



SERINUS ENERGY INC.

Management's Discussion and Analysis
For the three and nine months ended September 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 September 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 September 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 November 12, 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 Q3 2015, net production levels (being the Company's production from Tunisia and its net 70% interest in Ukraine) averaged 4,072 boe/d, compared to 5,640 boe/d for Q3 2014, a decrease of 28%. Overall production was down from the comparable period in 2014 due to lower production in Ukraine. That decline is due to some lingering effects of government legislation affecting the gas market, plus a lack of investment in capital projects due to falling commodity prices and higher royalties reducing available cash flow. In Tunisia, production was negatively impacted by the shut-in of the Sabria field from late May to late July due to local protests. These protests were against the lack of development, investment, and job creation in the area and not specifically directed at the Company or other operators in the area.
- Production for Q3 2015 was weighted 73% (2014: 83%) natural gas with the remainder consisting of oil and condensate production.
- Average natural gas prices in Ukraine were lower in Q3 2015 at \$6.58 per Mcf compared to \$10.17 per Mcf in Q3 2014. The Hryvnia ("UAH") price at which the Company's natural gas is sold was higher in Q3 2015 as compared to Q3 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 average effective market exchange rates for the UAH for the three and nine months ended September 30, 2015 were 21.77 UAH/USD and 21.74 UAH/USD versus 12.53 UAH/USD and 11.32 UAH/USD in the comparable period of 2014.
- Average crude oil prices in Tunisia were lower in Q3 2015 at \$52.24 per bbl, compared to \$98.06 per bbl in Q3 2014, reflecting the significant decline in Brent that occurred during the latter part of 2014. In Q3, 2015, Brent prices averaged \$50.23 per bbl compared to \$101.82 per bbl in the comparable period.
- The overall netback for Q3 2015 for the Company was \$17.17 per boe, compared to \$34.19 per boe in Q3 2014. The decrease was attributable to lower netbacks in Ukraine of \$15.65 per boe compared to \$30.91 per boe in 2014, and in Tunisia, of \$22.19 per boe compared to \$53.85 per boe in 2014. The lower netback in Ukraine was driven by lower commodity prices and higher royalties. The official royalty rate on natural gas in Ukraine increased from 28% to 55%, effective August 1, 2014. Effective royalty rates in Ukraine for the three and nine months ended September 30, 2015 were 48.1% and 56.9% as royalties are payable based on the Limit Price (the Limit Price being the maximum price set by regulators each month that can be charged to industrial customers) which has been significantly higher than the realized price, and a one-time credit taken in Q3 relating to previous periods. The lower netback in Tunisia was driven by lower commodity prices.
- Funds from operations^{2 3} were \$5.2 million and \$14.7 million for the three and nine months periods ended September 30, 2015, as compared to \$17.9 million and \$55.9 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 nine months ended September 30, 2015 decreased to \$12.9 million and \$38.9 million compared to \$30.1 million and \$91.6 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 \$1.4 million and \$2.0 million were declared to the shareholders of Kub-Gas Holdings Limited ("KUB Holdings") for the three and nine months ended September 30, 2015 (2014: \$11 million and \$22.5 million). Since acquisition, total dividends of \$71.1 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 December 4, 2015.
- Due to the sustained low oil prices, at levels lower than the prices assumed in the December 31, 2014 impairment calculation, the Company recorded impairment of \$44.3 million in Tunisia as at September 30, 2015.
- At September 30, 2015, there are material uncertainties that may cast significant doubt with respect to the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future cash flows from operations and/or obtain the necessary financing required to meet its ongoing production expenditures, corporate overhead, and discharge its liabilities as they come

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.

due. The current situation in Ukraine, including the currency controls, and depressed commodity prices have reduced the Company's ability to generate cash flows from operations.

- At September 30, 2015, the Company was not in compliance with the debt service coverage ratio financial covenant at the consolidated level on its debt held with the European Bank for Reconstruction and Development ("EBRD"). EBRD was notified of the potential violation prior to quarter end and EBRD requested that the potential violation be dealt with once the September 30, 2015 numbers were finalized and occurrence of a violation was confirmed. Subsequently, EBRD has formally waived compliance with this ratio for the period ended September 30, 2015. The waiver is conditional upon Serinus maintaining a debt service coverage ratio of 0.25 times from October 1, 2015 to December 31, 2015. The implication of this waiver is that debt repayments will follow their original scheduled repayment terms and the bank will not be acting on its security. However, given the covenant was breached as at September 30, 2015, Serinus has reclassified its long-term debt to current in the financial statements, as required under accounting standards.
- In Ukraine, a Special Permit covering the West Olgovskoye block in the oblast of Kharkiv in eastern Ukraine was awarded to KUB-Gas Borova LLC ("KUB-Gas Borova") a wholly owned subsidiary of KUB-Gas. The West Olgovskoye block immediately offsets 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 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 \$9.5 million at the September 30, 2015 rate of 21.20 UAH/USD. Almost 90% of the total required spending is scheduled for between 2018 and 2020.
- In Romania, the National Agency for Mineral Resources ("NAMR") approved a 3 year extension to the exploration period for the Satu Mare Concession ("Satu Mare") in northwest Romania. The 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 is pending ratification by several government ministries. The Company currently holds a 60% interest in Satu Mare. The holder of the remaining 40% interest 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 September 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 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 \$306.0 million of revenue, net of royalties, in aggregate from these assets, of which \$214.2 million is net to the 70% interest held by Serinus⁴.

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 sporadic fighting continues between Ukrainian military forces and opposing rebel factions. While the conflict itself did not materially affect the Company's production in Ukraine, policies implemented by the Ukrainian Government since the conflict began have caused production levels to decrease from the prior year.

In 2015, the Company's production of natural gas was impacted by the current situation in Ukraine and production levels decreased from prior year. Drilling and exploration activity was temporarily suspended in the third quarter of 2014 for security reasons. Drilling resumed in Q4 2014 with the M-22 well, but further drilling has been put on hold due to the combination of low commodity prices and high royalties reducing available cash flow. Three fracture stimulations were undertaken late in Q3 2015; the R30c zone in the O-11 well in Ukraine was successful and the most recent test results are approximately 1 MMcf/d. On O-15, although no significant amount of proppant was pumped into the formation due to excess fluid loss, the well was re-perforated and is currently producing 1.2 MMcf/d, 20% above its pre-stimulation rate. The frac on M-22 was also unsuccessful as the frac' gradient of the formation proved to be beyond the pressure ratings of the wellhead and tubing string. The well has been shut in for a pressure build up, after which a further course of action will be determined. 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. The Company has fulfilled the work obligations required to retain the North Makeevskoye licence and KUB-Gas staff has commenced the extension application process.

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 nominal 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) for a period of two years. Royalties on condensates received no abatement. The provision for the lowering coefficient was allowed to expire in January 2015, although it was subsequently reinstated effective April 1, 2015 and still relates to wells drilled after August 1, 2014. Gas royalties have been calculated based on the Limit Price set by the National Electricity Regulatory Commission ("NERC") and so to the extent that realized market prices are lower, the effective royalty rates will be higher than the nominal 55%. The effective royalty rates for Q1 and Q2 2015 were 63.9% and 57.4% respectively. The 48.1% effective rate for the third quarter is net of a one-time \$1.8 million credit stemming from adjustments from prior periods going back to 2013. Without that credit, the effective rate for Q3 would have been 61%.

On October 5, 2015, the Rada (the Ukrainian parliament) approved the first reading of a bill which would reduce the royalties on natural gas. The bill proposes to drop the royalty rates from 55% (28% on wells deeper than 5,000 metres) to 29% and 14% respectively. The relief pursuant to the above mentioned lowering coefficient for the first two years of a new well's life will no longer apply. Royalties on oil and liquids would remain unchanged at 43%. The bill must continue to a second reading and then receive final signature from the president before coming into effect.

⁴ See "Non-controlling Interest" in this MD&A

A new bill reforming the natural gas market in Ukraine became effective October 1, 2015. Among other things, it contains a provision that gas producers will have to contribute into storage a volume equivalent to 30 days of production effective January 1, 2016. The administrative details of this requirement have not yet been published, so key questions remain as to whether the storage injections must begin by or be completed on January 1, 2016, and whether royalties will be due when the gas is produced (before injection) or when it is sold out of storage.

Given the market reform bill also now allows gas prices to be set in the market, the Limit Price is no longer relevant for gas pricing in the market (the Limit price being the maximum price set by regulators each month that can be charged to industrial customers). The last Limit Price published by NERC was for September 2015. Royalties are governed by tax regulations in Ukraine and the limit price was the basis on which royalties were calculated, however to date, there has been no clear indication from the tax authorities with respect to how royalties will be calculated from October 1, 2015 forward.

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

Once economic conditions improve, KUB-Gas has a significant inventory of drilling locations and other projects in the Ukraine licences including:

- Ten firm drilling locations in the Olgovskoye, Makeevskoye and North Makeevskoye Licences, plus up to seven more locations contingent upon success. Management expects this inventory to grow substantially once the technical team examines the data on the newly acquired West Olgovskoye Licence.
- Several fracture stimulations candidates in addition to the three mentioned above.

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.

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 September 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 September 30, 2015, cumulatively 5.0 million barrels, net of royalties and shrinkage have been sold from the concession.

Romania

With the extension for Satu Mare, Serinus is concentrating on development of the Moftinu-1001 discovery. Management is currently refining the development drilling program and has commenced preliminary design of the required surface facilities. Pending gazetting of the Phase 3 extension of the Satu Mare Licence and the various permits and approvals required, drilling and construction could commence in mid-2016.

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

Serinus currently holds a 60% interest in Satu Mare. The holder of the remaining 40% gave notice pursuant to the operating agreement that it wished to withdraw from Satu Mare, and assign its interest in the concession agreement to the Company and signed a withdrawal agreement. Pending such assignment, and in accordance with the provisions of the operating agreement and withdrawal agreement, the other interest owner has agreed to hold 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 \$1.7 million.

NON-CONTROLLING INTEREST

Serinus holds a 70% ownership interest in KUB-Gas, a Ukrainian company held through 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: results as reported by the Company in accordance with IFRS; 30% share allocation to the non-controlling interest; and 70% net results attributable to the Company for the three and nine months ended September 30, 2015.

Serinus Energy Inc. Q3 2015 MD&A
(Thousands of US dollars, except as noted)

	Three months ended Sept 30, 2015			Nine months ended Sept 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)	5,244	(1,172)	4,072	5,347	(1,192)	4,155
Oil and gas revenue	\$ 20,449	\$ (4,264)	\$ 16,185	\$ 67,947	\$ (14,030)	\$ 53,917
Royalties	(7,529)	2,051	(5,478)	(29,039)	7,984	(21,055)
Oil and gas revenues, net of royalties	12,920	(2,213)	10,707	38,908	(6,046)	32,862
Production expenses	(4,634)	525	(4,109)	(15,332)	1,851	(13,481)
General and administrative	(1,817)	-	(1,817)	(4,755)	12	(4,743)
Transaction costs	(7)	-	(7)	(64)	-	(64)
Stock-based compensation	(20)	-	(20)	(735)	-	(735)
Gain on disposition of asset	(152)	12	(140)	(151)	14	(137)
Depletion and depreciation	(4,576)	689	(3,887)	(13,804)	2,054	(11,750)
Asset impairment	(44,277)	-	(44,277)	(44,277)	-	(44,277)
Interest income and other	213	(30)	183	453	(86)	367
Unrealized loss on investments	(10)	-	(10)	(64)	-	(64)
Foreign exchange loss	(961)	36	(925)	(1,597)	217	(1,380)
Interest expense and accretion	(1,248)	(14)	(1,262)	(3,910)	134	(3,776)
Earnings/loss before taxes	(44,569)	(995)	(45,564)	(45,328)	(1,850)	(47,178)
Current tax expense	(280)	155	(125)	(3,031)	710	(2,321)
Deferred tax recovery	15,345	63	15,408	15,281	(282)	14,999
Loss for the period	<u>\$ (29,504)</u>	<u>\$ (777)</u>	<u>\$ (30,281)</u>	<u>\$ (33,078)</u>	<u>\$ (1,422)</u>	<u>\$ (34,500)</u>
Funds from operations	\$ 5,190	\$ (1,570)	\$ 3,620	\$ 14,702	\$ (3,426)	\$ 11,276

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 Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Cash flow from operations	\$ 1,188	\$ 28,090	\$ 11,091	\$ 63,877
Changes in non-cash working capital	4,002	(10,195)	3,611	(8,016)
Funds from operations	<u>\$ 5,190</u>	<u>\$ 17,895</u>	<u>\$ 14,702</u>	<u>\$ 55,861</u>
Funds from operations per share	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.19</u>	<u>\$ 0.71</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 \$12.7 million for the three month period ended September 30, 2015 to \$5.2 million as compared to \$17.9 million in the comparable period of 2014. Similar trends are noted on a year to date basis as funds from operations decreased by \$41.2 million to \$14.7 million, as compared to \$55.9 million in 2014.

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 Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Average Daily Production (net to Serinus)				
Crude Oil (bbl/d)	1,035	876	1,074	960
Natural gas (Mcf/d)	17,901	28,070	18,115	24,594
Natural gas liquids (bbl/d)	53	85	62	95
Total boe/d	<u>4,072</u>	<u>5,640</u>	<u>4,155</u>	<u>5,154</u>
Production by Location (boe/d)				
Ukraine	2,736	4,470	2,783	3,879
Tunisia	1,336	1,170	1,372	1,275
Total boe/d	<u>4,072</u>	<u>5,640</u>	<u>4,155</u>	<u>5,154</u>

Production volumes decreased by 28% in Q3 2015 to 4,072 boe/d, net to Serinus, compared to 5,640 boe/d in the comparable period of 2014. The change in Q3 2015 reflects a decrease of 39% in production volumes from Ukraine and an increase of 14% from Tunisia.

On a year to date basis, production decreased by 19% to 4,155 boe/d, compared to 5,154 boe/d in the prior year. The change reflects a decrease in Ukraine production of 28% (1,096 boe/d), partially offset by an increase in Tunisian production of 8% (97 boe/d) despite the shut-in of the Sabria Field in central Tunisia that occurred late May to late July.

Ukraine

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Average Daily Production (net to Serinus)				
Natural gas (Mcf/d)	16,095	26,310	16,326	22,706
Natural gas liquids (bbl/d)	53	85	62	95
Total boe/d	<u>2,736</u>	<u>4,470</u>	<u>2,783</u>	<u>3,879</u>

In Ukraine, production volumes, net to Serinus, decreased by 39% in the third quarter of 2015, to 2,736 boe/d, compared to 4,470 boe/d in the comparable period of 2014. 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 including KUB-Gas. After an initial challenge and several appeals, the Ukraine court system subsequently overturned these regulations on March 31, 2015. The market has started to readjust but KUB-Gas’ overall production continued to decline since there has been no capital investment in the country for the last year other than the completion of the M-22 well in May 2015 and the recent frac program.

Similar trends are noted on a year to date basis, with production decreasing by 28% to 2,783 boe/day for the nine months ended September 30, 2015, as compared to 3,879 boe/day for the comparable period in 2014.

Tunisia

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Average Daily Production (net to Serinus)				
Crude Oil (bbl/d)	1,035	876	1,074	960
Natural gas (Mcf/d)	1,806	1,761	1,789	1,888
Total boe/d	1,336	1,170	1,372	1,275

Tunisia production is predominantly from the Chouech Es Saida and Sabria fields, which account for 90% of Tunisia production.

Production volumes increased by 14% in the third quarter to 1,336 boe/d, compared to 1,170 boe/d in the comparable period of 2014, despite the shut-in of the Sabria field until late July. The major factor behind the increase was the inclusion of the WIN-12bis well, which commenced production December 10, 2014. Further, in the third quarter of 2014, production was lower due to work overs on the CS-8 bis and CS-11 wells and replacement of pumps.

Similar trends are noted on a year to date basis with production volumes increasing by 8% for the nine months ended September 30, 2015 to 1,372 boe/d, compared to 1,275 boe/d in the comparable period of 2014. In 2014, production was lower due to numerous Electrical Submersible Pump (“ESP”) failures throughout 2014.

OIL AND GAS REVENUE

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Crude oil	\$ 4,973	\$ 7,902	\$ 16,476	\$ 27,519
Natural gas	15,176	37,549	50,458	93,409
Natural gas liquids	300	956	1,013	2,977
	\$ 20,449	\$ 46,407	\$ 67,947	\$ 123,905
Revenue by Location				
Ukraine	\$ 14,212	\$ 36,119	\$ 46,766	\$ 88,937
Tunisia	6,237	10,288	21,181	34,968
Total	\$ 20,449	\$ 46,407	\$ 67,947	\$ 123,905

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Ukraine (a)				
Natural gas (\$/Mcf)	\$ 6.58	\$ 10.17	\$ 7.19	\$ 9.71
Natural gas liquids (\$/bbl)	42.91	84.98	42.10	80.09
Average price (\$/boe)	\$ 39.53	\$ 61.47	\$ 43.09	\$ 58.78
Tunisia				
Crude Oil(\$/bbl)	\$ 52.24	\$ 98.06	\$ 56.17	\$ 105.01
Natural gas (\$/Mcf)	7.61	14.73	9.64	14.46
Average price (\$/boe)	\$ 50.75	\$ 95.63	\$ 56.52	\$ 100.50

(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 56% or \$26.0 million in Q3 2015 as compared to Q3 2014. During Q3 2015, the contributing factors were lower commodity prices and lower production.

In Ukraine, revenues totalled \$14.2 million for Q3 2015, compared to \$36.1 million in Q3 2014. The 61% decrease is attributable to a 39% decrease in production volumes and a 36% decrease in the average commodity price.

Ukraine natural gas prices were lower in Q3 2015 compared to Q3 2014, with a realized natural gas price of \$6.58 per Mcf, compared to \$10.17 per Mcf in Q3 2014. Gas sold in Ukraine is paid for in UAH, making its realized price in USD also subject to exchange rate risk. Natural gas prices in UAH were higher in Q3 2015 as compared to Q3 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 September 30, 2015 was 21.77 UAH/USD as compared to 12.53 UAH/USD in the comparable period of 2014.

The majority of the Company's production is marketed and sold to wholesalers, who then sell to industrial users, and therefore KUB-Gas' realized price is also net of the margins paid to those wholesalers.

A similar trend is noted on a year to date basis with a realized natural gas price of \$7.19 per Mcf, compared to \$9.71 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 eight tanker lifts of oil during the nine months of 2015.

In Tunisia, revenues totalled \$6.2 million for Q3, 2015, compared to \$10.3 million in Q3 2014. The decrease of 39% is attributable to a 47% decrease in the average commodity price and a 14% increase 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 Q3, 2015, Brent prices averaged \$50.23 per bbl compared to \$101.82 per bbl in the comparable period in 2014, a 51% decline. Natural gas prices are nationally regulated and are tied to the twelve month trailing average of low sulphur heating oil (benchmarked to Brent).

A similar trend is noted on a year to date basis with a realized crude oil price of \$56.17 per Mcf, compared to \$105.01 per Mcf in 2014.

On a year-to-date basis, revenues totalled \$67.9 million as compared to \$123.9 million in the comparable period of 2014. The decrease of 45% is attributable to lower commodity prices, driven by the decline in Brent, and a 19% decrease in production.

ROYALTIES

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Ukraine	\$ 6,835	\$ 14,974	\$ 26,612	\$ 27,711
Tunisia	694	1,352	2,427	4,623
Total royalties	<u>\$ 7,529</u>	<u>\$ 16,326</u>	<u>\$ 29,039</u>	<u>\$ 32,334</u>
\$/boe	<u>\$ 15.61</u>	<u>\$ 23.49</u>	<u>\$ 19.89</u>	<u>\$ 17.37</u>
Royalties by Location as a percentage of sales				
Ukraine	48.1%	41.5%	56.9%	31.2%
Tunisia	11.1%	13.1%	11.5%	13.2%
	<u>36.8%</u>	<u>35.2%</u>	<u>42.7%</u>	<u>26.1%</u>

The average royalty rate for Q3 2015 was 36.8% as compared to 35.2% in Q3 2014. The increase in royalty rates year over year is attributable to the increase in rates in Ukraine.

In Ukraine, the average royalty rate for the third quarter of 2015 was 48.1% compared to 41.5% in the third quarter of 2014. The royalty expense for the third quarter of 2015 includes adjustments to prior period royalties (2013 onwards) of approximately \$1.8 million, due to a recent court case clarifying vague legislation. Excluding these adjustments the effective rate for Q3 2015 was 61%. 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 rates on natural gas and condensate production increased to 55% and 45% respectively, from 28% and 42%. 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) for two years. The lowering coefficient was allowed to expire in January 2015, but was subsequently reinstated effective April 1, 2015 and still relates to wells drilled after August 1, 2014.

In Ukraine, royalties have been 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%.

The change in royalty rates had a similar impact on year to date results.

On October 5, 2015, the Rada (the Ukrainian parliament) approved the first reading of a bill which would reduce the royalties on natural gas. The bill proposes to drop the royalty rates from 55% (28% on wells deeper than 5,000 metres) to 29% and 14% respectively. The relief pursuant to the above mentioned lowering coefficient for the first two years of a new well's life will no longer apply. Royalties on oil and liquids would remain unchanged at 43%. The bill must continue to a second reading and then receive final signature from the president before coming into effect.

With the market reform bill which became effective October 1, 2015, it is unclear what the basis for royalties will be since NERC stopped updating the Limit Price after September 2015.

In Tunisia the Q3 2015 royalty rate was lower at 11.1% as compared to 13.1% 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 Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Ukraine	\$ 1,750	\$ 2,978	\$ 6,169	\$ 9,323
Tunisia (a)	2,816	3,143	9,020	10,037
Canada	68	188	143	188
Production expenses	<u>\$ 4,634</u>	<u>\$ 6,309</u>	<u>\$ 15,332</u>	<u>\$ 19,548</u>
Production expense by location (\$/boe)				
Ukraine	\$ 4.87	\$ 5.07	\$ 5.68	\$ 6.16
Tunisia	22.91	29.21	24.07	28.85
	<u>\$ 9.61</u>	<u>\$ 9.08</u>	<u>\$ 10.50</u>	<u>\$ 10.50</u>

On an absolute basis, production expenses decreased 27% to \$4.6 million in Q3 2015 from \$6.3 million in Q3 2014. On a per boe basis, production expenses increased to \$9.61 per boe in Q3 2015 compared to \$9.08 per boe in Q3 2014.

Ukraine production expenses were \$4.87 per boe in Q3 2015 compared to \$5.07 per boe in the comparable period of 2014. Production expense decreased on both an absolute and per boe metric, primarily due the weakening of the UAH.

Tunisia production expenses for Q3 2015 averaged \$22.91 per boe, compared to \$29.21 per boe in Q3 2014. On an absolute basis, production expense decreased by 10% versus a 14% increase in production. Tunisia's production has higher average production expenses as compared to Ukraine because Tunisia's production is weighted to oil, which has a higher cost to produce, than Ukraine's natural gas properties.

Serinus Energy Inc. Q3 2015 MD&A
(Thousands of US dollars, except as noted)

Canadian production expenses relate to the Sturgeon Lake assets and totalled \$68 thousand and \$143 thousand for the three and nine month period ended September 30, 2015, respectively. The asset is not producing and is incurring minimal operating costs to maintain the property.

For the nine month period ended September 30, 2015, production expenses decreased by \$4.2 million to \$15.3 million from \$19.5 million in the comparable period of 2014. On a per boe basis, production expenses remain consistent at \$10.50 per boe.

OIL AND GAS NETBACK

Ukraine Netback by Commodity

(Volumes in thousand)

	Three months ended Sept 30,					
	2015			2014		
	Gas (Mcf)	Liquids (bbl)	Total (boe)	Gas (Mcf)	Liquids (bbl)	Total (boe)
Average daily sales volumes (gross)	22,993	76	3,908	37,585	122	6,386
Average daily sales volumes (net to Serinus)	16,095	53	2,736	26,310	85	4,470
Revenue	\$ 6.58	\$ 42.91	\$ 39.53	\$ 10.17	\$ 84.98	\$ 61.47
Royalty expense	(3.21)	(6.72)	(19.01)	(4.19)	(44.09)	(25.49)
Production expenses	(0.83)	-	(4.87)	(0.86)	-	(5.07)
Netback	\$ 2.54	\$ 36.19	\$ 15.65	\$ 5.12	\$ 40.89	\$ 30.91

(Volumes in thousand)

	Nine months ended Sept 30,					
	2015			2014		
	Gas (Mcf)	Liquids (bbl)	Total (boe)	Gas (Mcf)	Liquids (bbl)	Total (boe)
Average daily sales volumes (gross)	23,324	88	3,975	32,438	136	5,542
Average daily sales volumes (net to Serinus)	16,326	62	2,783	22,706	95	3,879
Revenue	\$ 7.19	\$ 42.10	\$ 43.09	\$ 9.71	\$ 80.09	\$ 58.78
Royalty expense	(4.11)	(17.58)	(24.52)	(2.97)	(37.10)	(18.31)
Production expenses	(0.97)	-	(5.68)	(1.05)	-	(6.16)
Netback	\$ 2.11	\$ 24.52	\$ 12.89	\$ 5.69	\$ 42.99	\$ 34.31

Tunisia Netback by Commodity

(Volumes in thousand)

	Three months ended Sept 30,					
	2015			2014		
	Gas (Mcf)	Oil (bbl)	Total (boe)	Gas (Mcf)	Oil (bbl)	Total (boe)
Average daily sales volumes (net to Serinus)	1,806	1,035	1,336	1,761	876	1,170
Revenue	\$ 7.61	\$ 52.24	\$ 50.75	\$ 14.73	\$ 98.06	\$ 95.63
Royalty expense	(0.82)	(5.86)	(5.65)	(1.83)	(13.10)	(12.57)
Production expenses	(3.46)	(23.54)	(22.91)	(5.06)	(28.83)	(29.21)
Netback	\$ 3.33	\$ 22.84	\$ 22.19	\$ 7.84	\$ 56.13	\$ 53.85

Nine months ended Sept 30,

Serinus Energy Inc. Q3 2015 MD&A
(Thousands of US dollars, except as noted)

(Volumes in thousand)	2015			2014		
	Gas (Mcf)	Oil (bbl)	Total (boe)	Gas (Mcf)	Oil (bbl)	Total (boe)
Average daily sales volumes (net to Serinus)	1,789	1,074	1,372	1,888	960	1,275
Revenue	\$ 9.64	\$ 56.17	\$ 56.52	\$ 14.46	\$ 105.01	\$ 100.50
Royalty expense	(1.04)	(6.54)	(6.48)	(1.84)	(14.03)	(13.29)
Production expenses	(4.10)	(23.92)	(24.07)	(4.87)	(28.73)	(28.85)
Netback	\$ 4.50	\$ 25.71	\$ 25.97	\$ 7.75	\$ 62.25	\$ 58.36

In Ukraine, the netback decreased to \$15.65 per boe in Q3 2015 compared to \$30.91 per boe in Q3 2014, due to higher royalties and lower realized prices.

In Tunisia, the netback decreased to \$22.19 per boe for Q3 2015 compared to \$53.85 in Q3 2014. The decrease in Q3 2015 is due to lower realized prices, partially offset by lower royalties.

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

GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
General and administrative	\$ 1,817	\$ 3,403	\$ 4,755	\$ 7,809
\$/boe	\$ 3.77	\$ 4.90	\$ 3.26	\$ 4.20

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 47% year over year to \$1.8 million in Q3 2015 compared to \$3.4 million in Q3 2014. The decrease in costs is mainly attributable to lower consultancy, staff costs, and travel.

For the nine month period, G&A costs have decreased by \$3.1 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 23% to \$3.77 per boe for the quarter and 22% to \$3.26 per boe for the year to date, compared to \$4.90 per boe and \$4.20 per boe in 2014, respectively.

STOCK BASED COMPENSATION

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Stock based compensation	\$ 20	\$ 685	\$ 735	\$ 2,402
\$/boe	\$ 0.04	\$ 0.99	\$ 0.50	\$ 1.29

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

Stock based compensation was \$20 thousand in Q3 2015 compared to \$685 thousand in Q3 2014. The lower expense recognized in Q3 2015 as compared to Q3 2014, reflects that no options were granted in Q3 2015 versus a significant number of options granted and immediately vested in Q3 2014.

On a year-to-date basis, stock based compensation expense was \$735 thousand compared to \$2.4 million in the comparable period of 2014. The decrease in expense in 2015 is attributable to there being no grants in 2015, partially offset by the cancellation of 2,753,400 options resulting in an accelerated expense in Q1, 2015.

DEPLETION, DEPRECIATION AND IMPAIRMENT

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Ukraine	\$ 2,295	\$ 5,254	\$ 6,848	\$ 15,322
Tunisia	2,218	2,846	6,798	8,862
Corporate	63	41	158	108
Depletion and depreciation ("D&D")	<u>\$ 4,576</u>	<u>\$ 8,141</u>	<u>\$ 13,804</u>	<u>\$ 24,292</u>
Impairment	<u>\$ 44,277</u>	<u>\$ -</u>	<u>\$ 44,277</u>	<u>\$ 337</u>
D&D by location (\$/boe)				
Ukraine	\$ 6.38	\$ 8.94	\$ 6.31	\$ 10.13
Tunisia	18.05	26.45	18.15	25.47
	<u>\$ 9.49</u>	<u>\$ 11.71</u>	<u>\$ 9.45</u>	<u>\$ 13.05</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 nine month periods ended September 30, 2015 decreased to \$4.6 million and \$13.8 million, respectively, from \$8.1 million and \$24.3 million in the comparative periods of 2014.

In Q3 2015, \$2.3 million relates to Ukraine and \$2.2 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 \$9.49 per boe and \$9.45 per boe for the three and nine months ended September 30, 2015, compared to \$11.71 per boe and \$13.05 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.

Serinus has assessed whether there were any triggers indicating impairment over the Ukrainian and Tunisian assets as at September 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 Q3 2015, it was noted that both spot and forward petroleum and natural gas prices have reduced relative to prices used in the impairment calculation at December 31, 2014 and given these lower petroleum and natural gas prices have sustained over a substantial period of time it was determined that there was an overall trigger indicating impairment as at September 30, 2015.

Due to the sustained low oil prices, at levels lower than the prices assumed in the December 31, 2014 impairment calculation, the Company performed impairment tests on its Tunisian cash generating units ("CGU") at September 30, 2015 using a value in use methodology. The value in use was used based on: 2014 year-end reserves data updated for 2015 actuals and Q4 forecast; a risk-adjusted pre-tax discount rate of 30% (after-tax rate: 18%); and an average crude oil price of approximately US\$52.00/bbl and an average natural gas price of US\$6.50/Mcf through the remainder of 2015, escalated at an average of 5% per year thereafter.

The calculation resulted in an impairment charge for the following fields within Tunisia: Sabria, Ech Chouech, Chouech Es Saida and Sanrhar; resulting in \$44.3 million of impairment for Tunisia in the third quarter ended September 2015.

In Ukraine, there were no impairment triggers noted.

In 2014, the impairment related to the Brunei Block L asset.

INTEREST EXPENSE AND ACCRETION

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Interest on long-term debt	\$ 1,152	\$ 427	\$ 3,176	\$ 2,072
Interest on convertible note and debentures	-	54	-	922
Other interest charges	(56)	3	277	98
Accretion on asset retirement obligations	152	212	457	639
	<u>\$ 1,248</u>	<u>\$ 696</u>	<u>\$ 3,910</u>	<u>\$ 3,731</u>

Interest expense and accretion for the three and nine months ended September 30, 2015 increased to \$1.2 million and \$3.9 million, respectively, as compared to \$0.7 million and \$3.7 million in 2014. The increase in interest expense and accretion is attributable an increase in interest on long-term debt, partially offset by a decrease in interest on convertible notes. 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 \$2.5 million on the EBRD-Tunisia loan facility, \$0.2 million on the EBRD-Ukraine loan facility and \$0.5 million on the ERBD Romania loan.

FOREIGN EXCHANGE LOSS

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Foreign exchange loss	<u>\$ 961</u>	<u>\$ 2,308</u>	<u>\$ 1,597</u>	<u>\$ 6,825</u>

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

Fluctuations in foreign currency exchange rates between US dollars and other currencies resulted in a foreign exchange loss of \$1.0 million for the three months ended September 30, 2015, compared to \$2.3 million in 2014. For the nine months ended September 30, 2015, a loss of \$1.6 million was recorded as compared to \$6.8 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, the translation of balances denominated in currencies other than UAH at period end into UAH resulted in a foreign exchange loss of \$0.1 million for Q3 2015 (2014: loss of \$1.4 million). For the nine months ended September 30, 2015, a 23% deterioration in the UAH versus the US dollar resulted in a foreign exchange loss of \$0.7 million (2014: \$5.9 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 loss of \$0.2 million and \$8.1 million recorded for the three and nine month periods ended September 30, 2015, respectively (2014: loss of \$6.5 million and \$27.4 million).

CAPITAL EXPENDITURES

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Capital expenditures on property, plant and equipment	\$ 912	\$ 13,725	\$ 11,639	\$ 35,617
Capital expenditures on exploration and evaluation assets	1,031	1,828	5,236	6,246
Total capital expenditures	<u>\$ 1,943</u>	<u>\$ 15,553</u>	<u>\$ 16,875</u>	<u>\$ 41,863</u>
	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Expenditure by location				
Ukraine	\$ 1,527	\$ 1,552	\$ 4,205	\$ 14,080
Tunisia	(9)	12,925	8,039	23,411
Romania	414	1,702	4,608	4,343
Corporate	11	(626)	23	29
	<u>\$ 1,943</u>	<u>\$ 15,553</u>	<u>\$ 16,875</u>	<u>\$ 41,863</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 September 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 \$1.5 million and \$4.2 million of capital expenditures for the three and nine month periods ended September 30, 2015, which included:

- The M-22 well in Ukraine was completed, tested and was frac’d with operations still continuing.
- Field compression for the Olgovskoye field;
- Frac’ing of the O-11 and O-15 wells; and,
- Acquisition of new 2D seismic data over the West Olgovskoye licence.

In Tunisia, the Company incurred \$8.0 million of capital expenditures for the nine months ended September 30, 2015, which included:

- Drilling and completion of WIN-13”. Production from the WIN-13 well commenced on April 28.
- ECS-1 and CS-9 workover.

In Romania, the Company incurred \$0.4 million and \$4.6 million of capital expenditures for the three and nine 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 are 18 Bcf (Company estimate). 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 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 now estimates that the tested zones contain 90 Bcf (P50) of original gas in

place, although eventual recovery factors will be contingent upon identifying suitable drilling and completion techniques to allow commercial production rates.

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

	As at September 30, 2015	As at December 31, 2014
Ukraine	\$ 5,813	\$ 6,766
Romania	17,713	12,557
	<u>\$ 23,526</u>	<u>\$ 19,323</u>

LIQUIDITY, DEBT AND CAPITAL RESOURCES

	Three months ended Sept 30,		Nine months ended Sept 30,	
	2015	2014	2015	2014
Operating	\$ 1,188	\$ 28,090	\$ 11,091	\$ 63,877
Financing	(321)	2,954	12,528	(2,219)
Investing	(3,708)	(15,553)	(24,604)	(51,009)
Effect of exchange rate changes on cash	824	(4,057)	356	(3,412)
Change in cash	<u>\$ (2,017)</u>	<u>\$ 11,434</u>	<u>\$ (629)</u>	<u>\$ 7,237</u>

Working Capital

	As at September 30, 2015	As at December 31, 2014
Current assets	\$ 27,099	\$ 43,057
Current liabilities	77,146	56,030
Working capital	<u>\$ (50,047)</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 \$50.0 million as at September 30, 2015 (December 31, 2014: \$13.0 million). The change in working capital is primarily due to violation of the consolidated debt service coverage ratio financial covenant, on debt held with EBRD, thus this long-term debt has been reclassified to current in the financial statements at September 30, 2015. Subsequent to quarter end, EBRD has formally waived compliance with this ratio for the period ended September 30, 2015. The waiver is conditional upon Serinus maintaining a debt service coverage ratio of 0.25 times from October 1, 2015 to December 31, 2015. The implication of this waiver is that debt repayments will follow their original scheduled repayment terms and the bank will not be acting on its security. However, given the covenant was breached as at September 30, 2015, Serinus has reclassified its long-term debt to current in the financial statements, as required under accounting standards. If the debt was reclassified based on scheduled repayment terms, the working capital deficiency would decrease to \$3.7 million. In Q3 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 September 30, \$16.9 million (net) has been spent. The Company will continue to closely monitor the last quarter of the 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 \$0.1 million which will be financed through funds from operations.

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.

At September 30, 2015, there are material uncertainties that may cast significant doubt with respect to the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future cash flows from operations and/or obtain the necessary financing required to meet its ongoing production expenditures, corporate overhead, and discharge its liabilities as they come due, including EBRD repayments under the original repayment terms as disclosed in Note 11. The current situation in Ukraine, including the currency controls, and depressed commodity prices have reduced the Company's ability to generate cash flows from operations.

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 December 4, 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.

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 except as noted above.

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 September 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. 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 second tranche of the Senior Loan was available only after the Convertible Loan was fully drawn, and was 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. Both loan agreements contain a number of affirmative covenants, including maintaining the specified security, environmental and social compliance, and maintenance of specified financial ratios. Refer to "Covenants" section for details of the associated covenants.

Senior loan interest is payable semi-annually at a variable rate equal to LIBOR plus 6%. At the Company's option, the interest rate may be fixed at the sum of 6% and the forward rate available to EBRD on the interest rate swap market. The Senior Loan is repayable in twelve equal semi-annual installments. The first repayment of \$1.7 million was made March 31, 2015 and the second payment of \$2.1 million made on September 30, 2015. The increase in the repayment in September was due to an additional disbursement of \$5 million received under the second tranche during August 2015.

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 September 30, 2015, the Company has \$16.1 million outstanding from Tranche 1 of the Senior Loan, \$4.5 million outstanding from Tranche 2 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.

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 September 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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(Thousands of US dollars, except as noted)

	As at September 30, 2015	As at December 31, 2014
Debt Service Coverage Ratio (not less than 1.3:1) (a) - Tunisia (b)	2.4 - In compliance	23.0
Debt Service Coverage Ratio (not less than 1.5:1) (c) - Serinus (d)	0.3- Non compliance	5.8
Financial Debt to EBITDA (no more than 2.5) (e) - Tunisia (f)	2.2 - In compliance	0.8
Financial Debt to EBITDA (no more than 2.75) (g) - Serinus (h)	1.7 - In compliance	0.5
Compliance	NO	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 \$14.0 million for the 12 month period ended September 30, 2015. The debt service costs for the same period were \$5.9 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 \$2.6 million for the 12 month period ended September 30, 2015. The debt service costs for the same period were \$9.6 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 \$32.5 million as at September 30, 2015. EBITDA totalled \$14.9 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 \$53.1 million as at September 30, 2015. EBITDA totalled \$32.5 million for the 12 month period ending September 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.

In July 2015, 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 (December 31, 2014: \$2.4 million).

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.

	As at September 30, 2015	As at December 31, 2014
Debt Service Coverage Ratio (not less than 1.3:1) (a) - Ukraine (b)	2.4	5.3
Financial Debt to EBITDA (no more than 3) (c) - Ukraine (d)	0.0	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 163.5 million for the 12 month period ended September 30, 2015. The debt service costs for the same period were UAH 67.0 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 17.8 million as at September 30, 2015. EBITDA totalled UAH 410.8 million for the 12 month period ending September 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 1,342,800 options with a USD exercise price and 111,000 options with a Canadian Dollar (“CAD”) exercise price to purchase common shares were outstanding as at September 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 and September 30, 2015	78,629,941	\$ 344,479

Summary of options outstanding:

The following table summarizes information about common share purchase options outstanding at September 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	(4,299,600)	\$ 4.54	(30,000)	2.80
Balance, September 30, 2015	1,342,800	\$ 3.93	111,000	\$ 2.28

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

USD denominated options:

Exercise price (US\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 2.85 - \$ 3.50	236,000	232,000	2.90
\$ 3.51 - \$ 4.00	358,200	358,200	1.12
\$ 4.01 - \$ 5.00	736,600	513,734	3.01
\$ 5.01 - \$ 6.20	12,000	12,000	1.45
\$ 3.93	1,342,800	1,115,934	2.47

CAD denominated options:

Exercise price (CAD\$)	Outstanding	Exercisable	Weighted average contractual life remaining, years
\$ 1.56 - \$ 2.50	74,000	28,667	4.09
\$ 2.51 - \$ 3.22	37,000	24,666	3.69
\$ 2.28	111,000	53,333	3.96

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

<u>Name of Director/Executive Officer/Key Person</u>	<u>Changes to Ownership</u>			
	<u>Options held as at Nov 12, 2015</u>	<u>Shares held at Sept 30, 2015</u>	<u>Change in share ownership</u>	<u>Shares held at Nov 12, 2015</u>
Timothy M. Elliott	853,600	600,000	-	600,000
Norman W. Holton	-	337,791	-	337,791
Jock M. Graham	-	146,258	-	146,258
Michael A. McVea	-	10,000	-	10,000
Gary R. King	-	6,750	-	6,750
Evgenij Iorich (2)	-	3,415	-	3,415
Stephen C. Akerfeldt	-	-	-	-
Helmut Langanger	-	-	-	-
Sebastian Kulczyk (1)	-	-	-	-
Vanja Baros	-	-	-	-
Aaron LeBlanc	-	-	-	-
Tracy Heck	-	-	-	-
Jakub Korczak	-	-	-	-
	853,600	1,104,214	-	1,104,214

- 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 September 30, 2015.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

	<u>Within 1 Year</u>	<u>2-3 Years</u>	<u>4-5 Years</u>	<u>+5 Years</u>	<u>Total</u>
Office Rental	\$ 513	\$ 870	\$ 866	\$ 72	\$ 2,321
EBRD loan – Ukraine (i)	622	-	-	-	622
EBRD loan – Tunisia (i)	4,242	8,485	8,485	21,561	42,773
EBRD loan – Romania (i)	2,256	4,512	4,512	-	11,280
Total contractual obligations	\$ 7,633	\$ 13,867	\$ 13,863	\$ 21,633	\$ 56,996

- (i) Long-term debt obligations are presented excluding deferred financing costs and include only current accrued interest.

The Company's commitments are all in the ordinary course of business and include the work commitments for 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 Visean formation. Additional perforations were shot in a higher interval, but there were no signs of hydrocarbons. The Company has fulfilled the work obligations required to retain the North Makeevskoye licence and KUB-Gas staff has commenced the extension application process. At this time, no additional exploration and development projects are planned for 2015.

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 \$9.5 million at the September 30, 2015 exchange rate of 21.2 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 September 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.

Office Space

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

OFF BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

Nemmoco Petroleum Corporation ("Nemmoco") is a private company of which 37.5% is owned by Timothy M. Elliott, an officer and director of the Company, provides certain personnel, general, accounting and administrative services to the Company at its offices in Dubai on a cost basis. For the three and nine months ended September 30, 2015, the fees totalled \$0.2 million and \$0.6 million, (Q3 2014: \$0.2 and \$0.6 million). At September 30, 2015, \$7 thousand was owed from Nemmoco (December 31, 2014: \$67 thousand due to).

Loon Energy Corporation ("Loon Energy") is a publicly traded Canadian corporation with no employees. Serinus and Loon Energy are related as they have five common directors and officers and the same principal shareholder. Management and administrative services are provided by the management and staff of Serinus. For the three and nine months ended September 30, 2015, these fees totalled \$2 thousand and \$7 thousand (Q3 2014: \$3 thousand and \$8 thousand). At September 30, 2015, Loon Energy owed \$nil (December 31, 2014: \$nil) to Serinus for these services.

Serinus, through its ownership of KUB-Gas, has a non-interest bearing loan with its minority partner totaling \$0.4 million. The loan is due on or before December 31, 2016. There is an enforceable right to set off the loan and a dividend payable (held in Ukraine) to the minority partner in the event of bankruptcy or default of either party to the agreement.

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

Serinus anticipates \$17 million (net to Serinus) of total capital expenditures for 2015, unchanged from prior quarter. 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

All items have been completed to date in 2015. In addition to the projects listed above, the budget includes ongoing exploration and development activities such as seismic processing and interpretation, plant de-bottlenecking and maintenance. KUB-Gas has recently acquired 26 kilometres of new 2D seismic over the West Olgovskoye Licence, and processing is underway. West Olgovskoye is owned by KUB-Gas Borova LLC, a subsidiary of KUB-Gas.

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:

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Oil and gas revenue	\$ 20,449	\$ 22,343	\$ 25,155	\$ 40,422	\$ 46,407	\$ 41,635	\$ 35,863	\$ 43,700
Netback (\$/boe)	\$ 17.17	\$ 14.41	\$ 16.79	\$ 25.18	\$ 34.19	\$ 44.38	\$ 38.27	\$ 48.69
Earnings (loss) for the period								
Common shareholders	\$ (30,281)	\$ 49	\$ (4,268)	\$ (41,295)	\$ 3,793	\$ 5,344	\$ 1,657	\$ (79,740)
Non-controlling interest	\$ 777	\$ 500	\$ 145	\$ (684)	\$ 2,758	\$ 3,389	\$ 1,077	\$ 2,837
Per share - basic and diluted	\$ (0.39)	\$ 0.00	\$ (0.05)	\$ (0.53)	\$ 0.05	\$ 0.07	\$ 0.02	\$ (1.01)
Average daily production (boe) (gross)	5,244	5,187	5,618	7,119	7,556	6,531	6,351	6,639
Average daily production (boe) (net to Serinus)	4,072	3,993	4,406	5,413	5,640	4,965	4,849	5,079

- 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.
- 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.

In Q3 2015, revenues were impacted by lower production and lower commodity prices in Ukraine and Tunisia and the increase in royalties in Ukraine. In addition, earnings were negatively impacted by an impairment charge of \$44.3 million related to Tunisia and the related deferred tax impact.

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 term. 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 September 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:

	September 30, 2015			
	CAD	UAH	TD	LEU
Cash and cash equivalents	153	33,917	(92)	770
Accounts receivable	151	75,986	2,877	490
Income tax receivable	-	32,194	5,958	-
Prepaid expenses	(165)	16,535	494	476
Accounts payable and accrued liabilities	(54)	(96,337)	(9,412)	(505)
Net foreign exchange exposure	<u>\$ 85</u>	<u>\$ 62,295</u>	<u>\$ (175)</u>	<u>\$ 1,231</u>
US \$ equivalent at period end exchange rate	<u>\$ 64</u>	<u>\$ 2,938</u>	<u>\$ (119)</u>	<u>\$ 313</u>

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:

Serinus Energy Inc. Q3 2015 MD&A
(Thousands of US dollars, except as noted)

	As at September 30 2015	As at December 31 2014
Canadian dollar	\$ 9	\$ (54)
Ukraine UAH	6,229	(6,337)
Tunisian dinar	(18)	489
Romanian leu	123	(877)
Total	<u>\$ 6,343</u>	<u>\$ (6,779)</u>

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

	As at September 30 2015	As at December 31 2014
Cash and cash equivalents	\$ 25	\$ 67
Loan with parent	(1,396)	(1,340)
Loan with EBRD	(842)	(2,590)
Accounts payable and accrued liabilities	(424)	(959)
Net foreign exchange exposure	<u>\$ (2,637)</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 \$0.8 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 1% deterioration and a 23% deterioration of the UAH versus the US dollar for the three and nine months ended September 30, 2015, the translation of balances denominated in currencies other than UAH at period end into UAH resulted in a foreign exchange loss of \$0.1 million and \$0.7 million for the three and nine months ended September 30, 2015 (2014: loss of \$1.4 million and \$5.9 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 \$6 thousand based on the debt balance outstanding at September 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 September 30, 2015, \$2.9 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 September 30, 2015, the Company had \$1.1 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 nine month period ended September 30, 2015, the Company has three customers with sales representing 26%, 17% 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. Refer to liquidity, debt, and capital resources section.

Operational, Environmental and Safety Risks

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

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

Project risk

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

Risks in exploration include failure to acquire or find additional reserves which will, at 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. Further, the development of the Company's oil and gas properties has been impacted as drilling and exploration activity was temporarily suspended in the third quarter of 2014. 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. The Company has fulfilled the work obligations required to retain the North Makeevskoye licence and KUB-Gas staff has commenced the extension application process. 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 nine months ended September 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 Company'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 Company 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 Company 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 Company'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 Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2016. The Company 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 September 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 criteria established in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013.

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

There have been no material changes to the Company's internal controls over financial reporting since December 31, 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 September 30, 2015. Based on this evaluation, the Officers conclude that as at September 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.