zone discovered in O-15 extended northwest to the O-24 location. Logs indicated potential net pay in the B6 and S6, as well as the shallower R30c and B4b zones. The well was cased and completion and testing operations commenced in January 2014.

Drilling on the M-17 well commenced on November 27, 2013. Planned total depth was 3,450 metres, and the well targeted the S6 sandstone and S5 limestone. The well reached a total depth of 3,445 metres in early March and logs indicated 9 metres of gas pay in the S6, 2.5 metres of gas pay in the S5 carbonates, and additional resource potential in the S7 and R30c zones. M-17 was completed and tested during May and June of 2014, and achieved maximum test rates of 6.6 and 0.9 MMcf/d from the S6 and S7 zones respectively. The well was put on production from the S6 zone in late June 2014 at an initial rate of 6 MMcf/d.

In October 2013, the O-4 and O-5 wells were successfully fracture stimulated, resulting in maximum test rates of 4.0 MMcf/d and 1.3 MMcf/d respectively.

The O-11 well was spud in early April 2014 and reached its total depth of 3,230 metres in May. Logs indicated aggregate potential net pay of 30.5 metres in four zones. In June 2014, the well was perforated in the S6 zone, and experienced a strong air blow, followed by gas to surface.

The NN-4 well was spud in early June 2014, and surface casing was set at a depth of 100.2 metres in late June. Drilling was suspended thereafter due to the security issues in eastern Ukraine at the time.

The Vergunskoye and Krutogorovskoye fields which are located adjacent to the City of Lugansk were both shut in in June 2014 due to the security issues, and remain shut in as of the date of this AIF. Both of these fields are currently in territory controlled by the rebels.

Drilling and workover operations resumed in Ukraine in the third quarter of 2014, with the spud of the M-22 well. M-22 reached its total depth of 3,629 metres in early January 2015. Logs indicated 18 metres of aggregate net pay in the S6 and S13a zones, and an additional 22 metres of hydrocarbon bearing rock in the S5, S7, S13 and S13b formations as well. Upon completion and testing, the S6 did build up pressure but produced gas at rates too small to measure.

During the third quarter, fracture stimulations were conducted on the O-11, O-15 and M-22 wells. Post stimulation, the O-11 well which was previously unproductive, tested at rates varying between 1.0 – 1.35 MMcf/d. The frac' on the O-15 well was operationally unsuccessful, but the well was subsequently reperforated and re-started production at 1.2 MMcf/d, 20% above its pre-stimulation rate. The frac' on M-22 was also unsuccessful as the frac' gradient of the formation proved to be beyond the pressureratings of the wellhead and tubing string.

Infrastructure, Transportation and Marketing

Prior to October 1, 2015, the majority of the gas in Ukraine was sold to wholesalers (gas traders) within the Limit Price set by NERCU by reference to the Russian import gas price. The actual prices agreed between KUB-Gas and its customers were reviewed monthly by NERCU to ensure compliance with the price cap and prices vary from month to month based on market conditions. A small portion of the gas was sold directly to end consumers. On October 1, 2015, a bill reforming the natural gas market in Ukraine was enacted, which among other things, eliminated the Limit Price. Royalties will be calculated on the average monthly price of imported gas from January 1, 2016 onward. The Company continues to sell its gas primarily through traders with a small amount directly to end users.

Since the onset of the Russian interference in Ukraine in early 2014, several factors have caused a significant decrease in gas prices in Ukraine. These factors did not always pull in the same direction, so prices were also volatile. In January 2014, following an agreement between Russia and Ukraine for discounted gas (see also *"Principal Oil and Gas Properties – Ukraine – Licencing and Regulatory Regime in Ukraine")*, NERCU reduced the maximum natural gas prices for the first quarter of 2014 to UAH 3,113/Mcm, or $10.70/Mcf based on the then current exchange rate of 8.2 UAH/USD. On March 28, 2014, the exchange rate was 10.95 UAH/USD. For Q1 2014, the gas sold by KUB-Gas realized an average price of $8.55/Mcf.

On March 4, 2014, the Russian energy company, Gazprom announced that it would cancel the discount on natural gas to Ukraine effective April 1, 2014. The maximum price set by NERCU rose to UAH 4,020/Mcm in April 2014, and continued to rise throughout the rest of the year to UAH 5,900/Mcm in December 2014. The exchange rate however, continued to deteriorate, averaging 11.69 UAH/USD in April 2014, and falling to 15.69 UAH/USD during December 2014. KUB-Gas realized prices of $10.23, $10.17 and $9.63/Mcf in the second, third and fourth quarters of 2014 respectively.

During 2015, overall gas prices continued to decrease, and the exchange rate continued to deteriorate, resulting in the Company realizing gas prices of $7.84, $7.14, $6.58 and $7.19/Mcf in Q1, Q2, Q3 and Q4 of 2015 respectively.

The future of natural gas prices in Ukraine is currently subject to a high degree of uncertainty and the above numbers may not be representative of future prices that the Company will receive on its Ukraine production.

Each of the four producing licence areas (Olgovskoye, Makeevskoye, Vergunskoye, and Krutogorovskoye) has its own pipelines connecting each producing well to central processing facilities within that licence area. The gas is then transported by pipeline to the national Ukraine pipeline infrastructure. The four gas processing plants have a total capacity of 80 MMcf/d of natural gas and a network of flow lines totalling more than 40 kilometres.

In September 2013, KUB-Gas embarked on an expansion of the Makeevskoye gas facilities. The expansion consists of a second plant with gas, condensate and water separation equipment, and is designed to increase the total throughput capacity in Makeevskoye from 30 MMcf/d to 68 MMcf/d. This still leaves significant spare capacity to accommodate potential production increases from the Company's ongoing exploration and development program. The new facility started up on March 6, 2014.

Material Agreements

While the agreements listed below were material agreements, with the closing of the transaction to sell its interests in Ukraine, Serinus is no longer party to the agreements and all obligations an rights arising from them are no longer in force.

(a) Shareholders' Agreement ("**SHA**")

On November 10, 2009, Serinus Holdings, Gastek and KUBGAS Holdings entered into the SHA governing Serinus Holdings' and Gastek's relationship as shareholders in KUBGAS Holdings. The SHA came into effect upon completion of the KUB-Gas Acquisition.

Under the SHA, Serinus Holdings and Gastek agree that KUBGAS Holdings' business will be to conduct petroleum operations in Ukraine through its wholly-owned subsidiary KUB-Gas under the existing Ukraine Licences as well as applying for and exploring new petroleum opportunities in Ukraine. If either Serinus Holdings or Gastek would prefer not to undertake a particular new petroleum opportunity in Ukraine through KUBGAS Holdings, the other party may proceed independently. The SHA has been amended by a letter agreement dated November 11, 2011 (the "**Letter Agreement**") to exclude certain areas from the application of this requirement. The SHA contains customary non-compete restrictions on the parties to the agreement. Under the Letter Agreement, certain business activities are excluded from the application of this requirement.

Each shareholder holds a first right of refusal over the transfer of shares by the other to a third party providing that the remaining shareholder matches the price offered by the third party. If a shareholder becomes insolvent, is subject to a change in control or fails to make a subscription or loan payment to KUBGAS Holdings in the manner required by the SHA, then the other shareholder has the right to buy the shares of the affected shareholder at either a predetermined price or a price determined by an expert.

The SHA also allows for a single KUBGAS Holdings' shareholder to require KUBGAS Holdings to direct KUB-Gas to conduct particular petroleum operations on an exclusive basis (for example, if the other shareholder did not wish for KUBGAS Holdings to direct KUB-Gas to do so) ("Exclusive Operations"). In such circumstances the party proposing the Exclusive Operations:

(i) must fund, and indemnify KUBGAS Holdings against, all costs and liabilities associated with conducting the Exclusive Operations; and

(ii) receives a beneficial interest in 90% of all net proceeds derived from the Exclusive Operations until it has received an amount of proceeds from such Exclusive Operation which is equal to 200% of the amount spent by it under (i).

The SHA is governed by English law. Any disputes arising out of, or in connection with, the SHA are to be referred to the London Court of International Arbitration.

(b) Technical Services Agreements

KUB-Gas benefits from two back-to-back Technical Services Agreements (the "**TSAs**"). The purpose of the TSA's is to allow KUB-Gas to benefit from the Company's skill and expertise in further developing and operating the KUB-Gas Assets (the "**Technical Services**"). The Technical Services may either be provided directly to the relevant counterparty by the service provider, by way of secondment or by way of sub-contracting of third party goods and/or service providers.

The first TSA operates as between the Company and KUBGAS Holdings (the "Head TSA"). It is dated January 13, 2011, and stated to be effective from January 1, 2010. It provides for the Technical Services to be provided to KUBGAS Holdings for the benefit of KUB-Gas. KUBGAS Holdings pays for the Technical Services on a time and costs basis.

The second TSA operates as between KUBGAS Holdings and KUB-Gas (the "sub TSA"). It is also dated January 13, 2011 and stated to be effective from January 1, 2010. Except as provided below, the sub TSA is drafted on substantially the same terms as the Head TSA. Under the sub TSA, Technical Services provided by the Company to KUBGAS Holdings pursuant to the Head TSA are passed through to KUB-Gas. However, KUBGAS Holdings may also provide Technical Services to KUB-Gas under the sub TSA independently of those provided to KUBGAS Holdings under the Head TSA. KUB-Gas pays for the Technical Services provided under the sub TSA by way of a fixed monthly fee plus costs.

The TSA's are governed by English law.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Reserves

In accordance with the requirements of NI 51-101, RPS, an independent qualified reserves evaluator and auditor, prepared a report called "*Evaluation of Tunisian, Ukrainian and Romanian Reserves and Resources as at December 31, 2015*" dated March 14, 2016 (the "**RPS Report**").

All factual data supplied to RPS by the Company in connection with the preparation of the RPS Report was accepted as presented. The RPS Report was prepared in accordance with the definitions and guidelines set out in the COGE Handbook and in compliance with the requirements of NI 51-101. Among other things, NI 51-101 establishes a regime of continuous disclosure for all oil and gas companies and standardizes reporting and disclosure requirements for upstream oil and gas companies that are reporting issuers. NI 51-101 requires reporting issuers to comply with the COGE Handbook, as may be amended from time to time.

The RPS Report evaluates, effective as at December 31, 2015:

- The oil and natural gas reserves of Winstar Tunisia, specifically in the Sabria, Sanrhar, Chouech Es Saida and Ech Chouech fields;

- The oil and gas contingent resources of Winstar Satu Mare S.A. in Romania, specifically in the Moftinu field; and

- The NGL and natural gas reserves of KUB-Gas including the Olgovskoye, Makeevskoye, Krutogorovskoye and Vergunskoye fields. The Company owned an effective 70% interest in KUB-Gas. at year end 2015

In preparing the RPS Report, RPS relied upon certain factual information and data furnished by KUB-Gas and the Company with respect to ownership interests, gas production, historical costs of operation and development, product prices, agreements relating to current and future operations, sales of production, and other relevant data to December 31, 2015.

All of the information derived from the RPS Report and disclosed in this AIF has been reviewed and approved by RPS.

Attached as Appendix "A" hereto is Form 51-101F1 "Statement of Reserves Data and Other Oil and Gas Information". Form 51-101F2 "Report of Independent Qualified Reserves Evaluator" by RPS and Form 51-101F3 "Report of Management on Oil and Gas Disclosure", prepared in

accordance with the requirements of National Instrument 51-101, are attached hereto respectively as Appendix “B” and Appendix “C”.

DIVIDENDS

The Company has not declared or paid any dividends in its three most recently completed financial years, and does not foresee the declaration or payment of any dividends on its Common Shares in the near future. Any decision to pay dividends will be made by the Board of Directors on the basis of the Company’s earnings, financial requirements and other conditions existing at such future time.

The Articles of the Company do not place any restrictions on the declaration and payment of dividends by the Company. In accordance with the ABCA, the By-laws of the Company restrict the Board of Directors from declaring and the Company from paying a dividend if there are reasonable grounds for believing that the Company is, or would be after the payment, unable to pay its liabilities as they become due, or the realizable value of the Company’s assets would after the payment be less than the aggregate of its liabilities and stated capital of all classes of shares.

DESCRIPTION OF CAPITAL STRUCTURE

Pursuant to the Articles of the Company, the Company may issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of December 31, 2015, there were 78,629,941 Common Shares and no preferred shares issued and outstanding in the capital of the Company.

Common Shares

The holder of a Common Share is entitled to receive notice of and to attend all meetings of the shareholders of the Company and to exercise one vote for each Common Share held at meetings of shareholders of the Company, and in respect of all other matters upon which the shareholders of the Company are asked to vote upon. The holder of a Common Share is entitled to receive: (a) dividends if, as and when declared by the Board of Directors in respect of the Common Shares out of the monies of the Company properly applicable to the payment of dividends, the amount of which the Board of Directors, in their absolute discretion, may from time to time determine; and (b) *pro rata* the remaining property and assets of the Company upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Common Shares.

On June 24, 2013, in connection with closing of the 2013 Arrangement, the Company consolidated its Pre-Consolidation Shares on the basis of one post-consolidation Common Share for every ten Pre-Consolidation Shares.

Preferred Shares

Preferred shares are issuable in series with such rights, privileges, restrictions and conditions attached to each series as the Board of Directors, prior to the issuance thereof, shall determine. Each series of preferred shares ranks in priority to all other shares of the Company in respect of the payment of dividends and, upon a winding up or liquidation, to receive such assets and property of the Company as are distributable to the holders of the preferred shares.

Pursuant to the Articles of the Company, the terms of any preferred shares issued by the Company from time to time in one or more series shall be determined by the Board of Directors who may by resolution fix before the issuance thereof the designation, preferences, rights, privileges, restrictions and conditions attaching to the preferred shares of each series, including the redemption price and conditions of redemption, if any.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares of the Company are traded on the TSX and the WSE. The following table sets forth information regarding the trading of the Common Shares on the WSE on a monthly basis for each month of the Company's most recently completed financial year end and for each month or portion thereof to the date of this AIF (note: all share prices and volumes are on a post-consolidation basis):

	Closing Price on the WSE (PLN)		**Closing Price on the TSX** (CAD)		**Average Daily Trading Volume**		
	High	**Low**	**High**	**Low**	**WSE**	**TSX**	**Total**
2016							
February	1.63	1.44	0.55	0.50	34,957	1,846	36,803
January	1.59	1.48	0.53	0.385	57,635	7,875	65,510
2015							
December	2.05	1.16	0.52	0.27	270,334	13,039	40,073
November	2.54	1.85	0.74	0.57	112,309	7,524	119,833
October	2.21	1.99	0.70	0.61	46,596	1,837	48,433
September	2.29	1.79	0.70	0.60	84,166	7,734	91,900
August	2.20	1.70	0.75	0.58	46,431	3,596	50,027
July	2.52	1.91	0.81	0.71	108,542	6,943	115,485
June	3.15	2.26	1.02	0.75	92,228	1,824	94,052
May	3.90	3.02	1.40	1.00	203,208	3,295	206,503
April	3.26	2.92	1.08	0.97	116,993	4,056	121,049
March	3.65	2.95	1.18	0.95	98,937	4,874	103,711
February	3.68	3.30	1.20	1.10	113,223	15,410	148,633
January	4.09	2.84	1.31	0.91	123,748	7,737	131,485

PRIOR SALES

The Company has granted Common Share purchase options to officers, directors, employees and certain consultants with exercise prices equal to or greater than the fair value of the Common Shares on the grant date. Upon exercise, the options are settled in Common Shares issued from treasury. Options generally vest over two years and have a life of five years. As at the date of this AIF, there were 1,281,700 Common Shares issuable upon the exercise of outstanding options of the Company at prices ranging from CAD$1.56 to USD$6.20 per Common Share.

During the financial year ended December 31, 2015, the Company cancelled 2.7 million USD denominated options with a weighted average exercise price of $4.05 per share. An additional 1.7 million USD denominated options with a weighted average exercise price of $5.28 per share expired unexercised, and 30,000 CAD denominated options with a weighted average exercise price of CAD$2.80 per share also expired unexercised. The Company did not grant any Common Share purchase options during 2015:

Each Common Share purchase option entitles the holder thereof to acquire one Common Share, on the terms and conditions set forth in the Company's stock option plan, and expires five years from the date of issuance. For further information, please see "Executive Compensation" in the Company's information circular dated April 23, 2015 relating to the annual meeting of shareholders of the Company held on May 20, 2015.

DIRECTORS AND OFFICERS

The overall supervision of the management of the Company's business is vested in the Board of Directors and the President and Chief Executive Officer of the Company to whom the Board of Directors has delegated the day-to-day management of the Company, other than in relation to certain matters specifically reserved to the competence of the Board of Directors by the ABCA. The President and Chief Executive Officer is supported by the officers in the performance of the day-to-day management of the Company.

Directors and Executive Officers

The following table sets out the name, province or country of residence, position, date of appointment, principal occupation, and principal occupation during the preceding five years for each of the directors and officers of the Company as of the date of this AIF. Each director is elected or appointed to serve until the next annual meeting of shareholders or until a successor is elected or appointed, subject to the Articles and By-laws of the Company. The Company has six executives (the "**Executive Officers**") based in Dubai, Calgary and Warsaw. All of the Executive Officers are active in the business of the Company on a day-to-day basis. There is no defined term of office for Executive Officers. The employment of any Executive Officer, subject to the terms and conditions of any employment agreements, may be terminated by the Board of Directors at any time.

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
Helmut J. Langanger[3]	Vienna, Austria	Chairman of the Board of Directors	November 9, 2011, Chairman of Board of Directors since May 14, 2014	From 1974 until 2010, Mr. Langanger was employed by Austrian company OMV where he was since 2002 Group Executive Vice President EP, a member of the Executive Board and Managing Director Upstream. Since his retirement in 2010 Mr. Langanger has served as a director of various companies.
Stephen C. Akerfeldt [1]	Toronto, Ontario, Canada	Director	March 16, 2011	Mr. Akerfeldt has been President and a director of Ritz Plastics Inc., a private company that produces plastic parts primarily for the automotive industry by injection moulding, since 1999. From June 2007 until February 2011, he was Chairman of the Board and a director of Firstgold Corp., a gold exploration company and he was the Chief Executive Officer of Firstgold Corp. from January 2008 to July 2009.

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
Timothy M. Elliott	Dubai, United Arab Emirates	President and Chief Executive Officer; Director	President and Chief Executive Officer since February 10, 2006 Director since April 10, 2001	Mr. Elliott has been President and Chief Executive Officer of the Company since February 2006.
Norman W. Holton	Calgary, Alberta, Canada	Vice Chairman of the Board of Directors	Vice Chairman of the Board of Directors since December 10, 2008 Director since July 30, 1993	Mr. Holton has been Vice Chairman of the Board of Directors since December 10, 2008. Prior thereto, he was Executive Chairman of the Company (since May 2007) and Chairman and Chief Executive Officer of the Company (from 1995 to February 2006).
Evgenij Iorich	Zug, Switzerland	Director	June 24, 2013	Mr. Iorich is a Portfolio Manager at Pala Investments, a multi-strategy investment company dedicated to investing in, and creating value across the mining sector in both developed and emerging markets. Mr. Iorich has been with Pala Investments since 2006 and his investment experience extends across oil and gas, base metal and bulk commodity investments. Prior to joining Pala, from 2004 until 2006, Mr. Iorich was a financial manager at Mechel OAO, the Russian metals and mining company, where his responsibilities included all aspects of budgeting, forecasting and financial modeling. Mr. Iorich graduated from the University of Zurich with a Masters of Arts degree.
Gary R. King (1)(2)(3)	Dubai, United Arab Emirates	Director	October 25, 2007	Mr. King is Founder and Managing Partner of The Matrix Partnership, a strategic advisory firm based in Dubai, UAE. He was most recently Chief Executive Officer of Regalis Petroleum, a privately held company with oil and gas activities focused in the Republic of Chad. Prior to this he was the Chief Executive Officer of Dutco Natural Resources Investments

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
				Ltd, and relocated to Houston as President of Tarka Resources and Vice Chairman of Manti. Prior to this he was Chief Executive Officer of Dubai Natural Resources World, a private investment fund owned by the Government of Dubai (since September 1, 2008). Before this he was Chief Executive Officer of the Dubai Mercantile Exchange (from December 2005 to August 2008) Mr. King is also an independent director and Board Member of Parker Drilling Company
Sebastian Kulczyk	Luxembourg	Director	May 14, 2014	President of the Management Board of Kulczyk Investments S.A. Prior thereto, he worked for Lazard Ltd. and prior thereto, was the CEO of Phenomind Ventures S.A. Mr. Kulczyk graduated from Adam Mickiewicz University in Poznań, majoring in management and marketing and has studied at the London School of Economics.
Michael A. McVea (1)(2)	Victoria, British Columbia, Canada	Director	February 10, 2006	Mr. McVea has been a retired barrister and solicitor and corporate director since 2004.
Łukasz Rędziniak	Warsaw, Poland	Director	March 16, 2016	General Counsel and board member at Kulczyk Investments S.A. Before joining the Kulczyk group in January 2013, Mr. Rędziniak was the managing partner of T. Studnicki K. Płeszka Z. Ćwiąkalski J. Górski law office. From 2007-2009, he served as the Undersectretary of State at the Ministry of Justice.
Jock M. Graham	Dubai, United Arab Emirates	Executive Vice President & Chief Operating Office	May 28, 2007	Mr. Graham has been Executive Vice President of the Company since February 2006 and prior to that was a consultant to the Company from March 2005.
Aaron	Calgary,	Vice President,	March 27, 2014	Mr. LeBlanc has been the Vice President, Geo-Sciences since

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
LeBlanc	Alberta, Canada	Exploration		April, 2014. Prior thereto he was the Manager of Geosciences and Senior Geologist at Serinus Energy since March 2011. Prior thereto, he was a Geologist at Devon Energy (from 2002 to 2011), a public oil and energy industry company in Canada. Mr. LeBlanc graduated from the University of Calgary in Calgary, Alberta, Canada in December 2001 with a Bachelor of Science Degree in Geology. Mr. LeBlanc is a Professional Geologist (P. Geol.) member of the Association of Professional Engineers and Geoscientists of Alberta, The American Association of Petroleum Geologists and the Canadian Society of Petroleum
Jakub J. Korczak	Warsaw, Poland	Vice President Investor Relations & Managing Director CEE	May 25, 2010	Prior to joining Serinus in January 2010 as Proxy & Investor Relations Officer, Mr. Korczak was the CFO and a board member at Bank Pocztowy (2009-2010) and prior to that head of strategy and IR officer at BRE Bank (2005-2009).
Tracy H. Heck	Calgary, Alberta, Canada	Chief Financial Officer	January 1, 2014	Ms. Heck joined Serinus as Director of Finance in June 2012 and was appointed chief financial officer on January 1, 2014. Prior thereto, she was the Controller at NAL Energy Corporation from 2005.

Notes:

(1) Member of Audit Committee.
(2) Member of Compensation and Corporate Governance Committee.
(3) Member of Reserves Committee.

As of the date of this AIF, the directors and executive officers of Serinus, as a group, when taken together with the shareholding of KI, beneficially own, or control or direct, directly or indirectly, an aggregate of 39,909,606 Common Shares, representing approximately 50.76% of the issued and outstanding Common Shares on a non-diluted basis. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective individuals.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company:

(a) is, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity:

(i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer; or

(ii) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while he was acting in the capacity of a director, chief executive officer or chief financial officer,

except:

- On July 22, 2009 a cease trade order was issued by the Ontario Securities Commission against the insiders, management, officers and directors of Firstgold Corp., including Stephen C. Akerfeldt, for failure to file various continuous disclosure materials within the prescribed time frame as required by Ontario securities law. All outstanding continuous disclosure materials were subsequently filed and the cease trade order expired on October 10, 2009.

No director or executive officer or shareholder holding a sufficient number of securities of Serinus to materially affect control of Serinus:

(a) is, or has been within 10 years before the date of this AIF, a director, or executive officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets except

- In January 2010, Firstgold Corp. filed for protection under Chapter 11 in the United States. Mr. Akerfeldt was at the time of the filing a director of Firstgold Corp.; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer or shareholder holding a sufficient number of securities of Serinus to materially affect control of Serinus has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision, except:

- On April 16, 2013, Parker Drilling Corporation announced that it had entered into a settlement agreement with the U.S. Department of Justice and Securities and Exchange Commission with respect to possible violations of the U.S. *Foreign Corrupt Practices Act* in Nigeria. Pursuant to the settlement agreement, Parker Drilling Corporation agreed to pay $15.85 million, comprising $11.76 million in penalties, $3.05 million in the disgorgement of profits and $1.04 million in interest. Mr. King was a director of Parker Drilling Corporation at the time of the settlement agreement.

Conflicts of Interest

As of the date of this AIF, KI holds 50.76% of the Company's issued and outstanding Common Shares, and two directors of the Company (Sebastian Kulczyk and Łukasz Rędziniak) hold senior executive positions with KI. KI's business activities are varied, and include investments in resource companies other than Serinus. There is, therefore, potential for a conflict of interest to arise.

Nemmoco Petroleum Corporation ("**Nemmoco**"), a private company of which 37.5% is owned by Timothy Elliott, an officer and director of the Company, provides certain personnel and general, accounting and administrative services to the Company at its offices in Dubai on a cost-sharing basis. For the year ended December 31, 2015, the fees totaled $748,560 (December 31, 2014: $748,560; December 31, 2013: $788,624). At December 31, 2014, $11,000 thousand was due to the Company from Nemmoco (December 31, 2013: $28,819 owing).

AUDIT COMMITTEE INFORMATION

In response to National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), the Company has established terms of reference for its audit committee to address such items as: (a) the procedure to nominate the external auditor and recommend its compensation; (b) the oversight of the external auditor's work; (c) pre-approval of non-audit services; (d) the review of financial statements, management's discussion and analysis and financial sections of other public reports requiring board approval; (e) the procedure to respond to complaints respecting accounting, internal accounting controls or auditing matters and the procedure for confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and (f) the review of the Company's hiring policies towards present or former employees or partners of the Company's present or former external auditor. The terms of reference for the Audit Committee are attached to this AIF as Appendix "D".

Composition of the Audit Committee

The Audit Committee is comprised of Michael A. McVea, Stephen C. Akerfeldt, and Gary R. King. Mr. McVea is the chairman of the Audit Committee. Each of the members is "financially literate" as that term is defined in section 1.6 of NI 52-110 and each of the members are independent directors, as "independent" is defined in NI 52-110.

Relevant Education and Experience

<u>Michael A. McVea</u>

Mr. McVea has been a retired barrister and solicitor since 2004. Prior to that, he was Senior Partner of McVea, Shook, Wickham & Bishop, a general practice law firm from September 1981 to December 2002 and Associate Counsel with that firm from January 2003 to June 2004. Mr. McVea practiced mainly in the areas of business and corporate commercial law. He graduated from University of British Columbia, Canada, with a Bachelor of Laws degree in 1974. Mr. McVea was a director of TKE Energy Trust from November 2004 to November 2005. Mr. McVea is also a director of Loon Energy Corporation. In these roles, Mr. McVea has acquired experience and exposure to accounting and financial reporting issues, as well as capital markets procedures, policies and rules.

Stephen C. Akerfeldt

Mr. Akerfeldt has been President and a director of Ritz Plastics Inc., a private company that produces plastic parts primarily for the automotive industry by injection molding, since 1999. From 2007 until February 2011, he was Chairman of the Board and a director of Firstgold Corp., a gold exploration company and he was the Chief Executive Officer of Firstgold Corp. from January 2008 to July 2009. In 1990, Mr. Akerfeldt founded Grayker Corporation, a private company which owned a large chain of dry cleaning stores, and he operated it with a partner until 2003 when it was sold. Prior thereto he served as Vice Chairman and Chief Financial Officer of Magna International Inc. from 1987 to 1990. Mr. Akerfeldt joined Coopers & Lybrand (now PricewaterhouseCoopers) in 1965 and worked with them until 1987. He was designated as a Chartered Accountant in 1969 and was made a partner in 1974. Mr. Akerfeldt graduated from the University of Waterloo, Waterloo, Ontario, Canada in 1966. Mr. Akerfeldt is currently a director of Jura, a public corporation which trades on the TSX. In these roles, Mr. Akerfeldt has acquired experience and exposure to accounting and financial reporting issues, as well as capital markets procedures, policies and rules.

Gary R. King

Mr. King is Founder and Managing Partner of The Matrix Parnership, a strategic advisory firm based in Dubai, UAE. He was most recently Chief Executive Officer of Regalis Petroleum, a private oil and gas company with activities focused in the Republic of Chad. Prior thereto, he was CEO of Dutco Natural Resources Investments Ltd. since April 2012. Prior thereto, he was the Chief Executive Officer of Dubai Natural Resources World, a private investment fund owned by the Government of Dubai exploring new long-term investment avenues across the entire natural resources value chain including oil and gas, power, alternative energy, mining and agriculture, primarily in the developing world since September 1, 2008. Prior thereto, he was Chief Executive Officer of the Dubai Mercantile Exchange from December 2005 to August 2008. Between March 2001 and December 2005, he held various senior executive positions with (in reverse chronological order), Macquarie Bank, Matrix Commodities and Standard Bank London. Between 1983, he held a variety of positions with (in reverse chronological order), Emirates National Oil Company, Dragon Oil PLC, TransCanada International Petroleum, Morgan Stanley and Neste Oy. Mr. King graduated from Imperial College, Royal School of Mines, London University, United Kingdom with a Masters Degree in Petroleum Exploration Geology in 1983. In addition to serving on the Board of Directors he is a director of Parker Drilling Company, a public corporation which trades on the New York Stock Exchange. In these roles, Mr. King has acquired experience and exposure to accounting and financial reporting issues, as well as capital markets procedures, policies and rules.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in section 2.4 (*De Minimis Non-audit Services*), section 3.2 (*Initial Public Offerings*), section 3.3(2) (*Controlled Companies*), section 3.4 (*Events Outside Control of Member*), section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), section 3.6 (*Temporary Exemptions for Limited and Exceptional Circumstances*), or section 3.8 (*Acquisition of Financial Literacy*) or an exemption from this instrument in whole or in part, granted under Part 8 (*Exemptions)* of NI 52-110.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the board of directors.

Pre-Approval Policies and Procedures

The Audit Committee pre-approves engagements for non-audit services provided by the external auditors or their affiliates, together with estimated fees and potential issues of independence**.**

External Auditor Service Fees (By Category)

Fiscal Year Ended December 31	2015	2014
Audit Fees(1)	$524,802	$556,732
Audit Related Fees(2)	$121,824	$79,214
Other Tax Fees(3)	$80,321	$225,728
All Other Fees(4)	$742	$66,721

Notes:

(1) Audit fees include amounts paid for the Company's annual audit examination of consolidated financial statements, together with fees paid to the Company's auditors for their review of interim quarterly financial information.
(2) Audit-Related Fees means the aggregate fees billed for assurance and related services by the issuer's external auditor that are reasonably related to the performance of the review of the issuer's financial statements and are not reported under Audit Fees.
(3) Tax fees include amounts paid for income and other tax planning and compliance services.
(4) All other fees include amounts paid for registering shares on the Warsaw Stock Exchange, and general accounting advice on various accounting matters.

RISK FACTORS

Management of the Company believes that the risks described below are the material risks relating to the market environment of the Company and the operations of Company as at the date of this AIF, although the information below does not purport to be an exhaustive list or summary of all of the risks that the Company may encounter. Additional risks and uncertainties not known to the Company as of the date of this AIF, or that the Company deems to be immaterial as at the date of this AIF, may also have an adverse effect on its business. The headings "Risks Relating to the Operations of the Company", "Risks Relating to the Company's Market Environment", and "Risks Relating to the Ownership of Common Shares" used in the following presentation of risk factors is for the convenience of the reader only.

Risks Relating to the Operations of the Company

Exploration, Development and Production Risks

The Company is in the oil and natural gas business. The oil and natural gas business involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company, meaning the capability to generate positive net revenues on a sustainable basis, will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves.

In particular, the future value of the Company is dependent on the success of the Company's activities which are principally directed toward the further exploration, appraisal and development of its assets inTunisia and Romania. As of the date of this AIF, no proven or probable reserves have been assigned in connection with the Company's assets in Romania given the early stage of development of these assets, although it has been assigned contingent resources. There is no assurance that those resources will be converted to reserves, or that other reserves of oil and natural gas will be discovered on those assets or, if reserves are discovered, that the Company will be able to realize those reserves as intended. The Company presently has the right in Romania to explore for and, upon fulfillment of certain conditions, produce oil and natural gas that may be discovered.

In Tunisia, oil and gas is regulated by ETAP, the national oil company. ETAP is also a 55% working interest owner in the Sabria concession, and has a right to back in for a 50% interest in the Chouech Es Saida concession once cumulative production from that block reaches 6.5 MMbbl, which may create a conflict of interest due to the dual role of regulator and working interest partner. The Company's specific rights and obligations are defined under the terms of the Tunisia Concession Agreements. There are no work commitments or spending obligations required for the maintenance of the concessions.

In Romania, Serinus' rights and obligations are governed by the Satu Mare Concession Agreement, the joint operating agreement between the Company and OEBS and the Satu Mare Farm Out Agreement. The Phase 2 exploration period of the Satu Mare Concession Agreement has been completed, and the Company is waiting on ratification by various Romanian government ministries of a new Phase 3 exploration period. OEBS has declared its intention not to participate in Phase 3, and pursuant to the provisions of the joint operating agreement, will relinquish its 40% interest in Satu Mare to Winstar once the extension receives full ratification and has been gazetted. See *"Principal Oil and Gas Assets – Romania"*.

Exploration, appraisal, development and production of oil and natural gas reserves are speculative and involve a significant degree of risk. The long-term commercial success of the Company will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves through its assets in Tunisia and Romania and other countries in which it may acquire assets.

The Company will need continually to locate and develop or acquire new reserves to replace its existing reserves that are being depleted by production. Future increases in the Company's reserves will depend not only on its ability to explore and develop its existing assets in Tunisia and Romania, but also on its ability to select and acquire new assets. There are many reasons why the Company may not be able to find or acquire oil and gas reserves or develop them for commercially viable production. For example, the Company may be unable to negotiate commercially reasonable terms for the acquisition, exploration, development or production of assets. Factors such as adverse weather conditions, natural disasters, equipment or services shortages, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the reserves are located or through which the Company's products are transported may increase costs and make it uneconomical to develop potential reserves. Without successful further development, exploration and acquisition activities, the Company's reserves, production and revenues will not increase and any existing reserves of the Company will decline over time as the reserves are depleted as a result of production activities. There is no assurance that the Company will discover, acquire or develop further commercial quantities of oil and gas.

Not all properties that are explored by the Company may ultimately be developed into new reserves. If at any stage the Company is precluded from pursuing its existing exploration or development activities in Romania or further development the Tunisia Assets, or such programs are otherwise not continued, the Company's business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected. The Company's future oil and natural gas reserves and the ongoing production of oil and natural gas therefrom, and therefore its ability to generate cash flows and earnings, are highly dependent upon the Company continually developing existing reserves of oil and natural gas or acquiring new oil and natural gas reserves. Without the continual addition of new reserves of oil and natural gas, any existing reserves the Company may have at any particular time, as well as the quantity of oil and natural gas produced from such reserves will decline over time as the existing reserves are depleted as a result of production activities. Any future increase in the Company's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects.

Future oil and natural gas exploration may involve unprofitable efforts, not only from unsuccessful wells, but from wells that are productive but do not produce sufficient revenues to return a profit after deduction of expenditures, including the cost of drilling and operating expenses. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage may greatly increase the cost of operations, and field operating conditions may adversely affect the production from productive wells. These conditions include delays in obtaining governmental approvals or consent, restrictions on production from particular wells resulting from extreme weather conditions, insufficient storage or transportation capacity, or other geological and mechanical conditions.

The Company's assets in Tunisia include gas and condensate producing properties. These production operations are subject to all the risks typically associated with such gas, oil and condensate operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees. Furthermore, the Company may be required to slow or halt production at one or more of its gas producing properties due to capacity limitations in transportation or storage facilities which may also adversely affect revenue and cash flow levels. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition, which, in turn, could have a material adverse effect on the trading price of the Common Shares.

Dry Well Risk

Many of the areas being explored by the Company have a number of prospects for the discovery of oil and gas. Should the Company undertake drilling in a particular geographic area but discover no commercial volumes of oil and gas (a "**dry well**"), this may lead to a downgrading of the potential value of the licence, concession or PSC concerned and perhaps to other licences concessions or PSCs within the same geological basin, and the Company may conclude that the other prospects within that geographic area would as a result be less likely to yield exploration success, potentially decreasing the value of the Company's assets. If this is the case, once the minimum work obligations under the relevant licence, concession or PSC have been satisfied, the Company may relinquish its interests in that licence, concession or PSC, in which case it would have no further exploration rights, even though it may have identified a number of additional prospects.

The drilling of dry wells may also have a negative impact on the price of the Company's common shares making additional funding to pay for other exploration activities of the Company either unavailable or only available on unfavourable terms. Drilling a dry well may also mean that the Company is not able to recover the costs incurred in drilling that well or able to make a return on its investment resulting in a write-off of exploration expenditures. Any of these circumstances may have a material adverse effect on the business, prospects, financial position and results of operations of the Company.

Additional Funding Requirements

The Company's business is at a relatively early stage of operations. The Company's property in Romania does not have any established reserves and no revenue has been derived therefrom as of the date of this AIF. Consistent with similar companies at the same stage of development operating in the upstream oil and gas sector, the Company has undertaken significant capital investment, and funds raised are invested in the exploration, appraisal, development and maintenance of oil and gas assets. The Company has a consolidated working capital deficit of $10.9 million as at December 31, 2015 (December 31, 2014 - $13.0 million), which includes cash and cash equivalents in the amount of $6.6 million (December 31, 2014 - $11.1 million). The Company believes that its cash resources at December 31, 2015 and the subsequent proceeds from the disposition of Ukraine will be sufficient to finance operations and planned capital spending anticipated for the next twelve months. The Company currently anticipates limited capital spending in 2016 due to reduced cash flow resulting from lower commodity prices. Additional funding may be obtained by pursuing equity raises or measures including the reduction or deferral of currently planned capital expenditures and/or asset sales or securing a farmout partner, any and all of which will be evaluated and implemented as deemed appropriate by Company management. The Company's continuing activities are contingent on the availability of financing to fund the Company's capital expenditures and other activities.

The Company has funded its capital expenditures, including exploration and development activities, primarily through equity, debt, and by farm-out arrangements with its joint venture partners, who pay for all or a portion of the Company's expenditures in return for a portion of the Company's ownership interest in the relevant asset. The Company's business requires significant capital expenditures for the foreseeable future with respect to the acquisition, exploration, development and production of oil and natural gas reserves now and in the future. The Company will require additional financing in order to carry out its oil and gas acquisition, exploration and development activities and intends to fund these planned capital expenditures from its existing borrowings, from farm-out agreements and from operating cash flow and, in the longer term, from new debt and/or equity. The Company has a relatively short operating history on which to assess its future expected performance, resulting in uncertainty as to the success of its ongoing activities. Notwithstanding the history of growth in the Company's production and positive cash flows, there can be no assurance that, in the longer term, the Company will sustain profitability or positive cash flow from its operating activities.

There can also be no assurance that new debt or equity financing will be available or sufficient in amounts to meet the Company's longer term capital expenditure requirements or, if debt or equity financing is available, that it will be on commercial terms that may be acceptable to the Company. The Company's ability to arrange future financing, and the cost of financing generally, depends on many factors, including, economic and capital markets conditions generally, investor confidence in the oil and gas industry in general and in particular in the countries in which the Company operates, the business performance of the Company and regulatory and political developments. In addition, the level of the Company's indebtedness from time to time could impair the ability of the Company to obtain additional financing in the future and may subject the Company to more restrictive financial covenants.

If additional funds are raised by issuing Common Shares or securities which are convertible or exchangeable for Common Shares, then existing holders of Common Shares may be diluted. Whilst Serinus' largest shareholder, KI, has historically provided various sources of finance to the Company, including through the acquisition of convertible debt (subsequently converted into Common Shares), the subscription for Common Shares and the provision of loans, KI is under no obligation to provide any further financing and there can therefore be no guarantee that KI will provide any financing in the future. Should KI provide further financing in the form of equity or instruments convertible or exchangeable for equity, this would result in KI increasing its shareholding in the Company. Also, if the Convertible Loan of the EBRD Tunisia Facility is converted into common shares, the existing holders of Common Shares will be diluted.

The failure by the Company to farm-down its interest in an asset may result in the Company retaining a greater exploration and development (and therefore financial) risk in that asset that it would otherwise have had, and may prevent the Company from pursuing other exploration and development opportunities. Whilst the Company and senior management of the Company are experienced in the farming-out of interests, there can be no assurances that the Company will be successful in farming-out interests in the future.

Expenditures will be incurred to satisfy contractual obligations arising from work commitments specified in the Satu Mare Concession Agreement, and additional funding may be required to pay for further capital expenditures on these oil and gas assets if commercial quantities of oil or natural gas are discovered. Actual expenditures may exceed those that are planned and may require further capital to be contributed by the Company. The Company's business is inherently risky, and the outcome of future exploration and development activities cannot be determined at this stage. If exploratory drilling activities in Romania are successful and oil or natural gas is discovered, additional expenditures will be required to further define the extent and quality of the newly discovered reserves, and to develop and produce these reserves. The nature and type of work that will be required, and therefore the amount of future expenditure required to conduct this work, are very dependent on such factors as the size and characteristics of the newly discovered reserves. These factors are impossible to predict prior to the exploratory drilling being completed. Further, if exploratory drilling results in a discovery that the Company believes to be commercial, then equipment and production facilities will be required to commence production, and to transport the oil or gas to a purchaser. Again, there are many factors that will affect the type and location of production facilities required, and these cannot be predicted in advance of a discovery. Conversely, the drilling of an unsuccessful well may result in the Company deciding that no further work should be performed in a particular area, and that planned spending should be re-allocated to a different project. The Company's business planning therefore allocates funds to planned spending for each of its assets, but recognizes that such allocations may change as further information is acquired as a result of the outcome of ongoing drilling activities.

Failure to access sufficient additional capital or realize sufficient funds through the deferral of planned expenditures and/or from asset sales in order to fund its operations and planned capital expenditures on a timely basis or at all could have a material adverse effect on the Company's financial condition, results of operations or potential for future asset growth, cause the Company to delay the exploration, appraisal and development of assets that may otherwise be capable of producing revenue, forfeit its interest in properties, miss acquisition opportunities, become over-exposed to certain assets, and reduce or cease its operations.

Work Stoppages or Labour Disputes

The Company's contractors or service providers may be limited in their flexibility in dealing with their staff due to the presence of trade unions among their staff. If there is a material disagreement between contractors or service providers and their staff belonging to trade unions, the Company's operations could suffer an interruption or shutdown that could have a material adverse effect on its business, results of operations or financial condition.

In the second quarter of 2012, Winstar was exposed to three strikes for a total of 11 days, resulting in the shut-in of the producing facilities at the Chouech Es Saida, Ech Chouech and Sanrhar concessions. These actions, led by the local trade union were not isolated to Winstar but have affected all the social and economic sectors in Tunisia. The strikes essentially related to contract and trainee personnel demanding full time employee status with Winstar. Winstar negotiated an agreement with its regional staff and related unions, but faced further labour disputes and production disruptions in the first quarter of 2013, during which production was suspended for a total of 26 days. Further negotiations lead to a resolution to this dispute and a mechanism for dispute resolution has been established, through which the Company hopes to avoid further labour disputes and production disruptions. However, the avoidance of future social and political unrest in Tunisia and associated detrimental effects to the Company cannot be assured. Production at the Sabria Field was interrupted for two months starting in late May 2015 by protests directed against the government. see also *"Risk Factors – Risks Relating to the Operations of the Company - Political and Geopolitical Instability in Tunisia".*

The failure to pay full salaries on a regular basis and the failure of salaries and benefits generally to keep pace with the rapidly increasing cost of living have led in the past, and could lead in the future, to labour and social unrest. Labour and social unrest may have political, social and economic consequences, such as increased support for a renewal of centralized authority, increased nationalism including calls for restrictions on foreign ownership of local businesses, and violence. Any of these events could restrict its operations and lead to the loss of revenue, thereby materially adversely affecting its ability to conduct its business effectively.

Health, Safety and Environmental Risks

Developing oil and gas resources and reserves into commercial production involves a high degree of risk. The Company's drilling, exploration, production and related operations are subject to all the risks common in its industry. These hazards and risks include encountering unusual or unexpected rock formations or geological pressures, geological uncertainties, seismic shifts, blowouts, oil spills, uncontrollable flows of oil, natural gas or well fluids, explosions, fires, improper installation or operation of equipment and equipment damage or failure.

If any of these events were to occur, they could result in environmental damage, injury to persons and loss of life and a failure to produce oil or gas in commercial quantities. They could also result in significant delays to drilling programs, a partial or total shutdown of operations, significant damage to the Company's equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Company. These events can also put at risk some or all of the Company's licences, concessions or production sharing contracts which enable it to explore, and could result in the Company incurring significant civil liability claims, significant fines or penalties as well as criminal sanctions potentially being enforced against the Company and/or its officers. The Company may also be required to curtail or cancel any operations on the occurrence of such events.

While the Company maintains insurance coverage that addresses many of these risks, the occurrence of any of the events described above could materially and adversely affect the Company's business, prospects, financial condition and results of operations.

Political, Social and Economic Risk

The Company's current exploration and development activities are located in Ukraine, Tunisia and Romania. As a result, it is exposed to a wide range of political, social, economic, regulatory and tax environments that are subject to significant and sometimes rapid change that may have a materially adverse effect on the Company's business, results of operations and financial condition. These countries are subject to greater political, social, fiscal, legal and economic risks than more developed markets. Accordingly, investors should exercise particular care in evaluating the risks involved in an investment in the Company and must decide for themselves whether, in the light of those risks, their investment is appropriate. Generally, investment in emerging and developing markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved.

The Company does business in locations where it is exposed to a greater-than-average risk of adverse sovereign action, including overt or effective expropriation or nationalization of property, including in countries where the government has previously expropriated assets of other companies held within the jurisdiction or where members of the government have publicly proposed that such action be taken. Relatively high commodity prices and other factors in recent years have resulted in increased resource nationalization in some countries, with governments repudiating or renegotiating contracts with, and expropriating assets from, companies that are producing in such countries. Oil and gas are considered strategic resources for particular countries. Governments in these countries may decide not to recognize previous arrangements if they regard them as no longer being in the national interest. Governments may also implement export controls on commodities regarded by them as strategic (such as oil or gas) or place restrictions on foreign ownership or operation of strategic assets. Expropriation of assets, renegotiation or nullification of existing agreements, leases or permits by the governments of counties in which the Company operates, particularly in Tunisia, could all have a material adverse effect on the Company's business, results of operations and financial condition.

Effective July 16, 2012, the Company, in its capacity as operator of Syria Block 9, declared a *force majeure* event due to the insurrection, riots, labour disturbances and other causes rendering the performance of its obligations under the Syria Block 9 PSC impossible. The Company continues to monitor operating conditions in Syria to asses when a recommencement of its Syrian operations is possible. See "*Risk Factors – Political Instability in Syria and Syria Sanctions"*.

The consequences of risks related to political and social instability, among other things, include:

- the risks of war, actions by terrorist or insurgent groups, community disturbances, guerrilla activities, military repression, civil disorder and crime;
- high levels of governmental and business corruption and other criminal activity;
- workforce instability;
- change in government policy or regulations;
- death or incapacitation of political leaders or change in the ruling party;
- unenforceability of contractual rights;
- import and export restrictions;
- freezing of funds and economic resources; and

- adverse changes to laws (whether of general application or otherwise) or the interpretation thereof.

The economies of Tunisia and Romania may not compare favourably with those of more developed countries with respect to such issues as growth of gross national product, reinvestment of capital, inflation, resources and balance of payment position. These economies may rely heavily on particular industries, such as the exploration and production of oil and gas, or foreign capital and may be more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. Any of these actions could severely affect security or prices, impair the ability of the Company to transfer the assets or income of the Company, or otherwise adversely affect the operations of the Company. The Company may also be affected by economic and fiscal instability related to the countries in which it operates. Economic and financial unreliability may expose the Company to the following risks:

- economic or other sanctions imposed by other countries or international bodies;
- changing taxation policies, rulings or interpretations (including new or increased taxes or royalty rates or implementation of a windfall tax);
- extreme fluctuations in currency exchange rates or high inflation;
- foreign exchange restrictions or currency controls;
- prohibition or substantial restrictions on foreign investment in capital markets or in certain industries;
- local currency devaluation; and
- governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

The Company plans its exploration and development activities and commitments based on an assessment of the regulatory environment in a particular country at the time the activities are planned. Subsequent changes in the regulatory environment or in the manner in which regulatory requirements are interpreted or enforced, could have a material adverse effect on the Company's ability to conduct planned exploration and development activities and could render such activities uneconomical.

The geopolitical, social and economic risks associated with operating in the regions and countries in which the Company operates, if realized, could affect the Company's ability to manage or retain interests in its assets and could have a material adverse impact on the profitability, ability to finance or, in extreme cases, viability of one or more of its assets. Some of these risks are discussed in greater detail elsewhere in this AIF. Although the Company's assets are geographically diversified across two countries, only its operations in Tunisia are currently producing oil and gas and generating revenues. Accordingly, any of these or similar factors could have a material adverse effect on the Company's business, results of operations or financial condition, particularly if they significantly impair or impede its ability to produce oil and gas in Tunisia.

Political and Geopolitical Instability in Tunisia

During 2011, Tunisia experienced a period of political unrest and demonstrations that lead to the departure of the former president after 23 years of power. This led to the election of a Constituent Assembly, which was charged with the responsibility of drafting a new constitution and the appointment of a new government, which was intended to govern until a new constitution was ratified and further democratic elections can be held. The interim period was marked by political infighting, instability and assassinations. The new constitution was approved by the Tunisian National Assembly on January 27, 2014.

Parliamentary elections were held on October 26, 2014 and resulted in the secular party, Nidaa Tounes winning a plurality of 89 seats. The Islamist Ennahda Party came in second with 69 seats. The change of government was accomplished peacefully. On November 23, 2014, the country held a presidential election. The first ballot did not produce a winner, necessitating a run-off on December 21, 2014 after which Beji Caid Essebsi, the Nidaa Tounes candidate, was elected as president.

Although Tunisia has come through the "Arab Spring" better than many other Middle Eastern countries, political unrest continues and it is not possible to determine if and when it may abate. Notable incidents during 2015 included:

- In February, protests erupted over new taxes and a call for more opportunities and jobs in southern Tunisia. One protestor was shot, leading to a general strike
- In late May 2015, several fields in central Tunisia including the Winstar operated Sabria Field in central Tunisia was shut in due to local protests. These protests were against the lack of development, investment and job creation in the area, and not directed at the Company or other operators. After a series of discussions involving local and central government officials, the protestors, ETAP and executives from the various operators, the government committed to several initiatives to increase employment and development in the Governate of Kebeli. Production was restarted in late July 26, 2015.
- In November 2015, 32 members of the Nidaa Tounes party resigned from the ruling party's bloc after accusing the president's son of interference. After that split, Ennahda became the largest party in the Tunisian parliament.

Tunisia has also experienced insurgent activities during 2015. Attacks at the Bardo Museum in Tunis in March 2015, the resort town of Sousse in June 2015 killed 24 and 37 people respectively, and a bus carrying security forces in Tunis was bombed in November 2015. Islamic State claimed responsibility for all three attacks. The government has responded with replacement of top security personnel, curfews, and declared states of emergency after the June and November incidents.

It is impossible to predict how these forces will play out. While the May protests that shut in the Sabria Field had the largest direct impact on the Company, increased security, states of emergency and strikes have had indirect effects by preventing either the movement of oil to its sale point, or operating staff and equipment (including contractors) to travel to work locations. Future curtailments or shut downs of operations are possible consequences of continuing unrest. Management has, and will continue to work with the National Guard to best ensure the safety and security of the personnel, fields and facilities.

Strategic Partners and Joint Ventures

The Company has and will in the future, benefit from partnerships or joint ventures with local and international companies through which exploration, development and operating activities for particular assets are conducted. Benefits include the ability to source and secure new opportunities, capitalizing on the local partner's market knowledge and relationships (in particular in countries or regions where the Company has no or limited prior operations), mitigation of some of the financial risk inherent in the exploration and development of oil and gas assets through farm-out and similar arrangements, and the alignment of interests. A deterioration in relationships or disagreements with existing partners or a failure to identify suitable partners may have an adverse impact on its existing operations or affect its ability to grow its business.

Reserve and Resource Estimates

The resource and reserve data in respect of the Company's assets set forth in the RPS Report and elsewhere in this AIF represent RPS's best professional judgment as to such resources and reserves. Estimations of resources and reserves are inherently inexact and the accuracy of any estimate is a function of the quality of available data, engineering and geological interpretation, judgment, production projections, maintenance and development capital, and other uncertainties inherent in estimating quantities of recoverable oil and gas. Thus, there can be no guarantee that estimates of quantities and quality of oil and gas disclosed in the RPS Report and elsewhere in this AIF will be produced.

The reported hydrocarbon volumes are estimates based on professional judgment and are subject to further revision, upward or downward, because of future operations or as additional information becomes available. The RPS Report have been prepared by RPS, a third-party engineering firm that specializes in the estimation of oil and gas assets. The RPS Report have been compiled by RPS using the definitions and guidelines set out by the COGE Handbook for reserves. The COGE Handbook recognizes that contingent resources, although discovered, are by their nature uncertain in respect of the inferred volume range and prospective resources are speculative in respect of their inferred presence (i.e. they are undiscovered) and uncertain in respect of their inferred volume range.

Although the Company is unable to predict whether its exploration and assessment activities will result in newly discovered reserves, if such activities are successful, the Company may be able to begin producing gas and oil from these reserves. If the eventual commencement of production activities does occur, the Company's actual production of quantities of oil and gas, revenues and development and operating expenditures with respect to its reserves and resources estimates, may vary from such estimates. In addition, any estimates of future net revenues contained within the RPS Report and elsewhere in this AIF are dependent on estimates of future oil prices, capital and operating costs. Variances to actual costs may be significant. As such, these estimates are subject to variations due to changes in the economic environment at the time and variances in future budgets and operating plans.

Compliance with Foreign Regulatory Regimes

In most countries, including Tunisia and Romania, where the Company presently carries on business, all phases of oil and gas exploration, development and production are regulated by the respective government either directly or through agencies or national oil companies. Areas of regulation include exploration and production approvals and restrictions, production taxes and royalties, price controls, export controls, expropriation and relinquishment, marketing, pricing, transportation and storage of oil and gas, environmental protection and health and safety. Regulations applicable to the Company are derived both from national and local laws and from the licence, production sharing or concession agreements governing the Company's interests. As a result, the Company may have limited control over the nature and timing of exploration and development of oil and gas fields in which the Company has or seeks interests. There can be no assurance that the Company will not in the future incur decommissioning charges since local or national governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, particularly in case of future licence renewals.

In the countries in which the Company carries on business, including Tunisia and Romania, the state generally retains ownership of the minerals and consequently retains control of (and in many cases, participates in) the exploration and production of hydrocarbon reserves. Accordingly, the Company's operations may be materially affected by host governments through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges to a greater extent than would be the case if its operations were conducted in countries where mineral resources are not predominantly state-owned. In addition, transfers of ownership interests typically require government approval, which may delay or otherwise impede transfers, and the government may impose obligations on the Company to complete minimum work within specified timeframes. In the future, the Company may extend its interests in operations to other countries where similar circumstances may exist.

The Company may require licences or permits from various governmental authorities to carry out its planned exploration, development and production activities. There can be no assurance that the licences and permits held by the Company will not expire or be revoked if the Company fails to comply with the terms of such licences or permits, or in the event of any change of relevant laws or their interpretation. The termination of any of the Company's contracts or licences granting rights in respect of the properties would have a material adverse effect on the Company, including the Company's financial condition. As a result of the expiration of the Brunei Block M PSA in August 2012, the Company recorded an impairment in respect of the Brunei Block M exploration and evaluation assets in the third quarter 2012, in an amount of $85.1 million, which includes the Company's share of the penalty payable on expiry of the Brunei Block M PSA of $6.0 million relating to work commitments. There can also be no assurance that the Company will be able to obtain all necessary licences and permits when required.

Although the Company believes that it and its subsidiaries have good relations with the current governments in all of the countries in which they hold assets, there can be no assurance that the actions of present or future governments in these countries, or of governments of other countries in which the Company may operate in the future, will not materially adversely affect the business or financial condition of the Company, which could adversely affect the trading price of the Common Shares.

Foreign Exchange Risks and Commodity Hedging

The nature of the Company's activities results in exposure to fluctuations in foreign currency exchange rates. World oil and natural gas prices are quoted in US dollars and the price received by the Company may be affected in a positive or negative manner by fluctuations in the exchange rate of the US dollar against other currencies in which business of the Company is transacted. Variations in exchange rates have the effect of impacting the stated value of oil and natural gas reserves and/or production revenue. At December 31, 2015 the Company's primary currency exposure related to Canadian dollar, Ukraine hryvnia, Tunisia Dinar and Romanian Leu balances. The following table summarizes the Company's foreign currency exchange risk for each of the currencies indicated:

	December 31, 2015				**December 31, 2014**			
	CAD	UAH	TD	LEU	CAD	UAH	TD	LEU
Cash and cash equivalents	443	124,517	2,006	326	687	9,075	9,909	6,692
Accounts receivable	56	41,886	4,589	401	210	80,232	31,258	(326)
Income Tax Receivable	-	44,739	6,052	3	-	10,871	1,005	-
Prepaid expenses	(169)	15,827	437	265	88	16,923	164	82
Accounts payable and accrued liabilities	(409)	(138,123)	(9,536)	(767)	(1,521)	(180,473)	(37,442)	(15,213)
Net foreign exchange exposure	(79)	88,846	3,548	228	(536)	(63,372)	4,894	(8,765)
US $ equivalent at period-end exchange rate	(57)	3,690	1,741	55	(462)	(3,893)	2,619	(2,366)

Based on the net foreign exchange exposure at the end of the year, 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 $542,000 (2014: -$410,000). Earnings are not impacted by fluctuations in the Ukrainian hryvnia as translation gains and losses are included in accumulated other comprehensive income (loss).

Economic factors affecting the Company's cash flow required for operations and for investments in accordance with the Company's consolidated statement of cash flows include fluctuations in foreign currency exchange rates. To date, the Company has raised equity funds denominated in Canadian dollars and Polish Zlotys, however exploration expenditures are incurred primarily in United States dollars, and therefore currency exchange rates have an ongoing impact on the Company's cash flows.

Fluctuations in foreign currency exchange rates between United States dollars and Canadian dollars and the Polish Zloty resulted in an unrealized foreign exchange loss of $1.1 million for the year ended December 31, 2015 (2014 - $7.4 million loss).

The Company is exposed to risks due to fluctuations in the price of oil and natural gas in Tunisia. From time to time the Company may enter into agreements to receive fixed prices on oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company would not benefit from such increases.

As of the date of this AIF, the Company is not a party to any commodity hedging agreements and has not been a party to any such agreements in the past three years.

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.

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 has no formal credit policy in place however the exposure to credit risk is a 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 balance sheet.

Relinquishment Obligations under Applicable Legislation and Key Agreements

Consistent with international practice, the concession and production sharing agreements to which the Company is a party contain, and to which the Company may become a party in the future may contain, certain relinquishment provisions upon entering into subsequent exploration phases and upon the occurrence of certain events. Collectively, this will have the result of reducing the total area available to be explored by the Company for oil and natural gas if not offset in some manner. Depending on the size and location of the area, such relinquishment could have a material adverse effect on the Company's results of operations and prospects. The Company's future oil and natural gas reserves and production, and therefore its future cash flows and earnings, are affected by the ability of the Company to find and develop oil and natural gas reserves on its properties. Furthermore, the Company may be obligated to satisfy certain site restoration and abandonment obligations with respect to the relinquished lands.

- Other than the ETAP back-in option in Chouech Es Saida (whereby ETAP can take a 50% working interest once cumulative net (after royalties) oil production reaches 6.5 million bbl), there are no relinquishment issues with respect to the Tunisia Assets.

- In Romania, retention of the Satu Mare concession is subject to completion of the work commitments for the Phase 3 exploration period.

Reliance on Key Management Personnel

The success of the Company depends in large measure on certain key personnel, which include the Executive Officers and certain other senior personnel. The contributions of these individuals to the immediate operations of the Company are likely to be of central importance. The Company's ability to maintain its competitive position and to implement its business strategy is dependent, to a large degree, on the services of its senior management team and its technical personnel. Competition in the oil and gas industry for senior management and technical personnel with relevant expertise and exposure to international best practices is intense due to the small number of qualified individuals, which may affect its ability to retain its existing senior management and technical personnel and to attract additional qualified personnel. Losses of or an inability to attract and retain additional senior management or technical personnel could have a material adverse effect on its business, financial condition, results of operations and prospects. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business.

Uncertainty Regarding Interpretation and Application of Foreign Laws and Regulations

The Company's exploration and development activities are located in countries with differing legal systems. Rules, regulations and legal principles may differ both relating to matters of substantive law and in respect of such matters as court procedure and enforcement. Production and exploration rights and related contracts of the Company are subject to the national or local laws and jurisdiction of the respective countries in which the operations are carried out. This means that the Company's ability to exercise or enforce its rights and obligations may differ between different countries.

Moreover, the jurisdictions in which the Company and its subsidiaries operate may have less developed legal systems than more established economies, which may result in risks such as:

- effective legal redress in the courts of subject jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or an ownership dispute;
- a higher degree of discretion on the part of governmental authorities;
- uncertainty regarding the constitutionality, validity or enforceability of laws and regulations, particularly where those rules and regulations are the result of recent legislative changes or have been recently adopted;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations, particularly where those rules and regulations are the result of recent legislative changes or have been recently adopted;
- provisions in laws and regulations that are ambiguously worded or lack specificity and thereby create difficulties when implemented or interpreted;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions;
- courts being used to further political aims;
- relative inexperience of the judiciary and courts in such matters or an overly formalistic judiciary; and
- corruption within the judiciary.

Enforcement of laws in some of the jurisdictions in which the Company and its subsidiaries operate may depend on and be subject to the interpretation placed upon these laws by the relevant local authority. These local authorities may adopt an interpretation of an aspect of local law which differs from the advice that has been given to the Company. The Company's contracts, joint ventures, licence, licence applications or other legal arrangements may be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements in these jurisdictions. Effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, may be more difficult to obtain. In certain jurisdictions, the commitment of local businesses, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain and legislation and regulations may be susceptible to revision or cancellation; legal redress may be uncertain or delayed.

In general, if the Company becomes involved in legal disputes in order to defend or enforce any of its rights or obligations, such disputes or related litigation may be costly and time consuming and the outcome may be highly uncertain. Even if the Company would ultimately prevail, such disputes and litigation may still have a substantially negative effect on the Company and its operations.

Tunisia

During 2011, Tunisia experienced a period of political unrest and demonstrations that lead to the departure of the former president after 23 years of power. This led to the election of a Constituent Assembly, which was charged with the responsibility of drafting a new constitution and the appointment of a new government, which was intended to govern until a new constitution was ratified and further democratic elections can be held. The interim period was marked by political infighting, instability and assassinations. The new constitution was approved by the Tunisian National Assembly on January 27, 2014.

This Constitution is the result of a compromise between the Islamist party Ennahdha (head of government) and the opposition forces. It provides for a dual executive, gives reduced place to Islam and for the first time in the legal history of the Arab world establish equality and parity between men and women. As the highest legal standard of the country, the constitution is above the legislative and even international treaties. In case of conflict between existing legislation and the new constitution, the latter shall prevail. Existing Tunisian laws which affect the Serinus Group's operations in Tunisia are still in force as long as they do not contravene the terms of the new constitution.

Romania

As a European Union member, Romania started verifying the expansion terms of exploration licenses granted by NAMR in 2011 to the entire Romanian oil industry, including the Company’s partner, Rompetrol S.A. The legal procedure between the administrative control authority, the Court of Accounts, and NAMR are ongoing. Risk of validity of license extensions is not considered significant.

The Romanian legal system is based on the Napoleonic Code. The justice is independent and the principles, the structure and the manner of organization of the Romanian judiciary are established by the Romanian Constitution and Law no. 304/2004 regarding the judicial organization. Justice is made in the name of law and it is accomplished through the following courts: High Court of Cassation and Justice, Courts of Appeal, tribunals, specialized tribunals, military courts and first instance courts. The judicial power belongs to a hierarchical system of courts culminating with the High Court of Justice and Cassation.

Judicial proceedings are open to the public, except in special circumstances provided for by law. The Romanian judicial system is a system with a strong French influence. All its judges are appointed by the president on the recommendation of the Superior Council of Magistrates. The Ministry of Justice represents the “general interests of society” and defends the rule of law as well as citizens' rights and freedoms. The ministry is to discharge its powers through independent, impartial public prosecutors, who are hierarchically organized under General Prosecutor.

The Constitutional Court of Romania is the warrant of the Constitution supremacy. The Constitutional Court of Romania is the sole judicial constitutional authority in Romania and it is independent by any other public authority. It is subject to Constitution and Law no. 47/1992 regarding the organization and functioning of the Constitutional Court only. It includes 9 judges for a 9 years mandate that cannot be prolonged or renewed.

In general, whether in Tunisia or Romania, or elsewhere, if the Company becomes involved in legal disputes in order to defend or enforce any of its rights or obligations, such disputes or related litigation may be costly and time-consuming and the outcome may be highly uncertain. Even if the Company would ultimately prevail, such disputes and litigation may still have a substantially negative effect on the Company and its operations.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Company has made, and intends to make, acquisitions and dispositions of businesses and assets in the ordinary course of business. There can be no assurance that the Company will be able to successfully realize the anticipated benefits of any acquisition or disposition. The costs involved and time required to realize the anticipated benefits of planned acquisitions or dispositions may exceed those benefits that may be realized by the Company, and may detract from available resources that could have been committed elsewhere for greater benefit. The integration of an acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters.

Although the Company conducts a due diligence review of properties prior to their acquisition that it believes to be consistent with industry practices, such reviews are inherently incomplete. It is not generally feasible to review in depth every individual property involved in each acquisition. Ordinarily, the Company will focus its due diligence efforts on higher valued properties and will sample the remainder. However, even an in-depth review of all properties and records may not necessarily reveal all existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not be performed on every well, and structural or environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. For acquisitions that may occur in the future, the Company may be required to assume liabilities, including environmental liabilities, and may acquire interests in properties on an "as is" basis. Such liabilities, should they exist, will typically be known to the Company as a result of its due diligence investigations, and would influence or be an adjustment to the agreed acquisition price. In addition, competition for the acquisition of prospective properties is intense, which may increase the cost of any potential acquisition.

Competition for the acquisition of prospective properties is intense, which may increase the cost of any potential acquisition. The Company's exploration and development activities have principally been based in Ukraine, Tunisia, Romania, Brunei and Syria. The Company's limited presence in other regions may limit its ability to identify and complete acquisitions in other geographic areas.

See also "*Risk Factors – Winstar May Fail to Realize its Anticipated Benefits*".

Decommissioning Liabilities

The Company, through its licence and concession and production sharing contract interests, has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure and is expected to assume additional decommissioning liabilities in respect of its future operations. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Company to make provision for and/or underwrite the liabilities relating to such decommissioning. Any significant increase in the actual or estimated decommissioning costs that the Company incurs may adversely affect its results of operations and financial condition.

Title to Properties

Notwithstanding any due diligence which may be undertaken by the Company, there may be title defects which affect production sharing contracts, licence and concession agreements or other legal documents (such as special permits for subsurface use, as applicable in Ukraine) which relate to the Company's properties on which the production activities are performed, and which may adversely affect the Company. There is no guarantee that an unforeseen defect in title, changes in laws or change in their interpretation or political events will not arise to defeat or impair the claim of the Company to its properties which could result in a material adverse effect on the Company, including a reduction in the revenue to be received by the Company.

Crime and Governmental or Business Corruption

The Company conducts business in countries or regions which have experienced high levels of governmental and business corruption and other criminal activity.

The Company is required to comply with applicable anti-bribery laws, including the Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act, as well as local laws in all countries in which the corporation does business. These, among other things, include laws in respect of the monitoring of financial transactions and provide a framework for the prevention and prosecution of corruption offences, including various restrictions and safeguards. However, there can be no guarantee that these laws will be effective in identifying and preventing money laundering and corruption.

The failure of the governments of the countries in which the Company operates to continue to fight corruption or the perceived risk of corruption could have a material adverse effect on the local economies. Any allegations of corruption in these countries or evidence of money laundering could adversely affect their ability to attract foreign investment and thus have an adverse effect on their economies which in turn could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

The Company has a Code of Business Conduct and Ethics in place with which directors, officers and employees must comply. Moreover, findings against the Company, the Directors, the Executive Officers or the employees of the Company, or their involvement in corruption or other illegal activity could result in criminal or civil penalties, including substantial monetary fines, against the Company, the Directors, the Executive Officers or the employees of the Company. Any government investigations or other allegations against the Company, the Directors, the Executive Officers or the employees of the Company, or finding of involvement in corruption or other illegal activity by such persons, could significantly damage the Company's reputation and its ability to do business, including affecting its rights under the various oil and natural gas licences, concessions or PSC's, or through the loss of key personnel, and could materially adversely affect its financial condition and results of operations. Furthermore, alleged or actual involvement in corrupt practices or other illegal activities by the operators of certain of the Company's oil and natural gas licences, concessions or PSC's, joint venture partners of the Company or others with whom the Company conducts business, could also significantly damage the Company's reputation and business and materially adversely affect the Company's financial condition and results of operations.

Management of Growth

The Company has experienced significant growth in a relatively short period of time, in particular through its acquisition of assets in Ukraine (now sold) and Tunisia. The Company does not have a long history of operating in its current form, including in terms of size and geographic reach, and its ability to manage its existing business and its future growth depend upon a number of factors, including its ability:

- to effectively increase the scope of its management, operational and financial systems and controls to handle the increased complexity, expanded breadth and geographical area of its operations;
- to recruit, train and retain qualified staff to manage and operate its growing business;
- to accurately identify and evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with its international acquisitions and investments;
- to implement financial oversight and internal financial risk, and other controls, over its acquisitions and investments, and to ensure the timely preparation of financial statements that are in conformity with the Company's accounting and control policies;
- to accurately judge market dynamics, demographics, growth potential and competitive environments;

- to effectively determine, evaluate and manage the risks and uncertainties in entering new markets and acquiring new businesses through its due diligence and other processes, particularly given the heightened risks in emerging markets; and

- to maintain and obtain necessary permits, licences, spectrum allocation and approvals from governmental and regulatory authorities and agencies.

The Company's inability to deal with this growth may result in its failure to realize the benefits otherwise expected from such growth and could have a material adverse impact on its business, operations and potential for future growth.

Project Completion

The Company's current operations are, and future operations will be, subject to approvals of governmental authorities and, as a result, the Company has limited control over the nature and timing of the grant of such approvals for the exploration, development and operation of oil and natural gas licences, concessions and PSC's.

The Company's interests in oil and natural gas concessions and other contracts with governments and government bodies to explore and develop the properties are subject to specific requirements and obligations. If the Company fails to satisfy such requirements and obligations and there is a material breach of such contracts, such contracts could, under certain circumstances, be terminated. The termination of any of the Company's contracts granting rights in respect of the properties would have a material adverse effect on the Company, including the Company's financial condition.

Reliance on Third Party Operators

It is common in the oil and gas industry for companies to form partnerships or joint ventures with other companies through which exploration, development and operating activities for a particular property or concession area are conducted. In such cases, one company is designated by agreement amongst the partnership or joint venture, to manage, or "operate" the partnership or joint venture. The operator is the primary point of contact for the national oil company or the government and is typically responsible for implementing the field work, including by entering into agreements with various sub-contractors to provide drilling rigs and other equipment and services necessary for carrying out exploration and development operations, decisions regarding the timing and amount of capital expenditure, the selection of technology and risk management and compliance policies. In addition, an operator is usually responsible for providing the other partners with operational, financial and other information relating to the asset.

To the extent the Company or one of its subsidiaries is not the operator of any of its assets, the Company will be dependent on the competence, expertise, judgement and financial resources of the operator, with the operator complying with the terms of the relevant contractual arrangements, and, subject to the terms of such arrangements, may have limited ability to exercise influence over the operations of these assets or their associated costs, or to control the quality of the information it receives in respect of such assets, which could adversely affect the Company's business, prospectus and financial performance. In addition, participants in a partnership may proportionately share liability for any claims and liabilities which may arise as a result of the operator's activities carried out for the benefit of participants (as the case may be). Should the operator become subject to any liabilities, the Company may be proportionally responsible for some of such liability. Actions or decisions taken by an operator, failure to act or non-performance by an operator, or the incurring of liabilities by an operator could adversely affect the Company's business, prospects and financial performance and, ultimately, potentially result in the loss of an asset.

In August 2012, the Brunei Block M PSA with PetroleumBRUNEI relating to Brunei Block M expired after efforts by the joint venture partners to obtain an extension to the terms of the Brunei Block M PSA were unsuccessful. As a result of the expiration of the Brunei Block M PSA, the Company recorded an impairment in respect of the Brunei Block M exploration and evaluation assets in the third quarter 2012, in an amount of $85.1 million, which includes the Company's share of the penalty payable on expiry of the Brunei Block M PSA of $6.0 million relating to work commitments.

Financial Covenants Relating to the Tunisian Assets

On November 20, 2013, Serinus entered into the EBRD Tunisia Facility for up to $60 million from EBRD. The EBRD Tunisia Facility contains a comprehensive set of representations and covenants provided by Serinus, as borrower thereunder, including financial covenants relating to a debt service coverage ratio and a financial debt to EBITDA ratio. Compliance with these covenants limits the extent to which Winstar Tunisia is able to distribute funds which Serinus could otherwise utilize to fund other aspects of its business.

Although as of the date hereof Serinus is in compliance with the covenants in the EBRD Tunisia Facility, or has received waivers in those instances where the covenants have been, or will be breached, including the financial covenants, there can be no assurance that circumstances will not change, and any such changes could cause Serinus to breach such covenants in the future, which may result in the acceleration of its debt. Serinus may not have sufficient cash or assets to fulfil its payment obligations upon any acceleration of its debt and, even if it were able to refinance indebtedness upon a default, the terms of any new debt agreements may be less favourable to Serinus (and, by extension, Winstar Tunisia). Moreover, a default could cause the Company to lose key assets and/or shares of Winstar Netherlands and Winstar Tunisia that are pledged as security for such indebtedness.

Any of the foregoing developments could have a material adverse effect on the Company's financial condition and results of operations.

Financial Covenants Relating to the Romanian Assets

On February 20, 2015, Serinus entered into the EBRD Romania Facility for up to $11.28 million from EBRD. The EBRD Romania Facility contained a comprehensive set of representations and covenants provided by Serinus, as borrower thereunder, including financial covenants relating to a debt service coverage ratio and a financial debt to EBITDA ratio. Following the sale of its interests in Ukraine in early February 2016, the Company repaid the entire amount outstanding on the Romania Facility, and is therefore no longer subject to the financial covenants associated with it.

Loon Peru Limited Guarantee

The Company continues to be legally responsible for a parent company guarantee (the "**Loon Guarantee**") issued in August 2007 to the Government of Peru regarding the granting of a licence contract to a former subsidiary company, Loon Peru Limited. Serinus has no continuing ownership interest, directly or indirectly, in Loon Peru Limited following the implementation of 2008 Arrangement, the result of which was the transfer of ownership of the shares of Loon Peru Limited from the Company to a newly formed company, Loon Corp. Serinus does not currently hold, either directly or indirectly, any shares in Loon Peru Limited.

Loon Corp and the Company have entered into an indemnification agreement in respect of the Loon Guarantee. Loon Corp announced on October 25, 2010 that it will not proceed to the second exploration stage and therefore the maximum liability to Serinus that may arise from the Loon Guarantee is based on the first exploration phase. The minimum work program for the first phase has been completed and Loon Corp has received a "no liabilities" letter from the operator of the Peru block, and as such the Company does not anticipate a material exposure to the Loon Guarantee.

Winstar May Fail to Fully Realize its Anticipated Benefits

Taking into account the nature of the business activity of Winstar as an oil and natural gas production company, and Tunisia, an emerging market in which Winstar operates, the Company's investment in Winstar may not meet its economic or financial expectations or the Company may not be able to fully realize the anticipated benefits in connection with this acquisition. This may be caused by:

- risks and uncertainties concerning Winstar specifically, such as: (a) potential actions against the Winstar legal titles and its rights to its lands and leases, (b) potential actions against the Winstar legal titles to certain real estate objects and natural gas wells, (c) potential litigation procedures over the Winstar concessions, (d) failure to obtain, maintain or renew necessary licences and special permits or failure to comply with the terms of its licences and permits or relevant legislation, (e) short-term nature of natural gas sales contracts with customers, and (f) potential actions against Winstar legal titles, assets and its rights to land or leases arising out of or in connection with compliance with its environmental and hazardous waste obligations;

- resource-industry specific risks, such as: (a) regulations concerning price controls at which natural gas and other production is sold, (b) competitive nature of the oil and natural gas industry in Tunisia, and (c) inadequate infrastructure that may affect the transportation of produced natural gas;

- country-related risks or uncertainties relating to Tunisia and arising because it is an emerging market and concerning its potential political or economic instability or uncertainty, as well as the Tunisian legal, judicial and tax system and its potential instability or uncertainty; or

- commencing any regulatory or administrative actions, instigating any dispute or litigation, lodging a claim, issuing an order or undertaking any measure to:

    - suspend, revoke, cancel or terminate any Tunisian concessions;

    - take measures tantamount to the expropriation of any of the Tunisian concessions; or

    - terminate, restrict, invalidate or challenge certain of Winstar's real property rights, including challenging the titles to hold the land and to carry out exploration work.

The occurrence of any of the above-mentioned factors may have a material adverse effect on the Company's financial condition, results of operations or prospects in Tunisia.

Risks Relating to the Company's Market Environment

Competition

Oil and gas exploration is intensely competitive in all its phases and involves a high degree of risk. The Company competes with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Company's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Company. The ability of the Company to increase reserves of oil and natural gas in the future will depend not only on its ability to explore and develop its present properties, but also on whether it is able to select and acquire suitable producing properties or prospects for exploratory drilling. The Company's inability to successfully compete for the acquisition of new oil and gas assets could materially adversely affect the trading price of the Common Shares.

Competitive factors in the distribution and marketing of oil and natural gas include the proximity of and access to transportation infrastructure, transport prices and reliability of delivery.

Competition for exploration and production licences as well as other regional investment or acquisition opportunities may increase in the future. This may lead to increased costs in the carrying on of the Company's activities and reduced available growth opportunities. Any failure by the Company to compete effectively could adversely affect the Company's operating results and financial condition.

Industry Trends

The Company's business, results of operations, financial condition and future growth are substantially dependent on prevailing crude oil prices. The price of crude oil is influenced by the world economy and can be substantially influenced by the ability of the Organization of Petroleum Exporting Countries ("**OPEC**") or other major producers of crude oil to adjust supply to world demand. Crude oil prices have also historically been impacted by political events causing disruptions in the supply of oil and by concerns over potential supply disruptions or actual supply disruptions triggered by regional events.

The impact on the oil and natural gas industry from commodity price volatility is significant. During periods of high prices, producers may generate sufficient cash flows to conduct active exploration programs without external capital. Increased commodity prices frequently translate into very busy periods for service suppliers, triggering premium costs for their services. The acquisition cost of oil and gas exploration and appraisal projects and producing properties similarly increase during these periods. During low commodity price periods, acquisition costs drop, as do internally generated funds to spend on exploration and development activities. During periods of decreased demand, the prices charged by the various service suppliers also tend to decline.

Another trend affecting the international oil and natural gas industry is the impact on capital markets caused by investor uncertainty in the world economy. The competitive nature of the oil and gas industry will cause opportunities for equity financings to be selective. Some companies will have to rely on internally generated funds to conduct their exploration and development programs.

It is impossible to accurately predict future crude oil and natural gas price movements. Any substantial decline in oil and natural gas prices would have a material adverse effect on the Company's revenues, operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of the Company's properties, its planned level of spending for exploration and development and its level of reserves. No assurance can be given that commodity prices will be sustained at levels which will enable the Company to operate profitably.

Any substantial decline in crude oil and/or natural gas prices may also require the Company to write down the capitalized costs of certain oil and natural gas properties. Under IFRS, the net capitalized cost of oil and natural gas properties may not exceed a "ceiling limit", which is based, in part, upon estimated future net cash flows from reserves. If the net capitalized costs exceed this limit, the Company must charge the amount of the excess against earnings. As oil and natural gas prices decline, the Company's net capitalized cost may approach or exceed this cost ceiling, resulting in a charge against earnings. While a writedown would not directly affect cash flow, the charge to earnings could be viewed unfavourably in the market and thus cause an adverse impact on the trading price of the Common Shares or could limit the Company's ability to borrow funds or comply with covenants contained in future credit agreements or other debt instruments. The Company recorded impairment charges against the Tunisian Assets in 2014 and 2015 due to such "ceiling test" limits.

Moreover, environmental legislation is evolving globally in a manner expected to result in stricter standards and enforcement, larger fines and liability, and potentially increased capital expenditures and operating costs. The Company may become subject to further extensive laws, regulations and scrutiny or become subject to more stringent application of existing regulations on drilling, particularly in areas that are environmentally sensitive and/or have not yet been open to drilling.

In the long term, the Company's ability to carry out exploration may be affected by such increased regulation and the terms of licences or permissions may include more stringent environmental and/or health and safety requirements. The obtaining of exploration, development or production licences or concessions, production sharing agreements or production sharing contracts for oil and gas exploration, may become more difficult or be the subject of delay due to governmental, regional or local consultation, approvals or other considerations or requirements.

In addition, the Company may be required to incur additional expenditure or could be required to hire or purchase additional equipment to comply with any new operational, environmental and/or health and safety regulations. The impact of any such regulations or requirements could be to impose a constraint on long-term oil and gas production of the Company and restrict the Company's control over the nature and timing of its exploration, appraisal, development, production and other activities or its ability to undertake these activities at all may be materially and adversely affected, including by substantial delays or material increases in costs. Such additional costs, interruptions or delays could have an adverse impact on the Company's business, prospects, financial condition and results of operations.

Failure by the Company to comply with the applicable legal requirements or recognized international standards may give rise to significant liabilities.

International Economic Risk

The economies of emerging market countries, including those of Ukraine, Tunisia and Romania may not compare favourably with those of developed countries with respect to such issues as growth of gross national product, reinvestment of capital, inflation, resources and balance of payment position. Such economies may rely heavily on particular industries or foreign capital and may be more vulnerable to diplomatic developments, the imposition of economic sanctions against a particular country or countries, changes in international trading patterns, trade barriers and other protectionist or retaliatory measures. Investments in such markets may also be adversely affected by governmental actions such as the imposition of capital controls, nationalization of companies or industries, expropriation of assets or the imposition of punitive taxes. In addition, the governments of certain countries may prohibit or impose substantial restrictions on foreign investing in their capital markets or in certain industries. Any of these actions could severely affect securities prices, impair the ability of the Company to transfer the assets or income of the Company, or otherwise adversely affect the operations of the Company. Other risks that may be associated with markets in emerging market countries include foreign exchange controls, difficulties in pricing securities, defaults on foreign government securities, difficulties in enforcing favourable legal judgments in foreign courts, and political and social instability.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and may be subject to environmental regulation pursuant to a variety of local laws and regulations in which such business is being conducted. Environmental legislation in the countries in which the Company or its subsidiaries carry on, or presently anticipates that it may carry on, business generally provide for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. Such legislation will also usually require that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving globally in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. The Company believes that it is in material compliance with current applicable environmental regulations in the countries in which it carries on business in that it is not aware of, or been notified of any material breach of such regulations. However, no assurance can be given that the interpretation or enforcement of environmental laws in the various jurisdictions in which the Company is active will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or potential for future asset growth.

The Company also conducts operations in Tunisia. Tunisia currently has an environmental legal and institutional framework which compares favorably with the European standards. Tunisia's environmental administration has made progress in developing new environmental standards and a framework for the prevention of pollution that combines economic and ecological regulations, market-based incentives, stepped-up monitoring, and the execution of agreements negotiated between industries and the authorities. The administration's strategy has two main goals: the clean-up of historically heavily polluted areas corresponding roughly to major population and industrial centres and the promotion of "clean" industrial growth with acceptable environmental impact. Tunisia adheres to the Kyoto Accord under Law No. 2002-55 of June 19, 2002.

Romania has progressed in the field of environmental protection law before and further to the date it joined the European Union (January 1, 2007). Apart from the general regulations and principles on environmental protection, the following areas of environmental law are covered by the applicable legal provisions: air, water and soil quality, pollution control and risk management, ecological labelling, management and disposal of waste and dangerous materials, noise, biodiversity, bio-security and preservation, atmospheric pollution and climate change.

Weather

Adverse weather conditions can cause delays and cost increases related to the capital spending programs of the Company such as drilling of exploration and development wells, completion of wells, construction of production facilities and pipelines and the acquisition of seismic data. In Romania, cold temperatures, heavy snows or extremely muddy conditions may cause delays to planned activities. In Tunisia, sandstorms and both high and low temperatures can make operations more difficult and costly.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that is or may be acquired or discovered by the Company is affected by numerous factors beyond its control. In Tunisia, natural gas production particularly in the southern part of the country is constrained by lack of pipeline capacity to move the gas to either power generation plants in the north and central parts of the country, or to the TransMed pipeline through which it could be exported. In Romania, where the Company does not currently produce oil or gas, the Company's future ability to market any oil or gas it produces will depend upon its ability to acquire space on pipelines that deliver oil and natural gas to commercial markets. Availability of pipeline capacity to new customers is determined primarily by volume commitments and the duration of those commitments made by the pipeline operator to existing customers. The Company may also be affected by:

- deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities;

- economic or other sanctions that prohibit, amongst other things, the export of crude oil or petroleum products that originate in countries in which the Company operates;

- operational problems with such pipelines and facilities; and

- extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. Commodity prices may also be impacted by the development of alternative fuel or energy sources.

The Company's profitability and future growth and the carrying value of its oil and gas properties are substantially dependent on prevailing prices of oil and gas. The Company's ability to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include global economic conditions, the actions of the OPEC, governmental regulation, political circumstances in the Middle East and elsewhere, the foreign supply of oil and natural gas, the price of foreign imports and the availability of alternative fuel sources, including unconventional oil and natural gas accumulations. Conflicts, or conversely peaceful developments, arising in areas of the world which produce significant volumes of oil or natural gas, may have a significant impact on the price of oil and natural gas and any individual negative event could result in a material decline in prices and result in a reduction of the Company's net production revenue.

Any substantial decline in oil and natural gas prices would have a material adverse effect on the Company's revenues, operating income, cash flows and borrowing capacity and may require a reduction in the carrying value of the Company's properties, its planned level of spending for exploration and development and its level of reserves. No assurance can be given that commodity prices will be sustained at levels which will enable the Company to operate profitably.

Any substantial decline in crude oil and/or natural gas prices may also require the Company to write down the capitalized costs of certain oil and natural gas properties. While a write-down would not directly affect cash flow, the charge to earnings could be viewed unfavourably in the market and thus cause an adverse impact on the trading price of the Common Shares or could limit the Company's ability to borrow funds or comply with covenants contained in future credit agreements or other debt instruments.

Availability of Equipment and Services

Oil and natural gas exploration and development activities are dependent on the availability of specialized drilling and other equipment, and third-party service contractors to provide such equipment and specialized services related to the drilling, testing, completion and production of oil and natural gas wells in the particular areas where such activities will be conducted. Limited equipment and services availability or access limitations may affect the availability and/or cost of such equipment and services to the Company and may delay exploration and development activities or increase the costs of the Company's exploration, development and production activities.

Limited availability and increased prices may, in particular, result from any significant increase in regional exploration and development activities which in turn may be the consequence of increased or continued high prices for oil or gas. In the areas in which the Company operates, there can be a significant demand for drilling rigs and other equipment and services with such demand increasing and decreasing over time according to general levels of activity in the industry. Failure by the Company to secure necessary equipment and services in a timely manner could delay, restrict or lower the profitability and viability of the Company's activities and adversely affect the Company's business, results of operations or financial condition.

New Technology

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilising new technologies. Other oil and gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies either before the Company does so or in circumstances where Company is not able to do so. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. If the Company is unable to utilize the most advanced commercially available technology, the Company's business, financial condition, results of operations and prospects could be materially adversely affected.

Insurance

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, or gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. The Company's involvement in the exploration for and development of oil and natural gas properties may result in the Company becoming subject to liability for pollution, blowouts, property damage, personal injury or other hazards. All of these risks identified can be covered by various forms of insurance, including "property" insurance for damage to physical assets, "comprehensive general liability" insurance for third-party damages including those from injury and loss of life, and "control-of-well" for damages resulting from a blow-out, fire or explosion during the drilling of a well. The decision as to the quantum of insurance to obtain will be based on a case-by-case assessment of the cost of the insurance premium versus the risk of damages occurring and the consequent potential financial liability.

The Company through indirectly wholly-owned subsidiaries operates its assets in Tunisia and Romania, and places insurance as required for the activity which is to be undertaken. The Company obtains insurance in accordance with industry standards and upon consideration of advice provided by professional insurance brokers to address these risks. However such insurance may have limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The Company does not maintain insurance against governmental expropriation or confiscation of assets, governmental frustration or repudiation of contracts, wrongful calling of guarantees or letters of credit, business interruption, inconvertibility of foreign currency or the inability to repatriate funds or other similar political risks in the locations in which the Company operates. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the financial position of the Company, results of operations or prospects.

Global Capital Markets

The disruptions experienced in the past several years in the international and domestic capital markets have led to reduced liquidity and increased credit risk premiums for certain market participants and have resulted in a reduction of available financing. Companies with operations located in countries in the emerging markets may be particularly susceptible to these disruptions and reductions in the availability of credit or increases in financing costs, which could result in them experiencing financial difficulty. In addition, the availability of credit to entities operating within the emerging and developing markets is significantly influenced by levels of investor confidence in such markets as a whole and as such any factors that impact market confidence (for example, a decrease in credit ratings, state or central bank intervention in one market or terrorist activity and conflict) could affect the price or availability of funding for entities within any of these markets.

Since the advent of the global economic crisis in 2008, certain emerging market economies have been, and may continue to be, adversely affected by market downturns and economic slowdowns elsewhere in the world. As has happened in the past, financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies, could dampen foreign investment in and adversely affect the economies of these countries (including, for example, countries in which the Company operates). The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

In addition, ongoing terrorist activity and armed conflicts in the Middle East, North Africa, West Africa and elsewhere have also had a significant effect on international finance and commodity markets. Any future national or international acts of terrorism or armed conflicts could have an adverse effect on the financial and commodities markets in the countries in which the Company operates and the wider global economy. Any acts of terrorism or armed conflicts causing disruptions of oil and gas exports could adversely affect the Company’s business, financial condition, results of operations or prospects.

Unexpected Shutdowns

Mechanical problems, accidents, leaks or other events at the Company’s pipelines or infrastructure may cause an unexpected production shutdown at its facilities. Political unrest may also lead to a shutdown in production. Any unplanned production shutdown of the Company’s facilities or environmental damage caused by pollution from the Company’s facilities could have a material adverse effect on the Company’s business, production, financial condition and results of operations.

Litigation

The petroleum industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position, results or operations. The Company's business may be materially adversely affected if the Company and/or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Company's business.

Risks Relating to the Ownership of the Common Shares

Controlling Shareholder is able to Exercise Significant Control over the Affairs of the Company

As of the date of this AIF, 39,909,606 Common Shares representing approximately 50.76% of the issued and outstanding Common Shares in the capital of the Company are held by KI. Two directors of the Company, Łukasz Rędziniak and Sebastian Kulczyk, are members of the Management Board of KI.

The shareholding of KI in the Company allows KI to control the outcome of substantially all of the actions taken by the shareholders of the Company, including the election of directors. As of the date of this AIF, KI has sufficient voting power to, among other things, delay, deter or prevent a change in control of the Company that might otherwise be beneficial to its shareholders and may also discourage acquisition bids for the Company and limit the amount certain investors may be willing to pay for the Common Shares.

According to the early warning report filed by KI on SEDAR on June 25, 2013, KI and Radwan collectively hold an aggregate of 40,503,823 Common Shares representing approximately 51.5% of the Common Shares. Radwan may, in certain circumstances, be considered to be a joint actor to KI for the purposes of Canadian securities law, as a result of an agreement in place between Radwan and KI dated September 15, 2010 which entitles Radwan to participate in a percentage of KI's investments and provides that Radwan will vote any securities it purchases pursuant to such agreement in accordance with the directions of KI. The combined shareholding of KI and Radwan in the Company allows KI to control the outcome of substantially all of the actions taken by the shareholders of the Company, including the election of directors. As of the date of this AIF, KI and Radwan have sufficient voting power to, among other things, delay, deter or prevent a change in control of the Company that might otherwise be beneficial to its shareholders and may also discourage acquisition bids for the Company and limit the amount certain investors may be willing to pay for the Common Shares.

Sale of Common Shares by controlling and significant Shareholder(s) could have an adverse effect on the price of the Common Shares

The market price of the Common Shares could decline as a result of sales of a large number of Common Shares in the market or the perception that these sales may occur. These sales, or the possibility that these sales may occur, may make it more difficult for the Company to raise capital through future offerings of Common Shares at a time and at a price that the Company deems appropriate.

The Company cannot predict whether KI will sell any of the Shares it holds in the public market. Sales by KI of a large number of the Shares in the public market, or the potential for such sales, could decrease the trading price of the Common Shares and could impair the Company's ability to raise capital through future offerings of Common Shares.

Dilution Due to Financing or Acquisition Activities

The Company's Articles allow it to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series, for such consideration and on such terms and conditions as shall be established by its Board of Directors, in many cases, without the approval of the shareholders.

In addition, as at the date of this AIF, there were 1,381,600 Common Shares issuable upon the exercise of outstanding options of the Company at prices ranging from CAD $1.56 to USD $6.20 per Common Share. The Company may also issue Common Shares to finance future acquisitions and other projects. The Company cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Shares. If the share capital of the Company is increased and new Common Shares are issued for cash, existing shareholders of Common Shares are not, under the Company's constitutional documents and applicable Canadian law, entitled to pre-emptive or similar rights in respect of those Common Shares to preserve their *pro rata* shareholdings in the Company. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and may experience dilution in earnings per Common Share.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not and has not been a party to, nor is any of the Company's property the subject of and has not been the subject of a legal proceeding for which disclosure is required in this section since the beginning of the financial year ending December 31, 2013.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

General

This section includes a description of the material interest, direct or indirect, of directors or executive officers of Serinus, persons or companies that beneficially own, control, or direct more than 10% of the voting securities of the Company, or an associate or affiliate of any of such directors, executive officers, persons or companies, in transactions conducted by the Company within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

KI Loan

On June 22, 2012, the Company finalized an arrangement with KI for the provision of up to $12.0 million in funding to Serinus to fund Serinus' ongoing working capital requirements. KI agreed to provide funding by way of the KI Loan to Serinus for the principal amount of up to $12.0 million with a term ending December 31, 2012. Interest was payable at a rate of 15.0% per annum, and Serinus could at any time prepay the loan in whole or in part.

On December 11, 2012, the Company and KI entered into an amended and restated loan agreement to, among other things, extend the term of the KI Loan by one year from December 31, 2012 to December 31, 2013 and make amounts owing under the KI Loan convertible into Common Shares. On June 24, 2013, the principal and accrued interest of $13.4 million on the KI Loan was converted into 3,183,268 Common Shares pursuant to the KI Loan Agreement and the 2013 Arrangement.

See "*General Development of the Business – Three-Year History of the Company – KI Loan*".

Acquisition of Winstar Resources

On June 24, 2013 the Company completed the acquisition of Winstar pursuant to the 2013 Arrangement.

Under the terms of the 2013 Arrangement, Winstar shareholders, for each share held, received 7.555 Pre-Consolidation Shares or CAD$2.50 in cash, subject to a maximum of CAD$35 million in cash, with such cash provided by KI. The maximum cash consideration was elected, resulting in KI acquiring

14,000,000 Winstar shares at closing, which were then exchanged for Common Shares of the Company in accordance with the terms of the 2013 Arrangement, of which 10,577,000 Common Shares were issued to KI. In addition, upon closing of the 2013 Arrangement, Mr. Evgenij Iorich, a director of Winstar, became a director of Serinus.

Dutco Strategic Relationship and Dutco Loan

In July 2013, Serinus and Dutco announced the formalization of a strategic relationship. Gary King, a director of the Company, was at that time, Chief Executive Officer of Dutco Natural Resources Investments Ltd., an affiliate of Dutco. The following were part of that strategic relationship:

- the Brunei Option and the Dutco Conversion Right;
- Serinus and Dutco agreed that for a period of one year, commencing July 17, 2013, they would jointly explore opportunities to collaborate on oil and gas investments in Tunisia; and
- Serinus and Dutco entered into the Dutco Loan. As at December 31, 2013, the full $15 million had been drawn on this facility, and was subsequently repaid in full during 2014.

For further information on the strategic relationship with Dutco, see *"General Development of the Business – Dutco Strategic Relationship and Dutco Loan".*

TRANSFER AGENT AND REGISTRAR

The registrar and transfer agent for the Common Shares is Computershare Trust Company of Canada at its principal office in Calgary, Alberta.

MATERIAL CONTRACTS

The following is a list of material contracts required to be disclosed under National Instrument 51-102 *Continuous Disclosure Obligations*, which were entered into within the last financial year or are still in effect as of the date hereof, broken down into contracts entered into in the ordinary course of business and contracts entered into outside the ordinary course of business.

Material Contracts Entered into in the Ordinary Course of Business

For further information on the following agreements, see "*Principal Oil and Gas Assets – Romania - Material Agreements*".

- *Satu Mare Concession Agreement*
- *Satu Mare Farm Out Agreement*

Material Contracts Entered into Outside the Ordinary Course of Business

For further information on the following agreement, see "*Principal Oil and Gas Assets – Ukraine - Material Agreements"*. Note that with the sale of the Ukraine assets subsequent to year end, the purchaser has assumed all the rights and obligations stemming from those agreements.

- *Shareholders' Agreement ("**SHA**")*
- *Technical Services Agreements*

For further information on the following agreements, please see "*General Development of the Business – Acquisition of Winstar Resources*", *"General Development of the Business – EBRD Loan Facility – Tunisia*", *"General Development of the Business – EBRD Loan Facility – Romania*" and "*General Development of the Business – Dutco Loan*".

- Arrangement agreement dated April 24, 2013 among the Company, KI and Winstar, pursuant to which the 2013 Arrangement was effected. The particulars of the arrangement agreement dated April 24, 2013 are contained in the material change report dated May 6, 2013, which is hereby incorporated by reference into this AIF and which is available under the Company's profile on SEDAR at www.sedar.com.

- *EBRD Loan Facility - Tunisia*

- *EBRD Loan Facility - Romania*

- *Dutco Loan*

INTERESTS OF EXPERTS

KPMG LLP, Chartered Accountants (the auditors of the Company) prepared an auditors' report on the consolidated balance sheets of the Company as at December 31, 2015, and the consolidated statement of operations and retained earnings and cash flows for the year then ended, which auditor's report relates to the most recently completed fiscal year of the Company. As of March 16, 2016, KPMG LLP, Chartered Accountants have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

Information relating to the proven, probable and possible reserves of the Company in Tunisia and Romania included in this AIF were evaluated by RPS, as an independent third party qualified reserves evaluators. As of the date hereof, to the knowledge of the Company, the partners, employees and associates of RPS, as a group, own, directly or indirectly, less than 1% of the outstanding Common Shares.

ADDITIONAL INFORMATION

Additional information regarding the Company may be found on SEDAR at www.sedar.com. In particular, additional information, including director's and officer's remuneration and indebtedness, the principal holders of Common Shares and the securities authorized for issuance under equity compensation plans, is contained in the Company's information circular dated April 23, 2015 relating to the annual and special meeting of shareholders on May 20, 2015. Additional financial information is provided in the audited consolidated financial statements of the Company as at, and for the year ended, December 31, 2015 and management's discussion and analysis for the financial year ended December 31, 2015.

APPENDIX A

SERINUS ENERGY INC.
STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION
(Form 51-101F1)

For the Year Ended December 31, 2015

March 30, 2016

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Part 1 – Introduction

The effective date of the information being provided in this statement is December 31, 2015 unless otherwise indicated. The preparation date of such information is March 14, 2016.

In accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, the tables contained in this filing are a summary of the oil and natural gas reserves and the value of future net revenue of Serinus Energy Inc. (the "**Company**", "**Serinus**" or "**SEN**") as evaluated by RPS Energy ("**RPS**") effective as at December 31, 2015, based on their report (the "**RPS Report**") dated March 14, 2015. RPS is an independent qualified reserves evaluator and auditor.

The RPS Report evaluated the reserves of KUB-Gas LLC ("**KUB-Gas**"), a natural gas and natural gas liquids producing company in Ukraine. At December 31, 2015, the Company indirectly owned a 70% interest in a subsidiary (KUBGas Holdings Limited) which in turn owned 100% of the shares of KUB-Gas. As per IFRS regulations, Serinus reports its financial and operating results on a consolidated basis (ie, including 100% of the Ukraine operations). To provide investors with greater clarity, the Company and the RPS Report show the reserves and discounted cash flow values for both the 100% full field interest of KUB-Gas consistent with its financial reports, and for the Company's effective 70% working interest share.

As was disclosed on December 23, 2015, Serinus reached an agreement to sell all its interests in Ukraine to Resano Trading Ltd., and affiliate of the Burisma Group. The disposition was accomplished by way of the sale of all of the Company's shares in KUBGas Holdings and closed in early February 2016. **As of early February 2016, Serinus no longer has any interest in KUBGas Holdings or any of the Ukraine assets or the reserves evaluated in the RPS Report described above.**

The RPS Report also evaluated the reserves of Winstar Tunisia B.V., an indirect 100% owned subsidiary of the Company. Winstar Tunisia owns and operates five concessions and permits in Tunisia..

The RPS Report also evaluated the resources of Winstar Satu Mare S.A., an indirect 100% owned subsidiary of the Company. Winstar Satu Mare owns and operates the Satu Mare licence in northwest Romania.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Company's reserves estimated by RPS represent the fair market value of those reserves. The recovery and reserve estimates of the Company's natural gas and natural gas liquids reserves provided are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided.

In preparing this report, RPS relied upon certain factual information and data furnished by the Company and KUB-Gas with respect to ownership interests, natural gas and natural gas liquids production, historical costs of operation and development, product prices, agreements relating to current and future operations, sales of production, and other relevant data. The extent and character of all factual information and data supplied were relied upon by RPS in preparing their report and was accepted as represented without independent verification. RPS relied upon representations made by the Company as to the completeness and accuracy of the data provided and that no material changes in the performance of the properties has occurred nor is expected to occur, from that which was projected in this report, between the date that the data was obtained for this evaluation and the date of this report, and that no new data has come to light that may result in a material change to the evaluation of the reserves presented in this report.

The evaluation has been conducted within RPS's understanding of petroleum legislation, taxation and other regulations that currently apply to these interests. However, RPS is not in a position to and did not attest to the property title, financial interest relationships or encumbrances related to the Ukrainian licenses.

The evaluation reflects RPS's informed judgment based on the Canadian Oil and Gas Evaluation Handbook Standards, but is subject to generally recognised uncertainties associated with the interpretation of geological, geophysical and engineering data. The reported hydrocarbon resource volumes are estimates based on professional engineering judgment and are subject to future revisions, upward or downward, as a result of future operations or as additional information become available.

Part 2 – Disclosure of Reserves Data

The following tables are prepared from information contained in the RPS Report as of December 31, 2015. Some of the numbers in the tables may not add due to rounding.

Reserves Data

SUMMARY OF OIL, NATURAL GAS AND NATURAL GAS LIQUIDS RESERVES
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

FORM 51-101F1 **TABLE 2.1.1**

SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2015
FORECAST PRICES AND COSTS

Ukraine WI 100%

	RESERVES									
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS		SULFUR	
RESERVE CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMscf)	Net (MMscf)	Gross (Mbbl)	Net (Mbbl)	Gross (Mltl)	Gross (Mltl)
TUNISIA (Company Working Interest)										
PROVED										
Developed Producing	1,468	1,279	-	-	2,578	2,322	-	-	-	-
Developed Non Producing	167	144	-	-	1,337	1,146	134	114	-	-
Undeveloped	848	768	-	-	1,806	1,689	-	-	-	-
TOTAL PROVED	**2,483**	**2,191**	**-**	**-**	**5,722**	**5,156**	**134**	**114**	**-**	**-**
PROBABLE	5,610	4,869	-	-	14,490	12,955	189	-	-	-
TOTAL PROVED PLUS PROBABLE	**8,093**	**7,060**	**-**	**-**	**20,212**	**18,112**	**324**	**114**	**-**	**-**
Ukraine (100% Working Interest)										
PROVED										
Developed Producing	-	-	-	-	18,397	13,062	86	47	-	-
Developed Non Producing	-	-	-	-	6,251	4,438	29	16	-	-
Undeveloped	-	-	-	-	9,060	6,433	58	32	-	-
TOTAL PROVED	**-**	**-**	**-**	**-**	**33,707**	**23,932**	**174**	**95**	**-**	**-**
PROBABLE	-	-	-	-	23,398	16,612	192	106	-	-
TOTAL PROVED PLUS PROBABLE	**-**	**-**	**-**	**-**	**57,105**	**40,544**	**366**	**201**	**-**	**-**
TOTAL COMPANY										
PROVED										
Developed Producing	1,468	1,279	-	-	20,975	15,383	86	47	-	-
Developed Non Producing	167	144	-	-	7,588	5,584	163	130	-	-
Undeveloped	848	768	-	-	10,866	8,121	58	32	-	-
TOTAL PROVED	**2,483**	**2,191**	**-**	**-**	**39,429**	**29,088**	**308**	**210**	**-**	**-**
PROBABLE	5,610	4,869	-	-	37,888	29,567	381	106	-	-
TOTAL PROVED PLUS PROBABLE	**8,093**	**7,060**	**-**	**-**	**77,316**	**58,656**	**689**	**315**	**-**	**-**

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document

(2) Serinus sold all of its interests in Ukraine in early February 2016

SUMMARY OF NET OIL, NATURAL GAS AND NATURAL GAS LIQUIDS RESERVES
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

FORM 51-101F1 **TABLE 2.1.1**

SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2015
FORECAST PRICES AND COSTS

Company Working Interest Volumes

Ukraine WI 70%

	RESERVES									
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS		SULFUR	
RESERVE CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMscf)	Net (MMscf)	Gross (Mbbl)	Net (Mbbl)	Gross (Mltl)	Gross (Mltl)
TUNISIA (Company Working Interest)										
PROVED										
Developed Producing	1,468	1,279	-	-	2,578	2,322	-	-	-	-
Developed Non Producing	167	144	-	-	1,337	1,146	134	114	-	-
Undeveloped	848	768	-	-	1,806	1,689	-	-	-	-
TOTAL PROVED	**2,483**	**2,191**	**-**	**-**	**5,722**	**5,156**	**134**	**114**	**-**	**-**
PROBABLE	5,610	4,869	-	-	14,490	12,955	189	-	-	-
TOTAL PROVED PLUS PROBABLE	**8,093**	**7,060**	**-**	**-**	**20,212**	**18,112**	**324**	**114**	**-**	**-**
Ukraine (70% Working Interest)										
PROVED										
Developed Producing	-	-	-	-	12,878	9,143	60	33	-	-
Developed Non Producing	-	-	-	-	4,375	3,107	20	11	-	-
Undeveloped	-	-	-	-	6,342	4,503	41	22	-	-
TOTAL PROVED	**-**	**-**	**-**	**-**	**23,595**	**16,752**	**121**	**67**	**-**	**-**
PROBABLE	-	-	-	-	16,378	11,629	135	74	-	-
TOTAL PROVED PLUS PROBABLE	**-**	**-**	**-**	**-**	**39,973**	**28,381**	**256**	**141**	**-**	**-**
TOTAL COMPANY										
PROVED										
Developed Producing	1,468	1,279	-	-	15,456	11,465	60	33	-	-
Developed Non Producing	167	144	-	-	5,712	4,252	155	125	-	-
Undeveloped	848	768	-	-	8,148	6,192	41	22	-	-
TOTAL PROVED	**2,483**	**2,191**	**-**	**-**	**29,317**	**21,909**	**256**	**181**	**-**	**-**
PROBABLE	5,610	4,869	-	-	30,868	24,584	324	74	-	-
TOTAL PROVED PLUS PROBABLE	**8,093**	**7,060**	**-**	**-**	**60,185**	**46,493**	**580**	**255**	**-**	**-**

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document

(2) Serinus sold all of its interests in Ukraine in early February 2016

SUMMARY OF AGGREGATE NET PRESENT VALUES OF FUTURE NET REVENUE
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

FORM 51-101F1

TABLE 2.1.2

NET PRESENT VALUE OF FUTURE NET REVENUE
as of December 31, 2015
FORECAST PRICES AND COSTS

Ukraine WI 100%

RESERVE CATEGORY	NET PRESENT VALUE OF FUTURE NET REVENUE (US$ millions)									
	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
TUNISIA (Company Working Interest)										
PROVED										
Developed Producing	18.8	18.9	18.3	17.5	16.5	3.7	6.2	7.4	7.9	7.9
Developed Non Producing	15.9	13.9	11.9	10.1	8.5	9.9	9.2	8.1	7.0	6.0
Undeveloped	36.5	21.7	12.5	6.7	3.0	16.9	10.0	5.7	2.9	1.1
TOTAL PROVED	**71.3**	**54.5**	**42.8**	**34.3**	**28.0**	**30.5**	**25.4**	**21.2**	**17.8**	**15.0**
PROBABLE	435.0	248.3	160.4	112.2	82.7	216.1	132.6	88.2	62.4	46.2
TOTAL PROVED PLUS PROBABLE	**506.3**	**302.8**	**203.2**	**146.5**	**110.8**	**246.6**	**158.0**	**109.4**	**80.2**	**61.2**
Ukraine (100% Working Interest)										
PROVED										
Developed Producing	56.5	51.5	47.2	43.4	40.1	48.9	45.1	41.7	38.6	36.0
Developed Non Producing	27.3	22.7	19.2	16.6	14.4	22.6	18.7	15.7	13.5	11.7
Undeveloped	16.1	10.2	5.9	2.8	0.5	12.5	7.2	3.3	0.6	(1.4)
TOTAL PROVED	**99.9**	**84.4**	**72.3**	**62.7**	**55.1**	**84.0**	**71.0**	**60.7**	**52.7**	**46.3**
PROBABLE	132.1	87.6	61.3	44.9	34.2	109.3	72.4	50.5	36.8	28.0
TOTAL PROVED PLUS PROBABLE	**232.0**	**172.0**	**133.6**	**107.6**	**89.3**	**193.3**	**143.4**	**111.2**	**89.5**	**74.2**
TOTAL COMPANY										
PROVED										
Developed Producing	75.3	70.5	65.5	60.8	56.6	52.6	51.4	49.1	46.5	43.9
Developed Non Producing	43.2	36.7	31.2	26.7	23.0	32.5	27.9	23.9	20.5	17.7
Undeveloped	52.7	31.9	18.4	9.5	3.5	29.4	17.2	9.0	3.5	(0.3)
TOTAL PROVED	**171.2**	**139.0**	**115.1**	**97.0**	**83.1**	**114.5**	**96.4**	**82.0**	**70.5**	**61.3**
PROBABLE	567.1	335.9	221.7	157.1	117.0	325.4	205.0	138.7	99.2	74.1
TOTAL PROVED PLUS PROBABLE	**738.3**	**474.9**	**336.8**	**254.1**	**200.1**	**439.9**	**301.4**	**220.7**	**169.7**	**135.4**

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document.

(2) Serinus sold all of its interests in Ukraine in early February 2016

SUMMARY OF AGGREGATE NET PRESENT VALUES OF FUTURE NET REVENUE
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

FORM 51-101F1

TABLE 2.1.2

NET PRESENT VALUE OF FUTURE NET REVENUE
as of December 31, 2015
FORECAST PRICES AND COSTS

Company Working Interest Values

Ukraine WI 70%

RESERVE CATEGORY	NET PRESENT VALUE OF FUTURE NET REVENUE (US$ millions)									
	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
TUNISIA (Company Working Interest)										
PROVED										
Developed Producing	18.8	18.9	18.3	17.5	16.5	3.7	6.2	7.4	7.9	7.9
Developed Non Producing	15.9	13.9	11.9	10.1	8.5	9.9	9.2	8.1	7.0	6.0
Undeveloped	36.5	21.7	12.5	6.7	3.0	16.9	10.0	5.7	2.9	1.1
TOTAL PROVED	**71.3**	**54.5**	**42.8**	**34.3**	**28.0**	**30.5**	**25.4**	**21.2**	**17.8**	**15.0**
PROBABLE	435.0	248.3	160.4	112.2	82.7	216.1	132.6	88.2	62.4	46.2
TOTAL PROVED PLUS PROBABLE	**506.3**	**302.8**	**203.2**	**146.5**	**110.8**	**246.6**	**158.0**	**109.4**	**80.2**	**61.2**
Ukraine (70% Working Interest)										
PROVED										
Developed Producing	39.5	36.1	33.0	30.4	28.1	34.2	31.6	29.2	27.0	25.2
Developed Non Producing	19.1	15.9	13.5	11.6	10.1	15.8	13.1	11.0	9.4	8.2
Undeveloped	11.3	7.1	4.1	1.9	0.3	8.8	5.0	2.3	0.4	(1.0)
TOTAL PROVED	**69.9**	**59.1**	**50.6**	**43.9**	**38.5**	**58.8**	**49.7**	**42.5**	**36.9**	**32.4**
PROBABLE	92.5	61.3	42.9	31.4	24.0	76.5	50.7	35.3	25.8	19.6
TOTAL PROVED PLUS PROBABLE	**162.4**	**120.4**	**93.5**	**75.3**	**62.5**	**135.3**	**100.4**	**77.9**	**62.7**	**52.0**
TOTAL COMPANY										
PROVED										
Developed Producing	58.4	55.0	51.3	47.8	44.6	37.9	37.8	36.6	34.9	33.1
Developed Non Producing	35.0	29.8	25.4	21.7	18.6	25.7	22.3	19.2	16.5	14.2
Undeveloped	47.8	28.8	16.6	8.7	3.3	25.7	15.0	8.0	3.3	0.1
TOTAL PROVED	**141.2**	**113.7**	**93.4**	**78.2**	**66.6**	**89.3**	**75.1**	**63.7**	**54.7**	**47.4**
PROBABLE	527.5	309.6	203.3	143.6	106.7	292.6	183.3	123.5	88.2	65.8
TOTAL PROVED PLUS PROBABLE	**668.7**	**423.3**	**296.7**	**221.8**	**173.3**	**381.9**	**258.4**	**187.3**	**142.9**	**113.2**

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document.

(2) Serinus sold all of its interests in Ukraine in early February 2016

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
AS AT DECEMBER 31, 2015
BASED ON FORECAST PRICES AND COSTS

FORM 51-101F1

TABLE 2.1.3a

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
as of December 31, 2015
FORECAST PRICES AND COSTS

Ukraine WI 100%

RESERVE CATEGORY	REVENUE (MM$US)	ROYALTIES (MM$US)	OTHER REVENUE (MM$US)	OPERATING COSTS (MM$US)	DEVELOPMENT COSTS (MM$US)	ABANDON-MENT COSTS (MM$US)	FUTURE NET REVENUE BEFORE INCOME TAXES (MM$US)	INCOME TAXES (MM$US)	FUTURE NET REVENUE AFTER INCOME TAXES (MM$US)
TUNISIA (Company Working Interest)									
TOTAL PROVED	252.4	28.7	0.0	98.9	28.8	24.7	71.3	40.8	30.5
TOTAL PROVED PLUS PROBABLE	1077.7	133.8	0.0	359.9	49.4	28.3	506.3	259.7	246.6
Ukraine (100% Working Interest)									
TOTAL PROVED	259.0	76.5	0.0	25.5	48.6	8.5	99.9	15.9	84.0
TOTAL PROVED PLUS PROBABLE	485.5	144.1	0.0	44.2	54.9	10.2	232.0	38.7	193.3
TOTAL COMPANY									
TOTAL PROVED	511.5	105.2	0.0	124.3	77.5	33.2	171.2	56.7	114.5
TOTAL PROVED PLUS PROBABLE	1563.1	278.0	0.0	404.1	104.3	38.4	738.3	298.4	439.9

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document.

(2) Serinus sold all of its interests in Ukraine in early February 2016

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
AS AT DECEMBER 31, 2015
BASED ON FORECAST PRICES AND COSTS

FORM 51-101F1

TABLE 2.1.3a

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
as of December 31, 2015
FORECAST PRICES AND COSTS
Company Working Interest Values

Ukraine WI 70%

RESERVE CATEGORY	REVENUE (MM$US)	ROYALTIES (MM$US)	OTHER REVENUE (MM$US)	OPERATING COSTS (MM$US)	DEVELOPMENT COSTS (MM$US)	ABANDON-MENT COSTS (MM$US)	FUTURE NET REVENUE BEFORE INCOME TAXES (MM$US)	INCOME TAXES (MM$US)	FUTURE NET REVENUE AFTER INCOME TAXES (MM$US)
TUNISIA (Company Working Interest)									
TOTAL PROVED	252.4	28.7	0.0	98.9	28.8	24.7	71.3	40.8	30.5
TOTAL PROVED PLUS PROBABLE	1077.7	133.8	0.0	359.9	49.4	28.3	506.3	259.7	246.6
Ukraine (70% Working Interest)									
TOTAL PROVED	181.3	53.5	0.0	17.8	34.0	6.0	69.9	11.1	58.8
TOTAL PROVED PLUS PROBABLE	339.8	100.9	0.0	31.0	38.4	7.1	162.4	27.1	135.3
TOTAL COMPANY									
TOTAL PROVED	433.8	82.3	0.0	116.7	62.9	30.7	141.2	51.9	89.3
TOTAL PROVED PLUS PROBABLE	1417.5	234.7	0.0	390.9	87.8	35.4	668.7	286.8	381.9

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document

(2) Serinus sold all of its interests in Ukraine in early February 2016

FUTURE NET REVENUE BY PRODUCTION GROUP BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2015

Ukraine WI 100%

FORM 51-101F1 **TABLE 2.1.3c-i**

FUTURE NET REVENUE BY PRODUCTION GROUP
as of December 31, 2015
FORECAST PRICES AND COSTS

	FUTURE NET REVENUE BY PRODUCTION GROUP BEFORE INCOME TAXES Net present value discounted at 10% per year		
RESERVE CATEGORY	LIGHT AND MEDIUM OIL (including solution gas and other by-products) ($US Millions)	HEAVY OIL (including solution gas and other by-products) ($US Millions)	CONVENTIONAL NATURAL GAS (including by-products but excluding solution gas from oil wells) ($US Millions)
TUNISIA (Company Working Interest)			
TOTAL PROVED	42.77	-	-
TOTAL PROVED PLUS PROBABLE	203.19	-	-
Ukraine (100% Working Interest)			
TOTAL PROVED	-	-	72.29
TOTAL PROVED PLUS PROBABLE	-	-	133.58
TOTAL COMPANY			
TOTAL PROVED	42.77	-	72.29
TOTAL PROVED PLUS PROBABLE	203.19	-	133.58

Ukraine WI 70%

FORM 51-101F1 **TABLE 2.1.3c-i**

FUTURE NET REVENUE BY PRODUCTION GROUP
as of December 31, 2015
FORECAST PRICES AND COSTS
Company Working Interest Values

	FUTURE NET REVENUE BY PRODUCTION GROUP BEFORE INCOME TAXES Net present value discounted at 10% per year		
RESERVE CATEGORY	LIGHT AND MEDIUM OIL (including solution gas and other by-products) ($US Millions)	HEAVY OIL (including solution gas and other by-products) ($US Millions)	NATURAL GAS (including by-products but excluding solution gas from oil wells) ($US Millions)
TUNISIA (Company Working Interest)			
TOTAL PROVED	42.77	-	-
TOTAL PROVED PLUS PROBABLE	203.19	-	-
Ukraine (70% Working Interest)			
TOTAL PROVED	-	-	50.60
TOTAL PROVED PLUS PROBABLE	-	-	93.50
TOTAL COMPANY			
TOTAL PROVED	42.77	-	50.60
TOTAL PROVED PLUS PROBABLE	203.19	-	93.50

Notes:
(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document
(2) Serinus sold all of its interests in Ukraine in early February 2016

FORM 51-101F1	TABLE 2.1.3c-ii		
FUTURE NET REVENUE (UNIT VALUE BASIS) BY PRODUCTION GROUP as of December 31, 2015 FORECAST PRICES AND COSTS			
	FUTURE NET REVENUE BY PRODUCTION GROUP Net present value discounted at 10% per year		
RESERVE CATEGORY	LIGHT AND MEDIUM OIL (including solution gas and other by-products) ($US/bbl)	HEAVY OIL (including solution gas and other by-products) ($US/bbl)	CONVENTIONAL NATURAL GAS (including by-products but excluding solution gas from oil wells) ($US/Mcf)
TUNISIA			
TOTAL PROVED	13.51	-	0.00
TOTAL PROVED PLUS PROBABLE	19.93	-	0.00
UKRAINE			
TOTAL PROVED	-	-	2.95
TOTAL PROVED PLUS PROBABLE	-	-	3.20
TOTAL COMPANY			
TOTAL PROVED	13.51	-	2.95
TOTAL PROVED PLUS PROBABLE	19.93	-	3.20

FORM 51-101F1	TABLE 2.1.3c-ii		
FUTURE NET REVENUE (UNIT VALUE BASIS) BY PRODUCTION GROUP as of December 31, 2015 FORECAST PRICES AND COSTS Company Working Interest Values			
	FUTURE NET REVENUE BY PRODUCTION GROUP Net present value discounted at 10% per year		
RESERVE CATEGORY	LIGHT AND MEDIUM OIL (including solution gas and other by-products) ($US/bbl)	HEAVY OIL (including solution gas and other by-products) ($US/bbl)	NATURAL GAS (including by-products but excluding solution gas from oil wells) ($US/Mcf)
TUNISIA (Company Working Interest)			
TOTAL PROVED	13.51	-	0.00
TOTAL PROVED PLUS PROBABLE	19.93	-	0.00
Ukraine (70% Working Interest)			
TOTAL PROVED	-	-	2.95
TOTAL PROVED PLUS PROBABLE	-	-	3.20
TOTAL COMPANY			
TOTAL PROVED	13.51	-	2.95
TOTAL PROVED PLUS PROBABLE	19.93	-	3.20

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document

(2) Serinus sold all of its interests in Ukraine in early February 2016

Notes to Evaluation of Reserves and Future Net Revenues:

1. "Gross Reserves" are the Company's working interest (operated or non-operated) share before deduction of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operated or non-operated) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. There is a 90% probability that the actual remaining quantities recovered will equal or exceed the estimated proved reserves.
3. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
4. "Possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.
5. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
8. "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
9. “Contingent Resources” are defined as those quantities of petroleum estimated, on a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as "contingent resources" the estimated discovered recoverable quantities associated with a project in the early project stage.

Part 3 - Pricing Assumptions

The following table details the benchmark reference prices used in the evaluation of the properties in which the Company had reserves as at December 31, 2015, and are reflected in the reserves data disclosed above under "Part 2 – Disclosure of Reserves Data". Forecast prices are provided by RPS, which is an independent qualified reserves evaluator and auditor. The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. Ukraine Natural Gas forecast prices are based on gas prices realized in early 2016, and linked to future changes to the forecast change in the Brent crude price. Ukraine condensate price is forecast to be 77.2% of the Brent price based on the actual differential experienced by the Company during 2015. Tunisia oil forecast prices are based on Brent and natural gas prices are tied to the 9 month trailing average of low sulphur heating oil, also benchmarked to Brent.

FORM 51-101F1 **Table 3.2**

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS

FORECAST PRICES AND COSTS

as of December 31, 2015

Year	Oil Benchmarks		Tunisia Domestic Gas		Ukraine		Inflation Rate	Currency Exchange Rates
	WTI at Cushing Oklahoma	Brent @ Sollem Voe	Sabria	Chouech / Ech Chouec	Realized Condensate Price	Realized Gas Price		
	US$/bbl	US$/bbl	US$/Mcf	US$/Mcf	US$/bbl	US$/Mcf	%/annum	US$/CAD$
2016	43.00	44.00	7.15	7.78	33.96	5.99	2.0	0.76
2017	49.00	50.00	8.13	8.84	38.60	6.43	2.0	0.76
2018	57.00	58.00	9.43	10.25	44.77	7.02	2.0	0.76
2019	65.00	65.00	10.57	11.49	50.17	7.53	2.0	0.76
2020	73.00	73.00	11.87	12.91	56.35	8.12	2.0	0.76
2021	78.00	78.00	12.68	13.79	60.21	8.49	2.0	0.76
2022	83.00	83.00	13.49	14.67	64.07	8.86	2.0	0.76
2023	88.00	88.00	14.30	15.56	67.93	9.23	2.0	0.76
2024	93.00	93.00	15.12	16.44	71.79	9.60	2.0	0.76
2025	95.61	95.61	15.54	16.90	73.80	9.79	2.0	0.76
2026	97.52	97.52	15.85	17.24	75.28	9.93	2.0	0.76
2027	99.47	99.47	16.17	17.59	76.78	10.07	2.0	0.76
2028	101.46	101.46	16.49	17.94	78.32	10.22	2.0	0.76
2029	103.49	103.49	16.82	18.30	79.88	10.37	2.0	0.76
2030	105.56	105.56	17.16	18.66	81.48	10.52	2.0	0.76
2031	107.67	107.67	17.50	19.04	83.11	10.68	2.0	0.76
2032	109.82	109.82	17.85	19.42	84.77	10.84	2.0	0.76
2033	112.02	112.02	18.21	19.80	86.47	11.00	2.0	0.76
2034	114.26	114.26	18.57	20.20	88.20	11.16	2.0	0.76

Currency Abbreviations

CAD$	Canadian Dollar
US$	United States Dollar

Part 4 – Reconciliation of Changes in Reserves

The following tables set forth a reconciliation of the changes in the Company's gross reserves as at December 31, 2015 against such reserves as at December 31, 2014 based on the forecast price and cost assumptions stated on page 14 of this document:

FORM 51-101F1

TABLE 4.1

RECONCILIATION OF COMPANY GROSS RESERVES
BY PRINCIPAL PRODUCT TYPE

FORECAST PRICES AND COSTS

Ukraine WI 100%

FACTORS	LIGHT AND MEDIUM OIL (NGL's and C5+ not included)			HEAVY OIL			ASSOCIATED AND NON-ASSOCIATED GAS		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved + Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved + Probable (Mbbl)	Gross Proved (MMscf)	Gross Probable (MMscf)	Gross Proved + Probable (MMscf)
TUNISIA (Company Working Interest)									
December 31, 2014	2,942	5,108	8,050	-	-	-	7,277	12,704	19,981
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	(150)	502	373	-	-	-	(920)	1,786	(100)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	77	-	56	-	-	-	4	-	969
Production + Inventory changes	(386)	-	(386)	-	-	-	(639)	-	(639)
December 31, 2015	2,483	5,610	8,093	-	-	-	5,722	14,490	20,212
Ukraine (100% Working Interest)									
December 31, 2014	-	-	-	-	-	-	27,926	36,570	64,496
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-			
Technical Revisions	-	-	-	-	-	-	10,781	(13,172)	(1,122)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	3,376	-	2,106
Production + Inventory changes	-	-	-	-	-	-	(8,376)	-	(8,376)
December 31, 2015	-	-	-	-	-	-	33,707	23,398	57,105
TOTAL COMPANY									
December 31, 2014	2,942	5,108	8,050	-	-	-	35,203	49,274	84,477
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	(150)	502	373	-	-	-	9,861	(11,082)	(1,221)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	77	-	56	-	-	-	3,379	(304)	3,075
Production + Inventory changes	(386)	-	(386)	-	-	-	(9,014)	-	(9,014)
December 31, 2015	2,483	5,610	8,093	-	-	-	39,429	37,888	77,316

Notes:

(1) See definitions of “proved”, “probable” and “possible” reserves on page 13 of this document.
(2) Serinus sold all of its interests in Ukraine in early February 2016

FORM 51-101F1

TABLE 4.1

RECONCILIATION OF COMPANY GROSS RESERVES
BY PRINCIPAL PRODUCT TYPE

FORECAST PRICES AND COSTS

Ukraine WI 70%

Company Working Interest Volumes

FACTORS	LIGHT AND MEDIUM OIL (NGL's and C5+ not included)			HEAVY OIL			ASSOCIATED AND NON-ASSOCIATED GAS		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved + Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved + Probable (Mbbl)	Gross Proved (MMscf)	Gross Probable (MMscf)	Gross Proved + Probable (MMscf)
TUNISIA (Company Working Interest)									
December 31, 2014	2,942	5,108	8,050	-	-	-	7,277	12,704	19,981
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	(150)	502	373	-	-	-	(920)	1,786	(100)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	77	-	56	-	-	-	4	-	969
Production + Inventory changes	(386)	-	(386)	-	-	-	(639)	-	(639)
December 31, 2015	2,483	5,610	8,093	-	-	-	5,722	14,490	20,212
Ukraine (70% Working Interest)									
December 31, 2014	-	-	-	-	-	-	19,548	25,599	45,147
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-	7,547	(9,221)	(785)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	-	-	-	-	-	-	2,363	-	1,474
Production + Inventory changes	-	-	-	-	-	-	(5,863)	-	(5,863)
							-	-	-
December 31, 2015	-	-	-	-	-	-	23,595	16,378	39,973
TOTAL COMPANY									
December 31, 2014	2,942	5,108	8,050	-	-	-	26,825	38,303	65,128
Extensions	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Technical Revisions	(150)	502	373	-	-	-	6,626	(7,511)	(885)
Discoveries	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	77	-	56	-	-	-	2,367	77	2,443
Production + Inventory changes	(386)	-	(386)	-	-	-	(6,502)	-	(6,502)
December 31, 2015	2,483	5,610	8,093	-	-	-	29,317	30,868	60,185

Notes:

(1) See definitions of "proved", "probable" and "possible" reserves on page 13 of this document.

(2) Serinus sold all of its interests in Ukraine in early February 2016

Part 5 – Additional Information Relating to Reserves Data

Undeveloped Reserves *(all volumes reported in this section are done so on a consolidated net basis, ie, after the deduction of royalties and including 100% of the Ukraine assets)*

Proved Undeveloped Reserves

The proved undeveloped net reserves of the Company as at December 31, 2015 were 768 Mbbl of light and medium oil, 8,121 MMcf of natural gas and 32 Mbbl of natural gas liquids, for a total of 2,154 Mboe of proved undeveloped reserves.

The Company attributes proved undeveloped reserves on the basis of those reserves expected to be recovered from known accumulations where significant expenditure (eg. when compared to the cost of drilling a well) is required to render them capable of production. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. The Company's plan is to develop its proven undeveloped reserves over the next two years through techniques including stimulation treatments (including fracture stimulations, selective acidizing), dual completions, and further drilling.

Probable Reserves

The probable net reserves of the Company as at December 31, 2015 were 4,869 Mbbl of light and medium oil, 106 Mbbl of natural gas liquids and 29,567 MMcf of natural gas for a total of 9,902 Mboe of probable reserves.

The Company attributes probable reserves on the basis of those reserves expected to be recovered from known accumulations where significant expenditure (eg. when compared to the cost of drilling a well) is required to render them capable of production. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. The Company's plan is to develop its probable undeveloped reserves through further drilling, and techniques including stimulation treatments (including frac's, selective acidizing) and dual completions.

The Company presently anticipates that it will commence development of its probable undeveloped reserves within the next two years.

Significant Factors or Uncertainties Affecting Reserves Data

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change. The Company's estimates of its reserves are based on current production forecasts, prices and economic conditions, including the demand within Ukraine for natural gas and natural gas liquids. All of the Company's reserves have been evaluated by RPS, an independent engineering firm.

As circumstances change and additional data becomes available, reserve estimates also change. Based on new information, reserves estimates are reviewed and revised, either upward or downward, as warranted. Although every reasonable effort has been made by the Company to ensure that the estimates of its reserves are accurate, revisions may arise as new information becomes available. As new geological, production and economic data is incorporated into the process of estimating reserves, the accuracy of the reserves estimate improves.

Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks include, but are not limited to: the risks associated with the oil and gas industry, commodity prices and exchange rates; industry related risks that could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans; risks associated with the uncertainty of reserve estimates; health and safety risk; political, social, fiscal, legal and economic risks; the effects of regulations (including environmental regulation) and changes in regulatory regimes; and the uncertainty of estimates and projections of production, costs and expenses. Competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources are additional risks the Company faces in this market. (See the "Risk Factors" section contained within the Company's Annual Information Form (Form 51-102F2) for the year ended December 31, 2015 (the "**AIF**") which will be filed under the Company's SEDAR profile (www.sedar.com). The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward looking statements and accordingly, no assurance can be given that any events anticipated by the forward looking statements will transpire or occur, and if any of them do, what benefits the Company may derive therefrom. The reader is cautioned not to place undue reliance on this forward looking information.

The Company anticipates that any future exploration and development costs associated with its reserves will be financed primarily through internally-generated cash flow. However, the Company may consider debt and equity financing if deemed appropriate.

All of the natural gas and condensate produced by the Company in Ukraine during 2015 was sold by the operator of the property to industrial users and utilities in the local Ukraine market with the price received being based on the price set by the Ukrainian government for its gas sales to industrial users. Serinus sold all of its interests in Ukraine in early February 2016

In Tunisia, the gas is marketed to the State Oil company, Societé Tunisienne de l'Electricite et du Gaz ("**STEG**"). Natural gas prices are tied to the 9 month trailing average of low sulphur heating oil, also benchmarked to Brent crude.

The Company does not have any hedges in place.

Future Development Costs

The following tables show the development costs anticipated in the next five years, which have been deducted in the estimation of the future net revenues of the proved and probable reserves.

Ukraine WI 100%

FORM 51-101F1 TABLE 5.3 SUMMARY OF ESTIMATED DEVELOPMENT COSTS ATTRIBUTABLE TO RESERVES USING FORECAST PRICES AND COSTS	ESTIMATED DEVELOPMENT COSTS ($US millions)	
	TOTAL PROVED	TOTAL PROVED + PROBABLE
TUNISIA (Company Working Interest)		
2016	7.96	7.96
2017	0.61	10.94
2018	10.01	10.01
2019	10.27	20.48
2020	-	-
Total all years	28.84	49.38
Ukraine (100% Working Interest)		
2016	8.6	11.5
2017	18.1	18.1
2018	9.5	9.5
2019	4.5	7.5
2020	1.4	1.4
Total all years	48.6	54.9
TOTAL COMPANY		
2016	16.60	19.49
2017	18.73	29.05
2018	19.46	19.46
2019	14.74	27.98
2020	1.42	1.42
Total all years	77.47	104.30

Ukraine WI 70%

FORM 51-101F1 TABLE 5.3 SUMMARY OF ESTIMATED DEVELOPMENT COSTS ATTRIBUTABLE TO RESERVES USING FORECAST PRICES AND COSTS Company Working Interest Values	ESTIMATED DEVELOPMENT COSTS ($US millions)	
	TOTAL PROVED	TOTAL PROVED + PROBABLE
TUNISIA (Company Working Interest)		
2016	7.96	7.96
2017	0.61	10.94
2018	10.01	10.01
2019	10.27	20.48
2020	-	-
Total all years	28.84	49.38
2016	6.1	8.1
2017	12.7	12.7
2018	6.6	6.6
2019	3.1	5.3
2020	1.0	1.0
Total all years	34.0	38.4
TOTAL COMPANY		
2016	14.01	16.03
2017	13.29	23.62
2018	16.62	16.62
2019	13.40	25.73
2020	1.00	1.00
Total all years	62.88	87.82

The Company's current cash balance, internally-generated cash flow and future debt and equity placements will allow the Company to complete the development costs specified above. The effect of the costs of the Company's expected funding activities are anticipated to have a minimal impact on the revenues or reserves currently being reported.

Note: Serinus sold all of its interests in Ukraine in early February 2016

Disclosure of Resources

The following tables outline the volumes and net present values of the Contingent Resources (sub-class Pending Development) attributed to the Moftinu discovery in the Satu Mare licence in Romania by RPS in the report prepared and issued with data as of December 31, 2015. The evaluation was conducted at a 100% Serinus interest, which is comprised of an initial 60% working interest share plus an additional 40% provisionally assigned by Oilfield Exploration Business Solutions S.A. The volumes and present values in the following two tables are after the application of a risk factor of 85% for the Chance of Development.

FORM 51-101F1

SUMMARY OF OIL AND GAS RISKED CONTINGENT RESOURCES
as of December 31, 2015
FORECAST PRICES AND COSTS

	RISKED CONTINGENT RESOURCES							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
CONTINGENT RESOURCES CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMscf)	Net (MMscf)	Gross (Mbbl)	Net (Mbbl)
ROMANIA (Company Working Interest)								
1C	-	-	-	-	5,929	5,572	15	14
2C	-	-	-	-	10,737	10,082	35	34
3C	-	-	-	-	20,573	19,218	82	79
TOTAL COMPANY								
1C	-	-	-	-	5,929	5,572	15	14
2C	-	-	-	-	10,737	10,082	35	34
3C	-	-	-	-	20,573	19,218	82	79

RPS assigned resources based on volumetric analysis using well logs, seismic and well test results.

As of December 31, 2015, the Moftinu field was not on production. Serinus Energy's Moftinu development plans include the drilling of 3 appraisal wells in the 2016 year, and the installation of a gas plant and gathering system. Production is anticipated to commence January 2017. RPS estimates that Serinus will require a total capital investment of $14.1 million to develop the 1C, 2C and 3C resources.

FORM 51-101F1

RISKED NET PRESENT VALUE OF FUTURE NET REVENUE
as of December 31, 2015
FORECAST PRICES AND COSTS

	RISKED NET PRESENT VALUE OF FUTURE NET REVENUE (US$ millions)									
CONTINGENT RESOURCES CATEGORY	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
ROMANIA (Company Working Interest)										
1C	9.2	7.4	5.9	4.6	3.5	9.2	7.4	5.9	4.6	3.5
2C	32.8	26.6	21.7	17.8	14.7	31.2	25.4	20.9	17.2	14.2
3C	91.6	70.0	54.7	43.5	35.2	80.6	62.0	48.6	38.8	31.5
TOTAL COMPANY										
1C	9.2	7.4	5.9	4.6	3.5	9.2	7.4	5.9	4.6	3.5
2C	32.8	26.6	21.7	17.8	14.7	31.2	25.4	20.9	17.2	14.2
3C	91.6	70.0	54.7	43.5	35.2	80.6	62.0	48.6	38.8	31.5

Part 6 – Other Oil and Gas Information

Oil and Gas Properties and Wells

The Company had an interest in four (net 2.8) gas processing facilities located onshore in Ukraine. In Tunisia, the company has 2 (1.45 net) Central Production Facilities and 1 single well battery. None of these facilities have any form of relinquishment, surrender, back-in or change in ownership to which they are subject.

The following table sets forth the number of oil or natural gas wells in which the Company held a working interest as at December 31, 2015:

Table 6.1	**OIL**		**NATURAL GAS**	
	Gross	**Net**	**Gross**	**Net**
Ukraine (1)(2)				
Producing			15	10.5
Non-producing			9	6.3
Tunisia				
Producing	20	16.7		
Non-producing	5	3.9		
TOTAL	25	20.6	24	16.8

Notes

(1) All of the wells in Ukraine are natural gas wells, substantially all of which also produce small amounts of condensate.
(2) Serinus sold all of its interests in Ukraine in early February 2016

Properties with No Attributed Reserves

The Company's only material property for which there are no attributed reserves is Romania. The Satu Mare Concession contains exploration and appraisal projects upon which wells were drilled in 2012 and 2014. The Company has an inventory of exploration and appraisal locations that are expected to be drilled in future years. There can be no certainty that any of these wells will result in the discovery of recoverable reserves in commercial quantities.

For the foreseeable future, the Company will be conducting exploration activities such as seismic acquisition programs and exploratory drilling that will require third party services. The market for the provision of such services in Romania is relatively limited, with the consequence that these services may be secured at a cost that does not reflect a market where such services are more broadly available, and therefore more competitively priced.

Table 6.2

Location	Gross Area	Net Area	Work Commitments (Gross)	Rights to Expire within One year
Brunei Block L	1,123 km^2	1,011 km^2 (90%)	Phase 1 – ended August 27, 2010; work commitments require a minimum spend of $25.0 million. Status: Completed.	N/A
			Phase 2 – ending August 27, 2013; work commitments require a minimum spend of $16.0 million. Status: Completed.	Yes
Syria Block 9	10,032 km^2	4,514 km^2 (36%)	Phase 1 – extended to October 27, 2012; work commitments require a minimum spend of $7.5 million. Status: Phase 1 in progress, however operations suspended at present.	Potential yes – depending on resolution of force majeure
			Phase 2 – ending November 2014; work commitments require a minimum spend of $7.0 million. Status: Phase 2 not committed to yet.	N/A
			Phase 3 – ending November 2016; work commitments require a minimum spend of $2.5 million. Status: Phase 3 not committed to yet.	N/A
Romania Satu Mare			Phase 1 Completed	
			Phase 2: Completed	
			Phase 3: Pending ratification	Potential yes if Phase 3 is not ratified. Agreement reached with the regulator with respect to the new three year term. Waiting on ratification by several government ministries.

Notes on Properties with No Attributed Reserves

Romania Satu Mare

The Romanian assets consist of the Satu Mare Concession which was acquired through the Winstar acquisition in June 2013. With the completion of the Phase 2 commitments in 2015, the Company has negotiated an extension of the Satu Mare Concession with a new third exploration period of three years and work commitments which include two wells and, at the Company's option, either a third well, or acquire 120 km^2 of new 3D seismic. This extension is subject to ratification by several government ministries, some of which have been obtained as of the date of this filing.

Tunisia

The Zinnia field was reclassified by RPS as of December 31, 2014 from Reserves to Contingent Resources, due to the lack of activity in reactivating the wells and facility. The Company may reactivate the facility and the wells in the future, at which time it expects the Resources will be restored to Reserves classification.

Brunei Block L

Serinus, through a wholly-owned subsidiary, and its partners are parties to the production sharing agreement for Brunei Block L (the "**Block L PSA**") with Brunei National Petroleum Company Sendirian Berhad. The Block L PSA grants the right to explore for and produce oil and gas from Block L, which comprises approximately 1,134 square kilometres of both onshore and shallow offshore areas of northern Brunei. Serinus and its partners have completed all work commitments required during the Phase 1 and Phase 2 exploration periods. No operations were conducted in Brunei during 2015, and no further activity is planned for Brunei Block L. Management has been attempting to sell the property. Block L is not at this time considered to be material to the Company.

Syria Block 9

Through its indirect wholly-owned subsidiary, Loon Latakia, Serinus Energy holds a participating interest in the contract for the exploration, development and production of petroleum from Syria Block 9 (the "**Block 9 PSC**") between the Government of the Syrian Arab Republic, Syrian Petroleum Company and the Company. The contract became effective on November 29, 2007. This agreement gives the Company the right to explore for and produce oil and gas from Block 9, a 10,032 square kilometre block in north-western Syria. .

The Company, in its capacity as operator of Syria Block 9, declared a *force majeure* event in July 2012 under the Syria Block 9 PSC. Although the current exploration period is extended by the time spent in *force majeure*, it was previously extended contingent on renewal of a bank guarantee which the Company has been unable to provide due to international sanctions. It is therefore possible that this extension may not be enforceable and the Syria Block 9 PSC could lapse. Syria Block 9 is not at this time considered to be material to the Company.

Forward Contracts

The Company has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The estimated abandonment and restoration costs used by RPS are based on discussions with the Company's engineering personnel who, in turn, evaluated information provided by Ukraine based field and technical personnel with experience in the four producing fields in Ukraine. The Company expects to incur abandonment and reclamation costs for 49 wells (37.4 net wells), and expects to incur only minimal abandonment and restoration costs in the next three years. All future abandonment and reclamation costs are deducted in determining Future Net Revenues and have been included in the RPS report.

FUTURE ABANDONMENT AND RECLAMATION COSTS
Serinus Working Interest

Table 6.4	**Year**	**Total Proved Estimated Using Forecast Prices and Costs(1) (Undiscounted)** ($MM)	**Total Proved Estimated Using Forecast Prices and Costs(1) (10% Discounted)** ($MM)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs(1) (Undiscounted)** ($MM)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs(1) (10% Discounted)** ($MM)
Tunisia					
	2016	0.9	0.9	0.9	0.9
	2017	-	-	-	-
	2018	-	-	-	-
	Total for three years	0.9	0.9	0.9	0.9
	Remainder	23.82	9.29	27.37	1.55
	Total for all years	24.72	10.19	28.27	2.45
Ukraine (100% WI)					
	2016	-	-	-	-
	2017	-	-	-	-
	2018	-	-	-	-
	Total for three years	-	-	-	-
	Remainder	6.0	1.8	7.1	1.1
	Total for all years	6.0	1.8	7.1	1.1
Total Corporate					
	2016	0.9	0.9	0.9	0.9
	2017	-	-	-	-
	2018	-	-	-	-
	Total for three years	0.9	0.9	0.9	0.9
	Remainder	29.82	11.09	34.47	2.65
	Total for all years	30.72	11.99	35.37	3.55

Note (1): Costs are net of estimated salvage value;

Tax Horizon

The Company is currently taxable in Tunisia and is expected to continue to be currently taxable thereafter. The Company was also taxable in Ukraine in 2015 and in the first quarter of 2016 until the time of disposal of the Ukraine assets.

Costs Incurred

During the year ended 31 December 2015, the Company incurred capital expenditures of $18.8 million on its oil and natural gas properties. The following table reflects the Company's capital expenditures by country and type (in thousands of US$'s):

Table 6.6	**Property Acquisition Costs**		**Exploration Costs**	**Development Costs**
	Proved Properties	Unproved Properties		
	($M)	($M)	($M)	($M)
Corporate [1]	-	-	5	13
	-	-	-	
Syria	-	-	-	-
	-	-	-	
Ukraine	-	-	728	4,824
	-	-	-	
Romania	-	-	4,777	8
	-	-	-	
Tunisia	-	-	-	8,430
	-	-	-	
Total	-	-	**5,510**	**13,275**

(1) Corporate balances include those values previously presented as Brunei.

(2) Serinus sold all of its interests in Ukraine in early February 2016

Exploration and Development Activities

The following table summarizes the Company's drilling results in Ukraine, Tunisia and Romania during the year ended December 31, 2015. There was no drilling activity of the Company in any other jurisdiction in which the Company owns assets during this period. Further exploration and development drilling is anticipated to occur in Romania in 2016. There were no service wells or stratigraphic test wells drilled during 2015.

Table 6.7	**Exploration**		**Development**		**Total**	
	Gross	Net	Gross	Net	Gross	Net
2015						
Ukraine gas/condensate wells	-	-	1.0	0.7	1.0	0.7
Tunisia oil wells	-	-	1.0	0.45	1.0	0.45
Romania	-	-	-	-	-	-
Dry and abandoned	-	-	-	-	0	0
Total Wells	-	-	2.0	1.15	2.0	1.15
Success Rate (%)	-	-	100	100	100	100
Average Working Interest (%)	-	-	57.5	57.5	57.5	57.5

1. Serinus sold all of its interests in Ukraine in early February 2016

Production Estimates

The following table is a summary of the gross (prior to royalties) volume of the Company's estimated production for 2016, which is reflected in the estimate of future net revenue in the RPS Report based on forecast prices and costs.

FORM 51-101F1 — TABLE 6.8

SUMMARY OF PRODUCTION ESTIMATES
PROVED + PROBABLE RESERVES CASE
FOR YEAR 2016

	Estimated Production - 2016		
RESERVE CATEGORY	LIGHT AND MEDIUM OIL (Mbbl)	NATURAL GAS (MMscf)	NATURAL GAS LIQUIDS (Mbbl)
TUNISIA (Company Working Interest)			
Total Company	394.8	754.1	-
Significant Fields(1)			
Sabria	192.9	419.3	-
Chouech Es Saida	179.2	302.4	-
Ukraine (100% Working Interest)			
Total Company	-	6,165.0	27.5
Significant Fields(1)			
Olgovskoye	-	3,439.9	22.0
Makeevskoye	-	2,725.1	5.4

FORM 51-101F1 — TABLE 6.8

SUMMARY OF PRODUCTION ESTIMATES
PROVED + PROBABLE RESERVES CASE
FOR YEAR 2016
Company Working Interest Volumes

	Estimated Production - 2016		
RESERVE CATEGORY	LIGHT AND MEDIUM OIL (Mbbl)	NATURAL GAS (MMscf)	NATURAL GAS LIQUIDS (Mbbl)
TUNISIA (Company Working Interest)			
Total Company	394.8	754.1	-
Significant Fields(1)			
Sabria	192.9	419.3	-
Chouech Es Saida	179.2	302.4	-
Ukraine (70% Working Interest)			
Total Company	-	4,315.5	19.2
Significant Fields(1)			
Olgovskoye	-	2,407.9	15.4
Makeevskoye	-	1,907.6	3.8

Notes:

(1) Significant fields include those which account for 20% or more of the Company's estimated production for the first year of the forecast.

(2) Serinus sold all of its interests in Ukraine in early February 2016

Production History

The following table sets forth the Company's average daily production volumes and unit prices received, royalties, operating expenses and netbacks received for the periods indicated**.**

FORM 51-101F1

TABLE 6.9

SUMMARY OF
2015 COMPANY SHARE OF PRODUCTION AND NETBACKS

Ukraine WI 100%

RESERVE CATEGORY	LIGHT AND MEDIUM OIL Q1	Q2	Q3	Q4	Total Year	NATURAL GAS Q1	Q2	Q3	Q4	Total Year
TUNISIA (Company Working Interest)										
Company share of daily production										
(Bbl/d or Mscf/d before deduction of royalties)	1,240	951	1,035	1,001	1,055	2,031	1,531	1,806	1,655	1,755
Average ($/bbl, or $/Mcf)										
Price received	$ 53.85	$ 63.48	$ 52.24	$ 41.85	$ 52.75	$ 11.58	$ 9.50	$ 7.61	$ 6.17	$ 8.81
Royalties paid	$ (6.31)	$ (7.58)	$ (5.86)	$ (5.02)	$ (6.17)	$ (1.21)	$ (1.09)	$ (0.82)	$ (0.66)	$ (0.95)
Production costs	$ (18.97)	$ (30.72)	$ (23.54)	$ (31.90)	$ (25.83)	$ (4.08)	$ (4.99)	$ (3.46)	$ (4.99)	$ (4.31)
Netback	$ 28.57	$ 25.18	$ 22.84	$ 4.93	$ 20.75	$ 6.29	$ 3.51	$ 3.33	$ 0.52	$ 3.55
Total Annual Production										
(Mbbl or MMscf before deduction of royalties)	111.6	86.5	95.2	92.1	385.4	183	139	166	152	640
UKRAINE										
100% share of daily production										
(Bbl/d or Mscf/d before deduction of royalties)	98	91	76	80	86	23,644	23,342	22,993	22,468	23,119
Average ($/bbl, or $/Mcf)										
Price received	$ 39.83	$ 43.59	$ 42.91	$ 44.84	$ 42.78	$ 7.84	$ 7.14	$ 6.58	$ 7.19	$ 7.19
Royalties paid	$ (22.29)	$ (21.62)	$ (6.72)	$ (16.30)	$ (17.30)	$ (5.02)	$ (4.11)	$ (3.21)	$ (3.85)	$ (4.05)
Production costs	$ -	$ -	$ -	$ -	$ -	$ (0.92)	$ (1.16)	$ (0.83)	$ (1.14)	$ (1.01)
Netback	$ 17.54	$ 21.97	$ 36.19	$ 28.54	$ 25.48	$ 1.90	$ 1.87	$ 2.54	$ 2.20	$ 2.13
Total Annual Production										
100% share										
(Mbbl or MMscf before deduction of royalties)	8.8	8.2	7.0	7.3	31.4	2,128	2,124	2,115	2,071	8,438

Production Volumes
For the Year ended December 31, 2015

The following table sets forth the Company's working interest share (before the deduction of royalties) of total production volume, and for each significant field for the year ended December 31, 2015

Table 6.9-2b	Light and Medium Oil / Natural gas liquids	Conventional Natural Gas	Oil Equivalent
	(bbl)	(Mcf)	(boe)
Tunisia production volume	385,443	639,996	492,109
Significant fields:			
Sabria	147,300	320,022	200,637
Chouech Essaida	212,058	319,974	265,387
Ukraine production volume	21,980	5,906,828	1,006,451
Significant fields:			
Olgovskoye	17,771	2,648,109	459,123
Makeyevskoye	4,209	3,258,719	547,329
Total production volume	407,423	6,546,824	1,498,560

Notes

1. See information related to boe conversion ratio on page 29 of this document
2. Serinus sold all of its interests in Ukraine in early February 2016

Part 7 – Notes

Abbreviations

The abbreviations set forth below have the following meanings:

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
m^3	Cubic metre	$M	Thousands of Dollars
$MM	Millions of Dollars		

Conversion Factors

The following table sets out certain conversion factors between Standard Imperial Units and the International System of Units (SI)

To Convert From	To	Multiply By
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
kilograms	pounds	2.205
pounds	kilograms	0.454
Mcf	thousand cubic metres	0.028
thousand cubic metres	Mcf	35.494
bbl	cubic metres	0.159
cubic metres	bbl	6.29
psi	kilopascals	6.895
kilopascals	psi	0.145

Use of Equivalence

Equivalencies, whether barrel of oil equivalent (boe) or Thousand Cubic Feet equivalent (Mcfe) on the basis that 1 barrel of oil is equivalent to 6 Mcf of natural gas may be misleading, particularly if used in isolation. A conversion ratio of 1 barrel of oil for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Currencies

Unless otherwise indicated, references to “dollars” or “$”, whether as a stand alone quantity or per unit basis (for example per $/bbl, $/Mcf, $/sh, etc.) are to U.S. dollars.

Forward Looking Information

Certain statements contained in this Statement of Reserves constitute forward-looking statements under applicable securities laws. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “predict”, “project”, “should”, “target”, “will”, or similar words suggesting future outcomes or language suggesting an outlook. 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, including that the reserves and resources described can be profitably produced in the future. 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. Management believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Forward-looking statements and information in this Statement of Reserves include, but are not limited to, statements with respect to:

- drilling plans and timing of drilling and testing of wells;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;
- results of various projects of the Company;
- timing of development of undeveloped reserves;
- transportation arrangements and markets for oil and/or gas produced from the Company’s licence areas;
- the performance and characteristics of the Company’s oil and natural gas properties;

- the quantity of oil and natural gas reserves and resources;
- capital expenditure programs;
- supply and demand for oil and natural gas and commodity prices;
- expected levels of royalty rates, operating costs, general administrative costs, costs of services and other costs and expenses;
- treatment under governmental regulatory regimes and tax laws; and

Although the Company believes that the assumptions and expectations reflected in the forward-looking statements and information are reasonable, there can be no assurance that such assumptions and expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. The factors or assumptions on which the forward-looking information is based include:

- the Company's projected capital investment levels;
- the flexibility of capital spending plans and the associated source(s) of funding;
- the expertise of management of the Company in contributing to increased production volumes and the success and revenues of the Company; and
- estimates of quantities of oil and natural gas from properties and other sources not currently classified as proved reserves.

Some of the risks and other factors, some of which are beyond the Company's control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this Statement of Reserves include, but are not limited to:

- competition within the oil and natural gas industry for, among other things, capital, and skilled personnel;
- environmental risks and hazards associated with the oil and gas industry;
- adverse weather conditions in areas where the Company conducts operations;
- variations in foreign exchange rates and interest rates;
- the availability of certain equipment and services and the Company's access to such equipment and services;
- political, social, fiscal, legal and economic risks in the countries in which the Company operates;

- the early stage of some of the Company's operations;
- risks associated with the exploration, development and production of the Company's interests, including geological, technical, drilling and processing problems and other difficulties in producing reserves and failure to realize anticipated benefits of exploration activities;
- the effects of regulations (including environmental regulation) and changes in regulatory regimes in the countries in which the Company operates;
- the effects of sanctions, including those of the European Union, the Canadian government and the U.S. government on the Company's interests in Syria;
- risks of the effect of relinquishment obligations under the term of the Company's production sharing arrangements and governmental regulatory regimes in countries in which the Company operates;
- risks associated with the Company's reliance on its third party operators;
- uncertainties regarding the interpretation and application of foreign laws and regulations; and
- other factors described further in "*Risk Factors*" in the Company's Annual Information Form.

Readers are cautioned that the foregoing lists are not exhaustive. The factors and risks set out in these lists are difficult to predict and the assumptions used in the development of the forward-looking information contained herein, although considered reasonably accurate at the time of development, may prove to be incorrect or incomplete. Furthermore, the forward–looking statements contained in this Statement of Reserves are made as of the date hereof, and the Company undertakes no obligation, except as required by applicable securities laws, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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March 10, 2016

The Board of Directors,
Serinus Energy Inc.
Suite 1170, 700 4th Avenue SW
Calgary, AB
Canada
T2P 3J4

Subject: Form 51-101F2, Report on Reserves Data

1. We have evaluated the Tunisian, Romanian and Ukrainian reserves and contingent resources data of Serinus Energy Inc. (the "Company") as at December 31, 2015. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2015, estimated using forecast prices and costs. The contingent resources data are risked estimates of volumes of contingent resources and related risked net present value of future net revenue as at December 31, 2015, estimated using forecast prices and costs.

2. The reserves data and contingent resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data and contingent resources data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGEH Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves and contingent resources data are free of material misstatement. An evaluation also includes assessing whether the reserves data and contingent resources data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2015, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management and board of directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue Before Income Taxes Proved + Probable Reserves Million US Dollars, 10% discount rate		
			Audited	Evaluated	Reviewed
RPS Energy Canada Ltd.	December 31, 2015	Tunisia	$ n/a-	$200.9	$ n/a
RPS Energy Canada Ltd.	December 31, 2015	Ukraine	$ n/a-	$93.5	$ n/a

6. The following table sets forth the risked volume and risked net present value of future revenue of contingent resources (before deduction of income taxes) attributed to contingent resources, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the contingent resources data that we have evaluated and reported on to the Company's management and board of directors.

Classification	Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Resources other than Reserves	Net Present Value of Future Net Revenue Before Income Taxes Proved + Probable Reserves Million US Dollars, 10% discount rate		
				Audited	Evaluated	Reviewed
Development Pending Contingent Resources (2C)	RPS Energy Canada Ltd.	December 31, 2015	Romania	$ n/a-	$21.7	$ n/a

7. In our opinion, the reserves data and contingent resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied.

   We express no opinion on the reserves data and contingent resources data that we reviewed but did not evaluate.

8. We have no responsibility to update our reports referred to in paragraphs 5 and 6 for events and circumstances occurring after their respective preparation dates.

9 . Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

RPS Energy Canada Ltd.

Brian D. Weatherill, P.Eng.

PROFESSIONAL ENGINEER ALBERTA
BRIAN D. WEATHERILL

PERMIT TO PRACTICE
RPS ENERGY CANADA LTD.
Signature
Date 2016-03-10
PERMIT NUMBER: P4348
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

APPENDIX C

FORM 51-101 F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**"). Terms to which a meaning is ascribed in NI 51-101 have the same meaning in this form.

Report of Management and Directors on Reserves Data and Other Information

The management of Serinus Energy Inc. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2015, the end of the most recently completed fiscal year, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated and reviewed the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with the securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Company has:

(a) Reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) Met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) Reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management of the Company. The board of directors has approved;

(a) the content and filing with securities regulatory authorities of Form 51-101 F1 containing information detailing the Company's oil and gas activities;
(b) the content and filing with securities regulatory authorities of Form 51-101 F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
(c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed by: Timothy M. Elliott)	*(signed by: Norman W. Holton)*
Timothy M. Elliott Director / President & Chief Executive Officer	Norman W. Holton Director & Vice Chairman
(signed by: Helmut J. Langanger)	*(signed by: Gary R. King)*
Helmut J. Langanger Director & Chair of Reserves Committee	Gary R. King Director & Member of Reserves Committee

March 30, 2016

Appendix D

FORM 51-101F4

NOTICE OF FILING OF 51-101F1 INFORMATION

On March 30, 2016, Serinus Energy Inc. (the "**Corporation**") filed its reports under section 2.1 of National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*, which can be found in the Corporation's Annual Information Form with respect to the fiscal and calendar year ended December 31, 2015 and dated March 30, 2016 under the Corporation's profile on SEDAR at www.sedar.com.