



**SERINUS ENERGY INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**  
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 financial statements of Serinus Energy Inc. ("the Company"), which comprise:

- the condensed consolidated interim statement of financial position as at March 31, 2017;
- the condensed consolidated interim statement of operations and comprehensive loss for the three-month period ended March 31, 2017;
- the condensed consolidated interim statement of cash flows for the three-month period ended March 31, 2017;
- the condensed consolidated interim statement of changes in equity for the three-month period ended March 31, 2017; and
- notes to 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, 2017, 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, 2017, Serinus Energy Inc. has a working capital deficiency of \$21.9 million, is not in compliance with certain debt covenants, and is forecasting that they will not be in compliance with certain debt covenants throughout the remainder of 2017 with no formal agreement to waive the existing and the forecasted covenant violations. 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.

*KPMG LLP*

Chartered Professional Accountants

May 11, 2017  
Calgary, Canada

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

	March 31, 2017	December 31, 2016
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 19,142	\$ 4,297
Accounts receivable	2,017	1,358
Income taxes receivable	2,582	2,581
Prepays and other	214	209
Commodity inventory (Note 3)	2,436	1,194
Restricted cash (Note 4)	1,027	1,089
Total current assets	27,418	10,728
Investment	50	67
Property, plant and equipment (Note 5)	73,270	73,770
Exploration and evaluation (Note 6)	20,816	20,271
Total assets	\$ 121,554	\$ 104,836
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 15,092	\$ 15,693
Advances for crude oil sales (Note 3)	1,960	-
Current portion of long-term debt (Note 7)	29,481	30,699
Asset retirement obligation	2,819	2,811
Total current liabilities	49,352	49,203
Asset retirement obligation	37,596	37,425
Other provisions	1,148	1,148
Deferred tax liability	13,713	13,310
Total liabilities	101,809	101,086
<b>Shareholders' Equity</b>		
Share capital (Note 8)	\$ 362,527	\$ 344,479
Contributed surplus	21,842	21,796
Deficit	(364,624)	(362,525)
Total shareholders' equity	19,745	3,750
Total liabilities and shareholders' equity	\$ 121,554	\$ 104,836
Going concern (Note 2(a))		
Commitments (Note 9)		

*"Signed"*

EVGENIJ IORICH, DIRECTOR, INTERIM  
CHAIR OF THE AUDIT COMMITTEE

*"Signed"*

JEFFREY AULD, 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,	
	2017	2016
Oil and gas revenue	\$ 1,708	\$ 3,779
Change in oil inventory	1,242	-
	<u>2,950</u>	<u>3,779</u>
Royalty expense	(308)	(379)
	<u>2,642</u>	<u>3,400</u>
Operating expenses		
Production expenses	(1,733)	(2,249)
General and administrative	(774)	(1,200)
Stock based compensation	(46)	(8)
Loss on disposition	-	(10)
Depletion and depreciation	(813)	(1,302)
Total operating expenses	<u>(3,366)</u>	<u>(4,769)</u>
Finance income/(expenses)		
Interest and other income	3	2
Unrealized loss on investments	(17)	(35)
Interest expense and accretion	(891)	(1,505)
Foreign exchange loss	(67)	(227)
Total finance expenses	<u>(972)</u>	<u>(1,765)</u>
Loss before tax	(1,696)	(3,134)
Current tax expense	-	-
Deferred tax expense	(403)	(1,003)
Net loss from continuing operations	(2,099)	(4,137)
Net loss from discontinued operations (net of tax)	-	(30,657)
Net loss	(2,099)	(34,794)
Other comprehensive loss		
Items that may be reclassified to profit or loss		
Foreign currency translation loss from discontinued foreign	-	(2,290)
Total comprehensive loss	<u>\$ (2,099)</u>	<u>\$ (37,084)</u>
Earnings (loss) attributable to:		
Common shareholders	(2,099)	(35,515)
Non-controlling interest	-	721
Net loss for the period	<u>\$ (2,099)</u>	<u>\$ (34,794)</u>
Loss per share attributable to common shareholders		
Continuing operations - basic and diluted	(Note 8(b)) \$ (0.02)	\$ (0.05)
Discontinued operations - basic and diluted	(Note 8(b)) \$ -	\$ (0.40)
Total comprehensive earnings (loss) attributed to:		
Common shareholders	(2,099)	(37,118)
Non-controlling interest	-	34
Total comprehensive loss for the period	<u>\$ (2,099)</u>	<u>\$ (37,084)</u>

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

	Three months ended March 31,	
	2017	2016
Net loss	\$ (2,099)	\$ (34,794)
Items not involving cash:		
Depletion and depreciation (Notes 5)	813	1,901
Loss on disposition	-	33,050
Accretion on asset retirement obligation	171	196
Stock based compensation	46	8
Expenditures on decommissioning liabilities	-	(104)
Unrealized loss on investments	17	35
Unrealized foreign exchange loss	98	101
Deferred income tax expense	403	1,003
Interest and other income	(3)	(80)
Interest expense	720	1,312
	166	2,628
Changes in non-cash working capital	(721)	(3,005)
	(555)	(377)
Financing:		
Repayment of long-term debt (Note 7)	(1,667)	(21,006)
Debt issuance costs (Note 7)	-	(1)
Issuance of shares (net of costs)	18,048	-
Interest paid	(261)	(1,062)
Changes in non-cash working capital related to financing	(7)	89
	16,113	(21,980)
Investing:		
Property and equipment expenditures (Note 5)	(313)	(528)
Restricted cash movement (Note 4)	72	-
Exploration and evaluation expenditures (Note 6)	(545)	(471)
Proceeds on disposal of discontinued operation (net of transaction costs and cash disposed)	-	27,843
Changes in non-cash working capital related to investing	173	(2,725)
	(613)	24,119
Effect of exchange rate changes on cash	(100)	(137)
Change in cash	14,845	1,625
Cash and cash equivalents, beginning of period	4,297	11,817
Cash and cash equivalents, end of period	\$ 19,142	\$ 13,442
Supplemental cash flow information		
Cash taxes paid	\$ -	\$ -

**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, 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	-	-	-	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>
Balances, December 31, 2016	78,629,941	\$ 344,479	\$ 21,796	-	-	\$ (362,525)	\$ 3,750
Equity offering (net of issue costs) (Note 8(a))	72,000,000	18,048	-	-	-	-	18,048
Stock-based compensation	-	-	46	-	-	-	46
Net loss	-	-	-	-	-	(2,099)	(2,099)
<b>Balances, March 31, 2017</b>	<b>150,629,941</b>	<b>\$ 362,527</b>	<b>\$ 21,842</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (364,624)</b>	<b>\$ 19,745</b>

See accompanying notes to the condensed consolidated interim financial statements.

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
**(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, 2017 and 2016. Serinus is principally engaged in the exploration for and development of oil and gas properties in Tunisia and Romania.

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 52.17% investment in 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.

At March 31, 2017, the Company was not in compliance with the consolidated financial debt to EBITDA covenant and consolidated debt service coverage ratio on its debt held with the European Bank for Reconstruction and Development (“EBRD”). Subsequent to March 31, 2017, EBRD has acknowledged that a waiver for the quarter end covenant violation is forthcoming, however the formal waiver has not yet been received by the Company. Given the covenant was breached as at March 31, 2017, Serinus has reclassified its long-term debt to current in the financial statements, as required under accounting standards.

As at March 31, 2017, the Company had a working capital deficiency of \$21.9 million, due to the reclassification of all debt as current, and negative cash flows from operations of \$0.6 million for the three month period ended March 31, 2017 (Q4, 2016: working capital deficiency of \$38.5 million and cash flows from operations of \$2.3 million).

Internally prepared forecasts indicate that the Company is likely to continue to breach certain of its financial covenants in future reporting periods during 2017, 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.

These consolidated 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, 2016.

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, 2016.



**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
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These condensed consolidated financial statements were authorised for issuance by the Company's Board of Directors on May 11, 2017.

**(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 5 to the consolidated financial statements for the year ended December 31, 2016. There has been no change in these areas during the period.

**(d) Accounting changes**

For the three month period ended March 31, 2017, Serinus did not adopt any new IFRS standards nor were any applicable pronouncements announced. Refer to note 3 in the consolidated financial statements for the year ended December 31, 2016 for other pronouncements not yet adopted.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue, and related interpretations. The new standard requires revenue to be recognized upon the transfer of goods or services to customers in an amount that reflects the consideration expected to be received in exchange for those goods or services. The standard requires consideration of the following five steps: (1) identify the contract, (2) identify the performance obligations of the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations; and (5) recognize revenue when the entity fulfills a performance obligation. The new standard is to be applied either retrospectively or on a modified retrospective basis and is effective for the annual period commencing January 1, 2018. The Company has identified all existing customer contracts that are within the scope of the new guidance and has begun to analyze individual contracts to identify the impact on revenues as a result of implementing the new standard. As the Company is currently evaluating the impact of this standard, it has not yet determined the effect on its consolidated financial statements.

**(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), 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. Commodity inventory**

	As at March 31, 2017	As at December 31, 2016
Balance, beginning of period	\$ 1,194	\$ -
Crude oil inventory additions	1,242	13,143
Oil lifting	-	(11,949)
Balance, end of period	<u>\$ 2,436</u>	<u>\$ 1,194</u>

Commodity inventory represents crude oil produced and stored awaiting lifting. As at March 31, 2017 there were \$2.0 million advances for crude oil sales (2016: \$nil).

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
**(Stated in thousands of US dollars, except as noted)**  
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**4. Restricted cash**

The Company has cash on deposit with the Alberta Energy Regulator of \$1.0 million, as required to meet future abandonment obligations existing on certain oil and gas properties in Canada (December 31, 2016: \$1.1 million). The fair value of restricted cash approximates the carrying value.

**5. Property, plant and equipment**

	Oil and gas interests	Other	Total
<b>Cost or deemed cost:</b>			
Balance at December 31, 2016	\$ 221,404	\$ 2,527	\$ 223,931
Additions	310	3	313
Balance at March 31, 2017	\$ 221,714	\$ 2,530	\$ 224,244
<b>Accumulated depletion and depreciation:</b>			
Balance at December 31, 2016	\$ (148,654)	\$ (1,507)	\$ (150,161)
Depletion and depreciation	(749)	(64)	(813)
Balance at March 31, 2017	\$ (149,403)	\$ (1,571)	\$ (150,974)
<b>Net book value:</b>			
Balance at December 31, 2016	\$ 72,750	\$ 1,020	\$ 73,770
Balance at March 31, 2017	\$ 72,311	\$ 959	\$ 73,270

**6. Exploration and evaluation assets**

	As at March 31, 2017	As at December 31, 2016
Carrying amount, beginning of the period	\$ 20,271	\$ 18,521
Additions	545	1,737
Change in decommissioning liabilities	-	13
Carrying amount, end of the period	\$ 20,816	\$ 20,271

E&E assets consist of the Company's exploration project in Romania which are pending the determination of proved or probable reserves.

**7. Long-term debt**

	As at March 31, 2017	As at December 31, 2016
Total current debt	\$ 29,481	\$ 30,699

**(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 \$40 million and was available in two tranches of \$20 million each. Upon finalization of the Romania funding in the first quarter of 2015, the second tranche was reduced from \$20 million to \$8.72 million. The Convertible Loan is in the amount of \$20 million and can be converted into common shares of the Company.

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

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
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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.

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, 2017, the Company was not in compliance with the consolidated financial debt to EBITDA ratio covenant and the consolidated debt service coverage ratio (December 31, 2016: The Company was not in compliance with the consolidated financial debt to EBITDA ratio covenant), resulting in the reclassification of all debt as current as required under accounting standards.

**Senior Loan**

	As at March 31, 2017	As at December 31, 2016
Current portion of long-term debt	\$ 5,044	\$ 6,799

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 had 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 at which time it reverted back to LIBOR plus 6%.

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. During Q1, 2017 a scheduled annual installment of \$1.7 million was made. In the first quarter of 2016, \$7.6 million, including interest, of the Senior Loan was repaid using the proceeds from the sale of Ukraine, resulting in tranche 2 of the Senior Loan being fully repaid.

The Company must 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. No pre-payment fees are applicable on such accelerated payments.

As at March 31, 2017, \$5.4 million of principal was outstanding (December 31, 2016: principle outstanding of \$7.1 million).

**Convertible Loan**

	As at March 31, 2017	As at December 31, 2016
Current portion of long-term debt	\$ 24,437	\$ 23,900

The Convertible Loan bears interest at a variable rate that is the LIBOR and a percentage calculated on the basis of incremental net revenues earned from the Tunisian assets, with a floor of 8% per annum and a ceiling of 17% per annum.

The Company can elect, subject to certain conditions, to convert all or any portion of the Convertible Loan principal and accrued interest outstanding for newly issued shares of the Company at the then current market price of the shares on the TSX or WSE, as required by the exchange rules. The EBRD can also at any time, and on multiple occasions elect to convert all or any portion of the Convertible Loan principal and accrued interest outstanding for newly issued shares of the Company at the then current market price of the shares on the TSX or WSE. Conditions to conversion include a requirement for substantially all of the Company's assets and operations to be located and carried out in the EBRD countries of operations.

The Company can also repay the Convertible Loan at maturity in cash or in kind, subject to certain conditions, by issuing new common shares valued at the then current market price of the shares on the TSX or WSE. The repayment amount is subject to a discount of approximately 10% in the event that the requirement for substantially all of the Company's

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**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
**(Stated in thousands of US dollars, except as noted)**  
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assets and operations to be located and carried out in the EBRD countries of operations is not met at the date of repayment.

As at March 31, 2017, the convertible loan principle amount of \$20.0 million has been fully drawn and is outstanding (December 31, 2016: \$20.0 million).

**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.

On February 24, 2017, the Company issued 72 million common shares of the Company at CAD\$0.35 per share for aggregate gross proceeds of CAD\$25.2 million (net CAD\$24.3 million, after agents fees of CAD\$0.9 million).

The Company has a total of 150,629,941 shares outstanding at March 31, 2017 (December 31, 2016: 78,629,941).

Subsequent to March 31, 2017, a further 22,197 common shares were issued to Mr. Jeffrey Auld, the Chief Executive Officer of the Company, as part of his compensation, resulting in 150,652,138 shares outstanding as at May 11, 2017

**(b) Loss per share**

	Three months ended March 31,	
	2017	2016
Net loss attributable to common shareholders		
Continuing operations - Basic and diluted	\$ (2,099)	\$ (4,137)
Discontinued operations - Basic and diluted	-	(31,378)
Net loss attributable to common shareholders	<u>(2,099)</u>	<u>(35,515)</u>
Weighted average number of shares outstanding		
Basic and diluted <sup>(i)</sup>	106,629,941	78,629,941
Loss per share attributable to common shareholders		
Continuing operations - Basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.05)</u>
Discontinued operations - Basic and diluted	<u>\$ -</u>	<u>\$ (0.40)</u>

(i) For the three months ended March 31, 2017 there were 0.2 million weighted average stock options exercisable that were excluded from the calculation as the impact was anti-dilutive (2016: 1.3 million).

**(c) Stock options**

A summary of the changes to the option plan during the three month period ended March 31, 2017, 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, 2016	79,000	\$ 3.90	3,611,000	\$ 0.38
Expired/Cancelled	(12,000)	\$ 5.10	(28,000)	\$ 2.80
Balance, March 31, 2017	<u>67,000</u>	<u>\$ 3.68</u>	<u>3,583,000</u>	<u>\$ 0.36</u>

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
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**(Unaudited)**

The following tables summarize information about the options outstanding as at March 31, 2017:

**USD denominated options:**

Exercise price (US\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 3.01 - \$ 4.00	32,000	32,000	1.49
\$ 4.01 - \$ 5.00	35,000	35,000	1.64
\$ 3.68	67,000	67,000	1.57

**CAD denominated options:**

Exercise price (CAD\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 0.01 - \$ 1.50	3,500,000	-	6.48
\$ 1.51 - \$ 2.50	74,000	74,000	2.59
\$ 2.51 - \$ 3.22	9,000	9,000	1.98
\$0.36	3,583,000	83,000	6.39

**9. Contractual obligations and commitments**

The contractual obligations of the Company as at March 31, 2017 are as follows:

	Within 1 Year	2-3 Years	4-5 Years	+5 Years	Total
Office Rental	\$ 564	\$ 892	\$ 291	\$ -	\$ 1,747
EBRD loan-Tunisia <sup>(i)</sup>	3,333	2,067	24,578	-	29,978
Total contractual	\$ 3,897	\$ 2,959	\$ 24,869	\$ -	\$ 31,725

(i) EBRD loan obligations are presented excluding deferred financing costs and include only interest accrued as of March 31, 2017.

The Company's commitments are all in the ordinary course of business and include the following 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, 2017 cumulative crude oil sales, net of royalties and shrinkage was 5.2 million barrels.

***Romania***

The work obligations pursuant to the Phase 3 extension, approved on October 28, 2016, 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 1,000 and 1,600 metres respectively, and if so elected, the third well to a depth of 2,000 metres. The term of the Phase 3 extension is for three years, expiring on October 28, 2019.

***Office Space***

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

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
**(Stated in thousands of US dollars, except as noted)**  
**(Unaudited)**

**10. Related party transactions**

Loon Energy Corporation (“Loon Energy”) is a publicly traded Canadian corporation. Serinus and Loon Energy are related as they have the same principal shareholder with control over Serinus and significant influence over Loon Energy. Management and administrative services were provided by the management and staff of Serinus until August 31, 2016 when the services agreement was terminated and an office lease rental agreement was entered into. The office lease rental agreement was terminated effective February 15, 2017. For the three months ended March 31, 2017, these fees totalled \$2 thousand (2016: \$2 thousand).

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 and Corporate.

	<u>Romania</u>	<u>Tunisia</u>	<u>Corporate</u>	<u>Total</u>
<b>As at March 31, 2017</b>				
Total Assets	\$ 21,244	\$ 81,912	\$ 18,398	\$ 121,554
<b>For the three months ended March 31, 2017</b>				
Oil and gas revenue and change in oil inventory, net of royalties	\$ -	\$ 2,642	\$ -	\$ 2,642
Operating expenses:				
Production expenses	-	(1,720)	(13)	(1,733)
General and administrative	-	-	(774)	(774)
Stock based compensation	-	-	(46)	(46)
Depletion and depreciation	(1)	(774)	(38)	(813)
Finance income (expense)				
Interest and other income	-	-	3	3
Unrealized loss on investments	-	-	(17)	(17)
Interest expense and accretion	(1)	(170)	(720)	(891)
Foreign exchange gain (loss)	(13)	28	(82)	(67)
Earnings (loss) before tax	\$ (15)	\$ 6	\$ (1,687)	\$ (1,696)
Current tax expense	-	-	-	-
Deferred tax expense	-	(403)	-	(403)
Net loss from continuing operations	\$ (15)	\$ (397)	\$ (1,687)	\$ (2,099)
Capital expenditures	\$ 545	\$ 313	\$ -	\$ 858

**Serinus Energy Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the three months ended March 31, 2017 and 2016**  
**(Stated in thousands of US dollars, except as noted)**  
**(Unaudited)**

	<u>Romania</u>	<u>Tunisia</u>	<u>Corporate</u>	<u>Total</u>
<b>As at December 31, 2016</b>				
Total Assets	\$ 20,536	\$ 81,010	\$ 3,290	\$ 104,836
<b>For the three months ended March 31, 2016</b>				
Oil and gas revenue and change in oil inventory, net of	\$ -	\$ 3,400	\$ -	\$ 3,400
Operating expenses:				
Production expenses	-	(2,198)	(51)	(2,249)
General and administrative	-	(29)	(1,171)	(1,200)
Stock based compensation	-	-	(8)	(8)
Gain (loss) on disposition of assets	-	-	(10)	(10)
Depletion and depreciation	(1)	(1,253)	(48)	(1,302)
Finance income/(expense)				
Interest and other income	-	-	2	2
Unrealized gain/(loss) on investments	-	-	(35)	(35)
Interest expense and accretion	(2)	(193)	(1,310)	(1,505)
Foreign exchange loss	(57)	(4)	(166)	(227)
Earnings (loss) before tax	\$ (60)	\$ (277)	\$ (2,797)	\$ (3,134)
Current tax expense	-	-	-	-
Deferred tax expense	-	(1,003)	-	(1,003)
Net loss from continuing operations	\$ (60)	\$ (1,280)	\$ (2,797)	\$ (4,137)
Capital expenditures	\$ 473	\$ 526	\$ -	\$ 999