SERINUS ENERGY INC.

Management's Discussion and Analysis
For the three months ended March 31, 2016
(US Dollars)

This Management's Discussion and Analysis ("MD&A") for Serinus Energy Inc. ("Serinus", or "the Company") is a review of the results of operations and the liquidity and capital resources of Serinus Energy Inc. and its subsidiaries (collectively "Serinus" or "the Company"). The MD&A should be read in conjunction with Serinus' unaudited condensed Consolidated Financial Statements as at and for the period ended March 31, 2016 and the December 31, 2015 audited Consolidated Financial Statements and MD&A. Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document.

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

This MD&A uses United States dollars ("US Dollars" or "USD") which is the reporting currency of the Company. The condensed consolidated interim financial statements for March 31, 2016 are prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements. This document is dated May 12, 2016.

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

HIGHLIGHTS

- On February 8, 2016, Serinus announced the closing of the sale of its 70% interest in Ukraine to Resano Trading Ltd. for total cash consideration of $33.2 million including all working capital and inter-company adjustments. Net proceeds of the sale have been used to repay $19.2 million of debt and interest outstanding with the European Bank for Reconstruction and Development ("EBRD") against the Romania and Tunisia debt facilities. The balance of the proceeds will be used for general corporate purposes and to help fund development of the Moftinu gas discovery in Romania. The results of operations of Ukraine are included in the consolidated results of Serinus up to the date the sale closed and are reflected as discontinued operations in the statement of operations.
- During Q1 2016, total reported production was 2,213 boe/d, of which 1,059 boe/d represents production from Ukraine up to closing. Production from Tunisia averaged 1,154 boe/d, compared to 1,579 boe/d for 2015, a decrease of 27%. Tunisia production was down from the comparable period in 2015 due to restricted rates from the WIN-12bis well due to scaling, two additional Sabria wells requiring workovers stemming from the field shut-in during the summer of 2015, downtime incurred in Q1 2016 for changing out bottom hole pumps and wells shut in for pressure build-ups.
- Tunisia production for Q1 2016 was weighted 78% (2015: 79%) oil with the remainder consisting of natural gas production.
- Average crude oil prices in Tunisia were lower in Q1 2016 at $37.12 per bbl, compared to $53.85 per bbl in Q1 2015, reflecting the continuing decline in Brent since the latter part of 2014. During Q1 2016, Brent prices averaged $33.70/bbl as compared to $53.98/bbl in the comparable period of 2015, a decline of 38%, and hit a 12 year low of $27.88/bbl in January. Since quarter end, Brent has improved with an April average of $43.34/bbl.
- The netback[2 3] for Tunisia in Q1 2016 was $11.44 per boe, compared to $30.53 per boe in 2015. The lower netback was driven by lower commodity prices.
- Funds from operations[1 2] were $2.7 million for the three month period ended March 31, 2016, as compared to $4.3 million for the comparative period of 2015. Funds from operations from Tunisia for Q1 2016 were $1.2 million, which when offset by the corporate loss from operations of $1.5 million resulted in total negative funds from continuing operations of $0.3 million for the quarter. Funds from operations from Ukraine in Q1 2016 were $3.0 million. In 2016, lower production and lower commodity prices contributed to the decrease in funds from operations.
- Revenue, net of royalties, was $7.3 million in Q1 2016, of which $3.9 million represents revenue from Ukraine up to closing. Revenue, net of royalties, from Tunisia decreased to $3.4 million compared to $7.2 million in the comparative period of 2015. The decrease in 2016 was attributable to lower commodity prices and lower production.
- At March 31, 2016 the Company was in compliance with all its bank covenants on its debt held with the EBRD. There is however, a risk that the Company may violate certain financial covenants from the second quarter of 2016 onwards relating to its debt held with EBRD, given the low commodity price environment. Although the EBRD has previously provided waivers for covenant breaches, there is no certainty that 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.
- As at March 31, 2016, the outstanding principle on EBRD debt is $32.1 million, reflecting the prepayments made as a result of the disposition of Ukraine and the regular scheduled repayment due in March 2016. Subsequent to quarter end, a repayment has been made under the excess cash sweep provision of the Senior Loan agreement, relating to excess cash generated in Tunisia in 2015, of $3.4 million, leaving a balance of $28.7 million.
- In Romania, the National Agency for Mineral Resources ("NAMR") approved a 3 year extension to the exploration period for the Satu Mare Concession ("Satu Mare") in northwest Romania. The extension is pending ratification by several government ministries. The work obligations pursuant to the extension include the drilling of two wells, and, at the Company's option, either the acquisition of 120 km2 of new 3D seismic data or drill a third well. The two firm wells must be drilled to minimum depths of 1,500 and 2,000 metres respectively, and if so elected, the third well to a depth of 2,500 metres. The Company, through its indirectly wholly owned subsidiary Winstar Satu Mare S.A ("Winstar Satu Mare"), currently holds a 60% interest in Satu Mare. The holder of the remaining 40% interest elected not to apply for the Phase 3 extension, and pursuant to the operating agreement, decided to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company, but was

[1] See "Non-IFRS Financial Measures" in the end of this MD&A
[2] See "Funds from Operations" for a reconciliation of funds from operations to cash flows
[3] See "Oil and Gas Netback" for a reconciliation of netback to revenue

(Thousands of US dollars, except as noted)

of the belief that it could not effect such withdrawal and assignment until certain matters particular to it were resolved with the Government. Consequently, the holder of the 40% interest executed an agreement that amongst other things, provided it would hold the 40% interest in trust and for the benefit of Winstar Satu Mare until such time as it could transfer the interest to Winstar Satu Mare in accordance with the provisions of the Concession Agreement, giving the Company an effective 100% working interest.

OPERATIONAL OVERVIEW

Serinus is an international oil and gas exploration and production company with operations in Tunisia and Romania. The Company has management offices in Calgary (Canada), Dubai (United Arab Emirates) and Warsaw (Poland).

Included in the MD&A is an analysis of the above operations. The Company also had operations in Ukraine which were sold at the beginning of February 2016. Operations in Ukraine up to February 5, 2016, the date of sale, have been presented as discontinued operations in the Statement of Operations for the periods ended March 31, 2016 and 2015. For purposes of this MD&A, analysis of the results of Ukraine have been included in the section titled Discontinued Operations.

Tunisia

As at March 31, 2016, Serinus has the following interests in Tunisia concessions:

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

Three of the concessions are currently producing oil or gas.

The Tunisian state oil and gas company, Enterprise Tunisienne d'Activites Petroliere ("ETAP"), has the right to back into the Chouech Es Saida concession for up to a 50% interest, if and when the cumulative crude oil sales, net of royalties and shrinkage, from the concession exceed 6.5 million barrels. As at March 31, 2016, cumulatively 5.2 million barrels, net of royalties and shrinkage have been sold from the concession.

The Company began to generate revenues in Tunisia with its acquisition of Winstar on June 24, 2013, and since that time has generated $96.1 million of revenue, net of royalties, in aggregate from these assets.

Romania

With the extension for Satu Mare, Serinus is concentrating on development of the Moftinu-1001 discovery. Management is currently refining the drilling program and has commenced preliminary design of surface facilities. Pending ratification by several government ministries of the Phase 3 extension of the Satu Mare License, and receipt of typical permits and approvals, drilling and construction could commence in the second half of 2016.

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

Serinus, through its wholly owned subsidiary Winstar Satu Mare, currently holds a 60% interest in Satu Mare. The holder of the remaining 40% elected not to apply for the Phase 3 extension and pursuant to the operating agreement, decided to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company and signed a withdrawal agreement. Pending such assignment, and in accordance with the provisions of the operating agreement and withdrawal agreement, the other interest owner has agreed to hold the 40% interest in trust and for the benefit of Serinus, giving the Company an effective 100% working interest.

(Thousands of US dollars, except as noted)

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

Other

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

In Syria, the Company holds a working interest of 50% in the Syria Block 9 production sharing contract ("Block 9 PSC") which provides the right to explore for and, upon fulfillment of certain conditions, to produce oil and gas from Block 9, a 10,032 square kilometer (2.48 million acre) area in northwest Syria. The Company has an agreement to assign a 5% ownership interest to a third party which is subject to the approval of Syrian authorities, and which, if approved, would leave the Company with a remaining effective interest of 45% in Block 9. Effective July 16, 2012, the Company, in its capacity as Operator of Syria's Block 9, declared Force Majeure due to conditions arising from the current instability, including difficult operating conditions and the inability to move funds into the country, rendering the performance of its obligations under the contract impossible. The Company will continue to monitor operating conditions in Syria to assess when a recommencement of its Syrian operations is possible.

Serinus has interests in a minor property at Sturgeon Lake in Alberta, Canada. This asset is not currently producing and has a future abandonment liability associated with it of CAD$1.7 million, of which $0.1 million was undertaken in the first quarter of 2016.

FUNDS FROM OPERATIONS

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

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

	Three months ended March 31, 2016		Three months ended March 31, 2015	
Cash flow from operations	$	(273)	$	1,655
Changes in non-cash working capital		3,005		2,689
Funds from operations [a]	$	2,732	$	4,344
Funds from operations per share	$	0.03	$	0.06
Funds from operations				
Continuing operations	$	(280)	$	1,186
Discontinued operations [b]		3,012		3,158
	$	2,732	$	4,344

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

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

Funds from operations for continuing operations decreased by $1.5 million for the three month period ended March 31, 2016 to negative $0.3 million, as compared to $1.2 million in the comparable period of 2015. The decrease in funds from operations is primarily attributable to lower commodity prices and lower production, partially offset by decreased production costs and G&A.

Discussion regarding funds from operations relating to Ukraine is included in the section titled Discontinued Operations.

(Thousands of US dollars, except as noted)

PRODUCTION

	Three months ended March 31, 2016	2015
Average Daily Production		
Crude Oil (bbl/d)	901	1,240
Natural gas (Mcf/d)	1,518	2,031
Total boe/d	1,154	1,579

Tunisia production is predominantly from the Chouech Es Saida and Sabria fields, which account for over 95% of Tunisia production.

Production volumes decreased by 27% in the first quarter to 1,154 boe/d, compared to 1,579 boe/d in the comparable period of 2015. The decrease was substantially due to restricted rates from the WIN-12bis well due to scaling, two additional Sabria wells requiring workovers stemming from the field shut-in during the summer of 2015, downtime incurred changing out bottom hole pumps and wells shut in for pressure build-ups.

OIL AND GAS REVENUE

	Three months ended March 31, 2016	2015
Crude oil	$ 3,045	$ 6,011
Natural gas	734	2,117
	$ 3,779	$ 8,128
Crude Oil($/bbl)	$ 37.12	$ 53.85
Natural gas ($/Mcf)	5.31	11.58
Average price ($/boe)	$ 35.97	$ 57.20

Oil prices in Tunisia are based on a premium or discount to Brent over the 3 day lifting period, depending on the payment settlement terms. The Company is required to sell 20% of its annual oil production from the Sabria concession into the local market, which is sold at an approximate 10% discount to the price obtained on its other crude sales. In Q1, 2016, Brent prices averaged $33.70 per bbl compared to $53.98 per bbl in the comparable period in 2015, a 38% decline. Natural gas prices are nationally regulated and are tied to the twelve month trailing average of low sulphur heating oil (benchmarked to Brent).

Oil and gas revenues totalled $3.8 million for Q1, 2016, compared to $8.1 million in Q1 2015. The decrease of 54% is attributable to a 37% decrease in the average commodity price and a 27% decrease in production.

Oil sales include volumes loaded onto tankers, as well as the change in the net realizable value of oil inventory. There were two tanker lifts of oil during Q1 2016, both of which occurred in March. As at March 31, 2016, the Company was in an over-lifted position of 38,870 bbls and has therefore recorded deferred revenue of $1.4 million.

ROYALTIES

	Three months ended March 31, 2016	2015
Total royalties	$ 379	$ 925
$/boe	$ 3.61	$ 6.51
Royalties as a percentage of sales	10.0%	11.4%

Tunisian royalties are based on individual concession agreements, none of which exceed 15%. In two concessions, Sabria and Zinnia, the royalty rate varies depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the "R factor". As the R factor increases, so does the royalty percentage to a maximum rate of 15%.

The average royalty rate for Q1 2016 was 10.0% as compared to 11.4% in Q1 2015. The decrease in the average royalty rate reflects proportionally more production from Sabria in 2016, which has a 7% oil royalty rate, therefore decreasing the average royalty rate for Tunisia.

PRODUCTION EXPENSES

	Three months ended March 31, 2016	2015
Tunisia	2,198	2,864
Canada	51	40
Production expenses	$ 2,249	$ 2,904
Tunisia production expense ($/boe)	$ 20.92	$ 20.16

On an absolute basis, production expense for Q1 2016 decreased by 23% compared to the same period in 2015. On a boe basis however, the costs rose to $20.92 per boe vs. $20.16 per boe in 2015 as production dropped by 27% over the same period. The production decline is discussed in the Production section on the previous page.

Canadian production expenses relate to the Sturgeon Lake assets and totalled $51 thousand for the three month period ended March 31, 2016. The asset is not producing and is incurring minimal operating costs to maintain the property.

OIL AND GAS NETBACK

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

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

Netback by Commodity	Three months ended March 31,					
(Volumes in thousand)	2016			2015		
	Gas (Mcf)	Oil (bbl)	**Total (boe)**	Gas (Mcf)	Oil (bbl)	**Total (boe)**
Average daily sales volumes	1,518	901	**1,154**	2,031	1,240	**1,579**
Revenue	$ 5.31	$ 37.12	**$ 35.97**	$ 11.58	$ 53.85	**$ 57.20**
Royalty expense	(0.49)	(3.80)	**(3.61)**	(1.21)	(6.31)	**(6.51)**
Production expenses	(3.09)	(21.59)	**(20.92)**	(4.08)	(18.97)	**(20.16)**
Netback [(a)]	$ 1.73	$ 11.73	**$ 11.44**	$ 6.29	$ 28.57	**$ 30.53**

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

The netback decreased to $11.44 per boe for Q1 2016 compared to $30.53 in Q1 2015. The decrease in Q1 2016 is due to lower realized prices, partially offset by lower royalties.

(Thousands of US dollars, except as noted)

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31, 2016	2015
General and administrative	$ 1,200	$ 1,367
$/boe	$ 4.94	$ 2.70

G&A costs incurred by the Company are expensed, with certain costs directly related to exploration and development assets being capitalized. General and administrative ("G&A") costs decreased 14% year over year to $1.2 million in Q1 2016 compared to $1.4 million in Q1 2015. The decrease is due to lower consultancy, staff costs, and travel.

On a per boe basis, decreased production for the quarter compared to last year resulted in G&A costs increasing by 83% to $4.94 per boe.

STOCK BASED COMPENSATION

	Three months ended March 31, 2016	2015
Stock based compensation	$ 8	$ 636
$/boe	$ 0.03	$ 1.26

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

Stock based compensation was $8 thousand in Q1 2016 compared to $636 thousand in Q1 2015. The lower expense recognized in Q1 2016 as compared to Q1 2015, reflects that no options have been granted since late 2014 and therefore the amortization of expense is declining. In addition, the Q1 2015 expense reflects the accelerated expense associated with the cancellation of 2,753,400 options.

DEPLETION AND DEPRECIATION

	Three months ended March 31, 2016	2015
Tunisia	$ 1,253	$ 2,529
Corporate	49	39
Depletion and depreciation ("D&D")	$ 1,302	$ 2,568
Tunisia D&D ($/boe)	$ 11.93	$ 17.80

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

In Q1 2016, depletion and depreciation expense decreased to $1.3 million from $2.5 million in 2015. The decrease in depletion expense was due to a lower depletion rate per boe and lower production.

On a per boe basis, depletion rates have decreased to $11.93 per boe for the three months ended March 31, 2016, compared to $17.80 per boe in the comparable period of 2015. The decrease is due to a reduction in the depletable base associated with impairment recognized in 2015, due to declining oil prices.

(Thousands of US dollars, except as noted)

INTEREST EXPENSE AND ACCRETION

	Three months ended March 31, 2016	2015
Interest on long-term debt	$ 1,310	$ 814
Other interest charges	2	-
Accretion on asset retirement obligations	193	223
	$ 1,505	$ 1,037

Interest expense and accretion for the three months ended March 31, 2016 increased to $1.5 million, as compared to $1.0 million in 2015. Interest increased primarily due to increased interest on the Romania ERBD debt, the increase was primarily due to the accelerated amortization of deferred financing costs which occurred as a result of the repayment of the Romania EBRD loan.

FOREIGN EXCHANGE LOSS

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

Fluctuations in foreign currency exchange rates between US dollars and other currencies resulted in a foreign exchange loss of $0.2 million for the three months ended March 31, 2016, compared to $1.5 million in 2015.

DISCONTINUED OPERATIONS

On February 8, 2016, Serinus announced the closing of the sale of its 70% interest in the shares of KUBGAS Holdings (“KUB Holdings”) to Resano Trading Ltd. KUB Holdings holds 100% of the shares of KUBGAS LLC, a Ukrainian entity, which comprised the Company’s Ukrainian operations. Upon closing, Serinus received total cash consideration of $33.2 million including working capital and inter-company adjustments.

The results of Ukraine operations are included in the results of Serinus up to the date of closing. On closing all assets, liabilities, minority interest and accumulated other comprehensive income associated with the Ukrainian operations were derecognized from the balance sheet and recognized in the statement of operations as a loss on disposition. Offsetting the derecognition of balance sheet amounts were the proceeds on disposition, net of associated transaction costs. The loss on disposal primarily relates to accumulated other comprehensive loss of $34.2 million attributable to Ukraine.

The Ukraine operations and loss on disposition of Ukraine assets are presented as discontinued operations in the Statement of Operations for the quarters ended March 31, 2016 and 2015, and are summarized below. The net earnings from discontinued operations in Q1, 2016 was $2.4 million, as compared to earnings of $0.5 million in the comparable period of 2015. See below for further discussion relating to the results from operations.

(Thousands of US dollars, except as noted)

The loss on disposition of $33.0 million in Q1, 2016 offsets the net earnings for the period, resulting in a total loss related to discontinued operations of $30.7 million for the three months ended March 31, 2016.

	Three months ended March 31,	
Net earnings from discontinued operations	2016	2015
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 disposition (net of transaction costs)	$ (33,040)	$ -
Gain (loss) from discontinued operations	$ (30,657)	$ 483

	Three months ended March 31,	
Cash flows from discontinued operations	2016	2015
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 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.

Production from discontinued operations for the three months ended March 31, 2016 was 1,059 boe/d as compared to 2,827 boe/d in the comparable period of 2015, net to Serinus' interest. The decrease of 63% reflects that production in 2016 is only reported to the date of closing, production in the period to closing was 2,677 boe/d.

Oil and gas revenue for Q1, 2016 totaled $5.4 million, a decrease of 68% as compared to the prior year, due to a 63% decrease in production and a 15% decrease in average commodity prices.

(Thousands of US dollars, except as noted)

Average natural gas prices for the quarter were $6.63/Mcf as compared to $7.84/Mcf in the comparable period of 2015. Market reforms effective October 1, 2015, led to pricing being based on the market in Ukraine, whereas the pricing in the comparable period was set by the National Electricity Regulatory Commission ("NERC") of Ukraine by reference to the Russian imported gas price. In addition, deterioration in the UAH during the first quarter of 2016 impacted the realized price. The average exchange rate for the UAH/USD in Q1, 2016 was 25.1 compared to 21.8 in the comparable period of 2015, a deterioration of 15%.

Royalties averaged 28% in the first quarter for 2016 compared to 64% in 2015. Effective January 1, 2016 the government of Ukraine reduced royalties on natural gas production to 29%, from the previous 55%, for wells drilled to depths up to 5 kilometers. The effective royalty rate of 64% in Q1, 2015 exceeded the stated 55% rate as royalties paid were based on the NERC limit price for selling gas to industrial consumers, however, the price realized was substantially less than this limit price.

Production expenses were $2.88 per boe in Q1, 2016 compared to $5.40 per boe in the comparable period of 2015. Production expenses decreased relative to the comparative period due to cost cutting initiatives, as well as the weakening of the UAH.

Funds from discontinued operations for the three months ended March 31, 2016 was $3.0 million as compared to $3.2 million in the comparable period of 2015. The decline in funds from operations was due to only including results to the date of closing in 2016 and decreased commodity prices in the quarter, partially offset by lower royalties and lower expenses.

Depletion was $4.34 per boe in in Q1, 2016 compared to $6.20 per boe in the comparable period of 2015. The decrease in rate in Ukraine is primarily due to a decrease in the depletable base associated with impairments recorded in 2015, which has resulted in lower net book values, as well as the weakening of the UAH.

In Ukraine, the Company incurred no capital expenditures for the three months ended March 31, 2016.

CAPITAL EXPENDITURES

	Three months ended March 31, 2016	2015
Capital expenditures on property, plant and equipment	$ 528	$ 6,151
Capital expenditures on exploration and evaluation assets	471	3,572
Total capital expenditures	$ 999	$ 9,723
Expenditure by location		
Tunisia	$ 526	$ 6,145
Romania	473	3,575
Corporate	-	3
	$ 999	$ 9,723

Capital expenditures consist of expenditures incurred on assets which are in the exploration and evaluation stage and include expenditures incurred on wells and seismic acquisition and processing. For these assets, the technical feasibility and commercial viability of the underlying property has yet to be determined. Exploration and evaluation assets ("E&E") are not subject to depletion and depreciation, but are subject to impairment. As at March 31, 2016, this consists of Romanian assets. Expenditures incurred on assets for which technical feasibility and commercial viability have been determined are classified as property, plant and equipment ("PP&E").

In Tunisia, the Company incurred $0.5 million of capital expenditures for the three months ended March 31, 2016, which included:

(Thousands of US dollars, except as noted)

- CS-3 ESP replacement; and,
- CS-1 workover.

In Romania, the Company incurred $0.5 million of capital expenditures for the three month periods ended March 31, 2016, which included pre-permitting and licensing, land rentals and ongoing engineering study costs.

Capitalized costs of Romania's exploration and evaluation assets totaled $19.0 million as at March 31, 2016 (December 31, 2015: $18.5 million).

LIQUIDITY, DEBT AND CAPITAL RESOURCES

	Three months ended March 31, 2016	Three months ended March 31, 2015
Operating	$ (273)	$ 1,655
Financing	(21,980)	13,157
Investing	24,015	(3,902)
Effect of exchange rate changes on cash	(137)	813
Change in cash	$ 1,625	$ 11,723

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

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

Working Capital (a)

	As at March 31, 2016	As at December 31, 2015
Current assets	$ 24,551	$ 72,914
Current liabilities	26,735	84,157
Working capital	$ (2,184)	$ (11,243)

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

The Company's liquidity requirements arise primarily from the need to finance exploration and development expenditures and general working capital. Serinus has a working capital deficit of $2.2 million as at March 31, 2016 (December 31, 2015: $11.2 million deficit).

The positive change in working capital is primarily due to the classification of EBRD debt. As at March 31, 2016, debt was classified between long and short term based on its repayment terms, as compared to the presentation of all debt as current as at December 31, 2015, due to a covenant violation which was waived subsequent to December 31, 2015. In Q1 2016, the Company financed cash outflows including working capital and capital expenditures from funds from operations and cash on deposit.

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

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

There are no restrictions on the use of the Company's capital resources that could materially affect, directly or indirectly, its operations or activities. The Company is in compliance with all covenants to debt agreements as at March 31, 2016.

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

The following details the debt agreements the Company has or had in place over the period ended March 31, 2016:

EBRD-Ukraine Loan Facility

On January 15, 2016, the final scheduled repayment of $0.6 million was made to fully repay the EBRD loan agreement dated May 20, 2011. At such time, all fees, interest and principal amounts due to EBRD in accordance with the terms of the loan agreement were repaid in their entirety and all security pledged under the loan agreement has been released.

EBRD-Tunisia Loan Facility

On November 20, 2013, the Company finalized two loan agreements aggregating USD $60 million with EBRD. The Senior Loan is in the amount of USD $40 million, has a term of seven years, and is available in two tranches of USD $20 million each. The second tranche was subsequently reduced from $20 million to $8.72 million upon placement of the EBRD Romanian Facility in Q1 2015. Both loan agreements contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. Refer to "Covenants" section for details of the associated covenants.

Senior Loan interest is payable semi-annually at a variable rate equal to LIBOR plus 6%. At the Company's option, the interest rate may be fixed at the sum of 6% and the forward rate available to EBRD on the interest rate swap market. The Company has locked in the interest rate on the $20.0 million Senior Loan at a rate of 6.9% for a two year period from September 30, 2014 to September 30, 2016.

The Senior Loan is repayable in twelve equal semi-annual installments. The first repayment of $1.7 million was made March 31, 2015 and a further $2.1 million was made September 2015. In Q1 2016, $7.6 million of the Senior Loan, including interest, was repaid from proceeds of the sale of Ukraine and a $1.7 million scheduled semi-annual installment was paid. As at March 31, 2016, the principle outstanding under the Senior Loan was $12.1 million.

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

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

(Thousands of US dollars, except as noted)

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

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

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

As at March 31, 2016, the Company has $3.72 million available on tranche 2 of the Senior loan facility (December 31, 2015: $3.72 million).

EBRD–Romania Facility

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

Following the disposition of Ukraine, all fees, interest and principal amounts due to EBRD in accordance with the terms of the loan agreement were repaid in their entirety and all security pledged under the loan agreement has been released.

EBRD-Tunisia Loan Facility Covenants

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

	As at March 31, 2016	As at December 31, 2015
Debt Service Coverage Ratio (not less than 1.3:1) (a)		
- Tunisia (b)	1.8 - In compliance	2.1 - In compliance
Debt Service Coverage Ratio (not less than 1.5:1) (c)		
- Serinus (d)	2.3 - In compliance	0.6 - In compliance
Financial Debt to EBITDA (no more than 2.5) (e)		
- Tunisia (f)	1.7 - In compliance	3.2 - Non compliance
Financial Debt to EBITDA (no more than 2.75) (g)		
- Serinus (h)	1.8 - In compliance	2.5 - In compliance
Compliance	YES	NO

(a) This calculation is equal to the trailing twelve month cash flow from operations divided by debt service costs. A deduction is made from cash flows for Tunisia capital expenditures not considered part of the EBRD project expenditures.
(b) Tunisia adjusted cash flow was $10.4 million for the 12 month period ended March 31, 2016. The debt service costs for the same period were $5.6 million (December 31, 2015: $12.8 million and $5.9 million respectively).
(c) This calculation is equal to the trailing twelve month cash flow from operations divided by debt service costs. A deduction is made from cash flow for capital expenditures not considered EBRD project costs.
(d) Serinus' adjusted consolidated cash flow amount was $20.3 million for the 12 month period ended March 31, 2016. The debt service costs for the same period were $8.7 million (December 31, 2015: $5.8 million and $10.1 million respectively).
(e) Financial debt as defined under the agreement includes the senior portion of the EBRD Tunisian Loan. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs. Subsequent to December 31, 2015, EBRD formally waived compliance with the Tunisia Financial Debt to EBITDA financial covenant that was violated for the reporting period ended December 31, 2015.
(f) Tunisia financial debt totalled $12.1 million as at March 31, 2016. EBITDA totalled $7.0 million for the same period (December 31, 2015: $32.5 million and $10.1 million respectively).
(g) Financial debt as defined under the agreement includes all Serinus long term debt. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs.
(h) Serinus financial debt totalled $32.1 million as at March 31, 2016. EBITDA totalled $17.9 million for the 12 month period ending March 31, 2016 (December 31, 2015: $53.1 million and $21.4 million respectively).

(Thousands of US dollars, except as noted)

SHARE DATA

The Company is authorized to issue an unlimited number of common shares of which 78,629,941 common shares and 1,250,600 options with a USD exercise price and 111,000 options with a Canadian Dollar ("CAD") exercise price to purchase common shares were outstanding as at March 31, 2016.

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

Summary of common shares outstanding:

	Number of Shares	Carrying Amount
Balance, March 31, 2016 and December 31, 2015	78,629,941	$ 344,479

Summary of options outstanding:
The following table summarizes information about common share purchase options outstanding at March 31, 2016:

	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

The following tables summarize information about the USD and CAD 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

At the date of issuing this report, the following are the options outstanding and changes to directors, executives and officers options owned since March 31, 2016, up to the date of this report:

(Thousands of US dollars, except as noted)

		Changes to Ownership		
Name of Director/Executive Officer/Key Person	**Options held as at May 12, 2016**	**Shares held at March 31, 2016**	**Change in share ownership**	**Shares held at May 12, 2016**
Timothy M. Elliott	853,600	600,000	-	600,000
Norman W. Holton	-	337,791	-	337,791
Jock M. Graham	-	146,258	-	146,258
Michael A. McVea	-	10,000	-	10,000
Gary R. King	-	6,750	-	6,750
Evgenij Iorich [(a)]	-	3,415	-	3,415
Stephen C. Akerfeldt	-	-	-	-
Helmut Langanger	-	-	-	-
Sebastian Kulczyk [(b)]	-	-	-	-
Lukasz Redziniak	-	-	-	-
Aaron LeBlanc	-	-	-	-
Tracy Heck	-	-	-	-
Jakub Korczak	-	-	-	-
	853,600	1,104,214	-	1,104,214

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

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

As at the date of issuing this report, management is only aware of two shareholders holding more than 5% of the common shares of the Company. KI owns 50.8% and Pala Holdings owns 7.5% of the common shares issued at March 31, 2016.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations 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 [(a)]	6,721	6,667	21,236	-	34,624
Total contractual obligations	$ 7,286	$ 7,559	$ 21,979	$ -	$ 36,824

a) EBRD loan obligations are presented excluding deferred financing costs and include only current accrued interest.

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, 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 NAMR and will become effective once it has been approved by certain government ministries and gazetted. The work obligations pursuant to the extension include the drilling of two wells, and, at the Company's option, either the acquisition of 120 km2 of new 3D seismic data or drill a third well. The two firm wells must be drilled to minimum depths of 1,500 and 2,000 metres respectively, and if so elected, the third well to a depth of 2,500 metres.

Office Space

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

OFF BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Nemmoco Petroleum Corporation ("Nemmoco") is a private company of which 37.5% is owned by Timothy M. Elliott, an officer and director of the Company, provides certain personnel, general, accounting and administrative services to the Company at its offices in Dubai on a cost basis. For the three 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.

2016 OUTLOOK

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

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

DIVIDENDS

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

(Thousands of US dollars, except as noted)

SUMMARY OF QUARTERLY RESULTS

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

			Restated (a)					
	Q1 2016	**Q4 2015**	**Q3 2015**	**Q2 2015**	**Q1 2015**	**Q4 2014**	**Q3 2014**	**Q2 2014**
Oil and gas revenue	$3,779	$4,794	$6,237	$6,816	$8,128	$10,034	$10,288	$12,263
Continuing operations loss attributable to:								
Common shareholders	($4,137)	($14,291)	($32,092)	($1,133)	($4,606)	($39,638)	($2,706)	($2,563)
Loss per share - basic and diluted	($0.05)	($0.18)	($0.41)	($0.01)	($0.06)	($0.50)	($0.03)	($0.03)
Total income/(loss) attributable to:								
Common shareholders	($35,515)	($14,604)	($30,281)	$49	($4,268)	($41,295)	$3,793	$5,344
Non-controlling interest	$721	($116)	$777	$500	$145	($684)	$2,758	$3,389
Loss per share - basic and diluted	($0.45)	($0.18)	($0.39)	$0.00	($0.05)	($0.53)	$0.05	$0.07

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

- In Q3 2014, total income was negatively impacted by the increase in royalties in Ukraine effective August 1, 2014.
- In Q4 2014, total loss was negatively impacted by lower commodity prices, the increase in royalties in Ukraine and an impairment charge of $54.9 million, $5.6 million related to Ukraine and $49.3 million related to Tunisia.
- In Q1 2015, total loss was impacted by lower production in Ukraine, lower commodity prices and increase in royalties in Ukraine.
- In Q2 2015, total income was impacted by lower production and lower commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine.
- In Q3 2015, total income was impacted by lower production and lower commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine. In addition, total income was negatively impacted by an impairment charge of $44.3 million related to Tunisia and the related deferred tax impact.
- In Q4 2015, total income was impacted by lower production and commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine. In addition, total income was negatively impacted by impairment charge of $7.1 million for Tunisia and $3.3 million for Ukraine.

In Q1 2016, revenues were impacted by lower production and commodity prices in Tunisia. In addition, total income was negatively impacted by the loss on the sale of Ukraine operations.

RISK FACTORS

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

Commodity Price Risk

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

Specifically, Serinus is exposed to risks due to fluctuations in the market price of Brent crude oil. In Tunisia, oil prices are based on a premium or discount to the market price of Brent crude oil. Natural gas prices in Tunisia are nationally regulated and are tied to the twelve month trailing average of low sulphur heating oil (benchmarked to Brent). The Company has no commodity hedge program in place which could potentially mitigate the price risk.

(Thousands of US dollars, except as noted)

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

Financial Risks

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

Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between the Canadian dollar, Polish zloty, Romanian leu, Tunisian dinar, the Euro and the United States dollar. At March 31, 2016 the Company's primary currency exposure related to Canadian dollar ("CAD"), Tunisian dinar ("TD"), and Romanian leu ("LEU") balances. The following table summarizes the Company's foreign currency exchange risk for each of the currencies indicated:

	March 31, 2016		
	CAD	TD	LEU
Cash and cash equivalents	282	(37)	79
Accounts receivable	78	10,031	323
Income tax receivable	-	5,997	3
Prepaid expenses	(194)	505	358
Accounts payable and accrued liabilities	(358)	(8,113)	(296)
Net foreign exchange exposure	$ (192)	$ 8,383	$ 467
US $ equivalent at period end exchange rate	$ (148)	$ 4,179	$ 119

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

	As at March 31 2016	As at December 31 2015
Canadian dollar	$ (15)	$ (6)
Tunisian dinar	418	174
Romanian leu	8	5
Total	$ 411	$ 173

Interest rate risk

The Company maintains its cash and cash equivalents in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. The primary exposure to interest risk is related to Serinus' debt. During the quarter, the Romania debt and Ukraine debt was fully repaid, resulting in the Tunisia debt being the only debt outstanding as at March 31, 2016.

The interest on the EBRD loan for Tunisia is based on LIBOR and has a portion based on incremental revenue with a floor of 8% and ceiling of 17% relating to the convertible loan portion. A 1% change in the LIBOR would have an immaterial effect on interest expense based on the debt balance outstanding at March 31, 2016 (December 31, 2015: $6 thousand).

Credit risk

The Company's cash and cash equivalents and restricted cash are held with major financial institutions. Management monitors credit risk by reviewing the credit quality of the financial institutions that hold the cash, cash equivalents and restricted cash.

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

Management believes that the Company's exposure to Tunisian credit risk is manageable, as commodities sold are under contract or require payment within 30 days. Oil is sold with reputable parties and collection is prompt based on the individual terms with the parties. At March 31, 2016, the Company had no (December 31, 2015: nil) receivables that were considered past due. For the three month period ended March 31, 2016, the Company had four customers with sales representing 54%, 25%, 16% and 5% of total sales (Q1 2015: four customers with sales representing 44%, 30%, 24%, and 2% of total sales).

Management has no formal credit policy in place for customers and the exposure to credit risk is approved and monitored on an ongoing basis individually for all significant customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. The Company does not require collateral in respect of financial assets.

Liquidity risk

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

Operational, Environmental and Safety Risks

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

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

Project risk

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

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

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

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

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

Political and Economic Risks

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

Regulatory Risks

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

LITIGATION

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

CRITICAL ACCOUNTING ESTIMATES

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

The list of critical accounting estimates was included in the MD&A for the year ended December 31, 2015 and those listed critical accounting estimates apply to the three months ended March 31, 2016.

FUTURE CHANGES IN ACCOUNTING POLICIES

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 consolidated 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The preparation of this MD&A is supported by a set of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as at March 31, 2016.

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

Internal control over financial reporting means a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's Generally Accepted Accounting Principles ("GAAP") and includes those policies and procedures that:
(a) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
(b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
(c) Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial statements.

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

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

There have been no material changes to the Company's internal controls over financial reporting since December 31, 2015. Under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, Serinus conducted an evaluation of the effectiveness of it DC&P and ICFR as at March 31, 2016. Based on this evaluation, the Officers conclude that as at March 31, 2016 the DC&P and ICFR are effective.

NON-IFRS MEASURES

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

ABBREVIATIONS

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

bbl	Barrel(s)	bbl/d	Barrels per day
boe	Barrels of Oil Equivalent	boe/d	Barrels of Oil Equivalent per day
Mcf	Thousand Cubic Feet	Mcf/d	Thousand Cubic Feet per day
MMcf	Million Cubic Feet	MMcf/d	Million Cubic Feet per day
Mcfe	Thousand Cubic Feet Equivalent	Mcfe/d	Thousand Cubic Feet Equivalent per day
MMcfe	Million Cubic Feet Equivalent	MMcfe/d	Million Cubic Feet Equivalent per day
Mboe	Thousand boe	Bcf	Billion Cubic Feet
MMboe	Million boe	Mcm	Thousand Cubic Metres
UAH	Ukrainian Hryvnia	USD	U.S. Dollar
CAD	Canadian Dollar	$M	Thousands of Dollars
$MM	Millions of Dollars		

MEASUREMENT CONVERSIONS

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

INVESTOR INFORMATION

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

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