SERINUS ENERGY

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2016

March 17, 2017

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ADVISORIES

This Annual Information Form ("AIF"), for Serinus Energy Inc. ("Serinus", or "the Company"), unless the context otherwise requires references to the ''Board of Directors'' or the ''Board'' means the Board of Directors of Serinus Energy Inc.

All financial information is reported in United States dollars ("US Dollars" or "USD"), unless otherwise noted. Production volumes are presented on a working-interest basis, before royalties, unless otherwise noted.

References to the 2016 audited Consolidated Financial Statements mean Serinus' audited Consolidated Financial Statements and the accompanying notes prepared in accordance with International Financial Reporting Standards (IFRS), dated March 16, 2017. References to the Management's Discussion and Analysis ("MD&A") mean Serinus' Management's Discussion and Analysis, dated March 16, 2017.

This AIF contains forward-looking statements based on Serinus' current plans, expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this document in the Risk Factors section, many of which are beyond the Company's control. Users of this information are cautioned that actual results may differ materially. Refer to the Forward-Looking Information and Non-GAAP Financial Measures section of this AIF for information regarding risk factors and material assumptions which are underlying our forward-looking statements.

GLOSSARY OF TERMS

All capitalized terms used in this AIF but not otherwise defined herein shall have the meanings set forth below. The information set out in the AIF is stated as at December 31, 2016 unless otherwise specifically stated.

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

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

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

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

"**Block 9**" means Syria Block 9, whereby the Company holds a 50% working interest in the Syria Block 9 production sharing contract ("Block 9 PSC") under Force Majeure since July 16, 2012;

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

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

"**Brunei Block L PSA**" means the production sharing agreement for Brunei Block L, which was terminated in October, 2016;

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

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

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

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

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

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

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

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

"**EBRD**" means the European Bank for Reconstruction and Development;

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

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

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

"ETAP" means Enterprise Tunisienne d'Activités Pétrolières, the state owned national oil company of Tunisia;

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

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

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

"**KUB-Gas**" means KUB-Gas LLC, a company existing under the laws of Ukraine, which is a wholly-owned subsidiary of KUBGAS Holdings, which was an indirect 70% owned subsidiary of the Company until sold to Resano in early February 2016;

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

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

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

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

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

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

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

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

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

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

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

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

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

“**RPS**” means RPS Energy, an engineering consulting company;

“**RPS Report**” means the report of RPS effective December 31, 2016 and dated March 10, 2017 on their evaluation of the Company’s reserves;

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

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

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

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

“**Shell Contract**” means the Contract for the Sale of Zarzaitine Blend Crude Oil entered into between Winstar Tunisia B.V. and Shell International Trading and Shipping Company Limited (“Shell”) dated May 23, 2016;

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

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

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

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

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

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

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

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

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

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

"Winstar Hungary" means Winstar Magyarorszag Kft, a company originally existing under the laws of Hungary which was 99.8% owned by Winstar Netherlands and 0.2% owned by Winstar Tunisia and has been wound up effective July 19, 2016;

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

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

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

"**WSE**" means the Warsaw Stock Exchange.

CORPORATE STRUCTURE

Name, Address and Incorporation

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

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

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

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

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

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

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

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

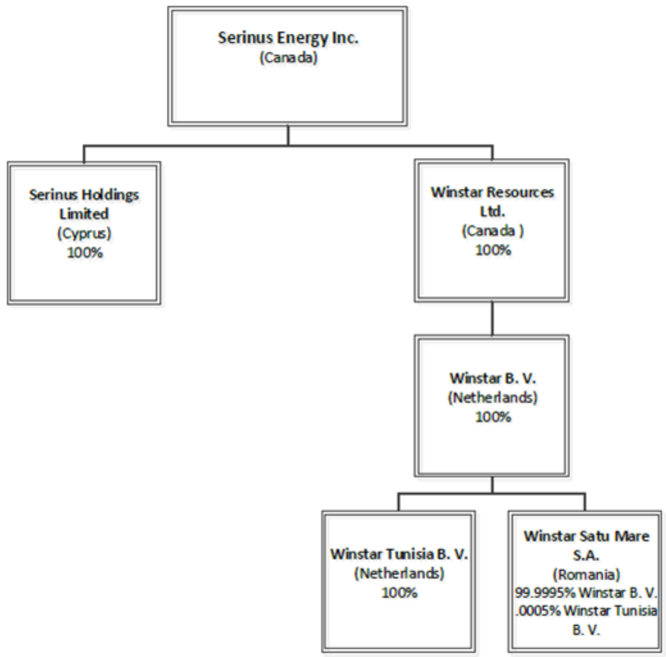
The Company is a reporting issuer in Poland and in the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland in Canada.

Intercorporate Relationships

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

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

The corporate ownership structure and the inter-corporate relationships of the Company and its principal operating subsidiaries, including the percentage of votes attaching to voting securities owned, or controlled or directed, directly or indirectly, by Serinus, are shown below. The jurisdictions of incorporation, formation or organization as at December 31, 2016 are shown in brackets under the company name.



The above diagram includes the Company's subsidiaries which have total assets that exceed 10% of the Company's total consolidated assets, or which have sales and revenues which exceed 10% of the Company's total consolidated sales and revenues or which are, in the opinion of the Company, pertinent to an understanding of the business of the Company. The assets and revenues of the Company's unnamed subsidiaries did not exceed 10% of the Company's total consolidated assets or total consolidated sales and revenues at and for the year ended December 31, 2016.

GENERAL DEVELOPMENT OF THE BUSINESS

Serinus Energy is a Canadian Company, owning 100% of Winstar which has international oil and gas exploration and production through its operations in Romania and Tunisia, respectively. In early February 2016, Serinus closed the sale of all of its shares in KUBGAS Holdings to Resano, thereby disposing of all its interests in Ukraine and the Ukraine Assets.

Working interest production from the Tunisia Assets averaged 853 bbl/d and 1,628 MMcf/d during 2016. In Ukraine, the Company had working interest production of 15.6 MMcf/d and 66 bbl/d until the closing of the sale in early February 2016 (6.2 MMcf/d and 26 bbl/d if averaged over the entire Q1). There was no production during 2016 from the Romania Assets which are in the exploration phase of development.

Three-Year History of the Company

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

EBRD Loan Facility - Ukraine

In January 2016, the EBRD Ukraine facility was fully repaid, just prior to the disposition of the Ukraine assets in February 2016.

In May 2011, KUB-Gas finalized an agreement for the EBRD Ukraine Facility of up to $40.0 million from the EBRD. The proceeds of the EBRD Ukraine Facility were used to fund development of the Ukraine Licences. The EBRD Ukraine Facility had interest at variable rates, to a maximum annual rate of 19.0%. The loan proceeds from the EBRD Ukraine Facility were to be advanced in two tranches, with a first $23.0 million tranche being advanced in 2011. On May 30, 2013, the remaining $17.0 million expired without any drawdown in accordance with the terms of the loan agreement. The EBRD Ukraine Facility balance was to be repaid in thirteen equal semi-annual payments, which commenced in July 2012 with a repayment in the amount of $1.8 million. On January 8, 2013, the Company announced that a $10.0 million prepayment had been made under the EBRD Ukraine Facility, and, with the regularly scheduled repayment on January 15, 2013 in the amount of $1.8 million, the principal balance outstanding of the EBRD Ukraine Facility after that time was $9.5 million. Further scheduled payments of $1.8 million were made on each of scheduled repayment dates throughout 2013 to 2015. At December 31, 2015, the principal balance outstanding was $0.6 million and in early 2016 KUB-Gas made the final repayment of the Ukraine Facility, such that the facility was fully repaid.

Acquisition of Winstar Resources

On June 24, 2013, the Company completed the acquisition of Winstar which holds the Company's Tunisian and Romanian assets. A total of 27,252,500 Common Shares were issued as consideration for the acquisition of Winstar.

Listing of New Shares on WSE

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

Dutco Strategic Relationship and Dutco Loan

The Dutco loan was fully repaid during 2014 in an amount of $15 million.

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

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

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

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

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

No further oil and gas investments were made in Tunisia pursuant to the strategic relationship agreement and such strategic relationship expired July 2014

EBRD Loan Facility - Tunisia

In November 2013, the Company finalized an agreement for the EBRD Tunisia Facility of up to $60.0 million from the EBRD. The proceeds were to be used to fund the capital program for its oil and gas fields in Tunisia. The EBRD Tunisia Facility consists of two separate loan agreements, a senior loan in the amount of $40 million (the "Senior Loan") and a convertible loan of $20 million (the "Convertible Loan"). The Senior Loan has a term of seven years, and is available in two tranches of $20 million each. Interest is payable semi-annually at a variable rate equal to the sum of the London UK interbank rate plus 6%. At the Company's option, the interest rate may be fixed at the sum of 6% and the forward rate available to EBRD on the interest rate swap market. The Senior Loan is repayable in twelve equal semi-annual installments commencing after the first year of the loan. The second tranche of the Senior Loan is available only after the Convertible Loan is fully drawn, and is also subject to certain conditions including achieving and maintaining specified production targets for a period of three continuous months, and meeting specified financial and reserve coverage ratios.

The Convertible Loan has a term of seven years, and bears interest at a variable rate that is the sum of the London interbank rate and a percentage calculated on the basis of incremental net revenues earned from the Tunisian assets, with a floor of 8% per annum and a ceiling of 17% per annum. The Company can elect, subject to certain conditions, to convert all or any portion of the Convertible Loan principal and accrued interest outstanding for newly issued Common Shares at the then current market price of the Common Shares on the TSX or WSE, as required by the exchange rules. The EBRD can also at any time, and on multiple occasions elect to convert all or any portion of the Convertible Loan principal and accrued interest outstanding for newly issued Common Shares at the then current market price of the Common Shares on the TSX or WSE. The Company can also repay the Convertible Loan at maturity in cash or in kind, subject to certain conditions, by issuing new Common Shares valued at the then current market price of the Common Shares on the TSX or WSE. The repayment amount is subject to a discount of approximately 10% in the event that the requirement for substantially all of the Company's assets and operations to be located and carried out in the EBRD countries of operations is not met at the date of repayment.

Both loans were available for a period of three years. On a repayment or conversion initiated by the Company, the number of Common Shares that may be issued is limited to a maximum of 5% of the number of Common Shares then issued and outstanding, with any amounts remaining outstanding then paid in cash. On a conversion initiated by EBRD, no such limit applies under the loan agreement, although the EBRD may be subject to its own internal guidelines regarding the maximum ownership in any given entity.

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

Pursuant to the finalization of the EBRD Romania Facility on February 20, 2015, the committed portion of the second tranche of the Senior Loan of the EBRD Tunisia Facility was reduced from $20 million to $8.72 million.

The final draw of $5 million on the Convertible Loan was made in Q1 2015, and the Company drew an additional $5 million on the second tranche of the Senior Loan in Q3 2015.

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

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. In the event that pre-payments were made on the Romania loan in any given year, the repayment from Tunisia would drop to 25% of the Excess Cash. No pre-payment fees are applicable to the accelerated payments described above. In Q2 2016, a repayment was made under this provision of the loan agreement, relating to excess cash generated in 2015, for $3.4 million.

As at December 31, 2016, $7.1 million of principal was outstanding (December 31, 2015: Principle outstanding of $20.0 million from Tranche 1, $5.0 million from Tranche 2).

EBRD Loan Facility - Romania

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

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

Sale of Ukraine Assets

On December 23, 2015, the Company announced that it had executed an agreement to sell its 70% interest in KUBGAS Holdings to Resano for $30 million plus appropriate adjustments for inter-company balances and working capital. The closing of the transaction was announced on February 8, 2016, for total consideration (including inter-company and working capital adjustments) of $33.2 million.

Shell Contract

In Q2 2016, Serinus, through its Tunisian subsidiary, entered into a marketing agreement with Shell for the sale of its Tunisian oil production. The term of the agreement is for 5 years and the pricing mechanism is competitive with realized prices that Tunisia has received from other purchasers of its Tunisian crude oil. This benefits Serinus by getting regular crude oil liftings from a large and highly reputable purchaser. During the year ended December 31, 2016 there was one lifting that occurred under the Shell agreement.

Equity Offering

Subsequent to year end, the Company filed a short form prospectus, dated February 21, 2017, which qualified for distribution 72 million common shares at CAD$0.35 per share for aggregate gross proceeds of CAD$25.2 million (net CAD$24.3 million, after agent's fees of CAD$0.9 million) ("the Offering"). The Offering closed on February 24, 2017. The Offering was led by GMP First Energy ("the Agent") on a commercially reasonable efforts agency basis. The offered shares were offered in all of the provinces of

Canada except Quebec and on a private placement basis in the United States, the United Kingdom, Switzerland, and Europe. The net proceeds of the Offering will be used by the Company to fund the development of the Moftinu Gas development project and pre-work for the 2018 drilling program in the Satu Mare Concession in Romania, production enhancement in the Sabria block in Tunisia, and for general corporate purposes. The Moftinu gas development project is a near-term project that is expected to begin producing from the gas discoveries well Moftinu 1000 and Moftinu 1001 in early 2018.

DESCRIPTION OF THE BUSINESS

General

Serinus is an international oil and gas exploration and production company with a diversified asset base with exposure to development and appraisal prospects. Its principal assets include its interests in the Tunisia Assets and Romania Assets.

The five Tunisia concessions cover 163,640 gross acres (147,750 net acres). The major exploration and development opportunities are within the Sabria (28,890 gross acres, SEN 45% WI), Chouech Es Saida (42,820 gross acres, SEN 100%) and Ech Chouech (35,860 gross acres, SEN 100%) blocks. Sabria contains an Ordovician aged oil accumulation of 358 MMbbl (OOIP, P50), into which only six wells (10 including re-entry attempts) have been drilled. Chouech Es Saida and Ech Chouech are prospective in the Triassic Trias Argilo-Greseux Inferieur ("**TAGI**") sandstone, Devonian Oum Qasa carbonates, and Silurian aged Acacus sands, and there may be potential in the deeper Ordovician, but it has not yet been penetrated in these two blocks. The Company's focus remains on reducing costs wherever possible while maintaining existing production in Tunisia. In Tunisia, the Corporation will focus on carrying out low cost incremental work programs to increase production from existing well, such as the Sabria Production Enhancement Project which includes the Sabria N-2 re-entry and installing artificial lift on another Sabria well. The Corporation views Sabria as a large development opportunity longer term. See also *"Principal Oil and Gas Assets – Tunisia".*

Pursuant to the Satu Mare Farm Out Agreement, in 2013, Serinus earned a 60% working interest in the Satu Mare Concession in northwest Romania, covering 729,000 gross acres. In 2015, the Company completed all of the work requirements for the Phase 2 exploration phase, entitling it to exclusive negotiations with NAMR with respect to an extension of the Satu Mare Concession. 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 km2 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 beginning October 28, 2016 and expiring on October 28, 2019.

OEBS, the holder of the remaining 40% interest has acknowledged that they are unable to participate in future phases under the concession. However, they are currently in a tax dispute with the government of Romania the results of which are a protective seizure of the partner's interest in Romania. Under the conditions of this protective seizure by the Romanian fiscal authorities, the holder of the remaining 40% of the interest in the Satu Mare concession is restricted from transferring this interest unless authorised by the Romanian fiscal authorities.

Historical drilling has been sparse, and the Company has an inventory of over 50 leads and prospects. In 2017, Serinus is focusing on Romania as the impetus for growth over the next three years. The Moftinu gas development project is a near-term project that is expected to begin producing from the gas discovery wells Moftinu 1001 and Moftinu 1000 in early 2018. The Company has obtained all necessary approvals, and will soon commence, the construction of a gas plant with 15 MMcf/d of operational capacity. Construction of the project will proceed over 2017. See also *"Principal Oil and Gas Assets – Romania"*.

Effective October 2016, the Brunei Block L production sharing agreement ("Block L PSA") was terminated. Previously, the Company held a 90% working interest in the Brunei Block L PSA. The Company is obligated to undertake site restoration work. The Brunei Block L assets are fully impaired.

Detailed Information on Assets

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

Tunisia

Through its wholly owned subsidiary, Winstar Tunisia B.V., Serinus has interests in and operates five concessions in Tunisia. It holds 100% working interests in four blocks, and a 45% interest in Sabria, the fifth. The Tunisia Assets were acquired as part of the Company's acquisition of Winstar in 2013.

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

Tunisia Concession Summary Data

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

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

<u>Government Administration and Licencing Terms</u>

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

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

* ETAP has the right to back in for a 50% working interest after a total of 6.5 MMbbl of crude/condensate sales, net of royalties. Current cumulative production was 5.2 MMbbl as of December 31, 2016

Sabria

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

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

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

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

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

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

In July 2014, Winstar Tunisia spud the Winstar-12bis well ("**WIN-12bis**") which reached its total depth of 3,855 metres in November 2014. Logs indicated 79 metres of oil bearing reservoir in the Upper Hamra, Lower Hamra and El Atchane formations. Production from WIN-12bis commenced on December 10, 2014 at an initial rate of 635 boe/d. The production rate as of the end of December 2016 was 895 boe/d.

The Winstar-13 well ("**WIN-13**") well was spud on December 10, 2014. After early lost circulation issues and an active shallow aquifer caused significant delays, it reached its targeted total depth of 3,781 metres on March 11, 2015. The well was completed and production commenced on May 3, 2015 at an average rate of 58 boe/d, rising to 232 boe/d by the end of 2015. Through H1-2016 WIN-13 the well continued to "clean up" and production peaked at 332 boe/d in May 2016. The production rate as of the end of December 2016 was 295 boe/d.

Work in Sabria in 2016 was minimal.

<u>Chouech Es Saida</u>

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

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

Chouech Es Saida #8 ("**CS-8**") was drilled, completed and placed on production in 2008. Winstar attempted a dual completion in the well in the fourth quarter of 2008 and encountered a serious problem during routine cementing and recompletion operations, and the wellbore was lost. The re-entry and sidetrack of CS-8 commenced at the end of December, 2009 and was successful in reaching the target reservoir and achieved combined test rates in excess of 1,625 boepd. However, communication with the reservoir was lost after the testing and the well was suspended. Drilling of Chouech Es Saida #8Bis ("**CS-8bis**") was completed on September 25, 2011. Initial production was unstable; and a subsequent work-over operation was required to install an electronic submersible pump ("**ESP**"), following which production stabilized at 300 bbl/d in December of 2011. CS-8bis was shut-in in August 2016 when production had declined to less than 1 boe/d.

The Chouech Es Saida #9 well ("**CS-9**") was drilled in the third quarter of 2008, tested over 900 bbl/d from 4 zones and was placed on production in the fourth quarter of 2008 at approximately 500 bbl/d. Following a period of shut-in during the first seven months of 2011, Winstar performed a remedial cementing operation at CS-9, which produced approximately 200 bbl/d for the remainder of the year. During 2016 an ESP replacement was required in CS-9 and the well was not producing for a period of 28 days during March and April 2016. After the pump replacement production was restored at a maximum rate of 72 boe/d and the rate at the end of December 2016 was 60 boe/d.

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

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

Winstar completed drilling of Chouech Es Saida #12 ("**CS-12**") in September 2011. Following the installation of a beam pump, the well was producing approximately 30 bbl/d plus associated gas. Production had dropped to zero in in January 2013 and the well has been shut in since that time.

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

Work in Chouech Es Saida during 2015 and 2016 has consisted of normal course operations for a producing oil field including such items as workovers to replace or repair bottomhole pumps in wells and maintenance of surface facilities.

Ech Chouech

Five wells have been drilled in the Ech Chouech concession since 1970. The field was discovered by the Ech Chouech #1 well ("**EC-1**"), which encountered oil in the Devonian Ouan Kasa formation at a depth of 3,220 metres. EC-1 was completed in 1991 and tested for 6 months at rates ranging from 200-220 boepd and produced a total of 34,000 bbl. The test was terminated by a well-bore blockage. In 2008, Winstar conducted a successful workover of EC-1 and the well was put back on production, averaging almost 100 bbl/d. A workover was conducted on EC-1 in 2010 to address some production impediments and the well came back on production at a rate of 140 bbl/d and produced and average of 71 bbl/d in 2014. EC-1 is not on continuous production but from time to time as well pressure builds up the well is intermittently flowed. Through 2016 EC-1 was opened to flow 12 times and a total of 497 boe was recovered.

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

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

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

No exploration or development activity was conducted in Ech Chouech during 2016 and there was minimal production from the field in 2016.

Sanrhar

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

On February 10, 2016, SNN-1 was shut in until such time as commodity prices recover sufficiently to make production economic. The production rate prior to shut in was 55 boe/d.

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

Zinnia

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

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

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

Infrastructure, Transportation and Marketing

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

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

In the longer term, OMV with its joint venture partner ETAP have undertaken construction of a new gas pipeline known as the Nawara Gas Pipeline Project. The line will run from the southern end of the country to a gas plant to be built near the town of Gabes in southeast Tunisia, and have a capacity of 350 MMcf/d. From Gabes, the gas will be connected to existing sales lines including the TransMed Pipeline to Italy. While being built primarily for OMV's Nawara gas/condensate discovery, the line capacity appears to be sufficient that other operators in the southern end of Tunisia will be able to nominate in for space. OMV's last disclosed estimate for start up is late 2018 – early 2019.

Oil production from the Sabria concession is trucked to a third party facility and then pipelined to a storage terminal. Oil production from Chouech Es Saida and Ech Chouech is pipelined to a third party facility and then to a storage terminal, and except for 20% of the Sabria oil production which is sold into the local market at an approximate 10% discount to the price obtained on other crude sales, the oil is loaded from the terminal onto tankers arranged by third parties. Before Q2, 2016, the oil was lifted by various third parties and sold on the world market every one to three months, depending on production levels and tanker availability. The oil tanker price was based on the average price for the three days after loading and was directly tied to the price quoted for Zarzaitine crude. In Q2 2016, Serinus, through its Tunisian subsidiary, entered into a marketing agreement with Shell International Trading and Shipping Company Limited for the sale of its Tunisian oil production available for international sales. The term of the agreement is for 5 years and the pricing mechanism is competitive with realized prices that Tunisia has received from other purchasers of its Tunisian crude oil. This benefits Serinus by getting regular crude oil liftings from a large and highly reputable purchaser.

Romania

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

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

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

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

Winstar Romania, encouraged by the success of Phase 1, elected to enter the second stage of exploration in November 2012 (thereby placing the Satu Mare Concession holders in both Phase 1 and Phase 2 of exploration for a time). In fall 2012 the Satu Mare Concession stake holders were successful in obtaining an extension of the end of the Phase 2 exploration period from September 2013 to May 2015 and agreed to certain amendments to the stage 2 work commitments. The amended minimum work obligations for

Phase 2 were: (i) analysis of data acquired during stage 1, integrated reinterpretation of the geological and geophysical data and drillings, and a seismic 3D project; (ii) acquisition of 180 square kilometres of 3D seismic, processing and integrated reinterpretation of data, and the drilling of two exploration wells. Pursuant to the terms of the Satu Mare Farmout Agreement, the Company was responsible for 100% of the costs of satisfying the Phase 2 minimum work commitments. The seismic acquisition was completed in October 2014 and processing and interpretation were performed during the balance of 2014 and 2015. The two wells were drilled during November and December 2014. Completion and testing operations were conducted from late February 2015 to April 2015.

The Moftinu-1001 and 1002bis wells, together with the 180 km2 3D seismic survey shot in the Santau area during 2014, fulfilled all of the Phase 2 work commitments. This gave Winstar Romania the right to exclusive negotiations with NAMR with respect to an extension of the Satu Mare Concession with a third exploration period and work commitments. 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 km2 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.

Satu Mare

The Satu Mare concession is a large block covering 729,000 gross acres in northwest Romania, bordering both Hungary and Ukraine. The basic fiscal terms of the Satu Mare Concession Agreement are summarized in the table below:

Summary of Satu Mare Concession Agreement Fiscal Terms

Phase 1 Exploration Period	Status:	Complete
Phase 2 Exploration Period	Status:	Complete
Phase 3 Exploration Period	Status:	Approved
	Expiry:	October 28, 2019
Concession Expiry		Sep 2034
Outstanding Work Commitments		Two wells, plus at Company's option, 120 km^2 of 3D seismic or a third well
Royalties		3.5 - 13.5%
Income Tax Rate		16%

Exploration / Development Activity

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

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

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

Infrastructure, Transportation and Marketing

With the successful test of Moftinu-1001, Serinus intends to construct a 15 MMcf/d gas plant and tie in the production from the Moftinu 1001 and Moftinu 1000 wells to the Transgaz pipeline by early 2018. The gas will be sold to Transgaz S.A, the Romanian national gas distribution and marketing company. Transgaz has transmission lines running through Satu Mare and the Company has been in contact with them with respect to operating and construction parameters.

Material Agreements

(a) Satu Mare Concession Agreement ("**SMCA**")

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

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

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

All of the Phase 1 and Phase 2 requirements have been met, and Serinus has negotiated a Phase 3 exploration period with NAMR, which has a 3 year term effective October 28, 2016 and work commitments of two wells, plus at the Company's option, either 120 km^2 of 3D seismic or a third well.

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

(b) Satu Mare Farm Out Agreement

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

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

Winstar successfully completed the Phase 1 and Phase 2 work commitments and applied for a Phase 3 exploration period, which was granted on October 28, 2016 and which expires three years later on October 28, 2019. OEBS, the holder of the remaining 40% interest has acknowledged that they are unable to participate in future phases under the concession. However, they are currently in a tax dispute with the government of Romania the results of which are a protective seizure of the partner's interest in Romania. Under the conditions of this protective seizure by the Romanian fiscal authorities, the holder of the remaining 40% of the interest in the Satu Mare concession is restricted from transferring this interest unless authorised by the Romanian fiscal authorities.

Other Assets

Winstar formerly owned a working interest in a minor property at Sturgeon Lake in the Province of Alberta, Canada. The mineral rights expired in 2013, but the Company still owns surface access rights, and minor facilities. It also has a C$1.4 million bond posted with the Alberta government against abandonment liabilities. In 2016, Serinus completed abandonment operations of $0.4 million. As abandonments are completed, the bond is released by the Alberta government.

Ukraine

The Company sold its its 70% of the shares in KUBGAS Holdings to Resano in February 2016 for $32.8 million including inter-company balances and working capital adjustments. That 70% share of KUBGAS Holdings comprised all of Serinus' interest in the Ukraine Assets, consequently, the Company no longer has any interests or assets in Ukraine.

Production

Serinus' average WI production (before royalties) from continuing operations (defined as all non-Ukraine properties) in 2016 was 1,124 boe/d.

Pursuant to the sale in February 2016, the Ukraine Assets were classified as discontinued operations. Average Daily production to the date of closing for Ukraine was 2,677 boe/d as compared to 2,807 boe/d in 2015.

The table below shows the Company's working interest production and realized sales price(s) from continuing operations for 2016 compared to 2015.

	Years ended Dec 31,	
	2016	2015
Average Daily Production		
Crude Oil (bbl/d)	853	1,055
Natural gas (Mcf/d)	1,628	1,755
Total boe/d	1,124	1,348
Crude Oil($/bbl)	$42.10	$52.75
Natural gas ($/mcf)	4.71	8.81
Average price ($/boe)	$38.75	$52.77

Specialized Skill and Knowledge

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

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

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

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

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

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

Competitive Conditions

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

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

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

Diversified Asset Base

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

At year-end 2016, Serinus' production was entirely from Tunisia. All of the Company's production will be from Tunisia until such time as the Moftinu gas discovery in Romania is brought on stream in early 2018.

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

High Quality Deal Flow

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

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

Flexible Financing Structure

Serinus' management seeks to ensure an optimal mix of financing to fund the Company's operations, particularly its capital commitment obligations. The Company's principal sources of funding have been, and will likely continue to be, equity and debt. The Company may also consider alternate sources of funding such as farm out arrangements. As at December 31, 2016, the Company had total borrowings of $30.1 million, all of which was with the EBRD pursuant to the EBRD Tunisia Facility.

Leverage Expertise

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

Portfolio Diversification

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

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

Cycles

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

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

Employees

Office	Number of Employees as at December 31, 2016
Calgary	15
Warsaw	2
Tunisia	140
Romania	2

Foreign Operations

Since the disposition of the Ukraine assets in February 2016, the Company has been dependent on its cash flow generated from its assets in Tunisia as being the sole source of internally generated cash flow. With the proceeds of the Offering the Company intends to fund its Moftinu gas development project in

Romania which will assist with diversifying cash flow. It is anticipated that the first production in Moftinu will be early 2018.

RISK FACTORS

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

Risks Relating to the Operations of the Company

Exploration, Development and Production Risks

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

In particular, the future value of the Company is dependent on the success of the Company's activities which are principally directed toward the further exploration, appraisal and development of its assets in Tunisia and Romania.

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

As of the date of this AIF, no proved or probable reserves have been assigned in connection with the Company's assets in Romania given the early stage of development of these assets, although it has been assigned contingent resources. There is no assurance that those resources will be converted to reserves, or that other reserves of oil and natural gas will be discovered on those assets or, if reserves are discovered, that the Company will be able to realize those reserves as intended. The Company presently has the right in Romania to explore for and, upon fulfillment of certain conditions, produce oil and natural gas that may be discovered.

Serinus' rights and obligations in Romania are governed by the Satu Mare Concession Agreement, the joint operating agreement between the Company and OEBS and the Satu Mare Farm Out Agreement. The Phase 2 exploration period of the Satu Mare Concession Agreement has been completed. OEBS, the holder of the remaining 40% interest has acknowledged that they are unable to participate in future phases under the concession. However, they are currently in a tax dispute with the government of Romania the results of which are a protective seizure of the partner's interest in Romania. Under the conditions of this protective seizure by the Romanian fiscal authorities, the holder of the remaining 40% of the interest in the Satu Mare concession is restricted from transferring this interest unless authorised by the Romanian fiscal authorities. See *"Principal Oil and Gas Assets – Romania"*.

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

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

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

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

Work Stoppages or Labour Disputes

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

In the second quarter of 2012, Winstar was exposed to three strikes for a total of 11 days, resulting in the shut-in of the producing facilities at the Chouech Es Saida, Ech Chouech and Sanrhar concessions. These actions, led by the local trade union were not isolated to Winstar but have affected all the social and economic sectors in Tunisia. The strikes essentially related to contract and trainee personnel demanding full time employee status with Winstar. Winstar negotiated an agreement with its regional staff and related unions, but faced further labour disputes and production disruptions in the first quarter of 2013, during which production was suspended for a total of 26 days. Production at the Sabria Field was interrupted for two months starting in late May 2015 by protests directed against the government. In early 2017 the Company has been exposed to two strikes resulting in the shut-in of the production facilities at the Chouech-Es-Saida field the latest one on February 28, 2017, for which the concession remains shut-in as of the date of this AIF. See also “Risk Factors – Risks Relating to the Operations of the Company - Political and Geopolitical Instability in Tunisia”.

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

Dry Well Risk

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

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

Liquidity Risk

Liquidity risk is the risk that Serinus will not be able to pay its financial obligations when due. The Company’s property in Romania does not have any established reserves and no revenue has been derived therefrom as of the date of this AIF. The Company has a consolidated working capital deficit of $38.2 million as at December 31, 2016 (December 31, 2015 - $10.9 million), which includes cash and cash equivalents in the amount of $4.3 million (December 31, 2015 - $6.6 million). Subsequent to year end the Company completed the Offering and raised C$25.2million which will allow the Company to undertake the Moftinu development project which includes the construction of a 15 MMcf/d gas plant to tie in the existing two wells.

The Company has recently funded its capital expenditures, including exploration and development activities, primarily through equity and debt. The Company’s business requires capital expenditures for the foreseeable future with respect to the acquisition, exploration, development and production of oil and natural gas reserves now and in the future. The Company may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities and intends to fund these planned capital expenditures from farm-out agreements, from operating cash flow and, in the longer term, from new debt and/or equity. There can be no assurance that, in the longer term, the Company will sustain profitability or positive cash flow from its operating activities.

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

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

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

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

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

Health, Safety and Environmental Risks

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

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

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

Political, Social and Economic Risk

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

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

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

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

- unenforceability of contractual rights;
- import and export restrictions;
- freezing of funds and economic resources; and
- adverse changes to laws (whether of general application or otherwise) or the interpretation thereof.

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

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

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

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

Political and Geopolitical Instability in Tunisia

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

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

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

It is impossible to predict how these forces will play out. While the May 2015 protests that shut in the Sabria Field had the largest direct impact on the Company, increased security, states of emergency and strikes have had indirect effects by preventing either the movement of oil to its sale point, or operating staff and equipment (including contractors) to travel to work locations. Future curtailments or shut downs of operations are possible consequences of continuing unrest. Management has, and will continue to work with the National Guard to best ensure the safety and security of the personnel, fields and facilities.

Strategic Partners and Joint Ventures

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

The Company, through its indirectly wholly owned subsidiary Winstar Satu Mare S.A ("Winstar Satu Mare"), currently holds a 60% interest in the Satu Mare Concession. OEBS, the holder of the remaining 40% interest, has acknowledged that they do not wish to participate in future phases under the concession. However, they are currently in a legal dispute with the government of Romania and it is as yet unclear as to whether the holder has the ability to transfer their interest to the Company.

Reserve and Resource Estimates

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

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

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

Compliance with Foreign Regulatory Regimes

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

In the countries in which the Company carries on business, including Tunisia and Romania, the state generally retains ownership of the minerals and consequently retains control of (and in the case of the Sabria field in Tunisia, participates in) the exploration and production of hydrocarbon reserves. Accordingly, the Company's operations may be materially affected by host governments through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges. In addition, transfers of ownership interests typically require government approval, which may delay or otherwise impede transfers, and the government may impose obligations on the Company to complete minimum work within specified timeframes. In the future, the Company may extend its interests in operations to other countries where similar circumstances may exist.

The Company may require licences or permits from various governmental authorities to carry out its planned exploration, development and production activities. There can be no assurance that the licences and permits held by the Company will not expire or be revoked if the Company fails to comply with the terms of such licences or permits, or in the event of any change of relevant laws or their interpretation. The termination of any of the Company's contracts or licences granting rights in respect of the properties would have a material adverse effect on the Company, including the Company's financial condition. There can also be no assurance that the Company will be able to obtain all necessary licences and permits when required.

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

Foreign Exchange Risks and Commodity Hedging

The nature of the Company's activities results in exposure to fluctuations in foreign currency exchange rates. World oil and natural gas prices are quoted in US dollars and the price received by the Company may be affected in a positive or negative manner by fluctuations in the exchange rate of the US dollar against other currencies in which business of the Company is transacted. Variations in exchange rates have the effect of impacting the stated value of oil and natural gas reserves and/or production revenue. At December 31, 2016 the Company's primary currency exposure related to Canadian dollar, Tunisia Dinar and Romanian Leu balances. The following table summarizes the Company's foreign currency exchange risk for each of the currencies indicated:

	December 31, 2016			December 31, 2015			
	CAD	TD	LEU	CAD	UAH	TD	LEU
Cash and cash equivalents	113	1,505	58	443	124,517	2,006	326
Accounts receivable	136	1,497	801	56	41,886	4,589	401
Income Tax Receivable	-	5,959	3	-	44,739	6,052	3
Prepaid expenses	(92)	41	93	(169)	15,827	437	265
Accounts payable and accrued liabilities	(513)	(6,004)	(508)	(409)	(138,123)	(9,536)	(767)
Net foreign exchange exposure	4	3,367	447	(79)	88,846	3,548	228
US $ equivalent at period-end exchange rate	3	1,458	104	(57)	3,690	1,741	55

Based on the net foreign exchange exposure at the end of the year, if these currencies had strengthened or weakened by 10% compared to the U.S. dollar and all other variables were held constant, the after tax net earnings would have decreased or increased by approximately $1.6 million (2015: $5.4 million).

Economic factors affecting the Company's cash flow required for operations and for investments in accordance with the Company's consolidated statement of cash flows include fluctuations in foreign currency exchange rates. To date, the Company has raised equity funds denominated in Canadian dollars and Polish Zlotys, however exploration and development expenditures are incurred in United States dollars, Romanian Leu and Euro's, and therefore currency exchange rates have an ongoing impact on the Company's cash flows. Fluctuations in foreign currency exchange rates between United States dollars, Canadian dollars, Romanian Leu and Tunisian dinars resulted in an unrealized foreign exchange loss of $0.4 million for the year ended December 31, 2016 (2015 - $1.1 million loss).

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

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

Credit Risk

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

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

Management has no formal credit policy in place however the exposure to credit risk is a monitored on an ongoing basis individually for all significant customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Relinquishment Obligations under Applicable Legislation and Key Agreements

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

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

- In Romania, retention of the Satu Mare concession is subject to completion of the work commitments for the Phase 3 exploration period by October 28, 2019.

Reliance on Key Management Personnel

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

Uncertainty Regarding Interpretation and Application of Foreign Laws and Regulations

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

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

- effective legal redress in the courts of subject jurisdictions being more difficult to obtain, whether in respect of a breach of law or regulation, or an ownership dispute;

- a higher degree of discretion on the part of governmental authorities;

- uncertainty regarding the constitutionality, validity or enforceability of laws and regulations, particularly where those rules and regulations are the result of recent legislative changes or have been recently adopted;

- the lack of judicial or administrative guidance on interpreting applicable rules and regulations, particularly where those rules and regulations are the result of recent legislative changes or have been recently adopted;

- provisions in laws and regulations that are ambiguously worded or lack specificity and thereby create difficulties when implemented or interpreted;

- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions;

- courts being used to further political aims;

- relative inexperience of the judiciary and courts in such matters or an overly formalistic judiciary; and

- corruption within the judiciary.

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

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

<u>Tunisia</u>

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

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

Romania

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

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

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

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

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

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

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

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

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

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

Decommissioning Liabilities

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

Title to Properties

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

Crime and Governmental or Business Corruption

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

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

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

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

Management of Growth

The Company does not have a long history of operating in its current form, including in terms of size and geographic reach, and its ability to manage its existing business and its future growth depend upon a number of factors, including its ability:

- to effectively increase the scope of its management, operational and financial systems and controls to handle the increased complexity, expanded breadth and geographical area of its operations;
- to recruit, train and retain qualified staff to manage and operate its growing business;
- to accurately identify and evaluate the contractual, financial, regulatory, environmental and other obligations and liabilities associated with its international acquisitions and investments;
- to implement financial oversight and internal financial risk, and other controls, over its acquisitions and investments, and to ensure the timely preparation of financial statements that are in conformity with the Company's accounting and control policies;
- to accurately judge market dynamics, demographics, growth potential and competitive environments;
- to effectively determine, evaluate and manage the risks and uncertainties in entering new markets and acquiring new businesses through its due diligence and other processes, particularly given the heightened risks in emerging markets; and
- to maintain and obtain necessary permits, licences, spectrum allocation and approvals from governmental and regulatory authorities and agencies.

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

Project Completion

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

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

Reliance on Third Party Operators

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

The Company is currently the operator of all its assets.

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

Financial Covenants Relating to the Tunisian Assets

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

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

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

Risks Relating to the Company's Market Environment

Competition

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

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

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

Industry Trends

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

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

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

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

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

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

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

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

International Economic Risk

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

Environmental

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

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

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

Weather

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

Prices, Markets and Marketing

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

- deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities;
- economic or other sanctions that prohibit, amongst other things, the export of crude oil or petroleum products that originate in countries in which the Company operates;

- operational problems with such pipelines and facilities; and

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

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

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

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

Availability of Equipment and Services

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

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

New Technology

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

Insurance

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

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

Global Capital Markets

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

Financial problems outside countries with emerging or developing economies, or an increase in the perceived risks associated with investing in such economies, could dampen foreign investment in and adversely affect the economies of these countries (including, for example, countries in which the Company operates). The links between economic activities in different markets and sectors are complex and depend not only on direct drivers such as the balance of trade and investment between countries, but also on domestic monetary, fiscal and other policy responses to address macroeconomic conditions.

Unexpected Shutdowns

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

Litigation

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

Risks Relating to the Ownership of the Common Shares

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

As of the date of this AIF, 78,602,655 Common Shares representing approximately 52.18% of the issued and outstanding Common Shares in the capital of the Company are held by KI. Three directors of the Company, Łukasz Rędziniak, Sebastian Kulczyk and Dominik Libicki, are members of the Management Board of KI.

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

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

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

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

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

Dilution Due to Financing or Acquisition Activities

The Company's Articles allow it to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series, for such consideration and on such terms and conditions as shall be established by its Board of Directors, in many cases, without the approval of the shareholders. In addition, as at the date of this AIF, there were 3,650,000 Common Shares issuable upon the exercise of outstanding options of the Company at prices ranging from CAD $1.56 to USD $4.11 per Common Share. The Company may also issue Common Shares to finance future acquisitions and other projects. The Company cannot predict the size of future issuances of Common Shares or the effect that future issuances and sales of Common Shares will have on the market price of the Common Shares. Issuances of a substantial number of additional Common Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Shares. If the share capital of the Company is increased and new Common Shares are issued for cash, existing shareholders of Common Shares are not, under the Company's constitutional documents and applicable Canadian law, entitled to pre-emptive or similar rights in respect of those Common Shares to preserve their *pro rata* shareholdings in the Company. With any additional issuance of Common Shares, investors will suffer dilution to their voting power and may experience dilution in earnings per Common Share.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Reserves

In accordance with the requirements of NI 51-101, RPS, an independent qualified reserves evaluator and auditor, prepared a report called "*Evaluation of Tunisian Reserves"* and "*Report on Resource Estimate by Independent Qualified Reserves Evaluator (Romania Resources) as at December 31, 2016*" dated March 8, 2017 (the "**RPS Report**").

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

The RPS Report evaluates, effective as at December 31, 2016:

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

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

In preparing the RPS Report, RPS relied upon certain factual information and data furnished by the Company with respect to ownership interests, gas production, historical costs of operation and development, product prices, agreements relating to current and future operations, sales of production, and other relevant data to December 31, 2016.

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

Attached as Appendix "A" hereto is Form 51-101F1 "Statement of Reserves Data and Other Oil and Gas Information". Form 51-101F2 "Report of Independent Qualified Reserves Evaluator" by RPS and Form 51-101F3 "Report of Management on Oil and Gas Disclosure", prepared in accordance with the requirements of National Instrument 51-101, are attached hereto respectively as Appendix "B" and Appendix "C".

DIVIDENDS

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

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

DESCRIPTION OF CAPITAL STRUCTURE

Pursuant to the Articles of the Company, the Company may issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of December 31, 2016, there were 78,629,941 Common Shares and no preferred shares issued and outstanding in the capital of the Company.

Common Shares

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

Preferred Shares

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

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

MARKET FOR SECURITIES

Trading Price and Volume

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

	Closing Price on the WSE (PLN)		Closing Price on the TSX (CAD$)		Average Daily Trading Volume		
	High	**Low**	**High**	**Low**	**WSE**	**TSX**	**Total**
2017							
March	1.55	1.40	0.57	0.43	188,664	5,267	193,931
February	1.68	1.41	0.50	0.40	229,290	10,497	239,787
January	1.88	1.38	0.57	0.40	321,278	684	321,962
2016							
December	2.03	0.98	0.57	0.22	687,972	5,588	693,560
November	1.07	0.92	0.30	0.23	117,443	4,970	122,413
October	1.18	1.03	0.35	0.30	116,753	2,861	119,613
September	1.26	0.94	0.36	0.27	87,925	1,187	89,112
August	1.30	1.21	0.41	0.34	21,644	5,265	26,910
July	1.33	1.24	0.35	0.33	17,473	810	18,282
June	1.50	1.30	0.40	0.33	37,584	2,787	40,371
May	1.60	1.51	0.55	0.36	25,987	7,480	33,468
April	1.61	1.51	0.55	0.47	93,980	4,454	98,434
March	1.68	1.48	0.59	0.45	79,169	2,271	81,440
February	1.54	1.47	0.59	0.50	29,369	2,109	31,478
January	1.59	1.48	0.53	0.39	61,796	7,481	69,277

For information in respect to options to purchase common shares of Serinus, please see the 2016 audited Consolidated Financial Statements, Share Capital note, which is incorporated by reference into this AIF and available on SEDAR at www.sedar.com.

DIRECTORS AND OFFICERS

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

Name, Occupation and Security Holding

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

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
Helmut J. Langanger[(1)(2)(3)]	Vienna, Austria	Chairman of the Board of Directors	November 9, 2011, Chairman of Board of Directors since May 14, 2014	From 1974 until 2010, Mr. Langanger was employed by Austrian company OMV where he was since 2002 Group Executive Vice President EP, a member of the Executive Board and Managing Director Upstream. Since his retirement in 2010 Mr. Langanger has served as a director of various companies.
Jeffrey Auld	London, U.K.	President and Chief Executive Officer, Director	September 1, 2016	Mr. Auld is a seasoned oil and gas professional with experience both as an executive in oil and gas companies as well as experience as an investment banker. Mr. Auld began his career in Canada prior to moving to the UK. He was the Commercial Manager, New Ventures for Premier Oil plc. Before moving to Goldman, Sachs & Co. After leaving Goldman Sachs & Co Mr. Auld was a Vice President of PetroKazakhstan Inc. PetroKazakhstan was sold to CNPC for US$4.2 billion. After PetroKazakhstan Mr. Auld led the Energy investment banking practice for Canaccord Genuity and latterly was Head of EMEA Oil and Gas for Macquarie Capital. Mr. Auld has an undergraduate degree in Economics and Political Sciences from the University of Calgary and an MBA with

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
				distinction from Imperial College London.
Evgenij Iorich(1)(2)(3)	Zug, Switzerland	Director	June 24, 2013	Mr. Iorich is a Portfolio Manager at Pala Investments, a multi-strategy investment company dedicated to investing in, and creating value across the mining sector in both developed and emerging markets. Mr. Iorich has been with Pala Investments since 2006 and his investment experience extends across oil and gas, base metal and bulk commodity investments. Prior to joining Pala, from 2004 until 2006, Mr. Iorich was a financial manager at Mechel OAO, the Russian metals and mining company, where his responsibilities included all aspects of budgeting, forecasting and financial modeling. Mr. Iorich graduated from the University of Zurich with a Masters of Arts degree.
Sebastian Kulczyk	Luxembourg	Director	May 14, 2014	President of the Management Board of Kulczyk Investments S.A. Prior thereto, he worked for Lazard Ltd. and prior thereto, was the CEO of Phenomind Ventures S.A. Mr. Kulczyk graduated from Adam Mickiewicz University in Poznań, majoring in management and marketing and has studied at the London School of Economics.
Dominik Libicki(1)	Warsaw, Poland	Director	September 1, 2016	Mr. Libicki is Chief Investment Officer and Member of the Management Board of Kulczyk Investments S.A. Between 2001-2015 Dominik was the President and CEO of Cyfrowy Polsat S.A. the largest media-telecommunication group in Poland. He was also the Vice-President of the board of Polkomtel and a member of the supervisory board of Polsat Television. In 2005-2008 (Vice-

Name	Province / Country of Residence	Position with the Company	Date of Appointment	Principal Occupation(s)
				President during 2006 to 2008) he was a member of the supervisory board of Polska Telefonia Cyfrowa (operator of the mobile network Era, now T-Mobile).
Łukasz Rędziniak(3)	Warsaw, Poland	Director	March 16, 2016	General Counsel and board member at Kulczyk Investments S.A. Before joining the Kulczyk group in January 2013, Mr. Rędziniak was the managing partner of T. Studnicki K. Płeszka Z. Ćwiąkalski J. Górski law office. From 2007-2009, he served as the Undersectretary of State at the Ministry of Justice.
Tracy H. Heck	Calgary, Alberta, Canada	Chief Financial Officer	January 1, 2014	Ms. Heck joined Serinus as Director of Finance in June 2012 and was appointed chief financial officer on January 1, 2014. Prior thereto, she was the Controller at NAL Energy Corporation from 2005. Prior to that, Ms. Heck was with KPMG in the UK and Canada for 13 years, with the last year as an Associate Partner. Ms. Heck is a Chartered Accountant.

Notes:

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

As of the date of this AIF, the directors and executive officers of Serinus, as a group, when taken together with the shareholding of KI, beneficially own, or control or direct, directly or indirectly, an aggregate of 78,606,070 Common Shares, representing approximately 52.18% of the issued and outstanding Common Shares on a non-diluted basis. The information as to Common Shares beneficially owned, or controlled or directed, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective individuals.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company:

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

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

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

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

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

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

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

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

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

Conflicts of Interest

As of the date of this AIF, KI holds 52.18% of the Company's issued and outstanding Common Shares, and three directors of the Company (Sebastian Kulczyk, Łukasz Rędziniak and Dominik Libicki) hold senior executive positions with KI. KI's business activities are varied, and include investments in resource companies other than Serinus. There is, therefore, potential for a conflict of interest to arise.

AUDIT COMMITTEE INFORMATION

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

Composition of the Audit Committee

The Audit Committee is comprised of Helmut Langanger, Evgenij Iorich and Dominik Libicki. Mr. Iorich is the chairman of the Audit Committee. Each of the members is "financially literate" and "financial experts" as these terms are defined in section 1.6 of NI 52-110 and each of the members are independent directors, as "independent" is defined in NI 52-110.

Reliance on Certain Exemptions

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

Audit Committee Oversight

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees (By Category)

Fiscal Year Ended December 31	**2016**	**2015**
Audit Fees(1)	$474,122	$524,802
Audit Related Fees(2)	$97,002	$121,824
Tax Fees(3)	$197,857	$80,321
All Other Fees(4)	$-	$742

Notes:

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not and has not been a party to, nor is any of the Company's property the subject of and has not been the subject of a legal proceeding for which disclosure is required in this section since the beginning of the financial year ending December 31, 2016

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

General

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

Dutco Strategic Relationship and Dutco Loan

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

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

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

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

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

Material Contracts Entered into in the Ordinary Course of Business

Contract for the Sale of Zarzaitine Blend Crude Oil referred to as the "Shell Contract"

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

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

Material Contracts Entered into Outside the Ordinary Course of Business

Share Sale and Purchase Agreement between Serinus Holdings and Resano for sale of the Ukraine assets.

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

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

- *EBRD Loan Facility - Tunisia*

INTERESTS OF EXPERTS

KPMG LLP, Chartered Accountants (the auditors of the Company) prepared an auditors' report on the consolidated balance sheets of the Company as at December 31, 2016, and the consolidated statement of operations and retained earnings and cash flows for the year then ended, which auditor's report relates to the most recently completed fiscal year of the Company. As of March 16, 2017, KPMG LLP, Chartered Accountants have reported that they are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

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

ADDITIONAL INFORMATION

Additional information regarding the Company may be found on SEDAR at www.sedar.com. In particular, additional information, including director's and officer's remuneration and indebtedness, the principal holders of Common Shares and the securities authorized for issuance under equity compensation plans, is contained in the Company's information circular dated June 17, 2016 relating to the annual and special meeting of shareholders on July 18, 2016. Additional financial information is provided in the audited consolidated financial statements of the Company as at, and for the year ended, December 31, 2016 and management's discussion and analysis for the financial year ended December 31, 2016.

ABBREVIATIONS

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		

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.

CURRENCY PRESENTATION AND EXCHANGE RATE DATA

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

	Canadian Dollar (CAD$) to US$1.00	**Polish Zloty** (PLN) to US$1.00
2014		
Year-end	1.1601	3.5072
Average	1.1045	3.1537
Annual high	1.1643	3.5458
Annual low	1.0614	3.0042
2015		
Year-end	1.3840	3.9011
Average	1.2787	3.7701
Annual high	1.3990	4.0400
Annual low	1.1728	3.5550
2016		
Year-end	1.3427	4.1793
Average	1.3248	3.9435
Annual high	1.4589	4.2493
Annual low	1.2544	3.7193

Source: Bank of Canada

FORWARD-LOOKING INFORMATION

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

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

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

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

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

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

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

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

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

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

NON-IFRS MEASURES

The financial information presented in this AIF has been prepared in accordance with IFRS except for the terms such as "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 "working capital" as applicable to its most closely related IFRS measure.

APPENDIX A

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

For the Year Ended December 31, 2016

March 17, 2017

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Part 1 – Introduction

The effective date of the information being provided in this statement is December 31, 2016 unless otherwise indicated. The preparation date of such information is March 10, 2017 for the Tunisia Reserve Evaluation and March 8, 2017 for the Romania Contingent Resources Evaluation

In accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, the tables contained in this filing are a summary of the oil and natural gas reserves and the value of future net revenue of Serinus Energy Inc. (the "**Company**", “**Serinus**” or “**SEN**”) as evaluated by RPS Energy (“**RPS**”) effective as at December 31, 2016, based on their reports (the “**RPS Report**”). RPS is an independent qualified reserves evaluator and auditor.

The RPS Report dated March 10, 2017 evaluated the reserves of Winstar Tunisia B.V., an indirect 100% owned subsidiary of the Company. Winstar Tunisia owns and operates five concessions and permits in Tunisia.

The RPS Report dated March 8, 2017 evaluated the resources of Winstar Satu Mare S.A., an indirect 100% owned subsidiary of the Company. Winstar Satu Mare owns and operates the Satu Mare license in northwest Romania.

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

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

The evaluation has been conducted within RPS’s understanding of petroleum legislation, taxation and other regulations that currently apply to these interests.

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

Advisories – Future Net Revenues

The estimates of future net revenues in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and cost assumptions will be attained and material variances could result. There is no guarantee that the estimates for oil, natural gas and natural gas liquid reserves provided will be recovered. Actual oil, natural gas and natural gas liquid volumes recovered may be greater or less than the estimates provided.

Part 2 – Disclosure of Reserves Data

The following tables are prepared from information contained in the RPS Report as of December 31, 2016. Some of the numbers in the tables may not add due to rounding.

Reserves Data

SUMMARY OF OIL, NATURAL GAS AND NATURAL GAS LIQUIDS RESERVES
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2016

FORM 51-101F1 **TABLE 2.1.1**

SUMMARY OF OIL AND GAS RESERVES COMPANY WORKING INTEREST VOLUMES
as of December 31, 2016
FORECAST PRICES AND COSTS

	RESERVES					
	LIGHT AND MEDIUM		Conventional Natural		Natural Gas Liquids	
RESERVE CATEGORY	Gross (Mbbl)	Net (Mbbl)	Gross (MMscf)	Net (MMscf)	Gross (Mbbl)	Net (Mbbl)
TUNISIA (Company Working Interest)						
PROVED						
Developed Producing	1,068	924	1,985	1,777	-	-
Developed Non Producing	355	307	1,961	1,689	126	107
Undeveloped	699	628	1,641	1,530	-	-
TOTAL PROVED	**2,121**	**1,859**	**5,587**	**4,996**	**126**	**107**
PROBABLE	4,944	4,312	14,455	12,944	225	191
TOTAL PROVED PLUS PROBABLE	**7,065**	**6,170**	**20,042**	**17,941**	**351**	**298**
TOTAL COMPANY						
PROVED						
Developed Producing	1,068	924	1,985	1,777	-	-
Developed Non Producing	355	307	1,961	1,689	126	107
Undeveloped	699	628	1,641	1,530	-	-
TOTAL PROVED	**2,121**	**1,859**	**5,587**	**4,996**	**126**	**107**
PROBABLE	4,944	4,312	14,455	12,944	225	191
TOTAL PROVED PLUS PROBABLE	**7,065**	**6,170**	**20,042**	**17,941**	**351**	**298**

Notes:

(1) See definitions of “proved” and “probable” reserves on page 9 of this document.

SUMMARY OF AGGREGATE NET PRESENT VALUES OF FUTURE NET REVENUE
BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2016

FORM 51-101F1

TABLE 2.1.2

NET PRESENT VALUE OF FUTURE NET REVENUE
as of December 31, 2016
FORECAST PRICES AND COSTS

RESERVE CATEGORY	NET PRESENT VALUE OF FUTURE NET REVENUE (US$ millions)									
	BEFORE INCOME TAXES					AFTER INCOME TAXES				
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
TUNISIA (Company Working Interest)										
PROVED										
Developed Producing	(9.0)	(0.6)	4.3	7.1	8.8	(18.4)	(8.7)	(2.8)	0.8	3.1
Developed Non Producing	5.4	7.3	7.6	7.2	6.5	0.7	3.7	4.7	4.9	4.6
Undeveloped	23.7	13.9	7.7	3.7	1.2	9.9	5.3	2.3	0.4	(0.9)
TOTAL PROVED	**20.1**	**20.6**	**19.6**	**18.0**	**16.4**	**(7.8)**	**0.3**	**4.3**	**6.1**	**6.9**
PROBABLE	270.6	180.6	120.4	84.1	61.2	115.7	99.4	70.3	49.9	36.5
TOTAL PROVED PLUS PROBABLE	**290.7**	**201.2**	**140.0**	**102.1**	**77.7**	**107.9**	**99.7**	**74.6**	**56.0**	**43.4**
TOTAL COMPANY										
PROVED										
Developed Producing	(9.0)	(0.6)	4.3	7.1	8.8	(18.4)	(8.7)	(2.8)	0.8	3.1
Developed Non Producing	5.4	7.3	7.6	7.2	6.5	0.7	3.7	4.7	4.9	4.6
Undeveloped	23.7	13.9	7.7	3.7	1.2	9.9	5.3	2.3	0.4	(0.9)
TOTAL PROVED	**20.1**	**20.6**	**19.6**	**18.0**	**16.4**	**(7.8)**	**0.3**	**4.3**	**6.1**	**6.9**
PROBABLE	270.6	180.6	120.4	84.1	61.2	115.7	99.4	70.3	49.9	36.5
TOTAL PROVED PLUS PROBABLE	**290.7**	**201.2**	**140.0**	**102.1**	**77.7**	**107.9**	**99.7**	**74.6**	**56.0**	**43.4**

Notes:

(1) See definitions of “proved” and “probable” reserves on page 9 of this document.

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
AS AT DECEMBER 31, 2016
BASED ON FORECAST PRICES AND COSTS

FORM 51-101F1 **TABLE 2.1.3a**

TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
as of December 31, 2016
FORECAST PRICES AND COSTS

RESERVE CATEGORY	REVENUE (MM$US)	ROYALTIES (MM$US)	OTHER REVENUE (MM$US)	OPERATING COSTS (MM$US)	DEVELOPMENT COSTS (MM$US)	ABANDON-MENT COSTS (MM$US)	FUTURE NET REVENUE BEFORE INCOME TAXES (MM$US)	INCOME TAXES (MM$US)	FUTURE NET REVENUE AFTER INCOME TAXES (MM$US)
TUNISIA (Company Working Interest)									
TOTAL PROVED	202.9	24.5	0.0	80.4	27.8	50.2	20.1	27.9	(7.8)
TOTAL PROVED PLUS PROBABLE	855.8	106.6	0.0	341.1	50.3	67.1	290.7	182.8	107.9
TOTAL COMPANY									
TOTAL PROVED	202.9	24.5	0.0	80.4	27.8	50.2	20.1	27.9	(7.8)
TOTAL PROVED PLUS PROBABLE	855.8	106.6	0.0	341.1	50.3	67.1	290.7	182.8	107.9

Notes:

(1) See definitions of “proved” and “probable” reserves on page 9 of this document.

FUTURE NET REVENUE BY PRODUCTION GROUP BASED ON FORECAST PRICES AND COSTS
AS AT DECEMBER 31, 2016

FORM 51-101F1	TABLE 2.1.3c-i	
	FUTURE NET REVENUE BY PRODUCTION GROUP as of December 31, 2016 FORECAST PRICES AND COSTS	
	FUTURE NET REVENUE BY PRODUCTION GROUP BEFORE INCOME TAXES Net present value discounted at 10% per year	
	LIGHT AND MEDIUM CRUDE OIL (including solution gas and other by-products)	CONVENTIONAL Natural Gas (including by-products but excluding solution gas from oil wells)
RESERVE CATEGORY	($US Millions)	($US Millions)
TUNISIA (Company Working Interest)		
TOTAL PROVED	19.56	-
TOTAL PROVED PLUS PROBABLE	140.01	-
TOTAL COMPANY		
TOTAL PROVED	19.56	-
TOTAL PROVED PLUS PROBABLE	140.01	-

Notes:

(1) See definitions of “proved” and “probable” reserves on page 9 of this document.

FORM 51-101F1	TABLE 2.1.3c-ii	
	FUTURE NET REVENUE (UNIT VALUE BASIS) BY PRODUCTION GROUP **as of December 31, 2016** **FORECAST PRICES AND COSTS**	
	FUTURE NET REVENUE BY PRODUCTION GROUP **Net present value discounted at 10%**	
RESERVE CATEGORY	**LIGHT AND MEDIUM CRUDE OIL (including solution gas and other by-products)** **($US/bbl)**	**CONVENTIONAL Natural Gas (including by-products but excluding solution gas from oil wells)** **($US/Mcf)**
***TUNISIA* (Company Working Interest)**		.
TOTAL PROVED	6.99	-
TOTAL PROVED PLUS PROBABLE	14.80	-
TOTAL COMPANY		
TOTAL PROVED	6.99	-
TOTAL PROVED PLUS PROBABLE	14.80	-

Notes:

(1) See definitions of “proved” and “probable” reserves on page 9 of this document.

Notes to Evaluation of Reserves and Future Net Revenues:

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

Part 3 - Pricing Assumptions

The following table details the benchmark reference prices used in the evaluation of the properties in which the Company had reserves as at December 31, 2016, and are reflected in the reserves data disclosed above under "Part 2 – Disclosure of Reserves Data". Forecast prices are provided by RPS, which is an independent qualified reserves evaluator and auditor. The forecast price assumptions assume the continuance of current laws and regulations and take into account inflation with respect to future operating and capital costs. Tunisia oil forecast prices are based on Brent and natural gas prices are tied to the 9 month trailing average of low sulphur heating oil, also benchmarked to Brent. For the Tunisia oil price, a differential of minus $0.10/bbl applied to calculate the sales price.

FORM 51-101F1 **Table 3.2**

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS

FORECAST PRICES AND COSTS

as of December 31, 2016

Year	Oil Benchmarks		Tunisia Domestic Gas		Inflation Rate	Currency Exchange Rates
	WTI at Cushing Oklahoma	Brent @ Sollem Voe	Sabria	Chouech / Ech Chouec		
	US$/bbl	US$/bbl	US$/Mcf	US$/Mcf	%/annum	US$/CAD$
2017	54.00	55.00	5.84	6.15	2.0	0.75
2018	59.50	60.50	6.42	6.77	2.0	0.78
2019	61.80	62.80	6.67	7.03	2.0	0.80
2020	64.60	65.60	6.96	7.34	2.0	0.83
2021	68.70	69.70	7.40	7.80	2.0	0.85
2022	74.80	75.80	8.05	8.48	2.0	0.85
2023	78.20	79.20	8.41	8.86	2.0	0.85
2024	81.90	82.90	8.80	9.27	2.0	0.85
2025	86.87	87.87	9.33	9.83	2.0	0.85
2026	88.63	89.63	9.51	10.03	2.0	0.85
2027	90.42	91.42	9.70	10.23	2.0	0.85
2028	92.25	93.25	9.90	10.43	2.0	0.85
2029	94.12	95.12	10.10	10.64	2.0	0.85
2030	96.02	97.02	10.30	10.85	2.0	0.85
2031	97.96	98.96	10.50	11.07	2.0	0.85
2032	99.94	100.94	10.71	11.29	2.0	0.85
2033	101.96	102.96	10.93	11.52	2.0	0.85
2034	104.02	105.02	11.15	11.75	2.0	0.85
2035	106.12	107.12	11.37	11.98	2.0	0.85

Currency Abbreviations

CAD$	Canadian Dollar
US$	United States Dollar

Part 4 – Reconciliation of Changes in Reserves

The following tables set forth a reconciliation of the changes in the Company's gross reserves as at December 31, 2016 against such reserves as at December 31, 2015 based on the forecast price and cost assumptions stated on page 10 of this document:

FORM 51-101F1 **TABLE 4.1**

RECONCILIATION OF COMPANY GROSS RESERVES
BY PRINCIPAL PRODUCT TYPE

FORECAST PRICES AND COSTS

FACTORS	LIGHT AND MEDIUM CRUDE OIL			CONVENTIONAL NATURAL GAS		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved + Probable (Mbbl)	Gross Proved (MMscf)	Gross Probable (MMscf)	Gross Proved + Probable (MMscf)
TUNISIA (Company Working Interest)						
December 31, 2015	2,483	5,610	8,093	5,722	14,490	20,212
Improved Recovery	-	(268)	(268)	-	(389)	(389)
Technical Revisions	(130)	(480)	(608)	(209)	(756)	(977)
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Economic Factors	178	324	499	671	1,153	1,836
Production + Inventory changes	(283)	-	(283)	(596)	-	(596)
December 31, 2016	2,247	5,186	7,433	5,587	14,499	20,086
Ukraine (100% Working Interest)						
December 31, 2015	-	-	-	33,707	23,398	57,105
Improved Recovery	-	-	-	-	-	-
Technical Revisions	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	(33,707)	(23,398)	(57,105)
Economic Factors	-	-	-	-	-	-
Production + Inventory changes	-	-	-	-	-	-
December 31, 2016	-	-	-	-	-	-
TOTAL COMPANY						
December 31, 2015	2,483	5,610	8,093	39,429	37,888	77,316
Improved Recovery	-	(268)	(268)	-	(389)	(389)
Technical Revisions	(130)	(480)	(608)	(209)	(756)	(977)
Discoveries	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
Dispositions	-	-	-	(33,707)	(23,398)	(57,105)
Economic Factors	178	307	482	671	1,109	1,792
Production + Inventory changes	(283)	-	(283)	(596)	-	(596)
December 31, 2016	2,247	5,169	7,416	5,587	14,455	20,042

Notes:

(1) See definitions of “proved” and “probable” reserves on page 9 of this document.
(2) Serinus sold all of its interests in Ukraine effective February 8, 2016

Part 5 – Additional Information Relating to Reserves Data

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

Proved Undeveloped Reserves

The proved undeveloped net reserves of the Company as at December 31, 2016 were 628 Mbbl of light and medium oil, 1,530 MMcf of natural gas, for a total of 833 Mboe of proved undeveloped reserves.

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

Probable Reserves

The probable net reserves of the Company as at December 31, 2016 were 4,312 Mbbl of light and medium oil, 191 Mbbl of natural gas liquids and 12,944 MMcf of natural gas for a total of 6,660 Mboe of probable reserves.

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

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

Gross Proved and Probable Undeveloped Reserves

The tables below outline the gross proved and probable undeveloped reserves and show undeveloped reserve additions resulting from activity such as discoveries, improved recovery and/or extensions in the year when the event occurred.

Summary of Undeveloped Reserves Additions History Serinus Share, Gross Proved

Table 5.1: Summary of Gross Proved Undeveloped Reserves

		Light and Medium Crude Oil		Natural Gas Liquids		Coventional Natural Gas	
		First Attributed (Gross Mstb)	Booked (Gross Mstb)	First Attributed (Gross Mstb)	Booked (Gross Mstb)	First Attributed (Gross MMcf)	Booked (Gross MMcf)
TUNISIA (Company Working Interest)	prior to 2014	630	1,818	0	0	1,113	3,642
	2014	334	1,066	0	0	776	2,478
	2015	0	848	0	0	0	1,806
	2016	0	0	0	0	0	0
TOTAL COMPANY	prior to 2014	630	1,818	0	0	1,113	3,642
	2013	334	1,066	0	0	776	2,478
	2015	0	848	0	0	0	1,806
	2016	0	0	0	0	0	0

Probable

Table 5.2: Summary of Gross Probable Undeveloped Reserves

		Light and Medium Crude Oil		Natural Gas Liquids		Coventional Natural Gas	
		First Attributed (Gross Mstb)	Booked (Gross Mstb)	First Attributed (Gross Mstb)	Booked (Gross Mstb)	First Attributed (Gross MMcf)	Booked (Gross MMcf)
TUNISIA (Company Working Interest)	prior to 2014	632	10,975	0	0	775	25,953
	2014	785	5,108	0	158	1,826	12,704
	2015	0	3,326	0	0	0	7,255
	2016	0	0	0	0	0	0
TOTAL COMPANY	prior to 2014	632	10,975	0	0	775	25,953
	2014	785	5,108	0	158	1,826	12,704
	2015	0	3,326	0	0	0	7,255
	2016	0	0	0	0	0	0

Significant Factors or Uncertainties Affecting Reserves Data

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

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

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

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

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

The Company does not have any hedges in place.

Future Development Costs

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

FORM 51-101F1 TABLE 5.3

SUMMARY OF ESTIMATED DEVELOPMENT COSTS ATTRIBUTABLE TO RESERVES USING FORECAST PRICES AND COSTS

	ESTIMATED DEVELOPMENT COSTS ($US millions)	
	TOTAL PROVED	TOTAL PROVED + PROBABLE
TUNISIA (Company Working Interest)		
2017	3.50	3.50
2018	1.44	12.49
2019	11.27	11.27
2020	11.56	23.05
2021	-	-
Total all years	27.77	50.32
TOTAL COMPANY		
2017	3.50	3.50
2018	1.44	12.49
2019	11.27	11.27
2020	11.56	23.05
2021	-	-
Total all years	27.77	50.32

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

Part 6 – Other Oil and Gas Information

Oil and Gas Properties and Wells

In Tunisia, the company has 2 (1.45 net) Central Production Facilities and 1 single well battery. None of these facilities have any form of relinquishment, surrender, back-in or change in ownership to which they are subject.

The following table sets forth the number of oil or natural gas wells in which the Company held a working interest as at December 31, 2016:

Table 6.1	OIL		NATURAL GAS	
	Gross	**Net**	**Gross**	**Net**
Tunisia				
Producing	20	16.7		
Non-producing	5	3.9		
TOTAL	25	20.6	0	0

Properties with No Attributed Reserves

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

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

Tunisia

The Zinnia field has remained shut-in since September 2008 due to an ESP failure. Serinus planned to install a jet pump to resume production from the well ZNN-2D in 2014, but it did not happen due to being uneconomic in the deteriorating market. The producing reservoir is the Abiod Formation of Late Cretaceous, largely chalky limestone. The last report reserve volumes were done by RPS at the end of 2013.

RPS has not reassessed the Zinnia field since its 2013 report and RPS advised the Issuer in 2014 that upon re-evaluation, it would reclassify the Zinnia field resources as Contingent Resources in the Development Unclarified sub-category with resource volumes unchanged from those reported at year end 2013, due to the lack of activity in reactivating the wells and facility. The Zinnia field is shut in currently as it is uneconomic in current market. The Company may reactivate the facility and the wells in the future, at which time it expects such contingent Resources will be restored to Reserves classification.

Forward Contracts

The Company has no forward contracts.

Additional Information Concerning Abandonment and Reclamation Costs

The estimated abandonment and restoration costs used by RPS are based on discussions with the Company's engineering personnel who, in turn, evaluated information provided by Tunisia based field and technical personnel with experience in the producing fields in Tunisia. The Company expects to incur abandonment and reclamation costs for 25 wells (20.6 net wells), and expects to incur zero to minimal abandonment and restoration costs in the next three years. All future abandonment and reclamation costs are deducted in determining Future Net Revenues and have been included in the RPS report.

FUTURE ABANDONMENT AND RECLAMATION COSTS
Serinus Working Interest

Table 6.4 Year	**Total Proved Estimated Using Forecast Prices and Costs(1) (Undiscounted)** ($MM)	**Total Proved Estimated Using Forecast Prices and Costs(1) (10% Discounted)** ($MM)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs(1) (Undiscounted)** ($MM)	**Total Proved Plus Probable Estimated Using Forecast Prices and Costs(1) (10% Discounted)** ($MM)
Tunisia				
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
Total for three years	-	-	-	-
Remainder	50.2	20.8	67.1	4.4
Total for all years	50.2	20.8	67.1	4.4
Total Corporate				
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
Total for three years	-	-	-	-
Remainder	50.2	20.8	67.1	4.4
Total for all years	50.2	20.8	67.1	4.4

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

Tax Horizon

The Company is currently taxable in Tunisia and is expected to continue to be currently taxable hereafter.

Costs Incurred

During the year ended 31 December 2016, the Company incurred capital expenditures of $3.7 million on its oil and natural gas properties. The following table reflects the Company's capital expenditures by country and type (in thousands of US$'s):

Table 6.6	**Property Acquisition Costs**		**Exploration Costs**	**Development Costs**
	Proved Properties	Unproved Properties		
	($M)	($M)	($M)	($M)
Romania	-	-	1,737	3
Tunisia	-	-	-	1,911
Total	-	-	**1,737**	**1,914**

Exploration and Development Activities

The following table summarizes the Company's drilling results in Tunisia and Romania during the year ended December 31, 2016. There was no drilling activity of the Company in 2016. Further exploration and development drilling is anticipated to occur in Romania in 2018.

Table 6.7	Exploration		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
2016						
Tunisia oil wells	-	-	-	-	-	-
Romania	-	-	-	-	-	-
Dry and abandoned	-	-	-	-	-	-
Total Wells	-	-	-	-	-	-
Success Rate (%)	-	-	-	-	-	-
Average Working Interest (%)	-	-	-	-	-	-

1. Serinus sold all of its interests in Ukraine in February 8, 2016

Production Estimates

The following table is a summary of the gross (prior to royalties) volume of the Company's estimated production for 2017, which is reflected in the estimate of future net revenue in the RPS Report based on forecast prices and costs.

FORM 51-101F1	**TABLE 6.8 SUMMARY OF PRODUCTION ESTIMATES PROVED + PROBABLE RESERVES CASE FOR YEAR 2017**		
	Estimated Production - 2017		
RESERVE CATEGORY	**LIGHT AND MEDIUM CRUDE (Mbbl)**	**Conventional Natural Gas (MMscf)**	**Natural Gas Liquids (Mbbl)**
TUNISIA (Company Working Interest)			
Total Company	293.4	610.1	-
Significant Fields(1)			
Sabria	153.0	361.7	-
Chouech Es Saida	140.5	248.4	-

(1): Significant fields represent greater than 20% of Company total (by country) of production in first year of forecast

Notes:

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

Production History

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

FORM 51-101F1

TABLE 6.9

SUMMARY OF
2016 COMPANY SHARE OF PRODUCTION AND NETBACKS

	LIGHT AND MEDIUM CRUDE OIL					Conventional Natural Gas				
RESERVE CATEGORY	Q1	Q2	Q3	Q4	Total Year	Q1	Q2	Q3	Q4	Total Year
TUNISIA (Company Working Interest)										
Company share of daily production										
(Bbl/d or Mscf/d before deduction of royalties)	901	882	787	842	853	1,518	1,942	1,324	1,743	1,628
Average ($/bbl, or $/Mcf)										
Price received	37.12	41.25	43.01	47.40	42.10	5.31	4.35	4.26	4.91	4.71
Royalties paid	(3.80)	(4.96)	(4.73)	(8.08)	(5.37)	(0.49)	(0.44)	(0.33)	(0.68)	(0.49)
Production costs	(21.59)	(23.45)	(24.73)	(20.76)	(22.59)	(3.09)	(2.47)	(2.45)	(6.68)	(3.74)
Netback	11.73	12.84	13.55	18.56	14.14	1.73	1.44	1.48	(2.45)	0.48
Total Annual Production										
(Mbbl or MMscf before deduction of royalties)	82.0	80.3	72.4	77.5	312.1	138	177	121.81	160.4	597.0

Production Volumes
For the Year ended December 31, 2016

The following table sets forth the Company's working interest share (before the deduction of royalties) of total production volume, and for each significant field for the year ended December 31, 2016.

Table 6.9-2b	Light and Medium Oil / Natural gas liquids	Conventional Natural Gas	Oil Equivalent
	(bbl)	(Mcf)	(boe)
Tunisia production volume	312,162	595,991	411,494
Significant fields:			
Sabria	166,215	386,297	230,598
Chouech Essaida	143,087	209,964	178,081
Total production volume	312,162	595,991	411,494

Notes

1. See information related to boe conversion ratio on page 24 of this document

Part 7 – Disclosure of Contingent Resources Data

See Appendix A.1.

Part 8 – Notes

Abbreviations

The abbreviations set forth below have the following meanings:

bbl	Barrel(s)	bbl/d	Barrels per day
boe	Barrels of Oil Equivalent	boe/d	Barrels of Oil Equivalent per day
Mcf	Thousand Cubic Feet	Mcf/d	Thousand Cubic Feet per day
MMcf	Million Cubic Feet	MMcf/d	Million Cubic Feet per day
Mcfe	Thousand Cubic Feet Equivalent	Mcfe/d	Thousand Cubic Feet Equivalent per day
MMcfe	Million Cubic Feet Equivalent	MMcfe/d	Million Cubic Feet Equivalent per day
Mboe	Thousand boe	Bcf	Billion Cubic Feet
MMboe	Million boe	Mcm	Thousand Cubic Metres
m^3	Cubic metre	$M	Thousands of Dollars
$MM	Millions of Dollars		

Conversion Factors

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

To Convert From	To	Multiply By
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
kilograms	pounds	2.205
pounds	kilograms	0.454
Mcf	thousand cubic metres	0.028

To Convert From	To	Multiply By
thousand cubic metres	Mcf	35.494
bbl	cubic metres	0.159
cubic metres	bbl	6.29
psi	kilopascals	6.895
kilopascals	psi	0.145

Use of Equivalence

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

Currencies

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

Forward Looking Information

Certain statements contained in this Statement of Reserves constitute forward-looking statements under applicable securities laws. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “predict”, “project”, “should”, “target”, “will”, or similar words suggesting future outcomes or language suggesting an outlook. Statements relating to “reserves” or “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, including that the reserves and resources described can be profitably produced in the future. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

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

- drilling plans and timing of drilling and testing of wells;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- drilling, completion and facilities costs;

- results of various projects of the Company;
- timing of development of undeveloped reserves;
- transportation arrangements and markets for oil and/or gas produced from the Company's licence areas;
- the performance and characteristics of the Company's oil and natural gas properties;
- the quantity of oil and natural gas reserves and resources;
- capital expenditure programs;
- supply and demand for oil and natural gas and commodity prices;
- expected levels of royalty rates, operating costs, general administrative costs, costs of services and other costs and expenses;
- treatment under governmental regulatory regimes and tax laws; and
- reactivation of shut-in facilities and wells and anticipated reclassification of Contingent Resources to Reserves.

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

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

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

- competition within the oil and natural gas industry for, among other things, capital, and skilled personnel;

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

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

APPENDIX A.1

SERINUS ENERGY INC.
REPORT ON RESOURCE ESTIMATE BY INDEPENDENT QUALIFIED RESERVES EVALUATOR

For the Year Ended December 31, 2016

March 17, 2017

Introduction

The effective date of the information being provided in this statement is December 31, 2016. The preparation date of such information is March 8, 2017.

In accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluation handbook, the tables contained in this filing outline the volumes and net present values of the Contingent Resources (sub-class Pending Development) attributed to the Moftinu field in the Satu Mare licence in Romania (the "**Satu Mare Concession**") of Serinus Energy Inc. (the "**Company**"), as evaluated by RPS Energy Canada Ltd. ("**RPS**"), the Company's independent reserves evaluator, in their report ("**RPS Report**") prepared on March 8, 2017, with an effective date of December 31, 2016.

The RPS report evaluated the resources of Winstar Satu Mare S.A., an indirect 100% subsidiary of the Company. Winstar Satu Mare holds a 60% working interest and operates the Satu Mare licence in northwest Romania.

Disclosure of Contingent Resources Data

The evaluation was conducted at a 100% field interest, both the field and the Company's 60% working interest are presented(1).

RPS, in its independent evaluation, has assessed the chance of development for the Moftinu Satu Mare project at 90%. RPS has quantified this estimate by assessing the probability of successfully resolving the (then) current remaining contingencies (i.e. obtaining final stakeholder commitment and regulatory approvals to proceed with development) and subjectively estimating the overall chance to be 90%. The risked net present value of the future net revenue was adjusted for the chance of development by multiplying the unrisked net present value, derived from a detailed cash flow analysis of the project, by the chance of development.

The risks associated with the recovery of resources are that the reservoir structure and in-place hydrocarbon volumes may be larger or smaller than those mapped, that the well productivities may be higher or lower than those assumed in production forecasting, that time delays for project sanction and approvals may be protracted and that costs may exceed those estimated. The uncertainties in the recovery of the resources is reflected in the 1C, 2C and 3C range of values shown in the attached tables. These 1C, 2C and 3C values are associated with a 90%, 50% and 10% probability of exceedance respectively.

The Moftinu Satu Mare resources are classified as Contingent Resources in the Development Pending Sub-Category, with volumes as shown in the next table, discounted for risk by application of the 90% Chance of Development.

SUMMARY OF OIL AND GAS RISKED CONTINGENT RESOURCES
as of December 31, 2016
FORECAST PRICES AND COSTS

Chance of Development Applied 90%

CONTINGENT RESOURCES CATEGORY	RISKED CONTINGENT RESOURCES: LIGHT AND MEDIUM Crude OIL Gross (Mbbl)	LIGHT AND MEDIUM Crude OIL Net (Mbbl)	HEAVY OIL Gross (Mbbl)	HEAVY OIL Net (Mbbl)	Conventional Natural Gas Gross (MMscf)	Conventional Natural Gas Net (MMscf)	Natural Gas LIQUIDS Gross (Mbbl)	Natural Gas LIQUIDS Net (Mbbl)	SULFUR Gross (Mltl)	SULFUR Gross (Mltl)
ROMANIA - Field (100%)										
1C	-	-	-	-	5,642	5,319	16	15.2	-	-
2C	-	-	-	-	15,831	14,815	54	52	-	-
3C	-	-	-	-	25,915	24,178	104	100	-	-
ROMANIA (Company Working Interest-60%) (1)										
1C	-	-	-	-	3,229	3,041	9	8.7	-	-
2C	-	-	-	-	9,499	8,889	32	31	-	-
3C	-	-	-	-	15,549	14,507	62	60	-	-
TOTAL COMPANY										
1C	-	-	-	-	3,229	3,041	9	8.7	-	-
2C	-	-	-	-	9,499	8,889	32	31	-	-
3C	-	-	-	-	15,549	14,507	62	60	-	-

Notes:

(1) Reflects the Company's 60% working interest in the Satu Mare Concession, and that the partner, Rompetrol who is currently in default will not participate in their share of capital spending. This Company WI case assumes the Company will have 100% capital interest and 60% interest in production, revenue, operating expenses and abandonment costs.

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

As of December 31, 2016, the Moftinu field was not on production. The Company's Moftinu development plans include the drilling of 3 appraisal wells and the installation of a gas plant and gathering system.

	RISKED NET PRESENT VALUE OF FUTURE NET REVENUE as of December 31, 2016 FORECAST PRICES AND COSTS						Chance of Development Applied			90%
	RISKED NET PRESENT VALUE OF FUTURE NET REVENUE (US$ millions)									
CONTINGENT RESOURCES CATEGORY	**BEFORE INCOME TAXES**					**AFTER INCOME TAXES**				
	0%	**5%**	**10%**	**15%**	**20%**	**0%**	**5%**	**10%**	**15%**	**20%**
ROMANIA - Field (100%)										
1C	**5.4**	**4.0**	**2.9**	**1.9**	**1.1**	**5.4**	**4.0**	**2.9**	**1.9**	**1.1**
	-	-	-	-	-	-	-	-	-	-
2C	**55.1**	**44.4**	**36.2**	**29.9**	**24.8**	**49.4**	**40.0**	**32.6**	**26.9**	**22.4**
	-	-	-	-	-	-	-	-	-	-
3C	**111.5**	**85.5**	**67.0**	**53.5**	**43.3**	**96.8**	**74.5**	**58.5**	**46.8**	**37.9**
ROMANIA (Company Working Interest-60%) (1)										
1C	**(2.4)**	**(2.9)**	**(3.3)**	**(3.6)**	**(3.8)**	**(2.4)**	**(2.9)**	**(3.3)**	**(3.6)**	**(3.8)**
2C	**27.6**	**21.5**	**16.9**	**13.3**	**10.5**	**26.5**	**20.7**	**16.3**	**12.9**	**10.2**
3C	**61.4**	**46.1**	**35.3**	**27.4**	**21.6**	**54.9**	**41.5**	**31.9**	**24.8**	**19.6**
TOTAL COMPANY										
1C	**(2.4)**	**(2.9)**	**(3.3)**	**(3.6)**	**(3.8)**	**(2.4)**	**(2.9)**	**(3.3)**	**(3.6)**	**(3.8)**
2C	**27.6**	**21.5**	**16.9**	**13.3**	**10.5**	**26.5**	**20.7**	**16.3**	**12.9**	**10.2**
3C	**61.4**	**46.1**	**35.3**	**27.4**	**21.6**	**54.9**	**41.5**	**31.9**	**24.8**	**19.6**

Notes:

(1) Reflects the Company's 60% working interest in the Satu Mare Concession, and that the partner, Rompetrol who is currently in default will not participate in their share of capital spending. This Company WI case assumes the Company will have 100% capital interest and 60% interest in production, revenue, operating expenses and abandonment costs.

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of the company proceeding with the required investment. It includes contingent

resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized.

Contingent Resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology that is under development but which are not currently considered to be commercially recoverable due to one or more contingencies. The "Development Pending" sub-class of Contingent Resources is defined as a discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. 1C Contingent Resources are low estimates, considered to be conservative, with at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The 2C Contingent Resource volumes are best estimates, with a 50% probability that the quantities actually recovered will equal or exceed the estimate. The 3C Contingent Resource volumes are high estimates, considered to be optimistic, with a 10% probability that the volumes actually recovered will equal or exceed the estimate. The gross resource volumes are volumes prior to deduction of royalties, and the net resource volumes are volumes after deduction of royalties.

The chance of development associated with a contingent resource project is the estimated probability that the resources will be developed commercially, considering the risks of a viable established recovery technology being identified, available and performing adequately, the economics being viable, a development plan being in place, development occurring within a reasonable time frame and regulatory and project owner approvals being in place to proceed with development. For the Moftinu field, considering the above factors, RPS considers the main contingencies which need to be overcome in order to classify the contingent resources into reserves are to have all approvals in place and a clear, unambiguous and with no reservation commitment by all stakeholders to proceed. RPS has estimated the chance of development at 90%, and has applied this factor in risk discounting the Contingent Resource volumes and NPV values.

A detailed field development plan has been completed, including provisions for drilling three production wells, installation of gas gathering and gas plant processing facilities, and tie in to a gas pipeline system for delivery of product to market, with commercial production anticipated to commence in early 2018. Total capital investment to complete the initial project development and achieve commercial production is estimated by RPS at US$14.82 million. The project is based on a development plan arising from a pre-development study and the recovery technology is primary recovery depletion.

The accuracy of resource estimates is in part a function of the quality and quantity of available data and of engineering and geological interpretation and judgment. Other factors in the classification as a resource may include a requirement for more appraisal wells, detailed design estimates, near-term development plans and productive capacity of the wells. The size of the resource estimate could be positively impacted, potentially in a material amount, if additional appraisal wells determined that the aerial extent, reservoir quality and/or the thickness of the reservoir is larger than what is currently estimated based on the interpretation of the seismic and well data or if the productive capacity of the wells over the long term life of the field is higher than that indicated by initial well tests and well log data. The size of the resource estimate could be negatively impacted, potentially in a material amount, if additional appraisal wells determined that the aerial extent, reservoir quality and/or the thickness of the reservoir are less than what is currently estimated based on the interpretation of the seismic and well data, or the production wells' flow capacity over the long term life of the field is lower than that estimated from the original well tests and well log data.

Forecast Prices Used in Estimates

Future gas pricing was determined by correlating historical European gas price to Brent oil prices. Forecast European gas prices were then allocated 75% to the industrial market (no market discount was applied) and 25% to a domestic market where the price was discounted by 25% (2017 year), 8% (2018 year). No discount was applied in the year 2019 and beyond. The gas price was reduced by 24% (VAT). A sales gas heating value of 1,100 Btu/scf was included, as estimated through Serinus Energy's facility simulation model.

Condensate pricing is set equal to RPS' projection of Brent oil pricing

Romanian Gas and Oil Price Forecast

RPS-Energy Price Forecast 2017.01.01, Money of the Day (MOD) Values

VAT Payable **24%**

Gross Heating Value **1100** Btu/Scf

			Romanian Gas Price Split by Usage $USD/MMBTU			Romanian Gas Price				
Year	Brent @ Sollem Voe $USD/bbl	European Gas Price $USD/MMBtu	Industrial	Domestic	Fraction Domestic Usage	Before VAT $USD/MMBTU	After VAT $USD/MMBTU	Gas Price After VAT $USD/Mcf	Inflation Rate %/annum	Currency Exchange Rate $US/$CAD
2017	55.00	6.63	6.63	4.99	25%	6.22	4.73	5.20	2.0%	0.75
2018	60.50	7.10	7.10	6.55	25%	6.97	5.29	5.82	2.0%	0.78
2019	62.80	7.30	7.30	7.30	25%	7.30	5.55	6.10	2.0%	0.80
2020	65.60	7.54	7.54	7.54	25%	7.54	5.73	6.30	2.0%	0.83
2021	69.70	7.89	7.89	7.89	25%	7.89	6.00	6.60	2.0%	0.85
2022	75.80	8.41	8.41	8.41	25%	8.41	6.39	7.03	2.0%	0.85
2023	79.20	8.71	8.71	8.71	25%	8.71	6.62	7.28	2.0%	0.85
2024	82.90	9.02	9.02	9.02	25%	9.02	6.86	7.54	2.0%	0.85
2025	87.87	9.45	9.45	9.45	25%	9.45	7.18	7.90	2.0%	0.85
2026	89.63	9.60	9.60	9.60	25%	9.60	7.29	8.02	2.0%	0.85
2027	91.42	9.75	9.75	9.75	25%	9.75	7.41	8.15	2.0%	0.85
2028	93.25	9.91	9.91	9.91	25%	9.91	7.53	8.28	2.0%	0.85
2029	95.12	10.07	10.07	10.07	25%	10.07	7.65	8.42	2.0%	0.85
2030	97.02	10.23	10.23	10.23	25%	10.23	7.78	8.55	2.0%	0.85
2031	98.96	10.40	10.40	10.40	25%	10.40	7.90	8.69	2.0%	0.85
2032	100.94	10.57	10.57	10.57	25%	10.57	8.03	8.83	2.0%	0.85
2033	102.96	10.74	10.74	10.74	25%	10.74	8.16	8.98	2.0%	0.85
2034	105.02	10.92	10.92	10.92	25%	10.92	8.30	9.12	2.0%	0.85
2035	107.12	11.09	11.09	11.09	25%	11.09	8.43	9.28	2.0%	0.85

Year	Avg Domestic Discount
2017	75%
2018	92%
2019+	100%

Currency Abbreviations

$CAD Canadian Dollar

$US United States Dollar

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this report constitute forward-looking statements under applicable securities laws. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “believe”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “predict”, “project”, “should”, “target”, “will” and similar expressions are intended to identify forward-looking statements. These statements relate to future events or the Company’s future plans, operations and performance and 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. The Company believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon.

Statements relating to “resources” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, including that the resources described can be profitably produced in the future.

In particular, this report contains forward-looking statements pertaining to the following: drilling plans and timing of drilling; anticipated dates of commencement of production; drilling, completion and facilities costs; transportation arrangements and markets for oil and/or gas produced by the Company; performance and characteristics of the Company’s oil and natural gas properties; the quantity of oil and natural gas resources; capital expenditure programs; the impact of governmental regulation on the Company; and treatment under governmental regulatory regimes and tax laws.

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

Although the Company believes that the assumptions and expectations reflected in the forward-looking statements and information are reasonable, there can be no assurance that such assumptions and expectations will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements and information. The factors or assumptions on which the forward-looking information is based include: the Company’s projected capital investment levels; the flexibility of capital spending plans and the associated source(s) of funding; the current fiscal regime and the gas price deregulation program of Romania will not experience substantial change; the expertise of management of the Company in contributing to increased production volumes and the success and revenues of the Company; estimates of quantities of oil and natural gas from properties and other sources not currently classified as proved reserves; 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.

Some of the risks and other factors, some of which are beyond the Company’s control, which could cause results to differ materially from those expressed in the forward-looking statements and information contained in this report include, but are not limited to: insufficient cash flow and limited availability of capital; possible future financing of the Company; variations in foreign exchange rates and interest rates; the availability of certain equipment and services and the Company’s access to such equipment and services; political, social, fiscal, legal and economic risks in Romania; the early stage of some of the Company’s operations; risks associated with the exploration, development and production of the Company’s interests; partner or counter-party credit risk; geological, technical, drilling and processing problems and other difficulties in producing activities; failure to realize anticipated benefits of exploration activities; the effects of regulations (including environmental regulation) and changes in regulatory regimes in Romania; the effects of sanctions, including those of the European Union, the Canadian government and the U.S. government on the Company’s interests; risks of the effect of relinquishment obligations under the term of the Company’s production sharing arrangements and governmental regulatory regimes in Romania; uncertainties regarding the interpretation and application of foreign laws and regulations; general economic conditions; volatility in global market prices for oil and natural gas; geopolitical volatility in Romania; alternatives to and changing demand for petroleum products; competition within the oil and natural gas industry for, among other things, capital, undeveloped land and skilled personnel; environmental risks and hazards associated with the oil and gas industry; health and safety risk; and adverse weather conditions in areas where the Company conducts operations. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward looking statements and accordingly, no assurance can be given that any events anticipated by the forward looking statements will transpire or occur, and if any of them do, what benefits the Company may derive therefrom. The reader is cautioned not to place undue reliance on this forward looking information.

Readers are cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate at the time of preparation, may prove to be incorrect. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the list of factors above are not exhaustive. Before placing any reliance on any forward-looking statements, readers should carefully consider the factors identified above and other risks, uncertainties and potential changes that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In addition, the forward-looking statements contained in this report are made as of the date hereof. The Company does not undertake any obligation to publicly update or to revise any forward-looking statements except as expressly required by applicable securities laws. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.

Presentation of Oil and Gas Information

The estimates pertaining to contingent resources and associated future net revenue information provided in this report are estimates only and there is no guarantee that the estimated contingent resources will be recovered. Actual contingent resources and the estimated number of potential undeveloped drilling locations to which contingent resources have been attributed, may be greater than or less than the estimates provided in this report and the differences may be material. The estimates of future net revenue for individual properties may not reflect the same confidence level as estimates of future net revenue for all properties, due to the effects of aggregation. Estimates of net present value of future net revenue attributable to the Company's contingent resources do not represent fair market value and there is uncertainty that the net present value of future net revenue will be realized. There is no assurance that the forecast price and cost assumptions applied by RPS in evaluating the Company's contingent resources will be attained and variances could be material. There is uncertainty that it will be commercially viable to produce any part of the contingent resources.

The resources information contained in this report should be reviewed in conjunction with the annual information form of the Company dated March __, 2017 for the year ended December 31, 2016 which is available on SEDAR and contains important additional information regarding the independent contingent resource evaluations that were conducted by RPS and a description of, and important information about, the resources terms used in this report.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids		Natural Gas	
Mbbl	thousands of barrels	MMscf	million standard cubic feet

CONVERSIONS

To Convert From	To	Multiply By
bbl	cubic metres	0.159
Mcf	thousand cubic metres	0.028

RPS

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APPENDIX B

March 8, 2017

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

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

1. We have evaluated the Tunisian and Romanian reserves and contingent resources data of Serinus Energy Inc. (the “Company”) as at December 31, 2016. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2016, estimated using forecast prices and costs. The contingent resources data are risked estimates of volumes of contingent resources and related risked net present value of future net revenue as at December 31, 2016, estimated using forecast prices and costs.

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

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

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

5. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2016, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management and board of directors:

Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Reserves	Net Present Value of Future Net Revenue Before Income Taxes Proved + Probable Reserves Million US Dollars, 10% discount rate		
			Audited	Evaluated	Reviewed
RPS Energy Canada Ltd.	December 31, 2016	Tunisia	$ n/a-	$140.0	$ n/a

6. The following table sets forth the risked net present value of future revenue of contingent resources (before deduction of income taxes) attributed to 2C contingent resources in the development pending sub category, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the Company's statement prepared in accordance with Form 51-101F1 and identifies the respective portions of the contingent resources data that we have evaluated and reported on to the Company's management and board of directors.

Classification	Independent Qualified Reserves Evaluator	Effective Date of Evaluation Report	Location of Resources other than Reserves	Net Present Value of Future Net Revenue Before Income Taxes 2C Contingent Resources Million US Dollars, 10% discount rate		
				Audited	Evaluated	Reviewed
Development Pending Contingent Resources (2C)	RPS Energy Canada Ltd.	December 31, 2016	Romania	$ n/a-	$16.9	$ n/a

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

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

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

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

Executed as to our report referred to above:

RPS Energy Canada Ltd.

Brian D. Weatherill, P.Eng.

PROFESSIONAL ENGINEER
BRIAN D. WEATHERILL
ALBERTA

PERMIT TO PRACTICE
RPS ENERGY CANADA LTD.
Signature
Date 2017-03-08
PERMIT NUMBER: P4348
The Association of Professional Engineers, Geologists and Geophysicists of Alberta

APPENDIX C

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

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

Report of Management and Directors on Reserves Data and Other Information

The management of Serinus Energy Inc. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data and includes, if disclosed in the statement required by item 1 of section 2.1 of NI-51-101, other information such as contingent resources data or prospective resources data.

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

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

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

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

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

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

(a) the content and filing with securities regulatory authorities of Form 51-101 F1 containing reserves data, contingent resources data and other oil and gas information;

(b) the filing of Form 51-101 F2 which is the report of the independent qualified reserves evaluator on the reserves data and contingent resources; and

(c) the content and filing of this report.

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

"Signed"	"Signed"
Jeffrey Auld Director / President & Chief Executive Officer	Tracy Heck Chief Financial Officer
"Signed"	"Signed"
Helmut J. Langanger Director & Chair of Reserves Committee	Evgenij Iorich Director & Member of Audit Committee

March 17, 2017