



SERINUS ENERGY INC.

Management's Discussion and Analysis
For the three and six months ended June 30, 2015
(US Dollars)

This Management's Discussion and Analysis ("MD&A") for Serinus Energy Inc. ("Serinus", or "the Company") should be read in conjunction with the Company's unaudited Condensed Consolidated Financial Statements as at and for the period ended June 30, 2015 and the December 31, 2014 annual consolidated financial statements and MD&A ("the Consolidated Financial Statements"). Readers should also read the "Forward-Looking Statements" legal advisory contained at the end of this document.

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

This MD&A uses United States dollars ("US Dollars" or "USD") which is the reporting currency of the Company. The consolidated financial statements for June 30, 2015 are prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements. This document is dated August 13, 2015.

In the Advisory section located at the end of this document, readers can find the definition of certain terms used in the disclosure regarding Oil and Gas Information, Non-IFRS Measures as well as information on "Critical Accounting Estimates".

HIGHLIGHTS¹

- During Q2 2015, net production levels (being the Company's production from Tunisia and its net 70% interest in Ukraine) averaged 3,993 boe/d, compared to 4,965 boe/d for Q2 2014, a decrease of 20%. Overall production was significantly below capacity due to the shut-in of the Sabria Field in Tunisia and the lingering effects of Ukrainian government legislation that attempted to reserve a large share of the natural gas market for the state owned National Joint Stock Company Naftogaz ("Naftogaz"). Production for Q2 2015 was weighted 75% (2014: 78%) natural gas with the remainder consisting of oil and condensate production.
- Average natural gas prices in Ukraine were lower in Q2 2015 at \$7.14 per Mcf compared to \$10.23 per Mcf in Q2 2014. The hryvnia ("UAH") price at which the Company's natural gas is sold was substantially higher in Q2 2015 as compared to Q2 2014; however a significant deterioration in the UAH as compared to the US dollar resulted in lower USD natural gas prices compared to 2014. The low UAH price in 2014 reflected the outcome of the Russian gas subsidy program that was in place for Q1 2014. The average effective market exchange rates for the UAH for the three and six months ended June 30, 2015 was 21.61 UAH/USD and 21.72 UAH/USD versus 11.85 UAH/USD and 10.55 UAH/USD in the comparable period of 2014.
- Average crude oil prices in Tunisia were lower in Q2 2015 at \$63.48 per bbl, compared to \$108.13 per bbl in Q2 2014, reflecting the significant decline in Brent that occurred during the latter part of 2014. In Q2, 2015, Brent prices averaged \$61.69 per bbl compared to \$109.70 per bbl in the comparable period.
- The netback for Q2 2015 overall for the Company was \$14.41 per boe, compared to \$44.38 per boe in Q2 2014. The decrease was attributable to lower netbacks in both Ukraine, of \$11.50 per boe compared to \$41.76 per boe in 2014, and Tunisia, of \$24.32 per boe compared to \$54.83 per boe in 2014. The lower netback in Ukraine was driven by lower commodity prices and higher royalties. Royalties on natural gas in Ukraine increased from 28% to 55%, effective August 1, 2014 with the effective royalty rate in Ukraine for the three and six months ended June 30, 2015 being 57.4% and 60.8% as royalties are payable based on the stated Limit price and not realized price. The lower netback in Tunisia was driven by lower commodity prices.
- Funds from operations^{2 3} were \$5.2 million and \$9.5 million for the three and six months periods ended June 30, 2015, as compared to \$22.2 million and \$38.0 million for the comparative periods of 2014. In 2015, lower production, lower commodity prices and higher Ukraine royalties contributed to the decrease in funds from operations.
- Revenue, net of royalties, for the three and six months ended June 30, 2015 decreased to \$12.6 million and \$26.0 million compared to \$33.6 million and \$61.5 million in the comparative periods of 2014. The decrease in 2015 is attributable to lower commodity prices, lower production and higher royalty rates in Ukraine.
- Dividends of \$nil and \$0.6 million were declared to partners of the Ukraine Holding Company for the three and six months ended June 30, 2015 (2014: \$10.5 million and \$11.5 million). Since acquisition, total dividends of \$69.7 million have been paid out by KUB-Gas LLC ("KUB-Gas"). Effective September 23, 2014, the National Bank of Ukraine issued a resolution prohibiting foreign exchange transactions associated with the payment of dividends to foreign entities. This resolution has been extended multiple times and is now due to expire on September 3, 2015.
- In Ukraine, the Company was awarded by way of a Special Permit the West Olgovskoye block in eastern Ukraine through a newly incorporated wholly owned subsidiary KUB-Gas Borova LLC ("KUB-Gas Borova") of KUB-Gas, Serinus' indirectly 70% owned subsidiary. West Olgovskoye is located in the Kharkiv oblast, immediately offsetting the Olgovskoye and North Makeevskoye licences currently owned and operated by KUB-Gas. It covers an area of 449 km², and surrounds (but does not include) the existing Druzhelyubovskoe gas/condensate field and very old vintage 2D seismic data suggests the existence of additional undrilled structures. The term of this new Special Permit is for 20 years with the right to a 20 year extension, during which KUB-Gas Borova will be allowed to conduct both exploration and production activities. There are work commitments of 202.3 million hryvnia or approximately \$9.6 million at the current exchange rate of 21 UAH/USD. Almost 90% of the total required spending is scheduled for between 2018 and 2020.

¹ Substantially all financial and production analysis in this MD&A reflect the 100% interest in the results of KUB Holdings and KUB-Gas unless specifically noted as net to Serinus which is at the effective 70%. See "Non-Controlling Interest" for further explanation.

² See "Non-IFRS Financial Measures" in the end of this MD&A

³ See "Funds from Operations" for a reconciliation of funds from operations to cash flows.

- In Tunisia, production from the Winstar-13 (“WIN-13”) well commenced on April 28. Rates varied between 170 – 235 boe/d until the Sabria Field was shut-in due to local protests at the end of May. These protests were against the lack of development, investment and job creation in the area and not specifically directed at the Company or the other operators in the area. Since that time, various government officials have met with the protestors, the result is that the government has committed to several initiatives to increase employment and development in the Governate of Kebeli where the Sabria Field is located and production recommenced at the end of July. Prior to the shut-in, the Sabria Field was producing approximately 700 boe/d net to Serinus (1,550 boe/d gross). It is anticipated that the field will return to pre-shut-in levels.
- In Romania, the Company received a 3 year extension to the exploration period for the Satu Mare Concession (“Satu Mare”) in northwest Romania. The work obligations pursuant to the extension include the drilling of two wells, and, at the Company’s option, either the acquisition of 120 km² of new 3D seismic data or to drill a third well. The two firm wells must be drilled to minimum depths of 1,500 and 2,000 metres respectively, and if so elected, the third well to a depth of 2,500 metres. The extension was approved by the National Agency for Mineral Resources (“NAMR”) and is subject to ratification by several government ministries. The Company currently holds a 60% interest in Satu Mare. The holder of the remaining 40% has given notice pursuant to the operating agreement that it intends to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company. In addition the holder of the 40% interest executed an agreement, that amongst other things, provided it would hold the 40% interest in trust for Winstar until such time as it could transfer the interest to Winstar in accordance with the provisions of the Concession Agreement, giving the Company an effective 100% working interest.

OPERATIONAL OVERVIEW

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

Ukraine

As at June 30 2015, Serinus owns the following licenses in Ukraine:

Production license	Issue date	Expiry date
Vergunskoye field	27 September 2006	27 September 2026
Olgovskoye field	06 February 2012	06 February 2032
Makeevskoye field	10 April 2012	10 April 2032
Krutogorovskoye field	30 August 2013	30 August 2033
Exploration license		
North Makeevskoye field	29 December 2010	29 December 2015
Special Permit		
West Olgovskoye field	3 June 2015	3 June 2035

The Company may produce gas and gas condensate under the exploration licence in an amount up to 10% of total estimated reserves as approved by the licensor, the Ministry for Environmental Protection of Ukraine, and may not exceed the cap during the exploration status. The Company can convert exploration licences into production licences which allow unlimited production of gas and gas condensate over the terms of the licences, and which are generally 20-25 years in duration.

The term of the new Special Permit is 20 years with the right to a 20 year extension, during which time the Company will be allowed to conduct both exploration and production activities.

The Company began to generate revenues with its acquisition of KUB-Gas in June 2010, and since that time has generated \$298.6 million of revenue, net of royalties, in aggregate from these assets, of which \$209.0 million is net to the 70% interest held by Serinus⁴.

⁴ See “Non-controlling Interest” in this MD&A

Ukraine's political, economic and security situation has deteriorated significantly since late 2013 with violent conflicts in the capital city of Kyiv in early 2014, the removal of the former president and changes to governing bodies, a depletion of the country's foreign currency reserves, downgrading of sovereign debt ratings and devaluation of the currency. The political and economic situation has been further exacerbated by the violent conflict in eastern Ukraine where fighting continues between Ukrainian military forces and opposing rebel factions.

During 2015, the Company's production of natural gas has been impacted by the current situation in Ukraine and production levels decreased from the prior year. In November 2014, The Ukraine government issued three decrees which reserved a large share of the natural gas market for the state owned National Joint Stock Company, Naftogaz ("Naftogaz") through legislation. In Q1 2015, the Company experienced the practical effects of the legislation, as the remaining market was insufficient to accept all available gas, resulting in cutbacks by private producers. A Ukraine court subsequently overturned these regulations, and this decision was subsequently upheld on appeal. The government appealed again, but on March 31, 2015, the High Administrative Court of Ukraine dismissed the government's claims in their entirety. In Q2 2015, the market has started to readjust but overall production continues to be below capacity due to the lingering effects of this legislation.

The royalty rates applied to the Company's production have increased significantly as a result of the government of Ukraine's actions to increase state revenues. In August 2014, the royalty rates on natural gas and condensate production increased to 55% and 45% respectively, from 28% and 42% with a provision for a "lowering coefficient" on new wells drilled after August 1, 2014, which reduces gas royalties on new wells to 55% of nominal rates (i.e. the effective rate for new wells is 30.25% for gas). Royalties on condensates received no abatement. Rather than allowing these rates to expire, the Ukrainian government subsequently permanently enacted the rates in January 2015, but excluded the lowering coefficient. On March 2, 2015 the lowering coefficient was reinstated effective April 1, 2015 and relates to wells drilled after August 1, 2014. Gas royalties are calculated based on the limit price set by the National Electricity Regulatory Commission ("NERC") and so to the extent that received market prices are lower, the effective realized rates will be higher than nominal 55%.

On July 13, 2015, the Cabinet of Ministers approved for submission to the Rada (the Ukrainian parliament) a bill which would reduce the royalties on natural gas from their current level of 55% (28% on wells deeper than 5,000 metres). If passed, those respective royalty rates would drop to 29% and 14% effective October 1, 2015. Those rates would drop further to 20% and 10% on January 1, 2016, but a 30% surtax would be imposed with that second reduction. Full details of how these rates would be applied and the calculation and administration of the surtax are not yet available. The relief period under the current regime where gas royalties are reduced by 55% for the first two years of a new well's life would no longer apply. Royalties on oil and liquids would remain unchanged at 43%.

On June 4, 2015, the National Bank of Ukraine announced that the restrictions on foreign currency transactions first imposed in September 2014 have been extended until September 3, 2015. The enacted legislation prohibits several types of foreign exchange transactions, including the ability of KUB-Gas to pay dividends to shareholders.

The development of the Company's oil and gas properties has been impacted by the security situation in eastern Ukraine as drilling and exploration activity was temporarily suspended in the third quarter of 2014. The Company completed the drilling of the M-22 well on the Makeevskoye licence in the fourth quarter of 2014. The well was suspended in the second quarter of 2015 following test results and was added to the list of wells being considered for fracture stimulation. In July, a workover rig moved on to the NM-3 well, originally drilled in 2013, which found small amounts of oil in the Visean formation. Additional perforations were shot in a higher interval, but there were no signs of hydrocarbons. The Company understands that this operation will fulfill the work obligations required to retain the North Makeevskoye licence until December 29, 2020 and KUB-Gas staff have commenced the extension application process. At this time, no additional exploration and development projects are planned for 2015 beyond a field compression project on the Olgovskoye field.

The Company may consider additional capital expenditures on development projects during the balance of 2015, subject to keeping such expenditures within operating cash flow and no further material adverse changes in either the fiscal terms or the security situation in and around the Ukraine licences. A three well fracking program for O-11, O-15 and M-22 is being considered for later this year, pending the approval of the new royalty regime and cash availability. Once economic conditions improve, KUB-Gas has a significant inventory of drilling locations and other projects in the Ukraine licences.

Whilst management believes it is taking appropriate measures to support the sustainability of the KUB-Gas' business in the current circumstances, a continuation of the current unstable business environment could negatively affect the Company's results and financial position in a manner not currently determinable.

Tunisia

As at June 30, 2015, Serinus has the following interests in Tunisia concessions:

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

Four of the concessions are currently producing oil or gas.

The Tunisian state oil and gas company, Enterprise Tunisienne d'Activites Petroliere ("ETAP"), has the right to back into the Chouech Es Saida concession for up to a 50%, if and when the cumulative liquid hydrocarbon sales, net of royalties and shrinkage, from the concession exceed 6.5 million barrels. As at June 30, 2015, cumulatively 5.0 million barrels, net of royalties and shrinkage have been sold from the concession.

Since the end of May 2015, the Sabria Field in central Tunisia had been shut-in due to local protests that blocked roads to the Central Processing Facility ("CPF"). By the end of July, production had recommenced and it is anticipated that the field will return to its pre-shut-in levels of approximately 700 boe/d (SEN WI), or 1,550 boe/d (gross).

Romania

Serinus, has completed all the of the work commitments required for the Phase 2 exploration period in the 2,949 square kilometer onshore Satu Mare exploration concession in north western Romania, and has received a three year extension, expiring May 2018. Work obligations pursuant to the extension include the drilling of two wells and, at the Company's option, either the acquisition of 120 km² of new 3D seismic data or to drill a third well. The approval of the extension by NAMR is subject to ratification by several government ministries.

Serinus currently holds a 60% interest in Satu Mare. The holder of the remaining 40% has given notice pursuant to the operating agreement that it intends to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company. Pending such assignment, and in accordance with the provisions of the operating agreement, the other interest owner has agreed to hold its 40% interest in trust for the benefit of Serinus, giving the Company an effective 100% working interest.

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

Other

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

In Syria, the Company holds a working interest of 50% in the Syria Block 9 production sharing contract ("Block 9 PSC") which provides the right to explore for and, upon fulfillment of certain conditions, to produce oil and gas from Block 9, a 10,032 square kilometer (2.48 million acre) area in northwest Syria. The Company has an agreement to assign a 5% ownership interest to a third party which is subject to the approval of Syrian authorities, and which, if approved, would

leave the Company with a remaining effective interest of 45% in Block 9. Effective July 16, 2012, the Company, in its capacity as Operator of Syria's Block 9, declared a Force Majeure event due to conditions arising from the current instability, including difficult operating conditions and the inability to move funds into the country, rendering the performance of its obligations under the contract impossible. The Company will continue to monitor operating conditions in Syria to assess when a recommencement of its Syrian operations is possible.

Serinus has interests in a minor property at Sturgeon Lake in Alberta, Canada. This asset is not currently producing and has a future abandonment liability associated with it of \$1.6 million.

In addition, the Company has a 4% net profits interest in the Igal II Exploration permit in Hungary. The Company expects to wind up its Hungarian operations in 2015.

NON-CONTROLLING INTEREST

Serinus holds a 70% ownership interest in KUB-Gas, a Ukrainian company held through KUB GAS Holdings Limited ("KUB Holdings"), a private company incorporated in Cyprus. Serinus controls KUB Holdings and is required under IFRS to consolidate the results of KUB Holdings and KUB-Gas into its financial statements, and in doing so the Company reports 100% of the revenues, royalties and production and other expenses for KUB Holdings and KUB-Gas. Similarly, the Company reports 100% of the assets and liabilities of KUB Holdings and KUB-Gas on its consolidated balance sheet. The 30% share of the net assets and earnings of KUB Holdings and KUB-Gas attributable to the minority shareholder is presented by way of a one line entry as "non-controlling interest".

Substantially all financial and production analysis in this MD&A reflect the 100% interest in the results of KUB Holdings and KUB-Gas unless specifically noted as net to Serinus which is at the effective 70%.

The tables below summarize the three and six months ended June 30, 2015 results reported by the Company in accordance with IFRS, including 100% of KUB Holdings and KUB-Gas as described above, with the 30% share allocated to the non-controlling interest to reflect the net results of operations attributable to the Company's 70% economic interest.

Serinus Energy Inc. Q2 2015 MD&A
(Thousands of US dollars, except as noted)

	Three months ended June 30, 2015			Six months ended June 30, 2015		
	As reported	Allocated to non-controlling interest	Net to Serinus	As reported	Allocated to non-controlling interest	Net to Serinus
Total daily production (boe)	5,187	(1,194)	3,993	5,401	(1,203)	4,198
Oil and gas revenue	\$ 22,343	\$ (4,658)	\$ 17,685	\$ 47,498	\$ (9,766)	\$ 37,732
Royalties	(9,713)	2,671	(7,042)	(21,510)	5,933	(15,577)
Oil and gas revenues, net of royalties	12,630	(1,987)	10,643	25,988	(3,833)	22,155
Production expenses	(5,830)	737	(5,093)	(10,698)	1,326	(9,372)
General and administrative	(1,543)	4	(1,539)	(2,938)	12	(2,926)
Transaction costs	(10)	-	(10)	(57)	-	(57)
Stock-based compensation	(79)	-	(79)	(715)	-	(715)
Gain on disposition of asset	1	2	3	1	2	3
Depletion and depreciation	(4,408)	690	(3,718)	(9,228)	1,365	(7,863)
Interest income and other	(671)	202	(469)	240	(56)	184
Unrealized loss on investments	(37)	-	(37)	(54)	-	(54)
Foreign exchange gain/(loss)	2,805	(405)	2,400	(636)	181	(455)
Interest expense and accretion	(1,489)	107	(1,382)	(2,662)	148	(2,514)
Earnings before taxes	1,369	(650)	719	(759)	(855)	(1,614)
Current tax expense	(1,494)	233	(1,261)	(2,751)	555	(2,196)
Deferred tax expense	674	(83)	591	(64)	(345)	(409)
Earnings for the period	<u>\$ 549</u>	<u>\$ (500)</u>	<u>\$ 49</u>	<u>\$ (3,574)</u>	<u>\$ (645)</u>	<u>\$ (4,219)</u>
Funds from operations	<u>\$ 5,168</u>	<u>\$ (679)</u>	<u>\$ 4,489</u>	<u>\$ 9,512</u>	<u>\$ (1,856)</u>	<u>\$ 7,656</u>

FUNDS FROM OPERATIONS

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

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

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Cash flow from operations	\$ 8,248	\$ 30,239	\$ 9,903	\$ 35,787
Changes in non-cash working capital	(3,080)	(8,035)	(391)	2,179
Funds from operations (a)	<u>\$ 5,168</u>	<u>\$ 22,204</u>	<u>\$ 9,512</u>	<u>\$ 37,966</u>
Funds from operations per share	<u>\$ 0.06</u>	<u>\$ 0.28</u>	<u>\$ 0.12</u>	<u>\$ 0.48</u>

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

Positive funds from operations are generated in Ukraine and Tunisia, representing the Company's producing assets for the period.

Funds from operations decreased by \$17.0 million for the three month period ended June 30, 2015 to \$5.2 million as compared to \$22.2 million in the comparable period of 2014. Similar trends are noted on a year to date basis as funds from operations decreased by \$28.5 million to \$9.5 million, as compared to \$38.0 million in 2014.

Serinus Energy Inc. Q2 2015 MD&A
(Thousands of US dollars, except as noted)

The decrease in funds from operations from prior year quarter and year to date is primarily attributable to lower commodity prices and production and increased Ukraine royalties, partially offset by decreased production costs, G&A costs, and decreased transaction costs.

PRODUCTION (Net to Serinus)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Average Daily Production				
Crude Oil (bbl/d)	951	982	1,094	1,003
Natural gas (Mcf/d)	17,870	23,293	18,223	22,827
Natural gas liquids (bbl/d)	64	101	66	100
Total boe/d	3,993	4,965	4,198	4,907
Production by Location (boe/d)				
Ukraine	2,787	3,654	2,807	3,579
Tunisia	1,206	1,311	1,391	1,328
Total boe/d	3,993	4,965	4,198	4,907

Production volumes decreased by 20% in Q2 2015 to 3,993 boe/d, net to Serinus, compared to 4,965 boe/d in the comparable period of 2014. The change in Q2 2015 reflects a decrease of 24% in production volumes from Ukraine and a decrease of 8% from Tunisia.

On a year to date basis, production decreased by 14% to 4,198 boe/d, compared to 4,907 boe/d in the prior year. The change reflects a decrease in Ukraine production of 22% (772 boe/d), partially offset by an increase in Tunisian production of 5% (63 boe/d) despite the shut-in of the Sabria Field in central Tunisia that occurred during the second quarter.

Ukraine

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Average Daily Production (net to Serinus)				
Natural gas (Mcf/d)	16,339	21,318	16,443	20,875
Natural gas liquids (bbl/d)	64	101	66	100
Total boe/d	2,787	3,654	2,807	3,579

In Ukraine, production volumes, net to Serinus, decreased by 24% in the second quarter of 2015, to 2,787 boe/d, compared to 3,654 boe/d in the comparable period of 2014. The decrease is a result of the continued deterioration of the political and economic situation in Ukraine. During Q1 2015, the Ukrainian government attempted to reserve a large share of the natural gas market for the state owned National Joint Stock Company, Naftogaz ("Naftogaz") through legislation. The remaining market was insufficient to accept all available gas, resulting in cutbacks by private producers. As a result, KUB-Gas shut-in or reduced production from various wells in order to ensure a credit-worthy market was available for gas consumption. A Ukraine court subsequently overturned these regulations, and this decision was upheld on appeal. The government appealed again, but on March 31, 2015, the High Administrative Court of Ukraine dismissed the government's claims in their entirety. In Q2 2015, the market has started to readjust but overall production continues to be significantly below capacity due to the lingering effects of this legislation. In addition, there has been no capital investment in the country for the last year other than the completion of the M-22 well, which will impact future potential production levels.

Similar trends are noted on a year to date basis, with production decreasing by 22% to 2,807 boe/day for the six months ended June 30, 2015, as compared to 3,579 boe/day for the comparable period in 2014.

Serinus Energy Inc. Q2 2015 MD&A
(Thousands of US dollars, except as noted)

Tunisia

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Average				
Crude Oil (bbl/d)	951	982	1,094	1,003
Natural gas (mcf/d)	1,531	1,975	1,780	1,952
Total boe/d	<u>1,206</u>	<u>1,311</u>	<u>1,391</u>	<u>1,328</u>

In Tunisia, production volumes decreased by 8% in the second quarter to 1,206 boe/d, compared to 1,311 boe/d in the comparable period of 2014. The decrease in production was due substantially to the Sabria field being shut-in at the end of May due to local protests. These protests were aimed at the government and the lack of development, investment and job creation in the area, and not directed at Serinus or any of the other operating oil companies in the area. Prior to the shut-in, Sabria was producing at approximately 700 boe/d net to Serinus (1,550 boe/d gross). Production recommenced at the end of July. In addition, operational issues with STEG (the national gas utility and transmission system for the gas) related to high ambient temperatures in late June limited gas sales from Chouech Es Saida.

Production volumes increased slightly for the six months ended June 30, 2015 to 1,391 boe/d, compared to 1,328 boe/d in the comparable period of 2014. Production is predominantly from the Chouech Es Saida and Sabria fields, which account for 90% of the production in Tunisia. The major factor behind the increase was the inclusion of the WIN-12bis well, which commenced production December 10, 2014. This was partly offset by the Sabria field shut-in, as noted above.

OIL AND GAS REVENUE

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Crude oil	\$ 5,492	\$ 9,661	\$ 11,503	\$ 19,617
Natural gas	16,490	30,952	35,282	55,860
Natural gas liquids	361	1,022	713	2,021
	<u>\$ 22,343</u>	<u>\$ 41,635</u>	<u>\$ 47,498</u>	<u>\$ 77,498</u>
Revenue by location				
Ukraine	\$ 15,527	\$ 29,372	\$ 32,554	\$ 52,818
Tunisia	6,816	12,263	14,944	24,680
Total	<u>\$ 22,343</u>	<u>\$ 41,635</u>	<u>\$ 47,498</u>	<u>\$ 77,498</u>
Ukraine (a)				
Natural gas (\$/mcf)	\$ 7.14	\$ 10.23	\$ 7.49	\$ 9.41
Natural gas liquids (\$/bbl)	43.59	77.79	41.71	77.97
Average price (\$/boe)	<u>\$ 42.86</u>	<u>\$ 61.83</u>	<u>\$ 44.85</u>	<u>\$ 57.07</u>
Tunisia				
Crude Oil(\$/bbl)	\$ 63.48	\$ 108.13	\$ 58.06	\$ 108.09
Natural gas (\$/mcf)	9.50	14.47	10.68	14.33
Average price (\$/boe)	<u>\$ 62.12</u>	<u>\$ 102.79</u>	<u>\$ 59.34</u>	<u>\$ 102.68</u>

(a) Ukraine realized commodity prices for natural gas price and condensate are based on the average price received in UAH converted to USD using the average FX rate for the period.

Oil and gas revenue decreased by 46% or \$19.3 million in Q2 2015 as compared to Q2 2014. During Q2 2015, the contributing factors were lower commodity prices and lower production.

In Ukraine, revenues totalled \$15.5 million for Q2 2015, compared to \$29.4 million in Q2 2014. The 47% decrease is attributable to a 24% decrease in production volumes and a 31% decrease in the average commodity price.

Ukraine natural gas commodity prices were lower in Q2 2015 compared to Q2 2014, with a realized natural gas price of \$7.14 per Mcf, compared to \$10.23 per Mcf in Q2 2014. The Ukrainian domestic gas price is set by the NERC of Ukraine

Serinus Energy Inc. Q2 2015 MD&A
(Thousands of US dollars, except as noted)

by reference to the Russian imported gas price. Gas sold in Ukraine is paid in UAH, making its realized price in USD also subject to exchange rate risk. The majority of the Company's production is marketed and sold to wholesalers, who then sell to industrial users, and therefore KUB-Gas receives a price discounted to the limit price set by NERC. Given the market issues experienced during the second quarter 2015, the discount increased to 18-22% compared to discounts in 2014 of approximately 5-10%.

Natural gas prices in UAH were substantially higher in Q2 2015 as compared to Q2 2014, but a lower UAH to USD exchange rate significantly impacted the USD equivalent price. The exchange rate for the UAH for the three months ended June 30, 2015 was 21.61 UAH/USD as compared to 11.85 UAH/USD in the comparable period of 2014.

A similar trend is noted on a year to date basis with a realized natural gas price of \$7.49 per Mcf, compared to \$9.41 per Mcf in 2014.

Oil sales for Tunisia include volumes loaded onto tankers, as well as the change in the net realizable value of oil inventory, there have been six tanker lifts of oil during the first six months of 2015.

In Tunisia, revenues totalled \$6.8 million for Q2, 2015, compared to \$12.3 million in Q2 2014. The decrease of 44% is attributable to a 40% decrease in the average commodity price and an 8% decrease in production. Oil prices in Tunisia are based on a premium or discount to Brent over the 3 day lifting period, depending on the payment settlement terms. The Company is required to sell 20% of its annual oil production from the Sabria concession into the local market, which is sold at an approximate 10% discount to the price obtained on its other crude sales. In Q2, 2015, Brent prices averaged \$61.69 per bbl compared to \$108.13 per bbl in the comparable period, a 43% decline. Natural gas prices are nationally regulated and are tied to the twelve month trailing average of low sulphur heating oil (benchmarked to Brent).

On a year-to-date basis, revenues totalled \$14.9 million as compared to \$24.7 million in the comparable period of 2014. The decrease of 39% is attributable to lower commodity prices, driven by the decline in Brent, partially offset by a 5% increase in production. On a year to date basis the average commodity price is 42% less than in the comparable period of 2014.

ROYALTIES

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Ukraine	\$ 8,905	\$ 6,443	\$ 19,777	\$ 12,737
Tunisia	808	1,616	1,733	3,271
Total royalties	<u>\$ 9,713</u>	<u>\$ 8,059</u>	<u>\$ 21,510</u>	<u>\$ 16,008</u>
\$/boe	<u>\$ 20.58</u>	<u>\$ 13.56</u>	<u>\$ 22.00</u>	<u>\$ 13.73</u>
Royalties by Location as a percentage of sales				
Ukraine	57.4%	21.9%	60.8%	24.1%
Tunisia	11.9%	13.2%	11.6%	13.3%
	<u>43.5%</u>	<u>19.4%</u>	<u>45.3%</u>	<u>20.7%</u>

The average royalty rate for Q2 2015 was 43.5% as compared to 19.4% in Q2 2014. The increase in royalty rates year over year is attributable to an increase in rates in Ukraine.

In Ukraine, the average royalty rate for the second quarter of 2015 was 57.4% compared to 21.9% in the second quarter of 2014. The royalty rates applied to the Company's production have increased significantly as a result of the government of Ukraine's actions to increase state revenues. Effective August 1, 2014 the royalty rate on natural gas and condensate production increased to 55% and 45% respectively, from 28% and 42%, and was originally due to expire on January 1, 2015. The new law also had a provision for a "lowering coefficient" on new wells drilled after August 1, 2014, which reduced gas royalties on new wells to 55% of nominal rates (i.e. the effective rates of new wells is 30.25% for gas). Rather than expiring, those increases were made permanent in January 2015 by the Ukrainian government, and the lowering coefficient was excluded. On March 2, 2015 the lowering coefficient was reinstated effective April 1, 2015 and still relates to wells drilled after August 1, 2014. Royalties are payable based on the limit price set by NERC and so to the extent that

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realized prices are lower, the effective rates will be higher. The change in royalty rates had a similar impact on year to date results.

In Ukraine, royalties are calculated based on the NERC Limit price (rather than the realized gas price received from market). As a result, the actual royalty percentage paid on natural gas revenue can be greater than the enacted royalty rate on natural gas wells. During 2015, the effective rate has been as high as 66%.

In Tunisia the Q2 2015 royalty rate was lower at 11.9% as compared to 13.2% in the comparative period of 2014. Tunisian royalties are based on individual concession agreements, none of which exceed 15%. In two concessions, Sabria and Zinnia, the royalty rate varies depending on a calculation of cumulative revenues, net of taxes, as compared to cumulative investment in the concession, known as the “R factor”. As the R factor increases, so does the royalty percentage to a maximum rate of 15%. The decrease in the average royalty rate reflects proportionally more production from Sabria in 2015, which has a 7% royalty rate, therefore decreasing the average royalty rate for Tunisia. Similar trends are noted on a year-to-date basis.

PRODUCTION EXPENSES

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Ukraine	\$ 2,455	\$ 3,092	\$ 4,419	\$ 6,345
Tunisia	3,340	4,105	6,204	6,894
Canada	35	-	75	-
Production expenses	<u>\$ 5,830</u>	<u>\$ 7,197</u>	<u>\$ 10,698</u>	<u>\$ 13,239</u>

Production expense by location (\$/boe)

Ukraine	\$ 6.78	\$ 6.51	\$ 6.09	\$ 6.86
Tunisia	30.44	34.41	24.64	28.68
	<u>\$ 12.35</u>	<u>\$ 12.11</u>	<u>\$ 10.94</u>	<u>\$ 11.36</u>

On an absolute basis, production expenses decreased 19% to \$5.8 million in Q2 2015 from \$7.2 million in Q2 2014. On a per boe basis, production expenses increased to \$12.35 per boe in Q2 2015 compared to \$12.11 per boe in Q2 2014.

Ukraine production expenses were \$6.78 per boe in Q2 2015 compared to \$6.51 per boe in the comparable period of 2014. On an absolute basis, production expense decreased but the per boe metric increased, primarily due to fixed costs over lower production, which was slightly offset by the weakening of the UAH.

Tunisia’s production has higher average production expenses as compared to Ukraine. Tunisia’s production is weighted to oil, which has a higher cost to produce, than Ukraine’s natural gas properties.

Tunisia production expenses for Q2 2015 averaged \$30.44 per boe, compared to \$34.41 per boe in Q2 2014. On an absolute basis, production expense decreased by 19% versus an 8% decrease in production, resulting in a lower per boe metric.

Canadian production expenses relate to the Sturgeon Lake assets and totalled \$35 thousand and \$75 thousand for the three and six month period ended June 30, 2015, respectively. The asset is not producing and is incurring minimal operating costs to maintain the property.

For the six month period ended June 30, 2015, production expenses decreased to \$10.7 million from \$13.2 million in the comparable period of 2014. On a per boe basis production expenses decreased to \$10.94 per boe from \$11.36 per boe in the prior year reflecting lower costs in Tunisia and the UAH impact on Ukraine expenses.

OIL AND GAS NETBACK

Ukraine Netback by Commodity

(Volume in thousand)

	Three months ended June 30,					
	2015			2014		
	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)
Average daily sales volumes (gross)	23,342	91	3,981	30,454	144	5,220
Average daily sales volumes (net to Serinus)	16,339	64	2,787	21,318	101	3,654
Revenue	\$ 7.14	\$ 43.59	\$ 42.86	\$ 10.23	\$ 77.79	\$ 61.83
Royalty expense	(4.11)	(21.62)	(24.58)	(2.15)	(37.53)	(13.56)
Production expenses	(1.16)	-	(6.78)	(1.12)	-	(6.51)
Netback	\$ 1.87	\$ 21.97	\$ 11.50	\$ 6.96	\$ 40.26	\$ 41.76

(Volume in thousand)

	Six months ended June 30,					
	2015			2014		
	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)
Average daily sales volumes (gross)	23,492	94	4,009	29,821	143	5,113
Average daily sales volumes (net to Serinus)	16,443	66	2,807	20,875	100	3,579
Revenue	\$ 7.49	\$ 41.71	\$ 44.85	\$ 9.41	\$ 77.97	\$ 57.07
Royalty expense	(4.56)	(22.00)	(27.25)	(2.20)	(34.07)	(13.76)
Production expenses	(1.04)	-	(6.09)	(1.18)	-	(6.86)
Netback	\$ 1.89	\$ 19.71	\$ 11.51	\$ 6.03	\$ 43.90	\$ 36.45

Tunisia Netback by Commodity

(Volume in thousand)

	Three months ended June 30,					
	2015			2014		
	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)
Average daily sales volumes (net to Serinus)	1,531	951	1,206	1,975	982	1,311
Revenue	\$ 9.50	\$ 63.48	\$ 62.12	\$ 14.47	\$ 108.13	\$ 102.79
Royalty expense	(1.09)	(7.58)	(7.36)	(1.85)	(14.37)	(13.55)
Production expenses	(4.90)	(30.72)	(30.44)	(5.75)	(34.38)	(34.41)
Netback	\$ 3.51	\$ 25.18	\$ 24.32	\$ 6.87	\$ 59.38	\$ 54.83

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(Volume in thousand)	Six months ended June 30,					
	2015			2014		
	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)	Gas (Mcf)	Oil and liquids (bbl)	Total (boe)
Average daily sales volumes (net to Serinus)	1,780	1,094	1,391	1,952	1,003	1,328
Revenue	\$ 10.68	\$ 58.06	\$ 59.34	\$ 14.33	\$ 108.09	\$ 102.68
Royalty expense	(1.16)	(6.86)	(6.88)	(1.84)	(14.44)	(13.61)
Production expenses	(4.43)	(24.10)	(24.64)	(4.78)	(28.68)	(28.68)
Netback	\$ 5.09	\$ 27.10	\$ 27.82	\$ 7.71	\$ 64.97	\$ 60.39

In Ukraine, the netback decreased to \$11.50 per boe in Q2 2015 compared to \$41.76 per boe in Q2 2014, due to higher royalties and lower realized prices.

In Tunisia, the netback decreased to \$24.32 per boe for Q2 2015 compared to \$54.83 in Q2 2014. The decrease in Q2 2015 is due to lower realized prices, partially offset by lower royalties and operating costs per boe.

Similar trends are noted on a year-to-date basis.

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended June		Six months ended June 30,	
	2015	2014	2015	2014
General and administrative	\$ 1,543	\$ 2,421	\$ 2,938	\$ 4,406
\$/boe	\$ 3.27	\$ 4.07	\$ 3.01	\$ 3.78

G&A costs incurred by the Company are expensed, with certain costs directly related to exploration and development assets being capitalized. General and administrative (“G&A”) costs decreased 36% year over year to \$1.5 million in Q2 2015 compared to \$2.4 million in Q2 2014. The decrease in costs is mainly attributable to lower consultancy, staff costs, and travel.

For the six month period, G&A costs have decreased by \$1.5 million, due the same reasons noted above.

On a per boe basis, decreased production for the quarter and year to date resulted in a lesser decrease in the per boe metric, with G&A costs decreasing by 20% to \$3.27 per boe for the quarter and 20% to \$3.01 per boe for the year to date, compared to \$4.07 per boe and \$3.78 per boe in 2014.

STOCK BASED COMPENSATION

	Three months ended June		Six months ended June 30,	
	2015	2014	2015	2014
Stock based compensation	\$ 79	\$ 687	\$ 715	\$ 1,717
\$/boe	\$ 0.17	\$ 1.16	\$ 0.73	\$ 1.47

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

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Stock based compensation was \$79 thousand in Q2 2015 compared to \$687 thousand in Q2 2014. The lower expense recognized in Q2 2015 as compared to Q2 2014, is due to the timing of grants made.

On a year-to-date basis, stock based compensation expense was \$715 thousand compared to \$1.7 million in the comparable period of 2014. The decrease in expense is attributable to the timing of grants, partially offset by the accelerated expense in Q1, 2015 relating to the cancellation of 2,753,400 options. Significant grants were made in Q4 2013 and Q1 2014, therefore resulting in a high expense through Q4 2013 and Q1 2014 as 1/3 of grants immediately vest resulting in higher compensation expense in these periods.

DEPLETION, DEPRECIATION AND IMPAIRMENT

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Ukraine	\$ 2,301	\$ 4,815	\$ 4,553	\$ 10,068
Tunisia	2,051	3,003	4,580	6,016
Corporate	56	36	95	67
Depletion and depreciation (" D&D ")	<u>\$ 4,408</u>	<u>\$ 7,854</u>	<u>\$ 9,228</u>	<u>\$ 16,151</u>
Impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 337</u>
D&D by location (\$/boe)				
Ukraine	\$ 6.35	\$ 10.14	\$ 6.27	\$ 10.88
Tunisia	18.69	25.17	18.19	25.03
	<u>\$ 9.34</u>	<u>\$ 13.22</u>	<u>\$ 9.44</u>	<u>\$ 13.85</u>

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

The depletion and depreciation expense for the three month and six months ended June 30, 2015 decreased to \$4.4 million and \$9.2 million from \$7.9 million and \$16.2 million in the comparative periods of 2014.

In Q2 2015, \$2.3 million relates to Ukraine and \$2.1 million relates to Tunisia. In Ukraine, the decrease in depreciation expense reflected a lower depletion rate per boe and lower production. In Tunisia, the decrease in depletion expense was due to a lower depletion rate per boe, partially offset by higher production. On a year to date basis there is a similar trend noted.

On a per boe basis, depletion rates decreased to \$9.34 per boe and \$9.44 per boe for the three and six months ended June 30, 2015, compared to \$13.22 per boe and \$13.85 per boe in the comparative periods of 2014. The decrease in rate in Ukraine is primarily due to the deterioration in the UAH and the decrease in the depletable base associated with impairments recorded in 2014, which has resulted in lower net book values. The decrease in Tunisia is due to a decrease in the depletable base associated with impairments recorded in 2014.

In 2014, the impairment related to the Brunei Block L asset. Serinus has assessed whether there were any triggers indicating impairment over the Ukrainian and Tunisian assets as at June 30, 2015. Impairment of \$54.9 million on these assets was recognized for the year ended December 31, 2014, using a value-in-use recoverable amount. In Q2 2015, it was noted that both spot and forward petroleum and natural gas prices have fluctuated relative to prices used in the impairment calculation. Drilling results for the second quarter have not provided any additional information which would challenge the previous assumptions included in the December 31, 2014 measure of value-in-use and given lower petroleum and natural gas prices have yet to be sustained over a more substantial period of time, it was determined that as at June 30, 2015, there was no overall trigger indicating impairment.

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INTEREST EXPENSE AND ACCRETION

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Interest on long-term debt	\$ 1,092	\$ 1,044	\$ 2,024	\$ 1,645
Interest on convertible note and debentures	-	418	-	868
Other interest charges	319	46	333	95
Accretion on asset retirement obligations	78	213	305	427
	<u>\$ 1,489</u>	<u>\$ 1,721</u>	<u>\$ 2,662</u>	<u>\$ 3,035</u>

Interest expense and accretion for the three and six months ended June 30, 2015 decreased to \$1.5 million and \$2.7 million, respectively, as compared to \$1.7 million and \$3.0 million in 2014. The decrease in interest expense and accretion is attributable to a decrease in interest on convertible notes, partially offset by an increase in interest on long-term debt. Interest on long-term debt relates to interest incurred on the EBRD debt which increased in 2015 due to carrying higher debt levels relating to the Tunisian and Romanian debt. The convertible debt relates to the Dutco loan which was repaid in Q3, 2014.

In 2015, interest on long-term debt amounted to \$1.6 million on the EBRD-Tunisia loan facility, \$0.2 million on the EBRD-Ukraine loan facility and \$0.2 million on the ERBD Romania loan.

FOREIGN EXCHANGE LOSS (GAIN)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Foreign exchange loss (gain)	\$ (2,805)	\$ 873	\$ 636	\$ 4,517

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

Fluctuations in foreign currency exchange rates between US dollars and other currencies resulted in a foreign exchange gain of \$2.8 million for the three months ended June 30, 2015, compared to a loss of \$0.9 million in 2014. For the six months ended June 30, 2015, a loss of \$0.6 million was recorded as compared to \$4.5 million in the comparable period of the prior year.

The financial statements of KUB-GAS use the Ukraine Hryvnia as its functional currency. As a result of a 12% improvement in the UAH versus the US dollar for the three months ended June 30, 2015, the translation of balances denominated in currencies other than UAH at period end into UAH resulted in a foreign exchange gain of \$1.4 million (2014: loss of \$0.6 million). For the six months ended June 30, 2015, a 23% deterioration in the UAH versus the US dollar resulted in a foreign exchange loss of \$0.6 million (2014: \$4.3 million). This foreign exchange gain/loss is recorded in the income statement.

On consolidation of KUB-GAS by the Company, the assets and liabilities of KUB-GAS are translated into US dollars at exchange rates at the balance sheet date. Revenues and expenses of foreign operations are translated into US dollars using foreign exchange rates that approximate those on the date of the underlying transaction. These translation gains and losses are included in accumulated other comprehensive income (loss), with a gain of \$2.9 million recorded for the quarter ended June 30, 2015 (2014: loss of \$2.0 million) and a loss of \$7.9 million recorded for the six months ended June 30, 2015 (2014: \$20.9 million).

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CAPITAL EXPENDITURES

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Capital expenditures on property, plant and equipment	\$ 3,067	\$ 13,671	\$ 10,727	\$ 21,892
Capital expenditures on exploration and evaluation assets	619	2,388	4,205	4,418
Total capital expenditures	<u>\$ 3,686</u>	<u>\$ 16,059</u>	<u>\$ 14,932</u>	<u>\$ 26,310</u>
	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Expenditure by location				
Ukraine	\$ 1,155	\$ 5,367	\$ 2,678	\$ 12,528
Tunisia	1,903	8,815	8,048	10,486
Romania	619	1,618	4,194	2,641
Corporate	9	259	12	655
	<u>\$ 3,686</u>	<u>\$ 16,059</u>	<u>\$ 14,932</u>	<u>\$ 26,310</u>

Capital expenditures consist of expenditures incurred on assets which are in the exploration and evaluation stage and include expenditures incurred on wells and seismic acquisition and processing. For these assets, the technical feasibility and commercial viability of the underlying property has yet to be determined. Exploration and evaluation assets ("E&E") are not subject to depletion and depreciation, but are subject to impairment. As at June 30, 2015, this includes certain Ukraine assets and the Romanian assets. Expenditures incurred on assets for which technical feasibility and commercial viability have been determined are classified as property, plant and equipment ("PP&E").

In Ukraine, the Company incurred \$1.2 million and \$2.7 million of capital expenditures for the three and six month periods ended 2015, which included:

- The M-22 well in Ukraine was completed, tested and has been suspended and added to the list of wells being considered for fracture stimulation (see Outlook - Ukraine below). The S13, S13a and S13b zones were all non-commercial despite initially appearing promising on logs. The S6 zone did build up pressure after perforating and produced gas at rates too small to measure. The well has been suspended with a wellhead and tubulars appropriate for fracing.
- Field compression for the Olgovskoye field.

In Tunisia, the Company incurred \$1.9 million and \$8.0 million of capital expenditures for the three and six months ended June 30, 2015, which included:

- Drilling and completion of Winstar-13 ("WIN-13"). Production from the Winstar-13 ("WIN-13") well commenced on April 28. Rates varied between 170 – 235 boe/d until the Sabria Field was shut-in at the end of May due to the aforementioned protests. The Company plans to collect additional production and pressure data on WIN-13 now that it has resumed production and, if the results so indicate, initiate a remedial program.
- ECS-1 and CS-9 workover

In Romania, the Company incurred \$0.6 million and \$4.2 million of capital expenditures were incurred for the three and six month periods ended 2015, which included:

- Completion and testing of the Moftinu-1001 and Moftinu-1002bis. The Moftinu-1001 well achieved a maximum test rate of 7.5 MMcf/d and 19 bbl/d of condensate with only trace amounts of water. Subsequent analysis of seismic, log and test data have indicated that the P50 volumes of recoverable gas may be between 17 – 30 Bcf (Company estimate). That wide range reflects various calculation methods and having only a single well with limited production and pressure history. Test results from the Moftinu-1002bis well indicated a tight formation with formation damage, consistent with apparent porosities on logs and the use of heavy fluids to control washout

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and hole collapse during drilling. The well produced an average of 2.8 MMcf/d for 30 minutes, then declined to 245 Mcf/d over the following two hours. Data quality was poor, but Moftinu-1002bis does prove the existence of movable hydrocarbons in the four Miocene sands tested. The Company estimates that the tested zones contain 27 Bcf (P50) of original gas in place, although eventual recovery factors will be contingent upon identifying suitable drilling and completion techniques to all commercial production rates.

Capitalized costs of the Company's exploration and evaluation assets are as follows:

	As at June 30, 2015	As at December 31, 2014
Ukraine	\$ 5,233	\$ 6,766
Romania	18,067	12,557
	<u>\$ 23,300</u>	<u>\$ 19,323</u>

LIQUIDITY, DEBT AND CAPITAL RESOURCES

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Operating cash flows	\$ 8,248	\$ 30,239	\$ 9,903	\$ 35,787
Financing cash flows	(308)	(6,424)	12,849	(5,173)
Investing cash flows	(16,994)	(23,059)	(20,896)	(35,456)
Effect of exchange rate changes on cash	(1,281)	208	(468)	645
Change in cash	<u>\$ (10,335)</u>	<u>\$ 964</u>	<u>\$ 1,388</u>	<u>\$ (4,197)</u>

Working Capital

	As at June 30, 2015	As at December 31, 2014
Current assets	\$ 29,466	\$ 43,057
Current liabilities	37,331	56,030
Working capital	<u>\$ (7,865)</u>	<u>\$ (12,973)</u>

The Company's liquidity requirements arise primarily from the need to finance exploration and development expenditures and general working capital. Serinus has a working capital deficit of \$7.9 million as at June 30, 2015 (December 31, 2014: \$13.0 million). In Q2 2015, the Company financed cash outflows including working capital and capital expenditures from cash on deposit and funds from operations and the Romanian EBRD loan.

Serinus anticipates \$17 million (net) total capital expenditures for 2015, as at June 30, \$14.1 million (net) has been spent. The Company will continue to closely monitor the second half of 2015 capital program and will adjust it accordingly in response to changing commodity prices and the fiscal situation in Ukraine. Significant outflows anticipated in the remainder of 2015 include the remaining 2015 capital expenditures of \$2.9 million and an EBRD – Tunisia Senior Loan debt repayment of \$1.7 million which will be financed through funds from operations and the undrawn EBRD Tunisia second tranche loan balance of \$8.72 million.

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

The Company is currently restricted from paying dividends out of Ukraine, due to currency controls that were first implemented in September 2014. These currency controls have been extended multiple times and are now due to expire on September 3, 2015. As a result, the Company may consider additional capital expenditures on development projects during the balance of 2015, subject to keeping such expenditures within operating cash flow and no further material adverse changes in either the fiscal terms or the security situation in and around the Ukraine licenses.

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

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

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

The following details the debt agreements the Company has or had in place over the period ended June 30, 2015:

EBRD-Tunisia Loan Facility

On November 20, 2013 the Company finalized two loan agreements aggregating USD \$60 million with EBRD. The Senior Loan is in the amount of USD \$40 million, has a term of seven years, and is available in two tranches of USD \$20 million each. Interest is payable semi-annually at a variable rate equal to LIBOR plus 6%. At the Company's option, the interest rate may be fixed at the sum of 6% and the forward rate available to EBRD on the interest rate swap market. The Senior Loan is repayable in twelve equal semi-annual installments with the first repayment of \$1.7 million made on March 31, 2015. 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. Refer to "Covenants" section for details of the associated covenants.

With the placement of the EBRD Romanian Facility in Q1 2015, the committed portion of the second tranche of the Company's senior debt facility with the EBRD associated with the Tunisian assets has been reduced from \$20 million to \$8.72 million.

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

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

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

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

As at June 30, 2015, the Company has \$18.3 million outstanding from Tranche 1 of the Senior Loan, \$20.0 from the Convertible Loan and \$1.0 million of transaction costs were paid (December 31, 2014: \$20.0 million Senior Loan; \$15.0 million Convertible Loan; and \$1.0 million transaction costs). In addition, the Company locked in the interest rate on the \$20.0 million Senior Loan at a rate of 6.9% for a two year period from September 30, 2014 to September 30, 2016. Subsequent to quarter end, \$5.0 million was drawn under the second tranche of the senior loan.

EBRD–Romania Facility

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

Interest on the Romania Facility is payable semi-annually in March and September of each year at a variable rate equal to LIBOR (six month) plus 8%. Interest payments for the Romania Facility will commence in September 2015. The Romania Facility is repayable in ten equal semi-annual installments with the first repayment to be made on March 31, 2016.

The Romania Facility contains an accelerated repayment provision whereby if and when the Company is able to convert and repatriate its cash in Ukraine, currently held in UAH, the Company will apply those funds to early repayment the Romania Facility according to the following schedule:

<u>Threshold</u>	<u>Amount Applied to Pre-Payment</u>
Up to the first 50 million UAH equivalent	100%
Thereafter, until 50% of the Romania Facility has been pre-paid	70%
Thereafter, until 70% of the Romania Facility has been pre-paid	50%
Thereafter, until the Romania Facility has been fully repaid	30%

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

The debt is also subject to certain affirmative covenants, including maintaining the specific security, environmental and social compliance, and maintenance of specified financial ratios.

As at June 30, 2015, the Company has fully drawn the facility of \$11.28 million and \$0.5 million of transaction costs were paid.

EBRD-Tunisia and Romanian Loan Facility Covenants

Both loan agreements as part of the EBRD-Tunisia and Romanian Loan Facility contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios.

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	As at June 30, 2015	As at December 31, 2014
Debt Service Coverage Ratio (not less than 1.3:1) (a) - Tunisia (b)	7.2	23.0
Debt Service Coverage Ratio (not less than 1.5:1) (c) - Serinus (d)	3.9	5.8
Financial Debt to EBITDA (no more than 2.5) (e) - Tunisia (f)	1.7	0.8
Financial Debt to EBITDA (no more than 2.75) (g) - Serinus (h)	1.1	0.5
Compliance	YES	YES

(a) This calculation is equal to the trailing twelve month cash flow from operations divided by debt service costs. A deduction is made from cash flows for Tunisia capital expenditures not considered part of the EBRD project expenditures.

(b) Tunisia adjusted cash flow was \$22.8 million for the 12 month period ended June 30, 2015. The debt service costs for the same period were \$3.2 million (December 31, 2014: \$21.0 million and \$0.91 million respectively).

(c) This calculation is equal to the trailing twelve month cash flow from operations divided by debt service costs. A deduction is made from cash flow for capital expenditures not considered EBRD project costs in Tunisia and Romania.

(d) Serinus' adjusted consolidated cash flow amount was \$30.2 million for the 12 month period ended June 30, 2015. The debt service costs for the same period were \$7.8 million (December 31, 2014: \$43.1 million and \$7.4 million respectively).

(e) Financial debt as defined under the agreement includes the senior portion of the EBRD Tunisian Loan and Romanian EBRD Loan. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs.

(f) Tunisia financial debt totalled \$29.6 million as at June 30, 2015. EBITDA totalled \$17.9 million for the same period (December 31, 2014: \$19.8 million and \$25.5 million respectively).

(g) Financial debt as defined under the agreement includes all Serinus long term debt. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs.

(h) Serinus financial debt totalled \$52.0 million as at June 30, 2015. EBITDA totalled \$46.5 million for the 12 month period ending June 30, 2015 (December 31, 2014: \$37.3 million and \$76.5 million respectively).

EBRD-Ukraine Loan Facility

In the second quarter of 2011, KUB Gas signed an agreement with the EBRD for a loan facility of up to \$40.0 million with proceeds of the loan to be used to fund development of the licenses in Ukraine. The financing bears interest in two components, one being LIBOR + 6% and the other being a fee based on incremental revenues with the total rate not to exceed 19%. The loan proceeds were to be advanced in two tranches, with \$23.0 million having been advanced in 2011 and the remaining \$17.0 million available to be advanced in 2012. On May 20, 2013, availability of the second tranche of \$17.0 million expired without any drawdown in accordance with the terms of the loan agreement. The loan balance outstanding is to be repaid in thirteen equal semi-annual payments that commenced in July 2012. Serinus, as the indirect majority owner of KUB-Gas, provided a guarantee for the entire amount of the loan outstanding from time to time.

At June 30, 2015, \$2.4 million of principal and interest was outstanding (December 31, 2014: \$2.4 million). A repayment of \$1.8 million was made in December 2014 in advance of the instalment due in January 2015 due to issues with obtaining USD in Ukraine. Subsequent to quarter end, a scheduled repayment of \$1.8 million was made, resulting in \$0.6 million left outstanding to be repaid January 2016, at which time the loan will be repaid in its entirety.

EBRD - Ukraine Loan Facility Covenants

In accordance with the EBRD - Ukraine Loan Facility there are specified financial ratios, as follows. In 2014, the working capital covenant relating to the EBRD Ukraine loan was removed from the loan agreement.

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	As at June 30, 2015	As at December 31, 2014
Debt Service Coverage Ratio (not less than 1.3:1) (a)		
- Ukraine (b)	5.6	5.3
Financial Debt to EBITDA (no more than 3) (c)		
- Ukraine (d)	0.1	0.1
Compliance	YES	YES

(a) This calculation is equal to KUB Gas LLC trailing twelve month adjusted cash flows divided by debt service costs. Cash flows are adjusted as required by the agreement for interest expense and capital expenditures net of loan proceeds from borrowings.

(b) KUB Gas LLC adjusted cash flow was UAH 402.0 million for the 12 month period ended June 30, 2015. The debt service costs for the same period were UAH 71.2 million (December 31, 2014: UAH 483.9 million and UAH 91.9 million respectively).

(c) Financial debt as defined under the agreement includes current and long term loans. EBITDA as defined under the agreement is for the trailing 12 months and is defined as oil and gas revenue, net of royalties less production expenses, general and administrative expenses and transaction costs.

(d) KUB Gas LLC financial debt totalled UAH 56.2 million as at June 30, 2015. EBITDA totalled UAH 521.7 million for the 12 month period ending June 30, 2015. (December 31, 2014: UAH 42.3 million and UAH 709.6 million respectively).

SHARE DATA

The Company is authorized to issue an unlimited number of common shares of which 78,629,941 common shares and 1,382,800 options with a USD exercise price and 121,000 options with a Canadian Dollar (“CAD”) exercise price to purchase common shares were outstanding as at June 30, 2015.

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

Summary of common shares outstanding:

	Number of Shares	Carrying Amount
Balance, December 31, 2014	78,629,941	\$ 344,479
Issued on exercise of stock options	-	-
Balance, June 30, 2015	78,629,941	\$ 344,479

Summary of options outstanding:

The following table summarizes information about common share purchase options outstanding at June 30, 2015:

	USD denominated options		CAD denominated options	
	Number of Options	Weighted average exercise price per option (US\$)	Number of Options	Weighted average exercise price per option (CAD\$)
Balance, December 31, 2014	5,642,400	\$ 4.39	141,000	\$ 2.39
Expired/Cancelled	(4,259,600)	\$ 4.55	(20,000)	2.80
Balance, June 30, 2015	1,382,800	\$ 3.92	121,000	\$ 2.32

The following tables summarize information about the USD and CAD options outstanding as at June 30, 2015:

USD denominated options:

Exercise price (US\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 2.85 - \$ 3.50	270,000	180,002	3.16
\$ 3.51 - \$ 4.00	358,200	358,200	1.38
\$ 4.01 - \$ 5.00	742,600	519,734	3.26
\$ 5.01 - \$ 6.20	12,000	12,000	1.70
\$ 3.92	1,382,800	1,069,936	2.74

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CAD denominated options:

Exercise price (CAD\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 1.56 - \$ 2.50	74,000	24,667	4.34
\$ 2.51 - \$ 3.22	47,000	34,666	3.95
\$ 2.32	121,000	59,333	4.19

At the date of issuing this report, the following are the options outstanding and changes to executives and officers options owned since June 30, 2015, up to the date of this report:

Name of Director/Executive Officer/Key Person	<u>Changes to Ownership</u>			
	Options held as at August 13, 2015	Shares held at June 30, 2015	Change in share ownership	Shares held at August 13, 2015
Timothy M. Elliott	853,600	600,000	-	600,000
Norman W. Holton	-	337,791	-	337,791
Manoj Narendra Madnani	-	37,568	-	37,568
Michael A. McVea	-	10,000	-	10,000
Gary King	-	6,750	-	6,750
Stephen Akerfeldt	-	-	-	-
Helmut Langanger	-	-	-	-
Sebastian Kulczyk (1)	-	-	-	-
Jock M. Graham	-	146,258	-	146,258
Edwin A. Beaman	-	55,610	-	55,610
Aaron LeBlanc	-	-	-	-
Evgenij Iorich (2)	-	3,415	-	3,415
Tracy Heck	-	-	-	-
Jakub Korczak	-	-	-	-
Alec Silenzi	-	10,000	-	10,000
	853,600	1,207,392	-	1,207,392

- 1) Mr. Kulczyk holds a senior executive position with KI. KI owns 39,909,606 Shares. By virtue of his position with KI, Mr. Kulczyk is deemed to have direction over such Shares in addition to those Shares that are shown above.
- 2) Mr. Iorich holds a position with Pala Investments, which is related to Pala Assets Holdings Limited ("Pala"). Pala owns 5,880,484 Shares. By virtue of his position with Pala Investments, Mr. Iorich is deemed to have direction over such Shares in addition to those Shares that are shown above.

As at the date of issuing this report, management is only aware of two shareholders holding more than 5% of the common shares of the company. KI owns 50.8% and Pala Holdings owns 7.5% of the common shares issued at June 30, 2015.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations as at June 30, 2015 are as follows:

	Within 1 Year	2-3 Years	4-5 Years	+5 Years	Total
Office Rental	\$ 336	\$ 962	\$ 930	\$ 442	\$ 2,670
EBRD loan - Ukraine	2,462	-	-	-	2,462
EBRD loan - Tunisia	3,670	6,667	6,667	21,973	38,977
EBRD loan - Romania	1,378	4,512	4,512	616	11,018
Total contractual obligations	\$ 7,846	\$ 12,141	\$ 12,109	\$ 23,031	\$ 55,127

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

Ukraine

The Company has an obligation to incur certain capital expenditures to comply with Ukrainian exploration licence requirements. Under these licence maintenance commitments, KUB-Gas is required to acquire and process seismic, conduct geophysical studies and drill exploratory wells on licenced fields. Although these commitments are not binding and may be modified based on results of exploration work, KUB-Gas' potential capital expenditures relating to qualifying activities on gas and gas condensate fields may reach \$1.0 million during 2015 as part of the planned development program. In July, a workover rig moved on to the NM-3 well, originally drilled in 2013, which found small amounts of oil in the Visian formation. Additional perforations were shot in a higher interval, but there were no signs of hydrocarbons. The Company understands that this operation will fulfill the work obligations required to retain the North Makeevskoye licence and KUB-Gas staff have commenced the extension application process. At this time, no additional exploration and development projects are planned for 2015 beyond a field compression project on the Olgovskoye field.

Additionally, there are work commitments associated with the special permit in the West Olgovskoye block in eastern Ukraine which consist of 202.3 million hryvnia or approximately \$9.6 million at the current exchange rate of 21 UAH/USD. Almost 90% of the total required spending is scheduled for between 2018 and 2020.

Tunisia

The Tunisian state oil and gas company, Enterprise Tunisienne D'Activities Petroliers ("ETAP"), has the right to back into up to a 50% working interest in the Chouech Es Saida concession if, and when, the cumulative liquid hydrocarbon sales, net of royalties and shrinkage, from the concession exceeds 6.5 million barrels. As at June 30, 2015 cumulative liquid hydrocarbon sales net of royalties and shrinkage was 5.0 million barrels. Management is of the opinion that there are sufficient exploration and development opportunities which, if successful, could result in this provision being exercised within the next 10 years.

Romania

The company has a 3 year extension to the exploration period for the 2,949 square kilometer onshore Satu Mare Concession ("Satu Mare") in northwest Romania which expires in May 2018. The work obligations pursuant to the extension include the drilling of two wells, and, at the Company's option, either the acquisition of 120 km² of new 3D seismic data or to drill a third well. The two firm wells must be drilled to minimum depths of 1,500 and 2,000 metres respectively, and if so elected, the third well to a depth of 2,500 metres. The extension was approved by the National Agency for Mineral Resources ("NAMR") and is subject to ratification by several government ministries.

In addition, Serinus is responsible for a \$6.0 million guarantee, without cash or any other asset pledged as security, issued by Winstar in favor of NAMR. The guarantee was for Phase 2, and as all obligations for Phase 2 have been met as confirmed by NAMR, the Company does not anticipate any exposure to the guarantee.

Office Space

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

OFF BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Nemmoco Petroleum Corporation ("Nemmoco"), a private company of which 37.5% is owned by Timothy M. Elliott, an officer and director of the Company, provides certain personnel, general, accounting and administrative services to the Company at its offices in Dubai on a cost basis. For the three and six months ended June 30, 2015, the fees totalled \$0.2 million and \$0.4 million, (Q2 2014: \$0.2 million and \$0.4 million). At June 30, 2015, \$36 thousand was owed to Nemmoco (December 31, 2014: \$67 thousand).

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Loon Energy Corporation (“Loon Energy”) is a publicly traded Canadian corporation with no employees. Serinus and Loon Energy are related as they have five common directors and officers and the same principal shareholder. Management and administrative services are provided by the management and staff of Serinus. For the three and six months ended June 30, 2015, these fees totalled \$3 thousand and \$5 thousand (Q2 2014: \$3 thousand and \$6 thousand). At June 30, 2015, Loon Energy owed \$nil (December 31, 2014: \$nil) to Serinus for these services.

As part of the Serinus plan of arrangement to spin-off its Colombian and Peruvian assets to Loon Energy in 2008, Loon Energy and Serinus entered into an indemnification agreement in which Loon Energy agreed to indemnify Serinus for any and all liabilities, claims, etc. associated with the share and asset transfers that were part of the spin-off of those assets.

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

2015 OUTLOOK

The Company expects its 2015 capital expenditures program to be negatively impacted by tighter fiscal terms in Ukraine and lower commodity prices. Serinus currently anticipates \$17 million (net to Serinus) of total capital expenditures for 2015. The major projects include:

- Ukraine – Completion, testing and tie in of the M-22 well
- Ukraine - Workover NM-3
- Ukraine – Field compression for Olgovskoye field
- Tunisia – Drilling completion and testing of Win-13
- Tunisia - Installation of coiled tubing in ECS-1
- Romania – Completion and testing of Moftinu-1001 and Moftinu-1002bis

Most of these items have been completed to date in 2015 or will be shortly. In addition to the projects listed above, the budget includes ongoing exploration and development activities such as seismic processing and interpretation, plant debottlenecking and maintenance. Capital expenditures in Tunisia and Romania will be funded through the Company’s financing arrangements with the EBRD. Capital expenditures in Ukraine will be funded by Ukraine cash flow.

DIVIDENDS

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

SUMMARY OF QUARTERLY RESULTS

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

	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Oil and gas revenue	\$ 22,343	\$ 25,155	\$ 40,422	\$ 46,407	\$ 41,635	\$ 35,863	\$ 43,700	\$ 45,394
Netback (\$/boe)	\$ 14.41	\$ 16.79	\$ 25.18	\$ 34.19	\$ 44.38	\$ 38.27	\$ 48.69	\$ 46.60
Earnings (loss) for the period								
Common shareholders	\$ 49	\$ (4,268)	\$ (41,295)	\$ 3,793	\$ 5,344	\$ 1,657	\$ (79,740)	\$ 8,147
Non-controlling interest	\$ 500	\$ 145	\$ (684)	\$ 2,758	\$ 3,389	\$ 1,077	\$ 2,837	\$ 3,815
Per share - basic and diluted	\$ 0.00	\$ (0.05)	\$ (0.53)	\$ 0.50	\$ 0.07	\$ 0.02	\$ (1.01)	\$ 0.10
Average daily production (boe) (gross)	5,187	5,618	7,119	7,556	6,531	6,351	6,639	6,318
Average daily production (boe) (net to Serinus)	3,993	4,406	5,413	5,640	4,965	4,849	5,079	4,892

- At the end of Q2 2013, the Company completed the Winstar acquisition which resulted in substantial increases to oil and gas revenue, and average daily production.
- In Q4 2013, the earnings were negatively impacted by an impairment charge of \$83.0 million related to Brunei Block L.
- In Q3 2014, the netback was negatively impacted by the increase in royalties in Ukraine effective August 1, 2014.

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- In Q4 2014, the netback was negatively impacted by lower commodity prices, the increase in royalties in Ukraine and an impairment charge of \$54.9 million, \$5.6 million related to Ukraine and \$49.3 million related to Tunisia.
- In Q1 2015, revenues were impacted by lower production in Ukraine, lower commodity prices and increase in royalties in Ukraine.

In Q2 2015, revenues were impacted by lower production and lower commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine.

RISK FACTORS

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

Commodity Price Risk

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

Specifically, Serinus is exposed to risks due to fluctuations in the price of natural gas in Ukraine and the market price of Brent crude oil. The domestic gas price within Ukraine is set by the National Electricity Regulatory Commission of Ukraine by reference to the Russian imported gas price. While in Tunisia, oil prices are based on a premium or discount to the market price of Brent crude oil. The Company has no commodity hedge program in place which could potentially mitigate the price risk.

Given recent global economic conditions, there has been volatility and we expect continued uncertainty in prices in the near time. A prolonged period of low prices could affect the value of assets and the level of capital expenditure, thus having a material adverse effect on Serinus and its operations. Serinus currently does not have a commodity hedge program in place which could potentially partially mitigate price risk.

Financial Risks

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

Foreign currency exchange risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between the Canadian dollar, Polish zloty, Ukraine UAH, Romanian leu, Tunisian dinar, the Euro and the United States dollar. At June 30, 2015 the Company's primary currency exposure related to Canadian dollar ("CAD"), Ukraine UAH ("UAH"), Tunisian dinar ("TD"), and Romanian leu ("LEU") balances. The following table summarizes the Company's foreign currency exchange risk for each of the currencies indicated:

	June 30, 2015			
	CAD	UAH	TD	LEU
Cash and cash equivalents	337	91,794	1,854	116
Accounts receivable	171	56,211	9,917	2,733
Income tax receivable	-	17,982	7,434	-
Prepaid expenses	(146)	5,630	784	313
Accounts payable and accrued liabilities	(142)	(105,596)	(22,234)	(1,188)
Net foreign exchange exposure	220	\$ 66,021	(2,245)	1,974
US \$ equivalent at period end exchange rate	\$ 176	\$ 3,143	\$ (1,151)	\$ 494

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

	As at June 30 2015	As at December 31 2014
Canadian dollar	\$ 22	\$ (54)
Ukraine UAH	6,602	(6,337)
Tunisian dinar	(224)	489
Romanian leu	197	(877)
Total	<u>\$ 6,597</u>	<u>\$ (6,779)</u>

The following table summarizes the Company's foreign currency exchange risk of US Dollar balances in Ukraine:

	As at June 30 2015	As at December 31 2014
Cash and cash equivalents	\$ 25	\$ 67
Loan with parent	(896)	(1,340)
Loan with EBRD	(2,666)	(2,590)
Accounts payable and accrued liabilities	(860)	(959)
Net foreign exchange exposure	<u>\$ (4,397)</u>	<u>\$ (4,822)</u>

A 10% weakening of the UAH compared to the US Dollar and all other variables were held constant, would result in a decrease in the after tax earnings by approximately \$0.2 million (December 31, 2014: \$2.2 million).

Earnings are also impacted by fluctuations in the UAH for US Dollar balances outstanding within Ukraine subsidiary, KUB-Gas, which has the UAH as its functional currency. As a result of a 12% improvement and a 23% deterioration of the UAH versus the US dollar for the three and six months ended June 30, 2015, the translation of balances denominated in currencies other than UAH at period end into UAH resulted in a foreign exchange gain of \$1.4 million and loss of \$0.6 million for the three and six months ended June 30, 2015 (2014: loss of \$0.6 million and \$4.2 million).

Interest rate risk

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

Interest on the EBRD loan for Ukraine is based on two components: LIBOR plus a margin, and a fee based on incremental revenue growth, up to a stated maximum of 19%. The interest on the EBRD loan for Tunisia is based on LIBOR and has a portion based on incremental revenue with a floor of 8% and ceiling of 17% relating to the convertible loan portion. A 1% change in the LIBOR would affect interest expense by \$25 thousand based on the debt balance outstanding at June 30, 2015 (December 31, 2014: \$24 thousand).

Credit risk

The Company's cash and cash equivalents and restricted cash are held with major financial institutions. Management monitors credit risk by reviewing the credit quality of the financial institutions that hold the cash, cash equivalents and restricted cash. With the dividend restriction in Ukraine, cash balances may accumulate in Ukraine. As at June 30, 2015, \$6.3 million of cash and restricted cash is held in Ukraine (December 31, 2014: \$5.6 million).

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 Ukraine and Tunisia, commodity taxes recoverable from the federal government of Canada and interest earned on restricted cash deposits, for which credit risk is assessed as being low as the funds are on deposit with major financial institutions.

Management believes that the Company's exposure to Ukrainian and Tunisian credit risk is manageable, as commodities sold are under contract or require payment within 30 days. In Ukraine, credit evaluations are performed on customers requiring credit over a certain amount. With the current political and fiscal uncertainty in Ukraine, the risk of non-payment has increased which is being closely monitored and assessed by management. In Tunisia, oil is sold with reputable parties and collection is prompt based on the individual terms with the parties. At June 30, 2015, the Company had \$1.0 million (December 31, 2014: \$1.4 million) of receivables that were considered past due. The majority of these amounts are due from large well established customers and management believes the balances will be collected. For the three and six month period ended June 30, 2015, the Company has three customers with sales representing 34%, 15% and 12% of total sales (2014: four customers with sales representing 25%, 21%, 17% and 16% of total sales).

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

Liquidity risk

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

Operational, Environmental and Safety Risks

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

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

Project risk

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

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

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

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

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

Political and Economic Risks

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

In 2015, the Company's production of natural gas was impacted by the current situation in Ukraine and production levels decreased from prior year. In November 2014, The Ukraine government issued three decrees which reserved a large share of the natural gas market for the state owned National Joint Stock Company, Naftogaz ("Naftogaz") through legislation. A Ukraine court subsequently overturned these regulations, and this decision was subsequently upheld on appeal. The government appealed again, but on March 31, 2015, the High Administrative Court of Ukraine dismissed the government's claims in their entirety. In Q2 2015, production remained significantly below capacity due to the aforementioned government interference in the gas market. Although that legislation was overturned by the Ukrainian court system at the end of March 2015, many of the customers that had been compelled to purchase gas from Naftogaz prior thereto have been slow to return to the private market, or fear that future attempts at similar legislation may be made, requiring yet another change of supplier.

The development of the Company's oil and gas properties has been impacted by the security situation in eastern Ukraine as drilling and exploration activity was temporarily suspended in the third quarter of 2014. The Company completed the drilling of the M-22 on the Makeevskoye license in the fourth quarter of 2014 and is currently completing and testing the various zones encountered. At this time, no additional exploration and development projects are planned for 2015 beyond a field compression project on the Olgovskoye field. The Company may consider additional capital expenditures in 2015 subject to the availability of cash flow from operations and the security situation. The Company has also resumed testing operations on the NM-3 exploration well. As previously described, these operations include perforating a higher interval and production and pressure testing, and the Company believes that this work will be sufficient to retain the North Makeevskoye licence. In the longer term, should the Company not be able to recommence active exploration and development activity, production and reserve volumes could be negatively impacted.

Management continues to proactively manage the Company's operations in Ukraine in response to the current political, economic and security situation and mitigate the risks on the Company's operations. However, operating in Ukraine in the current environment has increasing challenges. As the situation in Ukraine changes, it may adversely impact assumptions used to prepare the financial statements. Changes in assumptions are recognized in the financial statements prospectively.

Regulatory Risks

Serinus is subject to a range of laws and regulations imposed by a number of and various levels of government and regulatory bodies in the jurisdictions in which it operates. The Company believes it fully complies with or exceeds all government laws, regulations and industry standards in its countries of operation; however these regulations are subject to intervention by governments that can affect future exploration, production and abandonment of fields and licenses. Rights

and licenses can be cancelled, may expire or be expropriated and regulations can change. Certain licenses have restrictions which may not be removed on a timely basis. Due to the nature of emerging markets and changing regulations, regulatory changes can have a material adverse effect on operations in a way beyond what we can forecast.

LITIGATION

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

CRITICAL ACCOUNTING ESTIMATES

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

The list of critical accounting estimates was included in the Management, Discussion and Analysis for the year ended December 31, 2014 and those listed critical accounting estimates apply to the three and six months ended June 30, 2015.

FUTURE CHANGES IN ACCOUNTING POLICIES

Below is a brief description of new IFRS standards and amendments that are not yet effective and have not been applied in the preparation of these financial statements. There are no other standards or interpretations issued, but not yet adopted, that are anticipated to have a material impact on the Corporation's financial statements.

On May 28 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers," which replaces IAS 18 "Revenue," IAS 11 "Construction Contracts," and related interpretations. The new standard is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. On April 28, 2015, the IASB proposed to defer the effective date by one year to January 1, 2018, which was approved on July 22, 2015. The Corporation intends to adopt IFRS 15 on the finalized adoption date and is currently evaluating the impact of adopting the standard on its consolidated financial statements.

On July 24, 2014, the IASB issued the complete IFRS 9, "Financial Instruments" to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 is effective for years beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. The Corporation is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

On December 18, 2014, the IASB issued amendments to IAS 1, "Presentation of Financial Statements". These amendments will not require significant changes to the Corporation's current practices but are aimed to facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016 with early adoption permitted. The Corporation intends to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2016. The Corporation does not expect these amendments to have a material impact.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The preparation of this MD&A is supported by a set of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR") as at June 30, 2015.

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

Internal control over financial reporting means a process designed by, or under the supervision of, an issuer's certifying officers, and effected by the issuer's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's Generally Accepted Accounting Principles ("GAAP") and includes those policies and procedures that:

- (a) Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the issuer;
- (b) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the issuer's GAAP, and that receipts and expenditures of the issuer are being made only in accordance with authorizations of management and directors of the issuer; and
- (c) Are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the issuer's assets that could have a material effect on the annual financial statements or interim financial statements.

The Company's Chief Executive Officer and Chief Financial Officer of the Company have designed DC&P and ICFR, or caused them to be designed under their supervision, to provide reasonable assurance that all material information required to be disclosed by Serinus in its annual filings and interim filings are recorded, processed, summarized and reported within the time periods specified in applicable securities legislation, and to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. The ICFR is based on the framework in "Internal Control Over Financial Reporting" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 1992.

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

There have been no material changes to the Company's internal controls over financial reporting since December 31, 2014. Under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, Serinus conducted an evaluation of the effectiveness of its DC&P and ICFR as at June 30, 2015. Based on this evaluation, the Officers conclude that as at June 30, 2015 the DC&P and ICFR are effective.

NON-IFRS MEASURES

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

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

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

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

ABBREVIATIONS

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

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

MEASUREMENT CONVERSIONS

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

INVESTOR INFORMATION

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

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