PMI RESOURCES LTD. (formerly Petromanas Energy Inc.)

Management's Discussion and Analysis
For the three and six months ended June 30, 2016

The following management's discussion and analysis ("MD&A") is dated August 22, 2016 and should be read in conjunction with the unaudited condensed interim consolidated financial statements of PMI Resources Ltd. (the "Company" or "PMI") (formerly Petromanas Energy Inc.) for the six months ended June 30, 2016 and the audited consolidated financial statements for the year ended December 31, 2015.

All currency references are to United States dollars ("USD") unless otherwise specifically indicated. References to "CAD $" are to Canadian dollars. The purpose of this MD&A is to provide readers the ability to view PMI in much the same way as Company management. The following combination of historical and prospective information and financial and business analyses, together with the consolidated financial statements, are intended to impart useful knowledge to investors and other readers.

References in text or tables throughout this document to "2016" and "2015" refer to the years ended December 31, 2016 and 2015, respectively. References in text or tables labeled "Q4", "Q3", "Q2" and "Q1" refer to the three month periods ended December 31, September 30, June 30 and March 31, respectively, of the year indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Operational Highlights

The Company suspended operations in Albania after the release of its drilling rig during the fourth quarter of 2014. Due to declining oil prices and the general lack of risk capital for junior international oil exploration companies, the Company focused its efforts on a sale of its remaining interest in Blocks 2-3 in Albania. A sale process was undertaken with the assistance of Peters & Co Limited to market the Albanian asset to companies with the financial capacity and risk profile which fit the requirements of exploration for deep oil in Albania.

The process concluded on February 1, 2016 with the execution of a Sale and Purchase Agreement ("SPA") with Shell Upstream Albania B.V. ("Shell"), a wholly-owned subsidiary of Royal Dutch Shell plc, pursuant to which Shell agreed to acquire all of PMI's Albanian assets for aggregate gross proceeds of $45 million, subject to closing adjustments (the "Transaction"). The Transaction closed on March 30, 2016 and final adjustments were agreed on May 2, 2016.

Following the determination of post-closing adjustments, PMI made a special distribution of $43 million to shareholders (the "Distribution"). The Distribution, which was approved by shareholders at the annual general meeting held on March 14, 2016, was intended to be a return of capital and was funded primarily from the net proceeds of the Transaction but also included approximately $3.0 million of working capital. An aggregate of approximately $43 million was available for distribution to shareholders following closing of the Transaction, which, subject to currency exchange fluctuations, resulted in a distribution to PMI shareholders of CAD$0.08 per share based on exchange rates received to date on the conversion of available proceeds to Canadian dollars. The record date for the Distribution was June 1, 2016, and the return of capital was completed on June 7, 2016.

On June 14, 2016, the Company's common shares were consolidated on the basis of one post-consolidated share for every seventy pre-consolidated shares, and the name of the Company was changed to PMI Resources Ltd.

Company Overview

PMI Resources Ltd. is an international oil and gas company and during the period was primarily focused on closing the sale of its assets in Albania. PMI, through its wholly-owned subsidiary, held a Production Sharing Contract

("PSC") with the Albanian government which covered Blocks 2-3, comprising approximately 638,000 gross acres across Albania's Berati thrust belt. PMI had a 25% working interest in Blocks 2-3 and was the operator. Shell held the remaining interest in Blocks 2-3. PMI also has exploration assets in France. The Company is considered to be in the exploration and evaluation stage and has not earned any revenue from its operations to date. During the six months ended June 30, 2016, the Company completed the sale of its Albanian assets. The Company intends to wind down its Albanian operations in an orderly manner and reorganize itself, including making strategic decisions on its assets in France.

The Company was originally incorporated under the Business Corporations Act (Alberta) on March 6, 1998 and its shares are listed for trading on the TSX Venture Exchange under the symbol PMI.

Albanian Licenses

On March 30, 2016, of the Company closed the Transaction whereby the Company disposed of its 25% participating interest in the Block 2-3 PSC (including Operatorship) to Shell for gross proceeds of $45 million. $5 million will be held in escrow and not released to PMI until the expiration of the indemnity period under the Agreement, on September 27, 2016.

The Company intends to cease operations in Albania and therefore any expenditures related to Albania have been recorded as a part of discontinued operations.

France

The Company holds the Ledeuix and Ger Permits, located in the Aquitaine Basin of Southern France. PMI has re-processed and interpreted existing 2D seismic on the Ledeuix Permit, as well as data from the Saucède-1 well which was drilled and produced by a third party in the late 1970s and early 1980s. The Company has identified four formation targets on Ledeuix, while the remaining prospects on the Ledeuix Permit require further data and/or technical evaluation.

The first exploration period of the Ledeuix and Ger Permits expired in 2013 and PMI requested the renewal of both permits from the French government for a period of five years. Both renewals were approved on February 5, 2015 for a period of five years from their original expiry, being August 8, 2018 and April 16, 2018, respectively. Under the terms of the license renewals, PMI would be required to spend 3 million Euros on the Ger permit and 8 million Euros the Ledeuix permit prior to their expiry in order to retain the permits for another exploration period. The Company currently has no further exploration plans for either permits and therefore does not anticipate it will meet the spending commitments.

During 2015 Company recorded impairments of $10.3 million relating to both permits in France based on the current state of the industry, the Company's financial resources to unlock the potential of the asset, and reflecting management's estimated recoverable amount of the asset, under current industry conditions.

Australia

In January, 2016, PMI elected to cease operations in Australia and submitted a letter to the Western Australian Department of Mines and Petroleum to relinquish its exploration licenses (EP 464 and EP 486) in the Canning Basin, and therefore any expenditures related to Australia have been recorded as a part of discontinued operations.

Outlook

On March 30, 2016 the Company closed the sale of its 25% participating interest in the Block 2-3 PSC Shell for gross proceeds of $45 million. $5 million will be held in escrow and not released to PMI until the expiration of the indemnity period under the Agreement, on September 27, 2016.

The Transaction allowed the Company to return capital to shareholders, wind down the Company's Albanian operations in an orderly manner and provide sufficient capital for the Company to reorganize itself, including making strategic decisions on its assets in France.

PMI previously announced marketing initiatives to identify opportunities to further develop its assets in France. The Company believes in the value of its French assets and intends to continue supporting the marketing initiative going forward. The Company intends to allocate sufficient capital from the net proceeds of the Transaction, including retention of the Escrow Funds, to support its marketing activities and the decommissioning obligations in France and for general corporate purposes.

Discontinued Operations

At December 31, 2015 the Company reclassified its Albanian and Australian assets to assets held for sale as a result of the Transaction described above and due to the Company ceasing operations in Australia, respectively. In addition, during the period, the Company ceased operations in Australia. Operating results of the Albanian and Australian segments for 2015 and all comparative years have been presented separately as discontinued operations due to the Company's decision to wind down operations in Albania and Australia.

Continued Operations

The Company's operating expenses excluding the discontinued operations of Albania and Australia as stated above remain as continued operations. Unless specifically noted, all current and comparative reporting periods' financial disclosure and discussion relates to continued operations.

Results of Operations

The Company recorded no revenues for the six months ended June 30, 2016 and 2015.

The Company had a net loss of $1.4 million for the three months ended June 30, 2016 (June 30, 2015 net loss of $0.4 million) and a net loss of $4.5 million for the six months ended June 30, 2016 (June 30, 2015 net loss of $1.3 million). The loss during the three months ended June 30, 2016 resulted primarily from general and administrative expenses totaling $1.3 million. The loss during the six months ended June 30, 2016 resulted primarily from a loss recorded of $659,000 from discontinued operations, impairment expense of $603,000, and general and administrative expenses totaling $3.1 million.

The Company's expenses were as follows:

(USD $000's)	Three months ended June 30 2016	Three months ended June 30 2015	Six months ended June 30 2016	Six months ended June 30 2015
Expenses				
General and administrative	1,266	502	3,123	1,227
Share-based compensation	74	54	93	109
Depreciation	-	16	13	36
Impairment	-	-	603	-
Total Expenses	1,340	572	3,832	1,372

Share-based compensation varied in the comparative periods due to differences in the timing of vesting, forfeiture and expiry of options. During the three months ended June 30, 2016, no options were issued or exercised, 7,143 were forfeited or expired, and 522,000 were cancelled.

During the six months ended June, 2016, the Company reviewed its remaining E&E assets for indicators of impairment from which the Company recorded $603,000 to impairment expense to write down E&E to fair value.

General and administrative

Components of general and administrative costs are as follows:

(USD $000's)	Three months ended June 30 2016	Three months ended June 30 2015	Six months ended June 30 2016	Six months ended June 30 2015
Salaries and benefits	1,041	383	2,434	885
Professional and advisory fees	179	143	433	268
Office and administration	38	132	172	384
Regulatory, transfer agent and listing fees	6	17	38	42
Travel and accommodation	3	15	47	39
Total general and administrative	1,266	690	3,123	1,618
Overhead recoveries	-	(188)	-	(391)
General and administrative expense, net of recoveries	1,266	502	3,123	1,227

General and administrative expenses for the comparative period increased in 2016 compared to 2015. The Company is in the process of winding down operations and incurred severance costs and additional legal fees in 2016 compared to 2015.

Salaries and benefits increased in the second quarter of 2016 to $1.0 million from $383,000 in Q2 2015. This increase was due mostly to severance associated with the wind down of operations, paid out by the Company. Salaries and benefits for the six months ended June 30, 2016 were $2.4 million compared with $0.9 million in 2015. This increase was due to $1.4 million in severance paid out by the Company during the period.

Professional and advisory fees were relatively consistent during the second quarter of 2016 and 2015. Professional and advisory fees increased to $433,000 in the six months ended June 30, 2016 from $268,000 in the comparative period of 2015. The increase is due to legal fees incurred in relation to the wind down of the Company's operations .

Finance expense (income)

Finance expenses and income were comprised of the following:

	Three months ended June 30		Six months ended June 30	
(USD $000's)	2016	2015	2016	2015
Finance Charges	13	15	31	44
Foreign exchange (gain) loss	86	(157)	30	637
Interest and other income	(40)	(14)	(43)	(31)
Accretion on decommissioning obligations	-	4	-	10
Total finance (income) expense	60	(152)	19	660

Foreign exchange increased due to the change in functional currency and fluctuations in exchange rates, primarily relating to the $43 million return of share capital, which was distributed in Canadian funds totaling C$55.5 million.

Finance charges primarily relate to fees for the bank guarantees required under the terms of the PSC's and remained consistent between the comparative periods.

There are no long term decommissioning obligations as at June 30, 2016 and therefore no accretion has been recorded in 2016.

Discontinued Operations

Operating results of the Albanian and Australian segments for the six months ended June 30, 2016 and all comparative periods have been presented separately as discontinued operations due to the Company's decision to wind down operations in both business segments.

Income and expenses allocated to net loss (income) from discontinued operations are as follows:

	Three months ended June 30	
	2016	2015
General and administrative	107	21
Depreciation	-	11
Impairment	(144)	-
Finance Charges	(2)	1
Foreign exchange (gain) loss	(1)	(14)
Accretion on decommissioning obligations	-	3
Other comprehensive loss	-	-
Net loss (income) relating to discontinued operations	(40)	22

	Six months ended June 30	
	2016	2015
General and administrative	344	19
Depreciation	-	22
Impairment	(163)	-
Finance Charges	-	3
Foreign exchange (gain) loss	-	(773)
Accretion on decommissioning obligations	-	5
Other comprehensive loss	478	-
Net loss (income) relating to discontinued operations	659	(724)

Financial Position Information

Total assets decreased to $5.4 million at June 30, 2016, from $63.3 million at December 31, 2015 primarily due to the closing of the Transaction, and a special distribution of $43 million to shareholders of the Company (the "Distribution").

Liquidity and Capital Resources

As of June 30, 2016, the Company had cash and cash equivalents of $0.2 million compared to $11.5 million as of December 31, 2015. The decrease in cash and cash equivalents during the six months ended June 30, 2016, was due primarily to payments of accounts payable and operating activities in the period. Restricted cash increased by $2.8 million from December 31, 2015 to June 30, 2016. Total working capital at June 30, 2016, including restricted cash was approximately $3.4 million compared to $50.1 million as at December 31, 2015. This decrease in working capital was primarily due to the Distribution and general and administrative expenses incurred which included employee severance associated with the wind down of operations.

The Company has no off-balance sheet arrangements, bank debt or banking credit facilities in place.

Outstanding Share Data

Subsequent to June 30, 2016, 975,000 stock options were granted to directors, officers, charities and consultants of the Company at an exercise price of $0.61 per share, exercisable for a period of ten years, subject to regulatory approval.

As at June 30, 2016, and the date of this report, there were 9,912,289 common shares issued and outstanding.

As at the date of this report, there were 1,006,905 stock options outstanding.

In conjunction with the acquisition of Petromanas Albania GmbH, the Company would have been required to issue up to an additional 50,000,000 shares upon the Company being in receipt of a reserve report with certain reserves attributed to the Albanian assets on or before February 24, 2020. Since the Company no longer owns the underlying assets, this contingent consideration is not applicable.

Proposed Transactions

The Company has no proposed asset or business acquisition or dispositions.

Critical Accounting Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

a) Exploration and evaluation expenditures

   The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether there are indicators of impairment, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Income taxes

   Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. The Company's income tax provisions at December 31, 2015 and December 31, 2014 were nil.

c) Option Pricing Models

   The Company uses the Black-Scholes option pricing model to calculate the fair value of warrants and stock options granted to directors, officers and employees. Option pricing models require the input of highly subjective assumptions regarding the volatility, dividend yield and expected term. Changes in assumptions can materially affect the estimated fair value, and therefore, the existing models do not necessarily provide a precise measure of fair value.

d) Decommissioning obligations

Amounts recorded for decommissioning obligations and the related accretion expense requires the use of estimates with respect to the risk free rate, inflation rate, amount and timing of abandonment expenditures.

e) Assets held for sale

Judgment is required in determining whether an asset meets the criteria for classification as "assets held for sale" as well as the value at which to record the asset. Management considers the criteria of the classification as set out in the significant accounting policies and evaluates the asset for an appropriate carrying value. The Company reviews the criteria for assets held for sale each quarter and reclassifies such assets to or from this financial position category as appropriate.

Recent Accounting Standards Not Yet Effective

On May 28, 2014, the IASB issued IFRS 15, "Revenue From Contracts With Customers" ("IFRS 15") replacing IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded.

On July 22, 2015, the IASB announced an amendment to IFRS 15, deferring the effective date of the standard by one year to annual periods beginning on or after January 1, 2018. Early adoption is still permitted. The standard may be applied retrospectively or using a modified retrospective approach.

In July 2014, the IASB issued IFRS 9 "Financial Instruments" to replace IAS 39, "Financial Instruments Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial instruments with a single model that has only two classifications categories: amortized cost and fair value. The effective date of IFRS 9 is January 1, 2018.

In January 2016, the IASB issued IFRS 16 "Leases". The goal of the standard is to bring leases on the balance sheet for lessees. There will be a single lease accounting model for all leases, there will no longer be a classification test between finance and operating leases. The lessee will recognize a Right of Use ("ROU") asset and a lease liability, and the lease will be treated as an asset on a financed basis. There will be an optional exemption from the above for short term leases, defined at 12 months or less and an option for portfolio accounting on leases that have similar criteria. From the lessor's perspective, there will still be a dual lease accounting model that follows the criteria set out in IAS 17. The Company will be required to adopt this standard as of January 1, 2019.
The Company is currently evaluating the impact of adopting these new standards.

CHANGES IN ACCOUNTING POLICIES

There were no new or amended accounting standards or interpretations adopted during the six months ended June 30, 2016.

Business Risks and Uncertainties

The Company's business is subject to risks inherent in oil and gas exploration and development operations. In addition, there are risks associated with the current and future operations in foreign jurisdictions in which the Company's subsidiaries operate. The Company has identified certain risks pertinent to its business including:

a) **Exploration and Reserve Risk** - Exploration, appraisal and development of oil and gas reserves are speculative and involve a significant degree of risk. There can be no assurances that exploration or appraisal of the properties in which the subsidiaries hold rights will be successful and that costs incurred will be recovered.

b) **Drilling and Operating Risk** - Exploration and development activities may be delayed or adversely affected by factors beyond the control of the Company. These include adverse climate conditions, availability of materials and competent labor to perform services and compliance with current and future government regulations. Drilling may result in dry holes or wells that do not produce sufficiently to justify commercial production. Delays in drilling from such conditions can increase drilling expenditures.

c) **Costs and Availability of Materials and Services** – The Company may face difficulties in obtaining adequate materials and services at an economical price in the region in which it operates.

d) **Environmental Risk** – The oil and gas industry is subject to extensive environmental regulations within the jurisdictions in which it operates. The Company regularly discusses environmental practices to ensure regulatory compliance is maintained. The Company believes it fully complies with existing regulations; however, it cannot predict any changes to existing regulations and the impact they could have on the Company.

e) **Capital Markets and the Requirement for Additional Capital** - The Company's main source of financing has been through the capital markets. The Company currently has access to sufficient capital to finance its near-term future operations; however, there is no assurance that it will be able to obtain adequate financing in the future for longer term operations or that such financing will be on terms advantageous to the Company.

f) **Loss of or Changes to Production Sharing or Related Agreements** – The Company and its subsidiaries are subject to changes in production sharing or related agreements that could have a positive or negative impact on operations. Management will accept changes that are in the best interests of the Company and its subsidiaries.

g) **Economic, Political and Legal Risk** – The Company's exploration activities are in foreign jurisdictions and as such, may be subject to economic, social and/or political risks including, but not limited to, terrorism, revolution, hyperinflation, change of laws affecting existing programs or foreign ownership, government participation, taxation, profit repatriation, working conditions, exploration licensing and petroleum export licensing and export duties. Some of the jurisdictions in which the Company operates have a less developed legal system than jurisdictions with more established economies which may result in risks such as: (i) effective legal redress in the courts of such jurisdiction, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. There can be no assurance that joint ventures, licenses, license applications or other such legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements in this jurisdiction cannot be assured.

h) **Market Risk** – In the event of successful development of oil and gas reserves, the marketing of the Company's subsidiaries' prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including roads, access to ports, shipping facilities, pipelines and the pipeline capacity at economic tariff rates which the Company's subsidiaries may have limited or no control.

i) **Volatility of Future Oil and Gas Prices** - The demand for, and price of, oil and gas is highly dependent on a variety of factors beyond the control of the Company, such as international supply and demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. International oil and gas prices have fluctuated widely in recent years and may continue similar patterns going forward. The changes in these commodity prices will have an effect on future earnings as well as impact future business decisions in determining what programs to proceed with. The Company has not entered into any forward contracts to protect itself from fluctuations in oil and gas prices as it has not had any production revenue to date.

j) **Foreign Currency Risk** – The Company's operations are exposed to fluctuations in foreign currency exchange rates. Variations in the foreign currency exchange rates could have a significant positive or negative impact. The Company manages its foreign currency exchange risk by maintaining foreign currency bank accounts and receivable accounts to offset foreign currency payables and planned expenditures. The Company does not engage in hedges to protect itself further from foreign currency exchange rate fluctuations.

k) **Dependence on Key Personnel** – The Company relies extensively on the expertise of specific management personnel. The loss of key personnel could have a materially adverse effect on the Company.

Financial Instruments and Other Instruments

Financial Risk Management

The Company as part of its operations carries a number of financial instruments including cash and cash equivalents, short-term deposits, restricted cash, accounts receivable, accounts payable and accrued liabilities and derivative financial instruments. The Company is exposed to the following risks related to its financial assets and liabilities:

a) Interest rate risk

The Company maintains its cash and cash equivalents, short term investments and restricted cash in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon.

b) Credit Risk

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

Due from joint interest partner are the proportionate share of cost owing to the Company from its joint interest partner. Credit risk is assessed as low due to the financial status and past history of the Company's partner.

c) Market risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between the Canadian dollar, Euro and United States dollar. At June 30, 2016, and December 31, 2015, the Company's primary currency exposure related to Canadian dollar denominated working capital and cash balances.

CAD$	June 30 2016	December 31, 2015
Cash and cash equivalents	148	579
Short-term investments	-	-
Receivables and prepaid expenses	10	17
Accounts payable and accrued liabilities	(69)	(158)
Net foreign exchange exposure	89	438

For the six months ended June 30, 2016, based on the net foreign exchange exposure at the end of the period, if the Canadian dollar had strengthened or weakened by 10% compared to the U.S. dollar and all other variables were held constant, there would have been an net after tax impact of $9,000 on an annualized basis (December 31, 2015 - $44,000).

d) Liquidity risk

The Company monitors its liquidity position regularly to assess whether it has the resources necessary to fund planned exploration commitments on its exploration and evaluation assets or that viable options are available to fund such commitments from new equity issuances or alternative sources of financing such as farm-out agreements. However, as an exploration company at an early stage of development and without significant internally generated cash flow, there are inherent liquidity risks, including the possibility that additional financing may not be available to the Company, or that actual exploration expenditures may exceed those planned. Alternatives available to the Company to manage its liquidity risk include deferring planned capital expenditures that exceed amounts required by work programs to retain concession licenses, farm-out arrangements and securing new equity or debt capital. Amounts in accounts payable and accrued liabilities are due on demand and the derivative financial liability will not be settled in cash.

e) Fair value risk

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 – quoted prices in active markets for identical assets or liabilities.

- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The Company's financial instruments that are measured subsequent to initial recognition at fair value include derivative financial instruments which are classified as Level 2 in accordance with the fair value hierarchy.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Selected Quarterly Information

The following is a summary of selected financial information for the Company for the periods indicated. The Company currently has no revenue to offset its expenses. The Company's expenses are more fully described in Results of Operations.

	2016		2015					2014		
USD $000's unless otherwise noted	**Q2**	**Q1**	Full Year	Q4	Q3	Q2	Q1	Full Year	Q4	Q3
Total revenue	**-**	**-**	-	-	-	-	-	-	-	-
Fair value movement on derivative financial instruments	**-**	**-**	-	-	-	-	-	(1,754)	(832)	(5,983)
Net income (loss) - Continued operations	**(1,399)**	**(2,451)**	(13,577)	(2,558)	(8,987)	(419)	(1,613)	(28,608)	(2,903)	4,590
Net income (loss) - Discontinued operations	**40**	**(699)**	(28,509)	(9,186)	(20,047)	(22)	746	510	223	182
Net income (loss)	**(1,359)**	**(3,150)**	(42,086)	(11,744)	(29,034)	(441)	(867)	(28,098)	(2,680)	4,772
Earnings (loss) per share ($/share) - Basic and diluted:										
Continued operations	**(0.14)**	**(0.00)**	(0.02)	(0.00)	(0.01)	(0.00)	(0.00)	(0.04)	(0.00)	0.01
Discontinued operations	**0.00**	**(0.00)**	(0.04)	(0.01)	(0.03)	(0.00)	0.00	0.00	0.00	0.00
Net loss	**(0.14)**	**(0.00)**	(0.06)	(0.02)	(0.04)	(0.00)	(0.00)	(0.04)	(0.00)	0.01
Working capital	**3,357**	**48,019**	50,142	50,142	9,012	10,573	11,383	11,466	11,466	16,240
Total assets	**5,411**	**50,497**	63,260	63,260	69,700	97,932	98,878	108,312	108,312	112,371
Long-term debt	**-**	**-**	-	-	-	-	-	-	-	-

In the second quarter of 2016 the Company made the Distribution and incurred severance costs.

In the first quarter of 2016 the Company closed the sale of its primary asset Block 2-3 and began the process of winding down operations. The Company also relinquished its Australian assets and reclassified the Australian segment to discontinued operation. Net loss includes severance expenditures as well as increased legal and advisory fees relating to the change of operations.

In the third quarter of 2015 the Company recorded an impairment of its E&E assets of $27.8 million; of which $8.5 million related to the Ger permit in France included with continued operations and $19.3 million to Blocks 2-3 in Albania which has been included with discontinued operations.

In the fourth quarter of 2015 an additional impairment of the Company's E&E assets of $1.8 million related to the Company's permits in France and Australia was included with continued operations. Included in discontinued operations for this quarter was an impairment of E&E expenditures of $8.9 million to adjust the carrying value of assets held for sale to the expected fair value less costs to sell.

For the year ended December 31, 2015, the Company reported a net loss of $42.1 million of which $28.5 million relates to discontinued operations and $13.6 million relating to continued operations. The loss from continued operations is primarily from the impairment of $10.4 million relating to the Company's France and Australian assets. Discontinued operations also included an impairment of $28.2 million which accounts for the majority of the current year loss.

Additional Disclosure for Venture Issuers without Significant Revenue

The Company is a venture issuer that has not had significant revenue from operations in either of its last two financial years. In accordance with National Instrument 51-102, additional disclosure of expenditures on exploration and evaluation assets is presented below:

($000's)	Six months ended June 30, 2016			Year ended December 31, 2015			
	Total	Blocks 2-3	Block Ledeuix	Total	Blocks 2-3	Block Ledeuix	Australia
Overhead related to exploration activities	75	75	-	116	100	16	-
Capitalized exploration costs	877	869	8	786	628	109	49
Total capitalized exploration costs during period	952	944	8	902	728	125	49