



**SERINUS ENERGY INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015  
US dollars in 000's



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## **Independent Auditors' Report on Review of Interim Financial Statements**

To the shareholders of Serinus Energy Inc.

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim statement of financial position of Serinus Energy Inc. as at March 31, 2016, the condensed consolidated interim statements of operations and comprehensive loss, cash flows and changes in equity for the three-month periods ended March 31, 2016 and 2015, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at March 31, 2016, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

### ***Emphasis of Matter***

We draw attention to Note 2(a) to the condensed consolidated interim financial statements, which describes that as at March 31, 2016, Serinus Energy Inc. is forecasting that they will not be in compliance with certain debt covenants from the second quarter of 2016 onwards. If a waiver is not obtained for the covenant violations, the debt will become payable on demand. These conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt about Serinus Energy Inc.'s ability to continue as a going concern.

Chartered Professional Accountants

May 12, 2016  
Calgary, Canada

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**Serinus Energy Inc.**  
**Condensed Consolidated Interim Statement of Financial Position**  
**(Stated in thousands of US dollars)**  
**(Unaudited)**

		March 31, 2016	December 31, 2015
<b>Assets</b>			
Current			
Cash and cash equivalents		\$ 13,442	\$ 6,594
Accounts receivable		6,378	2,795
Income taxes receivable		2,994	2,971
Prepays and other		300	428
Restricted cash	(Note 3)	1,437	1,346
Assets held for sale	(Note 4)	-	58,780
Total current assets		24,551	72,914
Investment		40	75
Property, plant and equipment	(Note 5)	92,903	93,677
Exploration and evaluation	(Note 6)	18,992	18,521
Total assets		\$ 136,486	\$ 185,187
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		\$ 16,932	\$ 16,494
Current portion of long-term debt	(Note 7)	6,721	54,070
Asset retirement obligation		3,082	3,209
Liabilities held for sale	(Note 4)	-	10,384
Total current liabilities		26,735	84,157
Asset retirement obligation		36,640	36,446
Other provisions		1,148	1,148
Deferred tax liability		17,670	17,238
Long-term debt	(Note 7)	27,236	-
Total liabilities		109,429	138,989
<b>Shareholders' Equity</b>			
Share capital	(Note 8)	\$ 344,479	\$ 344,479
Contributed surplus		21,719	21,711
Accumulated other comprehensive loss	(Note 4)	-	(32,585)
Deficit		(339,141)	(303,626)
Equity attributable to owners of the company		27,057	29,979
Non-controlling interest	(Note 4)	-	16,219
Total shareholders' equity		27,057	46,198
Total liabilities and shareholders' equity		\$ 136,486	\$ 185,187
Going concern	(Note 2(a))		
Commitments	(Note 9)		

*"Signed"*

\_\_\_\_\_  
MICHAEL A. McVEA, DIRECTOR, CHAIR OF THE AUDIT  
COMMITTEE

*"Signed"*

\_\_\_\_\_  
TIMOTHY M. ELLIOTT, DIRECTOR,  
PRESIDENT AND CEO

**Serinus Energy Inc.**  
**Condensed Consolidated Interim Statement of Operations and Comprehensive Loss**  
**(Stated in thousands of US dollars, except per share data)**  
**(Unaudited)**

		Three months ended March 31,	
		2016	2015 <sup>(i)</sup>
Oil and gas revenue		\$ 3,779	\$ 8,128
Royalty expense		(379)	(925)
Oil and gas revenue, net of royalties		<u>3,400</u>	<u>7,203</u>
Operating expenses			
Production expenses		(2,249)	(2,904)
General and administrative		(1,200)	(1,367)
Transaction costs		-	(47)
Stock based compensation		(8)	(636)
Loss on disposition		(10)	-
Depletion and depreciation	(Note 5)	(1,302)	(2,568)
Total operating expenses		<u>(4,769)</u>	<u>(7,522)</u>
Finance income/(expenses)			
Interest and other income		2	50
Unrealized loss on investments		(35)	(17)
Interest expense and accretion		(1,505)	(1,037)
Foreign exchange loss		(227)	(1,488)
Total finance expenses		<u>(1,765)</u>	<u>(2,492)</u>
Loss before tax		(3,134)	(2,811)
Current tax expense		-	(183)
Deferred tax expense		(1,003)	(1,612)
Net loss from continuing operations		(4,137)	(4,606)
Net earnings (loss) from discontinued operations (net of tax)	(Note 4)	<u>(30,657)</u>	<u>483</u>
Net loss		(34,794)	(4,123)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Foreign currency translation loss from discontinued foreign operations		(2,290)	(10,867)
Total comprehensive loss		<u>\$ (37,084)</u>	<u>\$ (14,990)</u>
Earnings (loss) attributable to:			
Common shareholders		(35,515)	(4,268)
Non-controlling interest		721	145
Earnings (loss) for the period		<u>\$ (34,794)</u>	<u>\$ (4,123)</u>
Earnings (loss) per share attributable to common			
Continuing operations - basic and diluted	(Note 8(b))	\$ (0.05)	\$ (0.06)
Discontinued operations - basic and diluted	(Note 8(b))	\$ (0.40)	\$ 0.01
Total comprehensive loss attributed to:			
Common shareholders		(37,118)	(11,875)
Non-controlling interest		34	(3,115)
Total comprehensive loss for the period		<u>\$ (37,084)</u>	<u>\$ (14,990)</u>

(i) Certain comparative amounts have been restated, refer to Note 4.

**Serinus Energy Inc.**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**(Stated in thousands of US dollars)**  
**(Unaudited)**

		Three months ended March 31,	
		2016	2015
Net loss		\$ (34,794)	\$ (4,123)
Items not involving cash:			
Depletion and depreciation	(Note 5)	1,901	4,820
Loss on disposition	(Note 4)	33,050	-
Accretion on asset retirement obligation		196	227
Stock based compensation		8	636
Unrealized loss on investments		35	17
Unrealized foreign exchange loss		101	1,994
Deferred income tax expense		1,003	738
Interest and other income		(80)	(911)
Interest expense		1,312	946
Funds from operations		2,732	4,344
Changes in non-cash working capital		(3,005)	(2,689)
		(273)	1,655
Financing:			
Issuance of long-term debt	(Note 7)	-	16,280
Repayment of long-term debt	(Note 7)	(21,006)	(1,667)
Debt issuance costs	(Note 7)	(1)	(541)
Dividends paid to non-controlling interest		-	(185)
Interest received		-	62
Interest paid		(1,062)	(792)
Changes in non-cash working capital related to financing		89	-
		(21,980)	13,157
Investing:			
Property and equipment expenditures	(Note 5)	(528)	(7,107)
Restricted cash movement		-	3,309
Exploration and evaluation expenditures	(Note 6)	(471)	(3,586)
Expenditures on decommissioning liabilities		(104)	-
Proceeds on disposal of discontinued operation (net of transaction costs and cash disposed)	(Note 4)	27,843	-
Changes in non-cash working capital related to investing		(2,725)	3,482
		24,015	(3,902)
Effect of exchange rate changes on cash		(137)	813
Change in cash		1,625	11,723
Cash and cash equivalents, beginning of period		11,817	11,096
Cash and cash equivalents, end of period		\$ 13,442	\$ 22,819
Supplemental cash flow information			
Cash taxes paid		\$ -	\$ (1,062)

**Serinus Energy Inc.**  
**Condensed Consolidated Interim Statement of Changes in Equity**  
**(Stated in thousands of US dollars, except share and per share data)**  
**(Unaudited)**

	Common Shares		Contributed surplus	Cumulative translation adjustment	Non-controlling interest	Deficit	Total
	Number of shares	Amount					
Balances, December 31, 2014	78,629,941	344,479	20,936	(24,145)	19,242	(254,522)	105,990
Stock-based compensation	-	-	636	-	-	-	636
Foreign currency translation adjustment on foreign operations	-	-	-	(7,607)	(3,260)	-	(10,867)
Dividends declared to non-controlling interest	-	-	-	-	(185)	-	(185)
Net earnings (loss)	-	-	-	-	145	(4,268)	(4,123)
<b>Balances, March 31, 2015</b>	<b>78,629,941</b>	<b>344,479</b>	<b>21,572</b>	<b>(31,752)</b>	<b>15,942</b>	<b>(258,790)</b>	<b>91,451</b>
Balances, December 31, 2015	78,629,941	344,479	21,711	(32,585)	16,219	(303,626)	46,198
Stock-based compensation	-	-	8	-	-	-	8
Foreign currency translation adjustment on foreign operations	-	-	-	(1,603)	(687)	-	(2,290)
Disposal of discontinued operation (Note 4)	-	-	-	34,188	(16,253)	-	17,935
Net earnings (loss)	-	-	-	-	721	(35,515)	(34,794)
<b>Balances, March 31, 2016</b>	<b>78,629,941</b>	<b>344,479</b>	<b>21,719</b>	<b>-</b>	<b>-</b>	<b>(339,141)</b>	<b>27,057</b>

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2016 and 2015**  
**(Stated in thousands of US dollars, except as noted)**  
**(Unaudited)**

**1. Reporting entity**

The condensed consolidated interim financial statements for Serinus Energy Inc. (“Serinus” or “the Company”) include the accounts of Serinus and its controlled subsidiaries for the three months ended March 31, 2016 and 2015. Serinus is principally engaged in the exploration for and development of oil and gas properties in Tunisia and Romania.

On December 23, 2015, Serinus announced an agreement to dispose of its 70% shareholding in KUB-GAS Holdings Limited (“KUB Holdings”), which held a 100% interest in KUB-Gas LLC (“KUB-Gas”), a Ukrainian company, representing all of Serinus’ interests and operations in Ukraine. On February 8, 2016, Serinus announced the closing of that sale. Upon close, Serinus received total cash consideration of \$33.2 million including all working capital and inter-company adjustments. The Ukraine segment was presented as held for sale as at December 31, 2015 and as a discontinued operation for the three months ended March 31, 2016 and 2015 (see Note 4).

These financial statements reflect the results of operations of Ukraine to the date of close of the disposition with such activities being consolidated as the Company held a 70% controlling ownership interest in KUB-Gas.

Serinus is incorporated under the Business Corporations Act (Alberta, Canada) and is headquartered at 1500, 700-4th Avenue SW Calgary, Alberta, Canada, T2P 3J4.

Serinus is a publicly listed company whose common shares are traded under the symbol “SEN” on the Toronto Stock Exchange (“TSX”) and the Warsaw Stock Exchange (“WSE”). Kulczyk Investments, S.A. (“KI”) holds a 50.8% investment in Serinus and is the ultimate parent of Serinus.

**2. Basis of Preparation**

**(a) Going concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that Serinus will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

Internally prepared forecasts for 2016 indicate that the Company is likely to breach certain of its financial covenants from the second quarter of 2016 onwards, due to continuing low commodity prices. Although the EBRD has previously provided waivers for covenant breaches, there is no certainty this will occur in the future. If these covenants are not met, the debt may therefore become payable on demand. This material uncertainty may cast significant doubt with respect to the ability of the Company to continue as a going concern. The Company is actively evaluating its options at this time, including discussions with the EBRD related to amending the banking facility and its related covenants as well as a potential farmout of assets.

These condensed consolidated interim financial statements do not reflect the adjustments and classifications of assets, liabilities, revenues and expenses which would be necessary if the Company were unable to continue as a going concern.

**(b) Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2015.

The condensed consolidated interim financial statements have been prepared following the same basis of measurement, functional currency and accounting policies and methods of computation as described in the notes to the consolidated financial statements for the year ended December 31, 2015, except as noted in Note 2(d).

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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These condensed consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 12, 2016.

**(c) Use of estimates and judgements**

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are described in note 4 to the consolidated financial statements for the year ended December 31, 2015. There has been no change in these areas during the period.

**(d) Accounting changes**

For the three months ended March 31, 2016, Serinus adopted the IASB issued amendments to IAS 1, "Presentation of Financial Statements". The amendments had minimal impact on the condensed consolidated interim financial statements.

In January 2016, the IASB issued IFRS 16 which replaces the existing leasing standard (IAS Leases) and requires the recognition of most leases as finance leases on the balance sheet. IFRS 16 is effective January 1, 2019, with early application permitted. The Company is currently evaluating the impact of adopting IFRS 16 on its consolidated financial statements.

Refer to note 2 in the consolidated financial statements for the year ended December 31, 2015 for other pronouncements not yet adopted.

**(e) Fair values measurements**

Investments are recorded at fair value based on the quoted market prices for the shares (level 1 fair value). The fair value of the long-term debt approximates the carrying amount as interest rates and credit spreads applicable to the Company have not changed significantly since the credit facility was established (level 2 fair value).

The fair value of employee stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information and peer comparisons), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds) (level 2 fair value).

**3. Restricted cash**

The Company has an irrevocable standby letter of credit issued by a Canadian chartered bank of \$1.2 million plus cash on deposit of \$0.2 million, a total of \$1.4 million, as required to meet future abandonment obligations existing on certain oil and gas properties in Canada (December 31, 2015: \$1.3 million). The fair value of restricted cash approximates the carrying value.

**4. Disposition of Ukraine**

On February 8, 2016, Serinus announced the closing of the sale of its 70% ownership interests in Ukraine. On close, Serinus received total cash consideration of \$33.2 million including working capital and inter-company adjustments.

Net proceeds of the sale have been used to repay outstanding indebtedness of \$11.2 million long term debt plus \$0.4 million of accrued interest under the Romanian funding with ERBD, and \$7.4 million long term debt plus \$0.2 million of accrued interest under the Tunisia funding with ERBD.

The Ukraine segment was presented as held for sale as at December 31, 2015 and a discontinued operation for the three months ended March 31, 2016. The comparative condensed consolidated interim statement of operations and comprehensive loss has been restated to show the discontinued operations separate from continued operations.

The net loss from discontinued operations comprises the results of operations until the date of close of the transaction plus the loss resulting from disposition of the Ukraine segment, as below:



**Serinus Energy Inc.**  
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**(Unaudited)**

	Three months ended March 31,	
	2016	2015
<i>Net earnings/(loss) from discontinued operations</i>		
Oil and gas revenue	\$ 5,416	\$ 17,027
Royalty expense	(1,492)	(10,872)
Oil and gas revenue, net of royalties	3,924	6,155
Operating expenses:		
Production expenses	(396)	(1,964)
General and administrative	(3)	(28)
Depletion and depreciation	(599)	(2,252)
Finance income/(expense)		
Interest and other income	78	861
Interest expense and accretion	(3)	(136)
Foreign exchange loss	(105)	(1,953)
Earnings before tax	2,896	683
Current tax expense	(513)	(1,074)
Deferred tax recovery	-	874
Net earnings from discontinued operations (net of tax)	\$ 2,383	\$ 483
Loss on disposal (net of transaction costs)	\$ (33,040)	\$ -
Total earnings/(loss)	\$ (30,657)	\$ 483

The loss on disposal primarily relates to the write off of accumulated other comprehensive loss of \$34.2 million, attributable to Ukraine upon disposal.

Serinus purchased its interests in Ukraine in 2010 for \$45 million. The Company received aggregate dividends in the amount of \$41.5 million, and total cash consideration of \$33.2 million upon the sale in February 2016, for a 12.5% rate of return over the life of the project.

	Three months ended March 31,	
	2016	2015
<i>Cash flows from discontinued operations</i>		
Net cash from operating activities	\$ 869	\$ 1,258
Net cash used in investing activities	(5,403)	2,330
Net cash used in financing activities	(557)	110
Effect of exchange rate changes on cash	(132)	804
Change in cash	(5,223)	4,502
Cash and cash equivalents, beginning of period	5,223	821
Cash and cash equivalents, end of period	\$ -	\$ 5,323
Supplemental cash flow information:		
Cash taxes paid	\$ -	\$ 1,062
Dividends paid to non-controlling interests during the period	\$ -	\$ (620)

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**5. Property, plant and equipment**

	Oil and gas interests	Plant and equipment	Other	Total
<b>Cost or deemed cost:</b>				
Balance at December 31, 2015	\$ 216,541	\$ 3,304	\$ 2,072	\$ 221,917
Additions	524	4	-	528
Balance at March 31, 2016	<u>\$ 217,065</u>	<u>\$ 3,308</u>	<u>\$ 2,072</u>	<u>\$ 222,445</u>
<b>Accumulated depletion and depreciation:</b>				
Balance at December 31, 2015	\$ (126,944)	\$ (280)	\$ (1,016)	\$ (128,240)
Depletion and depreciation	(1,223)	(31)	(48)	(1,302)
Balance at March 31, 2016	<u>\$ (128,167)</u>	<u>\$ (311)</u>	<u>\$ (1,064)</u>	<u>\$ (129,542)</u>
<b>Net book value:</b>				
Balance at December 31, 2015	\$ 89,597	\$ 3,024	\$ 1,056	\$ 93,677
Balance at March 31, 2016	<u>\$ 88,898</u>	<u>\$ 2,997</u>	<u>\$ 1,008</u>	<u>\$ 92,903</u>

**6. Exploration and evaluation assets**

	As at March 31, 2016	As at December 31, 2015
Carrying amount, beginning of the period	\$ 18,521	\$ 19,323
Additions	471	5,510
Change in decommissioning liabilities	-	427
Transfer to property, plant & equipment	-	(524)
Reclassification - asset held for sale (Note 4)	-	(4,742)
Foreign currency translation adjustment	-	(1,473)
Carrying amount, end of the period	<u>\$ 18,992</u>	<u>\$ 18,521</u>

E&E assets consist of the Company's exploration project in Romania.

**7. Long-term debt**

	As at March 31, 2016	As at December 31, 2015
Current portion of long-term debt		
Tunisia funding (a)	6,721	42,917
Romania funding (b)	-	11,153
	<u>6,721</u>	<u>54,070</u>
Long-term debt		
Tunisia funding (a)	27,236	-
	<u>27,236</u>	<u>-</u>
Total debt	<u>\$ 33,957</u>	<u>\$ 54,070</u>

**(a) Tunisia funding**

On November 20, 2013, Serinus finalized two loan agreements, the Senior Loan and Convertible Loan, aggregating \$60 million with EBRD. The Senior Loan was in the amount of USD \$40 million and was available in two tranches of USD \$20 million each. Upon finalization of the Romania funding in Q1 2015, the second tranche was reduced

**Serinus Energy Inc.**  
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from \$20 million to \$8.72 million. The Convertible Loan is in the amount of USD \$20 million and can be converted into common shares of the Company.

Both loans have a term of seven years and are available to be drawn for a period of three years.

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

**Senior Loan**

	As at March 31, 2016	As at December 31, 2015
Current portion of long-term debt	\$ 6,721	\$ 21,059
Long-term debt	4,901	-
Total	<u>\$ 11,622</u>	<u>\$ 21,059</u>

The Senior Loan is repayable in twelve equal semi-annual installments with the first repayment made on March 31, 2015. Subsequent repayments, on March 31 and September 30 of each year, have followed the repayment schedule. In Q1 2016, \$7.6 million of the Senior Loan was repaid using the proceeds from the sale and a \$1.7 million scheduled semi-annual installment was paid. The additional repayment resulted in Tranche 2 of the Senior Loan being fully repaid.

The Company will apply 40% of its Excess Cash from Tunisia toward early repayment of the facility outstanding with EBRD. Excess Cash is defined as the Operating Cash Flow from Serinus' Tunisia subsidiary, less debt repayments and service costs arising from all senior debt on the Tunisia assets, less capital expenditures, plus any new debt disbursement on the Tunisian debt. In the event that pre-payments are made on the Romania loan in any given year, the repayment from Tunisia shall drop to 25% of the Excess Cash. No pre-payment fees are applicable to the accelerated payments described above. Subsequent to quarter end, a repayment has been made under this provision of the loan agreement, relating to excess cash generated in 2015, for \$3.4 million.

As at March 31, 2016, \$12.1 million of principle was outstanding and the Company has \$3.7 million available on tranche 2 of the Senior Loan facility.

**Convertible Loan**

	As at March 31, 2016	As at December 31, 2015
Current portion of long-term debt	\$ -	\$ 21,858
Long-term debt	22,335	-
Total	<u>\$ 22,335</u>	<u>\$ 21,858</u>

Both loan agreements contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. At March 31, 2016, the Company was in compliance with all debt covenants (December 31, 2015: the Company was not in compliance with the debt to EBITDA covenant at the Tunisia level, resulting in the reclassification of all debt as current).

As at March 31, 2016, the Company has fully drawn \$20.0 million that was available under the convertible loan agreement.

**(b) Romania funding**

	As at March 31, 2016	As at December 31, 2015
Current portion of long-term debt	\$ -	\$ 11,153

**Serinus Energy Inc.**  
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On February 20, 2015, Serinus finalized an \$11.28 million debt facility with EBRD. The proceeds from the senior loan facility (the "Romania Facility") were used to fund the Company's capital program in Romania. In Q1 2016, the full amount of the loan was repaid following close of the disposition of Ukraine and all security pledged under the loan agreement has been released (December 31, 2015: \$11.28 million debt and \$0.4 million transaction costs had been paid).

**8. Share capital**

**(a) Authorized and issued**

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares without nominal or par value. The preferred shares may be issued in one or more series, with rights and privileges as determined by the Board of Directors. There are no preferred shares issued.

The Company has a total of 78,629,941 shares outstanding at March 31, 2016 (December 31, 2015: 78,629,941).

**(b) Earnings/(loss) per share**

	Three months ended March 31,	
	2016	2015
Net loss attributable to common shareholders		
Continuing operations - Basic and diluted	\$ (4,137)	\$ (4,606)
Discontinued operations - Basic and diluted	(31,378)	338
Net loss attributable to common shareholders	(35,515)	(4,268)
Weighted average number of shares outstanding		
Basic and diluted <sup>(i)</sup>	78,629,941	78,629,941
Loss per share attributable to common shareholders		
Continuing operations - Basic and diluted	\$ (0.05)	\$ (0.06)
Discontinued operations - Basic and diluted	\$ (0.40)	\$ 0.01

(i) For the three months ended March 31, 2016 there are 1.3 million stock options exercisable that are excluded from the calculation as the impact is anti-dilutive (2015: 2.6 million).

**(c) Stock options**

A summary of the changes to the option plan during the three month period ended March 31, 2016, is presented below:

	USD denominated options		CAD denominated options	
	Number of Options	Weighted average exercise price per option (US\$)	Number of Options	Weighted average exercise price per option (CAD\$)
Balance, December 31, 2015	1,270,600	\$ 3.96	111,000	\$ 2.28
Expired/Cancelled	(20,000)	\$ 4.00	-	-
Balance, March 31, 2016	1,250,600	\$ 3.96	111,000	\$ 2.28

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**(Unaudited)**

The following tables summarize information about the options outstanding as at March 31, 2016:

**USD denominated options:**

Exercise price (US\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 2.85 - \$ 3.50	168,000	168,000	2.36
\$ 3.51 - \$ 4.00	334,000	334,000	0.63
\$ 4.01 - \$ 5.00	736,600	736,600	2.51
\$ 5.01 - \$ 6.20	12,000	12,000	0.95
\$ 3.96	1,250,600	1,250,600	1.98

**CAD denominated options:**

Exercise price (CAD\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 1.56 - \$ 2.50	74,000	49,333	3.59
\$ 2.51 - \$ 3.22	37,000	27,666	3.16
\$2.28	111,000	76,999	3.44

**9. Contractual obligations and commitments**

The contractual obligations of the Company as at March 31, 2016 are as follows:

	Within 1 Year	2-3 Years	4-5 Years	+5 Years	Total
Office Rental	\$ 565	\$ 892	\$ 743	\$ -	\$ 2,200
EBRD loan-Tunisia <sup>(i)</sup>	6,721	6,667	21,236	-	34,624
Total contractual obligations	\$ 7,286	\$ 7,559	\$ 21,979	\$ -	\$ 36,824

(i) EBRD loan obligations are presented excluding deferred financing costs and include only interest accrued as of March 31, 2016.

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

**Tunisia**

The Tunisian state oil and gas company, Enterprise Tunisienne D'Activities Petroliers ("ETAP"), has the right to back into up to a 50% working interest in the Chouech Es Saida concession if, and when, the cumulative crude oil sales, net of royalties and shrinkage, from the concession exceeds 6.5 million barrels. As at March 31, 2016 cumulative liquid hydrocarbon sales net of royalties and shrinkage was 5.2 million barrels. Management is of the opinion that there are sufficient exploration and development opportunities which, if successful, could result in this provision being exercised within the next 10 years.

**Romania**

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

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2016 and 2015**  
**(Stated in thousands of US dollars, except as noted)**  
**(Unaudited)**

**Office Space**

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

**10. Related party transactions**

Nemmoco Petroleum Corporation (“Nemmoco”) is a private company of which 37.5% is owned by Timothy M. Elliott, an officer and director of the Company, provides certain personnel, general, accounting and administrative services to the Company at its offices in Dubai on a cost basis. For the three months ended March 31, 2016, the fees totalled \$0.1 million (Q1 2015: \$0.2 million). At March 31, 2016, \$3 thousand was due from Nemmoco (December 31, 2015: \$11 thousand due to).

Loon Energy Corporation (“Loon Energy”) is a publicly traded Canadian corporation with no employees. Serinus and Loon Energy are related as they have five common directors and officers and the same principal shareholder. Management and administrative services are provided by the management and staff of Serinus. For the three months ended March 31, 2016, these fees totalled \$2 thousand (Q1 2015: \$2 thousand). At March 31, 2016, Loon Energy owed \$nil (December 31, 2015: \$nil) to Serinus for these services.

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

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

**11. Segmented information**

The Company’s reportable segments are organized by geographical areas and consist of Romania, Tunisia, Ukraine and Corporate.

	<u>Romania</u>	<u>Tunisia</u>	<u>Ukraine (Discontinued)</u>	<u>Corporate</u>	<u>Total</u>
<b>As at March 31, 2016</b>					
Total Assets	\$ 19,378	\$ 103,494	\$ -	\$ 13,614	\$ 136,486
<b>For the period ended March 31, 2016</b>					
Oil and gas revenue, net of royalties	\$ -	\$ 3,400	\$ 3,924	\$ -	\$ 7,324
Operating expenses:					
Production expenses	-	(2,198)	(396)	(51)	(2,645)
General and administrative	-	(29)	(3)	(1,171)	(1,203)
Transaction costs	-	-	-	-	-
Stock based compensation	-	-	-	(8)	(8)
Loss on disposition of assets	-	-	(33,040)	(10)	(33,050)
Depletion and depreciation	(1)	(1,253)	(599)	(48)	(1,901)
Finance income/(expense)					
Interest and other income	-	-	78	2	80
Unrealized loss on investments	-	-	-	(35)	(35)
Interest expense and accretion	(2)	(193)	(3)	(1,310)	(1,508)
Foreign exchange gain (loss)	(57)	(4)	(105)	(166)	(332)
Loss before tax	\$ (60)	\$ (277)	\$ (30,144)	\$ (2,797)	\$ (33,278)
Current tax expense	-	-	(513)	-	(513)
Deferred tax recovery	-	(1,003)	-	-	(1,003)
Net Earnings (loss)	\$ (60)	\$ (1,280)	\$ (30,657)	\$ (2,797)	\$ (34,794)
Capital expenditures	\$ 473	\$ 526	\$ -	\$ -	\$ 999

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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**(Stated in thousands of US dollars, except as noted)**  
**(Unaudited)**

	<u>Romania</u>	<u>Tunisia</u>	<u>Ukraine (Discontinued)</u>	<u>Corporate</u>	<u>Total</u>
<b>As at December 31, 2015</b>					
Total Assets	\$ 18,774	\$ 103,289	\$ 58,780	\$ 4,344	\$ 185,187
	<u>Romania</u>	<u>Tunisia</u>	<u>Ukraine</u>	<u>Corporate</u>	<u>Total</u>
<b>For the period ended March 31, 2015</b>					
Oil and gas revenue, net of royalties	\$ -	\$ 7,203	\$ 6,155	\$ -	\$ 13,358
Operating expenses:					
Production expenses	-	(2,864)	(1,964)	(40)	(4,868)
General and administrative	-	-	(28)	(1,367)	(1,395)
Transaction costs	-	-	-	(47)	(47)
Stock based compensation	-	-	-	(636)	(636)
Depletion and depreciation	(1)	(2,529)	(2,252)	(38)	(4,820)
Finance income/(expense)					
Interest and other income	-	-	861	50	911
Unrealized loss on investments	-	-	-	(17)	(17)
Interest expense and accretion	(37)	(757)	(136)	(243)	(1,173)
Foreign exchange loss	44	(261)	(1,953)	(1,271)	(3,441)
Earnings (loss) before tax	\$ 6	\$ 792	\$ 683	\$ (3,609)	\$ (2,128)
Current tax expense	-	(183)	(1,074)	-	(1,257)
Deferred tax recovery/(expense)	-	(1,612)	874	-	(738)
Net Earnings (loss)	\$ 6	\$ (1,003)	\$ 483	\$ (3,609)	\$ (4,123)
Capital expenditures	\$ 3,575	\$ 6,145	\$ 1,523	\$ 3	\$ 11,246