SERINUS ENERGY INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012

US$ in '000's

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Financial Position

US$ in '000's

(Unaudited)

		September 30, 2013	December 31, 2012
Assets			
Current			
Cash and cash equivalents		$ 20,625	$ 35,553
Accounts receivable		13,245	2,226
Prepaids and other		6,187	2,526
Crude oil inventory		2,321	-
Total current assets		42,378	40,305
Restricted cash and investments		1,636	469
Property and equipment	(Note 5)	267,976	99,577
Exploration and evaluation	(Note 6)	78,332	47,358
Total Assets		$ 390,322	$ 187,709
Liabilities			
Current			
Accounts payable and accrued liabilities		$ 31,905	$ 22,822
Income taxes payable		341	938
Convertible notes payable	(Note 7)	10,095	10,586
Current portion of long-term debt	(Note 8)	3,663	4,333
Asset retirement obligation		925	409
Total current liabilities		46,929	39,088
Asset retirement obligation and other provisions		26,827	822
Deferred tax liability		63,246	7,237
Long-term debt	(Note 8)	3,812	17,112
Total liabilities		140,814	64,259
Shareholders' Equity			
Share capital	(Note 9)	344,403	231,516
Contributed surplus		15,966	15,135
Accumulated other comprehensive income		605	742
Non-controlling interest		32,815	31,396
Deficit		(144,281)	(155,339)
Total shareholders' equity		249,508	123,450
Total liabilities and shareholders' equity		$ 390,322	$ 187,709

Commitments	(Note 10)
Subsequent event	(Note 12)

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Operations and Comprehensive Earnings

US$ in '000's

(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
		2013	2012	2013	2012
Oil and gas revenue		$ 45,394	$ 25,717	$ 103,032	$ 72,250
Royalty expense		(9,741)	(5,031)	(24,715)	(14,101)
Oil and gas revenue, net of royalties		35,653	20,686	78,317	58,149
Operating expenses					
Production expenses		(2,539)	(3,297)	(13,348)	(9,253)
General and administrative		(4,265)	(2,770)	(9,642)	(7,899)
Transaction costs		(949)	(2,011)	(3,404)	(3,290)
Stock based compensation	(Note 9(b))	(393)	(627)	(831)	(1,632)
Depletion and depreciation		(8,687)	(8,963)	(18,838)	(20,062)
Impairment of exploration and evaluation assets		-	(85,113)	-	(85,288)
Total operating expenses		(16,833)	(102,781)	(46,063)	(127,424)
Finance income/(expenses)					
Interest and other income		(875)	1,390	(430)	1,461
Unrealized gain on investments		-	-	(100)	(82)
Interest expense and accretion		(1,053)	(755)	(3,437)	(4,483)
Foreign exchange gain (loss)		120	515	(162)	187
Total finance income/(expenses)		(1,808)	1,150	(4,129)	(2,917)
Earnings before tax		17,012	(80,945)	28,125	(72,192)
Current tax expense		(4,928)	(2,431)	(8,713)	(7,261)
Deferred tax expense		(122)	28	(35)	(594)
Net earnings		11,962	(83,348)	19,377	(80,047)
Foreign currency translation loss of foreign operations		(137)	(726)	(137)	(143)
Total comprehensive earnings		$ 11,825	$ (84,074)	$ 19,240	$ (80,190)
Earnings (loss) attributable to:					
Common shareholders		8,147	(85,089)	11,058	(85,852)
Non-controlling interest		3,815	1,741	8,319	5,805
Earnings (loss) for the period		$ 11,962	$ (83,348)	$ 19,377	$ (80,047)
Net earnings (loss) per share attributable to common shareholders					
- basic and diluted	(Note 9(a))	$ 0.10	$ (0.18)	$ 0.19	$ (0.19)
Total comprehensive earnings (loss) attributed to:					
Common shareholders		8,010	(85,597)	10,921	(85,952)
Non-controlling interest		3,815	1,523	8,319	5,762
Total comprehensive earnings (loss) for the period		$ 11,825	$ (84,074)	$ 19,240	$ (80,190)

SERINUS ENERGY INC.

Condensed Consolidated Interim Statement of Cash Flows

US$ in '000's

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Net earnings(loss)	$ 11,962	$ (83,348)	$ 19,377	$ (80,047)
Items not involving cash:				
Depletion and depreciation	8,687	8,963	18,838	20,062
Impairment	-	79,113	-	79,288
Interest on debt settled in shares	-	542	783	2,180
Accretion on asset retirement obligation	300	9	323	26
Stock based compensation (Note 9 (b))	393	627	831	1,632
Unrealized (gain) loss on investments	-	-	100	82
Mark to market loss on investments	-	(2)	-	23
Unrealized foreign exchange gain	96	-	162	20
Deferred income tax expense (reduction)	122	(28)	35	594
Funds from operations	21,560	5,876	40,449	23,860
Changes in non-cash working capital	382	(2,022)	717	(56)
Total operating cash generated	21,942	3,854	41,166	23,804
Financing				
Proceeds from exercise of share purchase options	-	-	-	180
Issuance of convertible note	-	-	10,000	-
Repayment of long-term debt	(2,452)	(1,770)	(14,222)	(1,770)
Issuance of note payable	-	-	2,000	5,000
Issuance of convertible debentures	-	700	-	13,000
Dividends paid to non-controlling interest	(1,499)	-	(6,899)	-
Changes in non-cash working capital related to financing activities	448	-	448	-
Total financing cash generated (used)	(3,503)	(1,070)	(8,673)	16,410
Investing				
Property and equipment expenditures	(11,407)	1,042	(19,646)	(4,331)
Restricted cash recovered	-	3,506	143	3,506
Exploration and evaluation expenditures	(19,060)	(8,457)	(30,874)	(32,512)
Business acquisition cash acquired (Note 4)	-	-	2,330	-
Changes in non-cash working capital related to investing	13,537	(3,282)	763	7,219
Total investing cash used	(16,930)	(7,191)	(47,284)	(26,118)
Effect of exchange rate changes on cash	(137)	(1,308)	(137)	(811)
Change in cash	1,372	(5,715)	(14,928)	13,285
Cash and cash equivalents, beginning of period	19,253	31,962	35,553	12,962
Cash and cash equivalents, end of period	$ 20,625	$ 26,247	$ 20,625	$ 26,247
Supplemental cash flow information				
Interest paid	$ (3,930)	$ 2,212	$ (4,725)	$ 2,520
Interest received	$ 112	$ -	$ 509	$ -
Cash taxes paid	$ (3,096)	$ 8,837	$ (10,679)	$ 10,113

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	453,333		277		(97)		-		-		-		180
Convertible debentures converted in the period	60,499,029		25,794		-		-		-		-		25,794
Stock-based compensation	-		-		1,632		-		-		-		1,632
Foreign currency translation adjustment on foreign operations	-		-		-		(100)		(43)		-		(143)
Net earnings (loss)	-		-		-		-		5,805		(85,852)		(80,047)
Balances, September 30, 2012	103,032,799	$	231,514	$	14,799	$	635	$	29,415	$	(154,422)	$	121,943
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	-		-		831		-		-		-		831
Foreign currency translation adjustment on foreign operations	-		-		-		(137)		-		-		(137)
Dividends declared	-		-		-		-		(6,900)		-		(6,900)
Net earnings	-		-		-		-		8,319		11,058		19,377
Balances, September 30, 2013	78,611,441	$	344,403	$	15,966	$	605	$	32,815	$	(144,281)	$	249,508

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 November 12, 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(d).

(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 convertible note payable 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 its 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 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 closing price of the common shares on the Warsaw Stock Exchange at time of closing was $3.65 per share.

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 September 30, 2013 would have been approximately $123.6 million and $26.5 million, respectively. Transaction costs of $2.5 million are expensed in the statement of operations and comprehensive 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	$ 4,307	$ 136,725
Additions	17,583	1,224	839	19,646
Acquisition of Winstar (Note 4)	167,590	-	-	167,590
Balance at September 30, 2013	$ 302,897	$ 15,918	$ 5,146	$ 323,961
Accumulated depletion and depreciation:				
Balance at December 31, 2012	$ (33,426)	$ (2,548)	$ (1,173)	$ (37,147)
Depletion and depreciation	(15,436)	(1,064)	(2,338)	(18,838)
Balance at September 30, 2013	$ (48,862)	$ (3,612)	$ (3,511)	$ (55,985)
Net book value:				
Balance at December 31, 2012	$ 84,298	$ 12,146	$ 3,134	$ 99,578
Balance at September 30, 2013	$ 254,035	$ 12,306	$ 1,635	$ 267,976

6. Exploration and evaluation assets

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

(Thousands of US dollars)	As at September 30, 2013	As at December 31, 2012
Carrying amount, beginning of period	$ 47,358	$ 104,568
Additions	30,874	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	$ 78,332	$ 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 September 30, 2013	As at December 31, 2012
Brunei Block L	$ 66,972	$ 40,820
Ukraine	11,027	6,538
Romania	333	-
	$ 78,332	$ 47,358

7. Convertible Notes Payable

(a) Dutco loan

(Thousands of US dollars)	Face Value	Liability
Balance December 31, 2012	$ -	$ -
Issued	10,000	10,000
Interest	-	95
Balance September 30, 2013	$ 10,000	$ 10,095

In July 2013, the Company entered in to a credit facility agreement with Dutco Energy Limited ("Dutco") to borrow upto $15 million to be used to fund drilling in Brunei (the "**Dutco Credit Facility**").

The term of the Dutco Credit Facility is 12 months with interest calculated on outstanding amounts at a rate of 12% per annum and paid monthly. Dutco may convert up to $5.0 million, unless the loan is in default in which case up to $15 million, of the amounts outstanding under the terms and conditions of Dutco Credit Facility into a variable number of common shares of the Company, subject to TSX approval. The loan is convertible into common shares based on the trading price at the time of the conversion of the Company on the Toronto Stock Exchange ("TSX"). The facility requires that the Company maintain a financial ratio of current assets to current liabilities of not less than 1:1 on a consolidated basis excluding certain non-operating items. At September 30, 2013, the Company was in compliance with the covenant.

As at September 30, 2013, $10 million had been drawn on this facility, with the remaining $5 million drawn subsequent to quarter end.

The Company also entered into an agreement that gives Dutco the right to acquire an interest in Block L of a minimum of 5% to a maximum of 15%. For each one percent ownership interest in Block L, Dutco can convert the amount outstanding on the convertible note payable by $1.0 million. 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 in Block L.

The Company has elected to record the Dutco loan at fair value at the time the funds are advanced and subsequently to remeasure the loan at fair value at each reporting date with any change in fair value included in profit and loss.

(b) KI Loan

(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 September 30, 2013	$ -	$ -

On June 22, 2012, the Company entered into a loan agreement with Kulcyzk Investments S.A. ("**KI**"), 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 September 30, 2013	As at December 31, 2012
Current portion of long-term debt	$ 3,663	$ 4,333
Long-term debt	3,812	17,112
Total long-term debt	$ 7,475	$ 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.

(Stated in US dollars)

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 scheduled repayment of $1.8 million. A further scheduled repayment of $1.8 million was made on July 15, 2013.

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 shares. 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 September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Basic and diluted weighted average number of shares outstanding	78,611,441	45,348,001	59,101,333	43,197,535

For the nine month period ended September 30, 2013, 4,512,400 stock options were excluded from the calculation of diluted shares as they would be anti-dilutive.

(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.

	Number of Options	Weighted average exercise price per option (US$)
Balance, December 31, 2012	4,129,400	$5.30
Granted	400,000	3.04
Forfeited/cancelled	(17,000)	3.95
Balance, September 30, 2013	4,512,400	$5.32

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 three months ended September 2013, the Company issued 400,000 share purchase options at a weighted average price of $3.04 per share to certain directors and certain employees.

Each tranche of the share purchase options outstanding have a five year term and vest one-third immediately with the remaining two-thirds at one-third per year each on the anniversary of the grant date.

The weighted average fair value of the options granted and the assumptions used in the Black-Scholes option pricing are as follows:

(Stated in US dollars)

	Period ended September 30, 2013
Weighted average fair value per option	$1.44
Exercise price	$3.04
Volatility	65.0%
Interest rate	1.42%
Expected life (years)	5
Forfeiture rate	3.33%
Dividends	Nil

10. Commitments

The Company's commitments are all in the ordinary course of business and include the 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 due to expire August 27, 2013. The Company received confirmation that its request to extend the PSA for three months had been granted and the new date for completing the minimum work obligations for Phase 2 of the exploration period under the terms of the PSA is now November 27, 2013. Phase 2 of the exploration period will be automatically extended to allow for the completion of the drilling of the well and in the event the Company decides to appraise a discovery the term of the exploration period is further extended to allow for the implementation of the appraisal program.

In August 2010, parties to the Block L PSA 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 minimum spend commitment of $16 million for Phase 2 specified in the Brunei Block L PSA has been exceeded and the remaining work commitment is to drill two exploration wells, the first of which has been drilled. The second well was spud on November 11, 2013.

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, 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, 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 acquired a 60% interest in the 2,949 square kilometer onshore Satu Mare exploration concession in north western Romania. In accordance with the terms of a farm-in agreement with Rompetrol, the Company must pay 100% of the concession's phase 1 and phase 2 work commitments. The joint venture 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 wells and the acquisition of 180 square km of 3D seismic.

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.

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 nine months ended September 30, 2013, the fees totalled $178,395 and $535,185, respectively (three and nine months ended September 30, 2012 - $178,056 and $534,168). At September 30, 2013, $30,623 was owed to Nemmoco (December 31, 2012 - $25,538).

Loon Energy Corporation ("**Loon Energy**"), a publicly traded Canadian corporation, has no employees. Management and administrative services are provided by the management and staff of Serinus on a fee for services arrangement. For the three and nine months ended September 30, 2013, these fees totalled $2,883 and $8,795, respectively (three and nine months ended September 30, 2012 - $3,150 and $9,532). At September 30, 2013, Loon Energy owed $30,108 (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 September 30, 2013, Loon Energy owed $65,404 (2012 – $82,965) for these costs. Serinus and Loon Energy are related as they have five common directors and officers and the same principal shareholder.

Until mid-October 2013, the Company provided 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 nine months ended September 30, 2013, the

Company charged costs to Jura totalling $6,271 and $18,813 (three and nine months ended September 30, 2012 – $8,962 and $56,317). At September 30, 2013, $4,180 (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. As of mid-October 2013, the Company no longer provides any services to and has any transactions with Jura.

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

12. Subsequent event

EBRD- Tunisia Loan Facility

The Company is in negotiations with EBRD for long-term credit facilities aggregating $60 million to fund the field development programs for four of the five Tunisian concessions. Term sheets for the financing facilities have been approved by the EBRD's Board of Directors with finalization subject to concluding 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 September 30, 2013	**Romania**	**Tunisia**	**Brunei**	**Syria**	**Ukraine**	**Corporate**	**Total**
Total Assets	$ 821	$ 187,233	$ 67,805	$ 348	$ 128,795	$ 5,320	$ 390,322
For the three months ended September 30, 2013							
Oil and gas revenue, net of royalties	$ -	$ 13,298	$ -	$ -	$ 22,355	$ -	$ 35,653
Operating expenses:							
Operating expense	-	(2,175)	-	-	(364)	-	(2,539)
General and administrative	-	-	-	-	-	(4,265)	(4,265)
Transaction costs	-	-	-	-	-	(949)	(949)
Stock based compensation expense	-	-	-	-	-	(393)	(393)
Depletion/Depreciation	-	(3,172)	-	-	(5,480)	(35)	(8,687)
Finance income/(expense)							-
Interest and other income	-	-	-	-	(874)	(1)	(875)
Interest expense and accretion	-	(317)	-	-	(249)	(487)	(1,053)
Foreign exchange gain (loss)	339	-	-	-	(211)	(8)	120
Earnings (loss) before tax	$ 339	$ 7,634	$ -	$ -	$ 15,177	$ (6,138)	$ 17,012
Capital expenditures	$ 333	$ 1,037	$ 17,003	$ -	$ 12,094	$ -	$ 30,467

Serinus Energy Inc.
Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2013 and 2012
(Stated in US dollars)
(Unaudited)

(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 September 30, 2012					
Oil and gas revenue, net of royalties	$ -	$ -	$ 20,686	$ -	$ 20,686
Operating expenses:					
Operating expense	-	-	(3,297)	-	(3,297)
General and administrative	-	-	-	(2,770)	(2,770)
Transaction costs	-	-	-	(2,011)	(2,011)
Stock based compensation expense	-	-	-	(627)	(627)
Depletion/Depreciation	-	-	(8,957)	(6)	(8,963)
Finance income/(expense)					
Interest and other income	-	-	1,411	(21)	1,390
Unrealized loss on investment	-	-	-	-	-
Interest expense and accretion	-	-	(476)	(279)	(755)
Impairment of oil and gas assets	85,113	-	-	-	85,113
Foreign exchange loss	-	-	324	191	515
Earnings (loss) before tax	$ 85,113	$ -	$ 9,691	$ (5,523)	$ 89,281
Capital expenditures	$ 1,963	$ 58	$ 5,394	$ -	$ 7,415

(Thousands of US dollars)

	Romania	**Tunisia**	**Brunei**	**Syria**	**Ukraine**	**Corporate**	**Total**
For the nine months ended September 30, 2013							
Oil and gas revenue, net of royalties	$ -	$ 13,298	$ -	$ -	$ 65,019	$ -	$ 78,317
Operating expenses:							
Production expense	-	(2,175)	-	-	(11,173)	-	(13,348)
General and administrative	-	-	-	-	-	(9,642)	(9,642)
Transaction costs	-	-	-	-	-	(3,404)	(3,404)
Stock based compensation	-	-	-	-	-	(831)	(831)
Depletion/depreciation	-	(3,172)	-	-	(15,555)	(111)	(18,838)
Finance income/(expense)							
Interest and other income	-	-	-	-	(430)	-	(430)
Unrealized loss on investment	-	-	-	-	-	(100)	(100)
Interest expense and accretion	-	(317)	-	-	(2,191)	(929)	(3,437)
Foreign exchange(loss)/gain	339	-	-	-	(457)	(44)	(162)
Earnings (loss) before tax	$ 339	$ 7,634	$ -	$ -	$ 35,213	$ (15,061)	$ 28,125
Capital expenditures	$ 333	$ 1,037	$ 26,152	$ -	$ 22,998	$ -	$ 50,520

(Thousands of US dollars)

For the nine months ended September 30, 2012	Brunei	Syria	Ukraine	Corporate	Total
Oil and gas revenue, net of royalties	$ -	$ -	$ 58,149	$ -	$ 58,149
Operating expenses:					
Production expense	-	-	(9,253)	-	(9,253)
General and administrative	-	-	-	(7,899)	(7,899)
Transaction costs	-	-	-	(3,290)	(3,290)
Stock based compensation expense	-	-	-	(1,632)	(1,632)
Depletion/depreciation	-	-	(20,056)	(6)	(20,062)
Finance income/(expense)					
Interest and other income	-	-	1,407	54	1,461
Unrealized loss on investment	-	-	-	(82)	(82)
Interest expense and accretion	-	-	(2,579)	(1,904)	(4,483)
Impairment of oil and gas assets	(85,113)	(175)	-	-	(85,288)
Foreign exchange loss	-	-	310	(123)	187
Gain/(Loss) before tax	$ (85,113)	$ (175)	$ 27,978	$ (14,882)	$ (72,192)
Capital expenditures	$ 13,560	$ 96	$ 15,772	$ -	$ 29,428