



SINTANA
ENERGY

FS|Q3 2017

SEI|TSX-V

SINTANA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)

UNAUDITED

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of Sintana Energy Inc. ("Sintana") have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by Sintana's auditors.

Exploring a better way™

A Colombia Focused Exploration Company

Sintana Energy Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	As at September 30, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 214,433	\$ 387,576
Accounts receivable and other assets (note 4)	53,927	84,144
Deposits	-	9,261
Total assets	\$ 268,360	\$ 480,981
DEFICIT AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 5 and 12)	\$ 2,474,551	\$ 2,502,694
Asset retirement obligation (note 10(ii))	102,312	102,312
Total liabilities	2,576,863	2,605,006
Deficit	(2,308,503)	(2,124,025)
Total deficit and liabilities	\$ 268,360	\$ 480,981

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Nature of operations and going concern (note 1)
Contingencies (note 14)

Sintana Energy Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Operating expenses				
Exploration and evaluation expenditures (note 10)	\$ 58,504	\$ 155,541	\$ (131,500)	\$ (416,987)
General and administrative (notes 11 and 12)	107,500	888,132	630,424	2,244,136
Foreign exchange (gain) loss	(93,310)	11,699	(142,481)	(28,986)
Net loss before gain on settlement of debt and write-off of accounts payable	(72,694)	(1,055,372)	(356,443)	(1,798,163)
Gain on settlement of debt (note 6(b)(i))	-	-	-	32,500
Write-off of accounts payable (note 5)	-	-	61,807	-
Net loss and comprehensive loss for the period	\$ (72,694)	\$ (1,055,372)	\$ (294,636)	\$ (1,765,663)
Loss per share - basic and diluted (note 9)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.02)
Weighted average number of common shares outstanding - basic and diluted (note 9)	117,227,824	117,227,824	117,227,824	117,192,537

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.**Condensed Interim Consolidated Statements of Cash Flows**
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	Nine Months Ended	
	September 30,	
	2017	2016
Operating activities		
Net loss for the period	\$ (294,636)	\$ (1,765,663)
Adjustment for:		
Share-based compensation (note 8)	110,158	354,293
Gain on settlement of debt (note 6(b)(i))	-	(32,500)
Write-off of accounts payable (note 5)	(61,807)	-
Reversal of well abandonment and site cleanup (note 10(ii))	-	(827,814)
Non-cash working capital items:		
Accounts receivable and other assets	30,217	233,771
Deposits	9,261	-
Accounts payable and other liabilities	33,664	459,089
Net cash used in operating activities	(173,143)	(1,578,824)
Net change in cash and cash equivalents	(173,143)	(1,578,824)
Cash and cash equivalents, beginning of period	387,576	2,147,770
Cash and cash equivalents, end of period	\$ 214,433	\$ 568,946
Non-cash transactions		
Issuance of shares as settlement of debt (note 6(b)(i))	\$ -	\$ 32,500

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Condensed Interim Consolidated Statements of Changes in Deficit
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	Number of common shares #	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance, December 31, 2015	116,866,714	\$ 77,611,957	\$ 244,527	\$ 4,344,276	\$(82,362,359)	\$ (161,599)
Shares issued as settlement of debt (note 6(b)(i))	361,110	32,500	-	-	-	32,500
Warrants expired	-	-	(244,527)	-	244,527	-
Share-based compensation (note 8)	-	-	-	354,293	-	354,293
Net loss and comprehensive loss for the period	-	-	-	-	(1,765,663)	(1,765,663)
Balance, September 30, 2016	117,227,824	\$ 77,644,457	\$ -	\$ 4,698,569	\$(83,883,495)	\$ (1,540,469)
Balance, December 31, 2016	117,227,824	\$ 77,644,457	\$ 244,527	\$ 4,721,612	\$(84,734,621)	\$ (2,124,025)
Share-based compensation (note 8)	-	-	-	110,158	-	110,158
Net loss and comprehensive loss for the period	-	-	-	-	(294,636)	(294,636)
Balance, September 30, 2017	117,227,824	\$ 77,644,457	\$ 244,527	\$ 4,831,770	\$(85,029,257)	\$ (2,308,503)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

1. Nature of operations and going concern

Sintana Energy Inc. ("Sintana" or the "Company") is a public Canadian oil and gas exploration company listed on the TSX Venture Exchange, with offices in Toronto, Canada; and Dallas, Texas. The trading symbol of the Company is SEI. The Company is targeting assets in Colombia's Magdalena Basin. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant reserve potential. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

Effective July 27, 2017, the Company completed an internal reorganization pursuant to which (i) it incorporated a new subsidiary named Sintana Resources Corp. ("Sintana Resources") under the laws of the Province of Ontario; and (ii) all of the issued and outstanding shares of each of Sintana Energy Finance Inc. and 1873520 Ontario Inc., which were formerly held by Sintana Holdings Corp. ("Sintana Holdings"), were transferred to Sintana Resources for nominal consideration. Subsequently, effective August 1, 2017, all of the issued and outstanding shares of Sintana Energy Exploration & Production Inc., which were formerly held by Sintana Holdings, were also transferred to Sintana Resources for nominal consideration.

Sintana is at an early stage of development and as is common with similar exploration companies, it raises financing for its property acquisition and exploration activities. Sintana has incurred losses in the current and prior periods. For the nine months ended September 30, 2017, the Company incurred a loss of \$294,636 and had an accumulated deficit of \$85,029,257. Results for the three and nine months ended September 30, 2017 are not necessarily indicative of future results. Sintana had a working capital deficit of \$2,308,503 at September 30, 2017 (December 31, 2016 - working capital deficit of \$2,124,025).

These unaudited condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time. These uncertainties cast significant doubt as to the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 24, 2017, the date the Board of Directors approved these financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual audited consolidated financial statements as at and for the year ended December 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending December 31, 2017 could result in restatement of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

2. Significant accounting policies (continued)

Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments (“IFRS 9”) was initially issued by the IASB in November 2009 and issued in its completed version in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company will adopt the standard on its effective date and is currently assessing the impact of this pronouncement.

(ii) IFRS 16 - Leases (“IFRS 16”) was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 - Leases. The IASB issued its standard as part of a joint project with the Financial Accounting Standards Board (“FASB”). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position. The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 - Revenue from Contract with Customers, has been applied, or is applied at the same date as IFRS 16.

3. Cash and cash equivalents

	As at September 30, 2017	As at December 31, 2016
Cash	\$ 214,433	\$ 381,182
Cash equivalents - certificate of deposit	-	6,394
	\$ 214,433	\$ 387,576

4. Accounts receivable and other assets

	As at September 30, 2017	As at December 31, 2016
Accounts receivable	\$ 16,363	\$ 32,527
Prepays and other advances	37,564	51,617
	\$ 53,927	\$ 84,144

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

5. Accounts payable and other liabilities

Accounts payable and other liabilities of the Company are principally comprised of amounts outstanding relating to exploration and evaluation expenditures and general operating and administrative activities:

	As at September 30, 2017	As at December 31, 2016
Accounts payable	\$ 647,424	\$ 730,598
Accrued liabilities	1,827,127	1,772,096
	\$ 2,474,551	\$ 2,502,694

The following is an aged analysis of accounts payable and other liabilities:

	As at September 30, 2017	As at December 31, 2016
Less than 1 month	\$ 82,730	\$ 215,863
1 to 3 months	-	158,763
Greater than 3 months	2,391,821	2,128,068
	\$ 2,474,551	\$ 2,502,694

During the three and nine months ended September 30, 2017, the Company recorded a write-off of accounts payable of \$nil and \$61,807, respectively, in the unaudited condensed interim consolidated statement of loss, which was withdrawn by the counterparty.

6. Share capital

a) Authorized share capital:

At September 30, 2017, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued:

At September 30, 2017, the issued share capital amounted to \$77,644,457. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2015	116,866,714	\$ 77,611,957
Shares issued as settlement of debt (i)	361,110	32,500
Balance, September 30, 2016	117,227,824	\$ 77,644,457
Balance, December 31, 2016 and September 30, 2017	117,227,824	\$ 77,644,457

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

6. Share capital (continued)

b) Common shares issued (continued):

(i) On January 27, 2016, the Company settled debt of \$65,000 through the issuance of an aggregate of 361,110 common shares, in partial consideration of the past services provided to Sintana by five officers of the Company (the "Recipients"), in lieu of cash compensation previously earned by such Recipients but not paid. During the three and nine months ended September 30, 2016, the Company recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss a gain on settlement of debt of \$nil and \$32,500, respectively.

7. Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2015	6,667	\$ 4.50
Expired	(6,667)	4.50
Balance, September 30, 2016	-	\$ -
Balance, December 31, 2016 and September 30, 2017	-	\$ -

There were no warrants issued and outstanding as of September 30, 2017.

8. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2015	11,599,339	0.55
Expired	(2,453,667)	1.28
Granted (ii)	2,400,000	0.10
Balance, September 30, 2016	11,545,672	0.30
Balance, December 31, 2016	7,923,694	0.25
Expired	(736,842)	0.25
Balance, September 30, 2017	7,186,852	0.25

(i) Share-based compensation included in salaries and benefits expense includes \$25,885 and \$69,245, respectively (three and nine months ended September 30, 2016 - \$95,703 and \$287,109, respectively) relating to stock options granted before 2016 in accordance with their respective vesting terms, during the three and nine months ended September 30, 2017.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

8. Stock options (continued)

(ii) On July 19, 2016, the Company granted a total of 2,400,000 stock options to directors, officers and consultants of the Company. The options have an exercise price of \$0.10, vest in three equal tranches over the next 24 months and expire on July 19, 2021. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 249.60%; risk-free interest rate of 0.63%; and an expected average life of 5 years. The options were valued at \$155,040. \$8,290 and \$40,913, respectively (three and nine months ended September 30, 2016 - \$67,184) was expensed to salaries and benefits (share-based compensation) and as an addition to contributed surplus during the three and nine months ended September 30, 2017.

The following table reflects the actual stock options issued and outstanding as of September 30, 2017:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 28, 2017	0.76	0.16	342,108	342,108	-
April 29, 2018	0.76	0.58	894,744	894,744	-
December 21, 2019	0.15	2.22	200,000	200,000	-
November 5, 2020	0.18	3.10	3,550,000	2,366,667	1,183,333
July 19, 2021	0.10	3.80	2,200,000	1,466,667	733,333
		2.84	7,186,852	5,270,186	1,916,666

9. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2017 was based on the loss attributable to common shareholders of \$72,694 and \$294,636, respectively (three and nine months ended September 30, 2016 - \$1,055,372 and \$1,765,663, respectively) and the weighted average number of common shares outstanding of 117,227,824 (three and nine months ended September 30, 2016 - 117,227,824 and 117,192,537, respectively). Diluted loss per share did not include the effect of options and warrants for the three and nine months ended September 30, 2017 and 2016 as they were anti-dilutive.

10. Exploration and evaluation expenditures

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
Magdalena Basin, Colombia				
Administrative and general	\$ (9,865)	\$ (3,343)	\$ 16,178	\$ 6,952
Consulting fees	-	42,239	-	114,554
Professional fees	25,685	32,445	84,931	113,625
Office rent	(55)	8,363	2,868	24,617
Travel expenses	-	-	-	(329)
Other	42,739	75,837	128,853	151,408
Sale of oil and gas interest (i)	-	-	(364,330)	-
	\$ 58,504	\$ 155,541	\$ (131,500)	\$ 410,827
Nova Scotia properties, Nova Scotia				
Well abandonment and site cleanup reversal (ii)	\$ -	\$ -	\$ -	\$ (827,814)
	\$ 58,504	\$ 155,541	\$ (131,500)	\$ (416,987)

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

10. Exploration and evaluation expenditures (continued)

(i) On June 20, 2017, the Company sold its 15% participating interest in the Valle Medio Magdalena Bloque VMM-4 for cash proceeds of \$364,330 (US\$275,000).

(ii) As at September 30, 2017, the Company has estimated the net present value of its total asset retirement obligation ("ARO") to be \$102,312 (December 31, 2016 - \$102,312). The settlement period has been estimated to occur within the next twelve months. The ARO was acquired upon completion of the Business Combination for the Windsor Basin in Nova Scotia and for the Duvernay formation in Alberta. In June 2016, management determined that the liability relating to its Nova Scotia ARO was \$nil and as such the ARO was reversed.

11. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Salaries and benefits (note 8)	\$ 41,695	\$ 729,134	\$ 428,968	\$ 1,709,374
Professional fees (note 12)	49,557	80,640	129,999	282,945
Administrative and general	11,595	24,620	39,119	138,555
Rent	(1,445)	49,779	14,520	80,848
Reporting issuer costs	5,441	479	11,494	17,498
Travel expenses	1,237	3,741	8,215	15,944
Interest and other income	(580)	(261)	(1,891)	(1,028)
	\$ 107,500	\$ 888,132	\$ 630,424	\$ 2,244,136

12. Related party transactions and balances

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Salaries and benefits ⁽¹⁾⁽³⁾	\$ -	\$ 549,819	\$ 263,141	\$ 1,221,372
Share-based compensation ⁽²⁾	\$ 23,067	\$ 133,402	\$ 84,667	\$ 285,434

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$1,711,214 are included in accounts payable and other liabilities as at September 30, 2017 (December 31, 2016 - \$1,675,477) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 12(a)⁽³⁾).

(2) Share-based compensation is recorded in salaries and benefits under general and administrative.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

12. Related party transactions and balances (continued)

(a) Remuneration of directors and key management personnel of the Company was as follows (continued):

⁽³⁾ Effective as of July 31, 2016, the employment by the Company of Lee A. Pettigrew, Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew is entitled to 12 months base salary (US\$200,000 (CDN\$249,600)) as a retiring allowance. This amount is included as accounts payable and other liabilities.

(b) The Company has entered into the following transactions with related parties:

For the three and nine months ended September 30, 2017, the Company paid professional fees and disbursements of \$16,007 and \$48,256, respectively (three and nine months ended September 30, 2016 - \$15,799 and \$53,525, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. Carmelo Marrelli is the Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. An amount of \$11,826 is included in accounts payable and other liabilities as at September 30, 2017 (December 31, 2016 - \$25,806).

For the three and nine months ended September 30, 2017, the Company paid professional fees and disbursements of \$1,773 and \$7,004, respectively (three and nine months ended September 30, 2016 - \$5,829 and \$12,814, respectively) to DSA Corporate Services Inc. ("DSA"), an organization which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at September 30, 2017, DSA was owed \$598 (December 31, 2016 - \$1,412) and this amount is included in accounts payable and other liabilities.

(c) Certain related parties of the Company received common shares as settlement of debt and received an aggregate of 361,110 common shares as follows:

- Sean Austin, Vice President of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).
- David Cherry, President and Chief Operating Officer of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).
- Douglas Manner, a Director and Chief Executive Officer of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).
- Lee Pettigrew, then Vice President - Canadian Operations of the Company, received 27,778 common shares of the Company in settlement of debt of \$5,000 on January 27, 2016 (note 6(b)(i)).
- Keith Spickelmier, a Director and Executive Chairman of the Company, received 83,333 common shares of the Company in settlement of debt of \$15,000 on January 27, 2016 (note 6(b)(i)).

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2017

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

13. Segmented information

The Company's operations comprise a single reporting operating segment engaged in oil and natural gas exploration in Colombia. The Company has administrative offices in Toronto, Canada; and Dallas, Texas. Segmented information on a geographic basis is as follows:

September 30, 2017	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 200,390	\$ 10,594	\$ 3,449	\$ 214,433
Accounts receivable and other assets	48,368	-	5,559	53,927
Total assets	\$ 248,758	\$ 10,594	\$ 9,008	\$ 268,360

December 31, 2016	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 232,246	\$ 139,518	\$ 15,812	\$ 387,576
Accounts receivable and other assets	53,405	9,260	21,479	84,144
Deposits	9,261	-	-	9,261
Total assets	\$ 294,912	\$ 148,778	\$ 37,291	\$ 480,981

14. Contingencies

Office lease agreement

An operating lease agreement for office space in Calgary, Alberta commencing on March 2012 and ending on February 28, 2017 was held by a subsidiary of the Company prior to the Business Combination. The annual average basic rent obligation is approximately \$88,000, payable in monthly installments of approximately \$7,000. Since September 2015 (after the Business Combination), only one payment has been made. The lessor has filed a suit against a subsidiary of the Company seeking full payment of the alleged liability plus reimbursement of the costs incurred to pursue the matter. Management believes that the Company is not liable for this rent and therefore no provision for any potential payments has been recorded.

Well abandonment and site cleanup

In June 2016, the Company received a letter from a third party seeking payment of \$1,291,972 for well abandonment and site cleanup of a Nova Scotia property. The third party has filed a suit against a subsidiary of the Company seeking full payment of the alleged liability plus reimbursement of the costs incurred to pursue the matter. Management believes that the Company is not liable for the invoiced costs and therefore no provision for any potential payments has been recorded.

CORPORATE INFORMATION

DIRECTORS

Keith Spickelmier, Executive Chairman
Douglas Manner, CEO & Director
Ian Macqueen, Independent Director
Bruno Maruzzo, Independent Director

OFFICERS

Douglas Manner, Chief Executive Officer
David Cherry, President & COO
Carmelo Marrelli, Chief Financial Officer
Sean Austin, VP, Controller, Secretary & Treasurer

AUDIT COMMITTEE

Ian Macqueen, Independent Director
Bruno Maruzzo, Independent Director

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REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Toronto, Ontario

LEGAL COUNSEL

Cassels Brock, LLC
Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SEI
Cusip Number: 82938H
Fiscal Year End: Dec 31

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