SINTANA ENERGY

FS|Q1 2013

SNN | TSX-V

SINTANA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2013

(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 South America Focus

Sintana Energy Inc.

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

	As at March 31, 2013	As at December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	**$ 5,114,466**	$ 5,955,166
Accounts receivable and other assets (notes 5 and 14)	**674,430**	1,133,238
Restricted cash (note 4)	**4,391,720**	4,301,060
Total assets	**$ 10,180,616**	$ 11,389,464
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 6 and 14)	**$ 1,761,691**	$ 1,709,534
Debentures (note 7)	**5,330,666**	5,042,416
Total liabilities	**7,092,357**	6,751,950
Equity	**3,088,259**	4,637,514
Total equity and liabilities	**$ 10,180,616**	$ 11,389,464

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

Nature of operations and going concern (note 1)
Commitments and contingencies (note 16)
Subsequent events (note 18)

Approved on behalf of the Board:
(signed) "Doug Manner", Director
(signed) "Ronald A. MacMicken", Director

Sintana Energy Inc.

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

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Operating expenses		
Exploration and evaluation expenditures (notes 12 and 14)	**$ 1,059,220**	$ 155,722
General and administrative (notes 13 and 14)	**432,262**	258,296
Foreign exchange (gain) loss	**(242,387)**	20,215
Finance interest expense (income)	**342,410**	(73)
Net loss and comprehensive loss for the period	**$ (1,591,505)**	$ (434,160)
Loss per share - basic and diluted (note 11)	**$ (0.01)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 11)	**310,632,503**	78,713,359

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)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Operating activities		
Net loss for the period	**$ (1,591,505)**	$ (434,160)
Adjustment for:		
Accretion on debentures	**234,250**	54,432
Unrealized foreign exchange	**(90,660)**	-
Share-based payments	**42,250**	-
Non-cash working capital items:		
Accounts receivable and other assets	**458,808**	49,616
Accounts payable and other liabilities	**106,157**	(419,898)
Net cash used in operating activities	**(840,700)**	(750,010)
Financing activities		
Exercise of stock options	**-**	100,000
Note payable, net of repayments	**-**	(229,088)
Net cash used in financing activities	**-**	(129,088)
Net change in cash and cash equivalents	**(840,700)**	(879,098)
Cash and cash equivalents, beginning of period	**5,955,166**	1,273,722
Cash and cash equivalents, end of period	**$ 5,114,466**	$ 394,624

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 Equity (Deficiency)
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	Number of common shares #	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance, December 31, 2011	**78,077,743**	**$ 24,841,726**	**$ 3,066,525**	**$ 735,484**	**$ (31,078,527)**	**$ (2,434,792)**
Exercise of stock options	2,000,000	167,642	-	(67,642)	-	100,000
Net loss and comprehensive loss for the period	-	-	-	-	(434,160)	(434,160)
Balance, March 31, 2012	**80,077,743**	**$ 25,009,368**	**$ 3,066,525**	**$ 667,842**	**$ (31,512,687)**	**$ (2,768,952)**

Balance, December 31, 2012	**310,632,503**	**$ 73,266,926**	**$ 3,066,525**	**$ 3,338,644**	**$ (75,034,581)**	**$ 4,637,514**
Share-based payments	-	-	-	42,250	-	42,250
Net loss and comprehensive loss for the period	-	-	-	-	(1,591,505)	(1,591,505)
Balance, March 31, 2013	**310,632,503**	**$ 73,266,926**	**$ 3,066,525**	**$ 3,380,894**	**$ (76,626,086)**	**$ 3,088,259**

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

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 under the trading symbol SNN, with offices in Toronto, Canada; Plano, Texas; and Bogota, Colombia. The Company is targeting assets in South America, with an initial primary focus on Colombia and Peru. 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 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5.

Sintana is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and property acquisition activities. Sintana has incurred losses in the current and prior periods, with a net loss for the three months ended March 31, 2013 of $1,591,505, and has an accumulated deficit of $76,626,086. Results for the three months ended March 31, 2013 are not necessarily indicative of future results. Sintana had a working capital balance of $3,088,259 at March 31, 2013 (December 31, 2012 - $4,637,514). Sintana will fund its exploration and operating expenses from its available cash for the following twelve months. Further financing beyond this level of cash will be required to develop its assets, which is typical for junior exploration companies. These circumstances 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 its obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

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 May 29, 2013, the date the Board of Directors approved the 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, 2012, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending December 31, 2013 could result in restatement of these unaudited condensed interim consolidated financial statements.

2. Significant accounting policies (continued)

Change in accounting polices

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after December 31, 2012. The following new standards have been adopted:

(i) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(ii) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(iii) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entity's reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(iv) IFRS 13 – Fair value measurement ("IFRS 13") is effective for the Company beginning on January 1, 2013, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy. The Company's adoption of IFRS 13, on January 1, 2013, did not have a material financial impact upon the unaudited condensed interim consolidated financial statements, however, certain new or enhanced disclosures are required and can be found in note 17.

(v) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

2. Significant accounting policies (continued)

Change in accounting polices (continued)

(vi) IAS 27 - Separate financial statements ("IAS 27") was effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. At January 1, 2013, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

Recent accounting pronouncements

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 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 is effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted. The Company is currently assessing the impact of this pronouncement.

(ii) IAS 32 - Financial instruments, presentation ("IAS 32") will be effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. Earlier application is permitted. The Company is currently assessing the impact of this pronouncement.

3. Cash and cash equivalents

	As at March 31, 2013	As at December 31, 2012
Cash	**$ 5,114,466**	$ 5,955,166

4. Restricted cash

At March 31, 2013, restricted cash consists of US$4,300,000 (December 31, 2012 - US$4,300,000) of guaranteed investment certificates being held as security for the Company's Letters of Credit issued by Royal Bank of Canada ("RBC"). These have a 14 day maturity with the principal continually reinvested and bearing interest at 0.02% per annum.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

5. Accounts receivable and other assets

	As at March 31, 2013	As at December 31, 2012
Accounts receivable	**$ 428,004**	$ 856,337
Prepaids and advances	**246,426**	276,901
	$ 674,430	$ 1,133,238

6. Accounts payable and other liabilities

	As at March 31, 2013	As at December 31, 2012
Falling due within one year		
Trade payables	**$ 1,761,691**	$ 1,709,534

7. Debentures

On May 17, 2012, Sintana completed a business combination with ColCan Energy Corp. (“ColCan”).

In February 2011, ColCan issued $20,000,000 in unsecured subordinated redeemable debentures. The debentures were redeemable by ColCan, now Sintana, at any time upon not less than 30, nor more than 60 days notice. The redeemable debentures carry an interest rate of 6% per annum, payable semi-annually with the principal maturing on August 1, 2013. Total transaction costs of $496,243 were incurred. The debentures are carried at amortized cost, with an effective interest rate of 11.79%.

For every $1,000 debenture subscribed for, ColCan also issued 250 (375 warrants after completion of business combination with ColCan) warrants to the subscriber, exchangeable for one common share for $0.40 ($0.27 after completion of business combination with ColCan) per share.

On issuance, the debentures were split between the financial liability and the warrant. The financial liability portion was determined by calculating the difference between the principal value of the debentures and the discounted cash flows assuming an 11.41% discount rate. $17,998,494 was allocated to the debentures less transaction costs of $446,581, while $2,001,506 was allocated to the warrants less transaction costs of $49,662.

Between July 26, 2011 and August 12, 2011, ColCan redeemed debentures with a principal of $11,600,000 resulting in a loss on debt extinguishment of $1,174,087. Of this, $9,000,000 was redeemed through the issuance of 22,500,000 common shares and 11,250,000 warrants.

On April 27, 2012, ColCan redeemed a debenture with a principal value of $3,000,000 resulting in a loss on debt extinguishment of $113,353. The $3,000,000 was redeemed through the issuance of 10,140,983 common shares.

Total finance interest expense, which includes interest paid, accretion and accrued interest was $317,097 for the three months ended March 31, 2013.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

8. Share capital

a) Authorized share capital

At March 31, 2013, 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 March 31, 2013, the issued share capital amounted to $73,266,926. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2011	**78,077,743**	**$ 24,841,726**
Exercise of stock options	2,000,000	100,000
Fair value of exercise of stock options	-	67,642
Balance, March 31, 2012	**80,077,743**	**$ 25,009,368**
Balance, December 31, 2012 and March 31, 2013	**310,632,503**	**$ 73,266,926**

9. Warrants

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

	Number of warrants	Weighted average exercise price ($)	Fair value
Balance, December 31, 2011 and March 31, 2012	**16,250,000**	**0.48**	**$ 3,066,525**
Balance, December 31, 2012 and March 31, 2013	**24,375,000**	**0.32**	**$ 3,066,525**

The following table reflects the actual warrants issued and outstanding as of March 31, 2013:

Expiry date	Exercise price ($)	Warrants outstanding	Fair value
August 1, 2013	0.27	7,500,000	$ 1,951,844
August 9, 2013	0.34	16,875,000	1,114,681
		24,375,000	**$ 3,066,525**

(Expressed in Canadian Dollars, Unless Otherwise Stated)

10. Stock options

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

	Number of stock options	Weighted average exercise price ($)	Vested
Balance, December 31, 2011	**6,410,000**	**0.13**	**2,000,000**
Exercised (i)	(2,000,000)	0.05	(2,000,000)
Balance, March 31, 2012	**4,410,000**	**0.40**	-
Balance, December 31, 2012 and March 31, 2013	**18,245,000**	**0.27**	**13,111,667**

(i) 2,000,000 stock options were exercised at a price of $0.05. The Company received gross proceeds of $100,000.

The following table reflects the actual stock options issued and outstanding as of March 31, 2013:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
September 30, 2013	0.10	0.50	50,000	50,000	-
August 18, 2015	0.135	2.38	50,000	50,000	-
April 19, 2016	0.27	3.05	6,615,000	6,615,000	-
May 11, 2016	0.49	3.11	2,700,000	1,066,667	1,633,333
December 20, 2016	0.20	3.72	6,500,000	4,333,333	2,166,667
March 2, 2017	0.27	3.92	30,000	30,000	-
April 25, 2017	0.27	4.07	300,000	300,000	-
November 28, 2017	0.20	4.66	2,000,000	666,667	1,333,333
		3.49	**18,245,000**	**13,111,667**	**5,133,333**

11. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2013 was based on the loss attributable to common shareholders of $1,591,505 (three months ended March 31, 2012 - loss of $434,160) and the weighted average number of common shares outstanding of 310,632,503 (three months ended March 31, 2012 - 78,713,359) for basic and diluted loss per share. Diluted loss did not include the effect of warrants and options for the three months ended March 31, 2013 and for the three months ended March 31, 2012, as they are anti-dilutive.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

12. Exploration and evaluation expenditures

	Three Months Ended March 31, 2013	2012
Colombia		
Salaries and benefits	**$ 352,922**	$ -
Drilling / Seismic	**506,340**	-
Administrative and general	**77,221**	-
Other	**451,203**	155,722
Professional fees	**29,137**	-
Recovery of costs	**(379,984)**	-
	$ 1,036,839	$ 155,722
Peru		
Professional fees	**$ 16,050**	$ -
Drilling	**6,331**	-
	$ 22,381	$ -
	$ 1,059,220	$ 155,722

13. General and administrative

	Three Months Ended March 31, 2013	2012
Salaries and benefits	**$ 212,163**	$ -
Consulting fees	**-**	169,863
Professional fees	**64,753**	(16,265)
Administrative and general	**72,795**	64,095
Travel and accommodation	**56,268**	30,000
Reporting issuer costs	**26,518**	-
Interest (income) expense	**(235)**	10,603
	$ 432,262	$ 258,296

14. 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. Related party transactions are conducted at normal commercial terms.

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

	Three Months Ended March 31, 2013	2012
Salaries and benefits [1]	**$ 331,407**	$ 154,863
Share-based payments	**$ 23,238**	$ -

[1] Salaries and benefits include director fees. During the three months ended March 31, 2013, $173,549 (three months ended March 31, 2012 - $nil) of salaries and benefits expense was included in exploration and evaluation expenditures. $231,998 is included in accounts receivable and other assets at March 31, 2013 (December 31, 2012 - $252,327).

(Expressed in Canadian Dollars, Unless Otherwise Stated)

14. Related party transactions and balances (continued)

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

For the three months ended March 31, 2013, the Company expensed $15,540 (three months ended March 31, 2012 - $nil) to Marrelli Support Services Inc. (“Marrelli Support”) for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company and for outsourced bookkeeping services. Mr. Marrelli is the president of Marrelli Support. $12,759 is included in accounts payable and other liabilities at March 31, 2013 (December 31, 2012 - $12,813).

For the three months ended March 31, 2103, the Company expensed $3,667 (three months ended March 31, 2012 - $nil) to DSA Corporate Services Inc. (“DSA”) for corporate secretarial services. DSA is a private company controlled by Carmelo Marrelli. Mr. Marrelli is also the corporate secretary and sole director of DSA. $15,129 is included in accounts payable and other liabilities at March 31, 2013 (December 31, 2012 - $1,387).

15. Segmented information

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

March 31, 2013	**Canada**	**United States**	**Colombia**	**Peru**	**Total**
Cash and cash equivalents	$ 4,940,311	$ 28,189	$ 145,951	$ 15	$ 5,114,466
Accounts receivable and other assets	484,096	25,400	158,007	6,927	674,430
Restricted cash	4,368,800	-	22,920	-	4,391,720
Total assets	$ 9,793,207	$ 53,589	$ 326,878	$ 6,942	$ 10,180,616

December 31, 2012	**Canada**	**United States**	**Colombia**	**Peru**	**Total**
Cash and cash equivalents	$ 5,098,850	$ 131,809	$ 724,486	$ 21	$ 5,955,166
Accounts receivable and other assets	931,575	24,982	170,603	6,078	1,133,238
Restricted cash	4,278,070	-	22,990	-	4,301,060
Total assets	$ 10,308,495	$ 156,791	$ 918,079	$ 6,099	$ 11,389,464

16. Commitments and contingencies

(i) In conjunction with the Farmout Agreement with ExxonMobil Exploration Colombia Limited ("Exxon"), RBC required that the Company co-sign with Exxon on a letter of guarantee, in the amount of US$4,000,000, related to the Agencia Nacional de Hidrocarburos of Colombia ("ANH") secured performance warranties.

(ii) During the year ended December 31, 2012, the Company entered into a financial advisory services agreement under which 3.3 million warrants would be earned if contractual services were provided. The Company believes no such services were provided, no warrants have been earned, and therefore no provision has been made as at and for the three months ended March 31, 2013.

The fair value of the 3.3 million warrants was estimated at $365,679 using the Black-Scholes option pricing model based on the following assumptions: volatility - 122%, risk-free interest rate - 1.14%, expected life - 2 years, share price - $0.19 and dividend yield - nil%.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

17. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted price (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

(a) Assets and liabilities measure at fair value on a recurring basis:

As at March 31, 2013	**Quoted prices in active markets for identical assets (level 1)**	**Significant other observable inputs (level 2)**	**Significant unobservable inputs (level 3)**	**Aggregate fair value**
Cash and cash equivalents	$ 5,114,466	$ -	$ -	**$ 5,114,466**
Debentures	$ -	$ -	$ 5,330,666	**$ 5,330,666**

(b) Fair values of financial assets and liabilities

As at	**March 31, 2013**		**December 31, 2012**	
	Carrying amount	**Estimated fair value**	**Carrying amount**	**Estimated fair value**
Financial assets				
Cash and cash equivalents	**$ 5,114,466**	**$ 5,114,466**	$ 5,955,166	$ 5,955,166
Accounts receivable	**428,004**	**428,004**	856,337	856,337
Restricted cash	**4,391,720**	**4,391,720**	4,301,060	4,301,060
	$ 9,934,190	**$ 9,934,190**	$ 11,112,563	$ 11,112,563
Financial liabilities				
Accounts payable and other liabilities	**$ 1,761,691**	**$ 1,761,691**	$ 1,709,534	$ 1,709,534
Debentures	**5,330,666**	**5,330,666**	5,042,416	5,042,416
	$ 7,092,357	**$ 7,092,357**	$ 6,751,950	$ 6,751,950

The Company does not offset financial assets with financial liabilities.

Valuation technique

Debentures - Level 3
The fair value of debentures is determined based on amortized cost using the effective interest rate method.

18. Subsequent events

(i) On April 19, 2013, Patriot Energy Oil & Gas Inc. ("Patriot"), wholly-owned by the Company, entered into an amendment to the Hydrocarbon Exploration and Production Contract for the VMM-37 Block (the "Contract") with the ANH and ExxonMobil Exploration Colombia Limited, a wholly-owned subsidiary of ExxonMobil Corporation ("ExxonMobil").

The amendment, which was approved on April 3, 2013, allows Patriot to assign seventy 70% of the participating interest, rights and obligations and the operation of the Contract to ExxonMobil for the exploration and development of unconventional oil and gas resources underlying the 43,000 acre VMM-37 Block in Colombia's Middle Magdalena Basin.

Patriot will retain the remaining 30% participating interest in the unconventional resources as well as its current 100% participation interest in the conventional resources overlying the top of the unconventional interval.

In accordance with the Farmout Agreement between Patriot and ExxonMobil, the following cash related transactions were set in motion:

- On April 29, 2013, the Company received US$3,750,000 as the second of two equal payments for reimbursement of costs incurred prior to the closing date of the Farmout Agreement;
- Initiation of an application to the ANH for transfer of Work Program performance guarantees on VMM-37 to Exxon which will result in a release of the Company's financial responsibility for the guarantees. As a result, the restriction placed on US$4,300,000 of Company cash will be cancelled. These funds will be used for partial repayment of the debentures on or before August 1, 2013.

(ii) On April 29, 2013, the Company granted a total of 3,400,000 stock options to four officers of the Company. The options have an exercise price of $0.20, vest in three equal tranches over the next 24 months and expire on April 29, 2018.

CORPORATE INFORMATION

DIRECTORS

Keith D. Spickelmeir, Executive Chairman
Doug Manner, CEO & Director
Grant Fagerheim, Director
Ron MacMicken, Director
Bruno C. Maruzzo, Director

OFFICERS

Doug Manner, Chief Eecutive Officer
David Cherry, President & COO
Carmelo Marrelli, Chief Financial Officer
Sean Austin, Vice President, Secretary/Treasurer
Phil de Gruyter, VP Exploration & Manager, SA

AUDIT COMMITTEE

Ron MacMicken, Director
Grant Fagerheim, Director
Bruno Maruzzo, Director

AUDITORS

MSCM LLP Chartered Accountants
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Olmpia Transfer Services Inc.
Toronto, Ontario

LEGAL COUNSEL

Cassels Brock Lawyers
Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SNN
Cusip Number: 26203M
Fiscal Year End: Dec 31

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