SERINUS ENERGY INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 AND 2012

US$ in '000's

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Independent Auditors' Report on Review of Interim Financial Information

To the shareholders of Serinus Energy Inc.

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Serinus Energy Inc. as at June 30, 2013, the condensed consolidated interim statements of operations and comprehensive earnings and cash flows for the three and six-month periods ended June 30, 2013 and 2012, and condensed consolidated statement of changes in equity for the six-month periods ended June 30, 2013 and 2012, and notes to the condensed consolidated interim financial statements ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2013, are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG LLP

Chartered Accountants

Calgary, Canada
August 12, 2013

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Financial Position

US$ in '000's

(Unaudited)

		June 30, 2013	December 31, 2012
Assets			
Current			
Cash and cash equivalents		$ 19,253	$ 35,553
Accounts receivable		15,260	2,226
Inventory and other		11,406	2,526
Total current assets		45,919	40,305
Restricted cash and investments		1,636	469
Property and equipment	(Note 5)	263,817	99,577
Exploration and evaluation	(Note 6)	58,796	47,358
Total Assets		$ 370,168	$ 187,709
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 29,254	$ 22,822
Income taxes payable		1,475	938
Deferred revenue		682	-
Convertible note payable	(Note 7)	-	10,586
Current portion of long-term debt	(Note 8)	4,056	4,333
Asset retirement obligation		928	409
Total current liabilities		36,395	39,088
Asset retirement obligation and other provisions		26,497	822
Deferred tax liability		63,134	7,237
Long-term debt	(Note 8)	5,352	17,112
Total liabilities		131,378	64,259
Shareholders' Equity			
Share capital	(Note 9)	344,403	231,516
Contributed surplus		15,573	15,135
Accumulated other comprehensive income		742	742
Non-controlling interest		30,500	31,396
Deficit		(152,428)	(155,339)
Total shareholders' equity		238,790	123,450
Total liabilities and shareholders' equity		$ 370,168	$ 187,709

Commitments	(Note 10)
Subsequent events	(Note 12)

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Changes in Equity
US$ in '000's (except Number of shares)
(Unaudited)

	Common Shares						
	Number of shares	Amount	Contributed surplus	Cumulative translation adjustment	Non-controlling interest	Deficit	Total
Balances, December 31, 2011	42,080,437	$ 205,445	$ 13,264	$ 735	$ 23,653	$ (68,570)	$ 174,527
Shares issued pursuant to option exercises	45,333	277	(97)	-	-	-	180
Stock-based compensation	-	-	1,005	-	-	-	1,005
Foreign currency translation adjustment on foreign operations	-	-	-	407	176	-	583
Net earnings (loss)	-	-	-	-	4,064	(763)	3,301
Balances, June 30, 2012	42,125,770	$ 205,720	$ 14,172	$ 1,142	$ 27,893	$ (69,333)	$ 179,596
Balance, December 31, 2012	48,175,673	$ 231,516	15,135	742	31,396	(155,339)	123,450
Issued on conversion of convertible debt	3,183,268	13,369	-	-	-	-	13,369
Issued on acquisition of Winstar (Note 4)	27,252,500	99,518	-	-	-	-	99,518
Stock-based compensation	-	-	438	-	-	-	438
Dividends declared	-	-	-	-	(5,400)	-	(5,400)
Net earnings	-	-	-	-	4,504	2,911	7,415
Balances, June 30, 2013	78,611,441	$ 344,403	$ 15,573	$ 742	$ 30,500	$ (152,428)	$ 238,790

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Operations and Comprehensive Earnings

US$ in '000's

(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
Oil and gas revenue		$ 28,929	$ 24,713	$ 57,638	$ 46,533
Royalty expense		(7,427)	(4,789)	(14,974)	(9,070)
Oil and gas revenue, net of royalties		21,502	19,924	42,664	37,463
Operating expenses					
Production expenses		(5,890)	(3,892)	(10,809)	(5,956)
General and administrative		(2,138)	(1,998)	(5,377)	(5,129)
Transaction costs		(1,955)	(1,279)	(2,455)	(1,279)
Stock based compensation	(Note 9(b))	(211)	(454)	(438)	(1,005)
Depletion and depreciation		(5,064)	(5,790)	(10,151)	(11,099)
Impairment of exploration and evaluation assets		-	(79)	-	(175)
Total operating expenses		(15,258)	(13,492)	(29,230)	(24,643)
Finance income/(expenses)					
Interest and other income		201	(237)	445	71
Unrealized gain (loss) on investments		-	(82)	(100)	(82)
Interest expense and accretion		(1,002)	(2,027)	(2,384)	(3,728)
Foreign exchange gain (loss)		(22)	(277)	(282)	(328)
Total finance income/(expenses)		(823)	(2,623)	(2,321)	(4,067)
Earnings before tax		5,421	3,809	11,113	8,753
Current tax expense		(2,204)	(1,929)	(3,785)	(4,830)
Deferred tax expense		(36)	(605)	87	(622)
Net earnings		3,181	1,275	7,415	3,301
Foreign currency translation gain/(loss)of foreign operations		-	(207)	-	583
Total comprehensive earnings		$ 3,181	$ 1,068	$ 7,415	$ 3,884
Earnings (loss) attributable to:					
Common shareholders		829	(880)	2,911	(763)
Non-controlling interest		2,352	2,155	4,504	4,064
Earnings for the period		$ 3,181	$ 1,275	$ 7,415	$ 3,301
Net earnings (loss) per share attributable to common shareholders - basic and diluted	(Note 9(a))	$ 0.06	$ (0.03)	$ 0.15	$ (0.10)
Total comprehensive earnings (loss) attributed to:					
Common shareholders		829	(1,025)	2,911	(355)
Non-controlling interest		2,352	2,093	4,504	4,239
Total comprehensive earnings for the period		$ 3,181	$ 1,068	$ 7,415	$ 3,884

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Cash Flows

US$ in '000's

(Unaudited)

		Three months ended June 30,		Six months ended June 30,	
		2013	2012	2013	2012
Net earnings		$ 3,181	$ 1,275	$ 7,415	3,301
Items not involving cash:					
Depletion and depreciation		5,064	5,790	10,151	11,099
Impairment		-	79	-	175
Interest on debt settled in shares		364	999	783	1,638
Accretion on asset retirement obligation		13	9	23	17
Stock based compensation	(Note 9 (b))	211	454	438	1,005
Unrealized (gain) loss on investments		-	82	100	82
Mark to market loss on investments		-	98	-	25
Unrealized foreign exchange gain		59	4	66	20
Deferred income tax expense (reduction)		36	605	(87)	622
Funds from operations		8,928	9,395	18,889	17,984
Changes in non-cash working capital		1,162	(3,456)	335	1,966
Total operating cash generated		10,090	5,939	19,224	19,950
Financing					
Proceeds from exercise of share purchase options		-	-	-	180
Repayment of long-term debt		-	-	(11,770)	-
Issuance of note payable		-	5,000	2,000	5,000
Issuance of convertible debentures		-	6,300	-	12,300
Dividends paid to non-controlling interest		(2,400)	-	(5,400)	-
Total financing cash generated (used)		(2,400)	11,300	(15,170)	17,480
Investing					
Property and equipment expenditures		(3,001)	1,078	(6,747)	(5,373)
Restricted cash recovered		-	-	143	-
Exploration and evaluation expenditures		(6,203)	(16,874)	(11,338)	(24,055)
Business acquisition cash acquired	(Note 4)	2,330	-	2,330	-
Changes in non-cash working capital related to investing		(1,288)	12,300	(4,742)	10,501
Total investing cash used		(8,162)	(3,496)	(20,354)	(18,927)
Effect of exchange rate changes on cash		-	142	-	497
Change in cash		(472)	13,885	(16,300)	19,000
Cash and cash equivalents, beginning of period		19,725	18,077	35,553	12,962
Cash and cash equivalents, end of period		$ 19,253	$ 31,962	$ 19,253	31,962
Supplemental cash flow information					
Interest paid		$ -	$ -	$ (794)	$ -
Interest received		$ 153	$ 226	$ 397	$ 534
Cash taxes paid		$ (2,433)	$ (2,047)	$ (7,584)	$ (3,323)

1. Reporting Entity

Serinus Energy Inc. (formerly Kulczyk Oil Ventures Inc.) ("**Serinus**" or the "**Company**") closed a plan of arrangement ("**Arrangement**") with Winstar Resources Ltd. ("**Winstar**") on June 24, 2013 pursuant to which Serinus acquired all of the issued and outstanding common shares of Winstar (see note 4).

In connection with the closing of the Arrangement, the Company changed its name from "Kulczyk Oil Ventures Inc." to "Serinus Energy Inc." and consolidated its common shares on the basis of one post-consolidation share for every ten pre-consolidation shares. On June 27, 2013, the Company's shares commenced trading on the Toronto Stock Exchange ("**TSX**"). The Company continues to be listed on the Warsaw Stock Exchange ("**WSE**").

The Company was incorporated under the Business Corporations Act (Alberta) and is headquartered in Calgary, Alberta, Canada, with management offices in Dubai, UAE and Warsaw, Poland.

The consolidated financial statements of the Company include the accounts of Serinus and its subsidiaries. The Company is principally engaged in the exploration for and development of oil and gas properties in Ukraine, Brunei, Syria, Tunisia and Romania. The Company conducts many of its activities jointly with other companies; however, these financial statements reflect only the Company's proportionate interest in such activities.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all the information required for full annual financial statements.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on August 13, 2013.

(b) Significant accounting policies

The condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as described in note 3 to the consolidated financial statement for the year ended December 31, 2012, except as highlighted in note 2(c).

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are described in note 2(d) to the consolidated financial statement for the year ended December 31, 2012, except as highlighted in note 4.

(d) Adoption of new accounting pronouncements

On January 1, 2013, the Company adopted new standards with respect to consolidation (IFRS 10), joint arrangements (IFRS 11), disclosure of interest in other entities (IFRS 12), fair value measurements (IFRS 13), amendments to financial instrument disclosures (IFRS 7) as well as amendments related to investments in associates and joint ventures (IAS 28). The adoption of these amendments and standards had no impact on the amounts recorded in the consolidated financial statements as at January 1, 2013 or on the comparative periods. Additional fair value disclosure in accordance with IFRS 13 is included in note 3. The amounts included in accumulated other comprehensive income relate to foreign exchange translation gains and losses on entities whose functional currency is other than the US dollar. Amounts included in accumulated other comprehensive income will be recycled into net income upon the disposition or partial disposition of the foreign operation.

3. Fair Value Measurements

Investments are recorded at fair value based on the quoted market prices for investments in common shares (level 1 fair values). The fair value of the note payable and convertible debentures was estimated based on current interest rates for similar instruments, credit spreads applicable to the Company and the term of the instrument (level 2 fair values). The fair value of the long-term debt approximates to carrying value as interest rates and credit spreads applicable to the Company are estimated to have not changed significantly since the credit facility was established (level 2 fair value).

4. Acquisition of Winstar Resources Ltd.

On June 24, 2013, the Company closed an Arrangement with Winstar pursuant to which the Company acquired all of the issued and outstanding shares of Winstar. Winstar was a publicly traded international oil and gas exploration and development company whose activities consisted of exploration, development and production of crude oil and natural gas fields in Tunisia as well as exploration activities in Romania.

Under the terms of the Arrangement, Winstar shareholders, for each share held, received 7.555 pre-acquisition shares of the Company or CAD$2.50 in cash, subject to a maximum of CAD$35 million in cash, with such cash provided by Kulczyk Investments S.A. ("**KI**"), the major shareholder of the Company. The maximum cash consideration was elected, resulting in KI acquiring 14,000,000 Winstar shares at closing. The Winstar shares held by KI were then exchanged for 10,577,000 post-consolidation common shares of the Company in accordance with the terms of the Arrangement. A total of 16,675,500 post-consolidation common shares of the Company were issued to Winstar shareholders, other than KI, who elected to receive common shares, for a total of 27,252,500 post-consolidation common shares issued as consideration for the acquisition of Winstar. The price of the common shares on the Warsaw Stock Exchange at time of closing was $3.65 per share, based on the last day of trading prior to closing.

The Acquisition was accounted for by the acquisition method based on fair values as follows:

(Thousands of US dollars)

Share consideration	$	99,518
Fair value of net assets acquired		
Cash	$	2,330
Restricted cash		1,410
Working capital (excluding cash)		10,188
Property, plant and equipment		167,590
Exploration and evaluation assets		100
Asset retirement obligation and other provisions		(26,117)
Deferred income taxes		(55,983)
	$	99,518

The above amounts are estimates, and are determined on a provisional basis made by management based on currently available information. Amendments may be necessary to the purchase allocation as cost estimates and balances are finalized.

The estimated fair value of property, plant and equipment was determined using both internal estimates and an independent reserve evaluation. The estimated fair value of accounts receivable acquired was $12.3 million and the Company expects to collect 100% of this amount. The deferred tax liability was determined based on applying the estimated effective tax rate for each concession to the difference between the book and tax basis of the net assets acquired. The asset retirement obligation was determined using the Company's estimated timing and costs to remediate and abandon wells and facilities. An inflation rate of 3.5% and a discount rate of 7.4% were used. Other provisions acquired include $4.1 million related to a prior audit from counterparties arising in the normal course of business for which a provision is made to reflect management's best estimate of eventual settlement.

Results of Winstar for the period June 25 to June 30, 2013 were not material and are not included in the results of the Company. Proforma revenues and net income for the combined entity for the period January 1, 2013 to June 30, 2013 would have been approximately $78.2 million and $13.0 million, respectively. Transaction costs of $2.5 million are expensed in the statement of operations and earnings.

5. Property and equipment

(Thousands of US dollars)	Oil and natural gas interests	Plant and equipment	Other	Total
Cost or deemed cost:				
Balance at December 31, 2012	$ 117,724	$ 14,694	$ 4,306	$ 136,724
Additions	6,467	268	547	7,282
Acquisition of Winstar (Note 4)	167,590	-	-	167,590
Foreign currency translation adjustment	-	-	-	-
Balance at June 30, 2013	$ 291,781	$ 14,962	$ 4,853	$ 311,596
Depletion and depreciation:				
Balance at December 31, 2012	$ (33,426)	$ (2,548)	$ (1,173)	$ (37,147)
Depletion and depreciation	(8,110)	(658)	(1,864)	(10,632)
Foreign currency translation adjustment	-	-	-	-
Balance at June 30, 2013	$ (41,536)	$ (3,206)	$ (3,037)	$ (47,779)
Net book value:				
Balance at December 31, 2012	$ 84,298	$ 12,146	$ 3,133	$ 99,577
Balance at June 30, 2013	$ 250,245	$ 11,756	$ 1,816	$ 263,817

6. Exploration and evaluation assets

Reconciliation of the movements in Exploration and Evaluation ("**E&E**") assets:

(Thousands of US dollars)	As at June 30, 2013	As at December 31, 2012
Carrying amount, beginning of period	$ 47,358	$ 104,568
Additions	11,338	29,581
Reclassification to property and equipment	-	(4,978)
Acquisition of Winstar (Note 4)	100	-
Impairment on Block M, Brunei	-	(79,491)
Impairmnent on Block 9, Syria	-	(2,248)
Cumulative translation adjustment	-	(74)
Carrying amount, end of period	$ 58,796	$ 47,358

E&E assets consist of the Company's intangible exploration projects which are pending the determination of proved or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period. The following is a breakdown of the carrying value of the E&E assets:

(Thousands of US dollars)	As at June 30, 2013	As at December 31, 2012
Brunei Block L	$ 49,969	$ 40,820
Ukraine	8,727	6,538
Romania	100	-
	$ 58,796	$ 47,358

7. Convertible Note Payable

(Thousands of US dollars)	Face Value	Liability
Balance December 31, 2012	$ 10,000	$ 10,586
Issued	2,000	2,000
Interest	-	783
Converted into common shares	(12,000)	(13,369)
Balance June 30, 2013	$ -	$ -

On June 22, 2012, the Company entered into a loan agreement with Kulcyzk Investments S.A. ("**KI**"), the Company's majority shareholder, for a maximum of $12.0 million. The loan was due to mature on December 31, 2013 and bore interest at 15%.

On June 24, 2013 the convertible note payable was converted into common shares pursuant to the terms of the loan agreement. The principle and accrued interest of $13.4 million was converted into 3,183,268 post-consolidation common shares.

8. Long-term Debt

(Thousands of US dollars)	As at June 30, 2013	As at December 31, 2012
Current portion of long-term debt	$ 4,056	$ 4,333
Long-term debt	5,352	17,112
Total long-term debt	$ 9,408	$ 21,445

On May 20, 2011, KUB-Gas, the Company's 70% indirectly owned Ukraine subsidiary, finalized a $40.0 million loan agreement with the European Bank for Reconstruction and Development ("**EBRD**"). The loan is denominated in US dollars and consisted of two tranches which had to be drawn within a commitment period of two years from the date of signing the loan agreement. The second tranche of $12.0 million was not drawn and entitlement to this tranche has now expired.

The loan is being repaid in equal semi-annual instalments of $1.8 million, which commenced July 2012. At December 31, 2012, KUB-Gas had drawn $23.0 million in loan proceeds against the EBRD loan, incurred $1.0 million in debt issuance costs and repaid $1.8 million.

During first quarter 2013, KUB-Gas made a prepayment of $10 million under the terms of the EBRD loan agreement in addition to the second scheduled repayment of $1.8 million.

9. Share Capital

In connection with closing of the Arrangement, the Company consolidated its common shares on a basis of one post-consolidation share for every ten pre-consolidation share. Accordingly, share transactions and balances and per share disclosures have been revised to reflect the impact of the consolidation for all periods presented.

(a) Earnings per share

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Basic and diluted weighted average number of shares outstanding	50,182,427	42,125,770	49,184,593	42,104,348

(b) Stock Options

The Company has granted common share purchase options to officers, directors, employees and certain consultants with exercise prices equal to or greater than the fair value of the common shares on the grant date. Upon exercise, the options are settled in common shares issued from treasury. Options generally vest over 2 years and have a life of 5 years.

	Number of Options	Weighted average exercise price per option (US$)
Balance, December 31, 2012	4,129,400	$5.30
Forfeited	(13,500)	$4.00
Balance, June 30, 2013	4,115,900	$5.30

In connection with the closing of the Arrangement and the share consolidation, all outstanding share purchase options were consolidated on the basis of one post-consolidation share purchase option for every ten pre-consolidation share purchase options.

During the first six months of 2013, the Company did not issue any new share purchase options.

10. Commitments

The Company's commitments are all in the ordinary course of business and include work commitments for Brunei Block L, Syria Block 9, Ukraine, Tunisia and Romania.

Brunei Block L

The Block L PSA provides for an exploration period of six years from the date of the Block L PSA, August 27, 2006, divided into two phases, Phase 1 and Phase 2, each of which was initially for a period of three years, with Phase 2 now extended and expiring on August 27, 2013. The Company believes that the Block L PSA provides for the extension of the exploration period to allow for the completion of drilling that is currently underway, and has sought formal confirmation thereof from PetroleumBRUNEI, which has not yet been received.

In August 2010, the Contractor elected to proceed to the Phase 2 exploration period. The minimum work obligations for Phase 2 include i) acquire and process 130 square kilometres of onshore 3D seismic; ii) acquire and process 13.5 square kilometres of onshore 3D swath data; iii) acquire and process 13 kilometres of onshore 2D seismic, (iv) acquire and process not less than 34.5 square kilometres of onshore 3D seismic and (v) drill at least two onshore exploration wells, each to a minimum depth of 2,000 metres. The Contractor is required to spend a minimum of $16 million during Phase 2. The Company has exceeded the minimum spend commitment and the remaining work commitment outstanding is to drill two exploration wells, the first of which is currently drilling.

Pursuant to an agreement reached to settle a legal challenge to the Company's title under the Block L PSA, the Company agreed to pay a maximum of $3.5 million out of 10% of its share of profit oil as defined in the Block L PSA. No amount has been accrued in the financial statements as there is not yet production from Block L.

Syria

Under the terms of the Block 9 PSC, the Company has a first phase exploration period of four years, originally expiring on November 27, 2011, during which it has committed to acquire and process 350 square kilometres of 3D seismic and drill two exploratory wells. The remaining work commitment outstanding is to drill two exploration wells. The Syrian authorities, subject to certain conditions, extended the term of the first exploration period under the Block 9 PSC to October 26, 2012. The drilling of the first of the two exploratory wells commenced on July 22, 2011 and was suspended in October 2011 due to unfavourable operating conditions in Syria.

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.

Ukraine

The Company has an obligation to incur certain capital expenditures to comply with the 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 $45 million during the period from 2013 to 2015 as part of the planned development program. Justified deviation from the capital expenditures committed is permitted and should be agreed with the licensor, while failure to commit exploration works and substantiate the different capital expenditure schedule may result in termination of the licence. In respect of the North Makeevskoye license, the Company expects to drill a further four wells over the next three years.

Tunisia

The Tunisian state oil and gas company, ETAP, has the right to back-in up to a 50% working interest in the Chouech Essaida concession if and when the cumulative liquid hydrocarbon sales, net of royalties and shrinkage, from the concession exceeds 6.5 million barrels. As at June 30, 2013 cumulative liquid hydrocarbon sales net of royalties and shrinkage was 4.7 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

With the acquisition of Winstar, the Company became party to a joint venture transaction with Rompetrol, under which, by fulfilling certain commitments consisting of processing and acquiring seismic and the drilling of exploration wells, the Company could earn a 60% interest in the 2,949 square kilometer onshore Satu Mare exploration concession in north western Romania. Under the terms of the agreement, the Company has fulfilled 100% of the first stage of the work commitments under the concession agreement and has committed to a second phase of exploration. The second stage, which expires May 2015, includes the drilling of two exploration locations and the acquisition of 180 square km of 3D seismic. Following completion of the work commitments the Company will earn a 60% participating interest in the entire Satu Mare concession.

Office Space

The Company has a lease agreement for office space in Calgary, Canada which expires on October 31, 2014. The commitment is approximately $325,000 per year for the term of the lease. With the acquisition of Winstar, the Company acquired a lease agreement for office space in Calgary, Canada which expires on April 20, 2015. The commitment is approximately $397,000 per year for the term of the lease.

11. Related party transactions

Nemmoco Petroleum Corporation ("**Nemmoco**"), a private company of which 37.5% is owned by Timothy M. Elliott, an officer and director of the Company, provides certain personnel and general, accounting and administrative services to the Company at its offices in Dubai on a cost-sharing basis. For the three and six months ended June 30, 2013, the fees totalled $188,363 and $437,799, respectively (three and six months ended June 30, 2012 - $178,056 and $356,112). At June 30, 2013, $nil was owed to Nemmoco (December 31, 2012 - $25,538).

Loon Energy Corporation ("**Loon Energy**") has no employees, and management and administrative services are provided by the management and staff of Serinus. For the three and six months ended June 30, 2013, these fees totalled $2,941and $5,912, respectively (three and six months June 30, 2012 - $2,971 and $5,980). At June 30, 2013, Loon Energy owed $27,081 (December 31, 2012 – $20,873) to Serinus for these services. Certain expenditures of Loon Energy are paid for by Serinus and Loon Energy reimburses Serinus for these expenditures. As at June 30, 2013, Loon Energy owed $61,209 (December 31, 2012 – $82,965) for these costs. Serinus and Loon Energy are related as they have four common directors and officers and the same principal shareholder.

The Company provides office space to Jura Energy Corporation ("**Jura**"), a public company in which the Company owns 1.1% of the outstanding common shares. For the three and six months ended June 30, 2013, the Company charged costs to Jura totalling $6,271 and $12,542, respectively (three and six months ended June 30, 2012 – $8,110 and $39,010). At June 30, 2013, $6,271 (December 31, 2012 – $nil) was due from Jura. Until the third quarter of 2012, the Company provided financial and accounting services, pursuant to a shared services agreement to Jura. Three directors of the Company were directors of Jura and the Chief Financial Officer of the Company was also the Chief Financial Officer of Jura until Jura completed an acquisition during the third quarter of 2012, at which point the board of directors was reconstituted and a change in management occurred, the result of which is that one of the directors and the CFO are no longer associated with Jura.

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

12. Subsequent events

Dutco Strategic Relationship

Subsequent to quarter end, the Company has entered into a strategic relationship with Dutco Energy Ltd. ("**Dutco**"). Serinus and Dutco have entered into an option agreement, which gives Dutco the right to acquire an interest in Block L in consideration for Dutco providing the Company with a $15 million secured credit facility. The option agreement grants Dutco the right to acquire an interest, ranging from a minimum of 5% and a maximum of 15% of Block L. The right may be exercised in consideration for $1 million per percentage point of interest acquired by Dutco. A decision to exercise the right to acquire an interest is to be made within 31 days of the test results of a discovery well being announced. The term of the credit agreement is 12 months with interest calculated on outstanding amounts at a rate of 12% per annum. Dutco may convert amounts outstanding under the credit agreement into common shares of the Company, subject to TSX approval. The credit facility is to be used to fund drilling in Brunei.

EBRD- Tunisia Loan Facility

Subsequent to quarter end, the EBRD approved in principle a long term financing facility of up to $60 million with specific use of funding capital expenditures in Tunisia. The financing has been approved by the EBRD Board and is subject to due diligence, finalization of the definitive loan agreements and related security documents, Serinus board approval and TSX approval.

13. Segmented information

The Company's reportable segments are organized by geographical areas and consist of Romania, Tunisia, Brunei, Syria, Ukraine and corporate.

(Thousands of US dollars)

At June 30, 2013	**Romania**	**Tunisia**	**Brunei**	**Syria**	**Ukraine**	**Corporate**	**Total**
Total Assets	$ 519	$ 183,359	$ 50,746	$ 323	$ 94,447	$ 40,774	$ 370,168
For the three months ended June 30, 2013							
Oil and gas revenue, net of royalties	$ -	$ -	$ -	$ -	$ 21,502	$ -	$ 21,502
Operating expenses:							
Operating expense	-	-	-	-	(5,890)	-	(5,890)
General and administrative	-	-	-	-	-	(2,138)	(2,138)
Transaction costs	-	-	-	-	-	(1,955)	(1,955)
Stock based compensation expense	-	-	-	-	-	(211)	(211)
Depletion/Depreciation	-	-	-	-	(5,029)	(35)	(5,064)
Finance income/(expense)							
Interest and other income	-	-	-	-	202	(1)	201
Interest expense and accretion	-	-	-	-	(575)	(427)	(1,002)
Foreign exchange gain (loss)	-	-	-	-	(42)	20	(22)
Earnings (loss) before tax	$ -	$ -	$ -	$ -	$ 10,168	$ (4,747)	$ 5,421
Capital expenditures	$ -	$ -	$ 5,430	$ -	$ 3,770	$ 4	$ 9,204

(Thousands of US dollars)

	Romania	Tunisia	Brunei	Syria	Ukraine	Corporate	Total
For the six months ended June 30, 2013							
Oil and gas revenue, net of royalties	$ -	$ -	$ -	$ -	$ 42,664	$ -	$ 42,664
Operating expenses:							
Production expense	-	-	-	-	(10,809)	-	(10,809)
General and administrative	-	-	-	-	-	(5,377)	(5,377)
Transaction costs	-	-	-	-	-	(2,455)	(2,455)
Stock based compensation	-	-	-	-	-	(438)	(438)
Depletion/depreciation	-	-	-	-	(10,076)	(75)	(10,151)
Finance income/(expense)							
Interest and other income	-	-	-	-	445	-	445
Unrealized loss on investment	-	-	-	-	-	(100)	(100)
Interest expense and accretion	-	-	-	-	(1,515)	(869)	(2,384)
Foreign exchange loss	-	-	-	-	(266)	(16)	(282)
Earnings (loss) before tax	$ -	$ -	$ -	$ -	$ 20,443	$ (9,330)	$ 11,113
Capital expenditures	$ -	$ -	$ 9,149	$ -	$ 8,931	$ 5	$ 18,085

(Thousands of US dollars)

As at December 31, 2012	Brunei	Syria	Ukraine	Corporate	Total
Total Assets	$ 41,987	$ 620	$ 139,904	$ 5,198	$ 187,709
For the three months ended June 30, 2012					
Oil and gas revenue, net of royalties	$ -	$ -	$ 19,924	$ -	$ 19,924
Operating expenses:					
Operating expense	-	-	(3,892)	-	(3,892)
General and administrative	-	-	-	(1,998)	(1,998)
Transaction costs	-	-	-	(1,279)	(1,279)
Stock based compensation expense	-	-	-	(454)	(454)
Depletion/Depreciation	-	-	(5,790)	-	(5,790)
Finance income/(expense)					
Interest and other income	-	-	-	(237)	(237)
Unrealized loss on investment	-	-	-	(82)	(82)
Interest expense and accretion	-	-	(1,006)	(1,021)	(2,027)
Impairment of oil and gas assets	-	(79)	-	-	(79)
Foreign exchange loss	-	-	-	(277)	(277)
Earnings (loss) before tax	$ -	$ (79)	$ 9,236	$ (5,348)	$ 3,809
Capital expenditures	$ 10,790		$ 4,978	$ 28	$ 15,796

(Thousands of US dollars)

For the six months ended June 30, 2012	**Brunei**	**Syria**	**Ukraine**	**Corporate**	**Total**
Oil and gas revenue, net of royalties	$ -	$ -	$ 37,463	$ -	$ 37,463
Operating expenses:					
Production expense	-	-	(5,956)	-	(5,956)
General and administrative	-	-	-	(5,129)	(5,129)
Transaction costs	-	-	-	(1,279)	(1,279)
Stock based compensation expense	-	-	-	(1,005)	(1,005)
Depletion/depreciation	-	-	(11,099)	-	(11,099)
Finance income/(expense)					
Interest and other income	-	-	(4)	75	71
Unrealized loss on investment	-	-	-	(82)	(82)
Interest expense and accretion	-	-	(2,103)	(1,625)	(3,728)
Impairment of oil and gas assets	-	(175)	-	-	(175)
Foreign exchange loss	-	-	(14)	(314)	(328)
Gain/(Loss) before tax	$ -	$ (175)	$ 18,286	$ (9,358)	$ 8,753
Capital expenditures	$ 13,560	$ 96	$ 15,772	$ -	$ 29,428