



SINTANA
ENERGY

FS|Q1 2014

SNN | TSX-V

SINTANA ENERGY INC.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE THREE 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 Colombia Focused Exploration Company

Sintana Energy Inc.

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

	As at March 31, 2014	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 3,845,639	\$ 5,556,095
Accounts receivable and other assets (notes 4 and 12)	809,982	793,315
Total assets	\$ 4,655,621	\$ 6,349,410
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 5 and 12)	\$ 725,110	\$ 995,785
Total liabilities	725,110	995,785
Equity	3,930,511	5,353,625
Total equity and liabilities	\$ 4,655,621	\$ 6,349,410

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 14)

Subsequent events (note 15)

Approved on behalf of the Board:

(signed) "Douglas G. Manner", Director

(signed) "Ronald A. MacMicken", Director

Sintana Energy Inc.

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

	Three Months Ended March 31,	
	2014	2013
Operating expenses		
Exploration and evaluation expenditures (notes 10 and 12)	\$ 1,270,835	\$ 1,059,220
General and administrative (notes 11 and 12)	510,476	432,262
Foreign exchange gain	(193,804)	(242,387)
Finance interest expense	-	342,410
Other income (note 10(ii))	(110,360)	-
Net loss and comprehensive loss for the period	\$ (1,477,147)	\$ (1,591,505)
Loss per share - basic and diluted (note 9)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 9)	310,632,503	310,632,503

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,
2014 2013

Operating activities

Net loss for the period	\$ (1,477,147)	\$ (1,591,505)
Adjustment for:		
Accretion on debentures	-	234,250
Unrealized foreign exchange	-	(90,660)
Share-based payments (note 8)	54,033	42,250
Non-cash working capital items:		
Accounts receivable and other assets	(16,667)	458,808
Accounts payable and other liabilities	(270,675)	106,157
Net cash used in operating activities	(1,710,456)	(840,700)
Net change in cash and cash equivalents	(1,710,456)	(840,700)
Cash and cash equivalents, beginning of period	5,556,095	5,955,166
Cash and cash equivalents, end of period	\$ 3,845,639	\$ 5,114,466

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

	Number of common shares #	Share capital	Warrants	Contributed surplus	Deficit	Total
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
Balance, December 31, 2013	310,632,503	\$ 72,860,611	\$ -			
	\$ 3,711,654	\$(71,218,640)	\$5,353,625			
Share-based payments	-	-	-	54,033	-	
	54,033					
Net loss and comprehensive loss for the period	-	-	-	-	-	
	(1,477,147)	(1,477,147)				
Balance, March 31, 2014	310,632,503	\$ 72,860,611	\$ -			
	\$ 3,765,687	\$(72,695,787)	\$3,930,511			

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 Months Ended March 31, 2014 (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 under the trading symbol SNN, with offices in Toronto, Canada; Plano, Texas; and Bogota, Colombia. The Company is targeting assets in Colombia. 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. For the three months ended March 31, 2014, the Company incurred a loss of \$1,477,147 and had an accumulated deficit of \$72,695,787. Results for the three months ended March 31, 2014 are not necessarily indicative of future results. Sintana had a working capital balance of \$3,930,511 at March 31, 2014 (December 31, 2013 - working capital of \$5,353,625). As a result, the Company will require additional funds to explore and develop its assets, meet ongoing obligations and discharge liabilities as they come due. While there is no assurance these funds can be raised, funding for exploration companies remains challenging, the Company believes such financing will be available. The Company is currently reviewing multiple financing options. There can be no assurance that the Company's financing activities will continue to be successful or sufficient. Certain of the Company's discretionary exploration activities have considerable scope for flexibility in terms of the amount and timing of exploration expenditures, and expenditures may be adjusted accordingly. The Company will continue to manage expenditures essential to the viability of its projects.

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. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time. Accordingly, these uncertainties may cast a 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 May 29, 2014, 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, 2013, 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, 2014 could result in restatement of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2014
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

2. Significant accounting policies (continued)

Change in accounting policies

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods after December 31, 2013. The following new standards have been adopted:

(i) 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. At January 1, 2014, 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 will be effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently assessing the impact of this pronouncement.

3. Cash and cash equivalents

	As at March 31, 2014	As at December 31, 2013
Cash	\$ 3,837,202	\$ 5,547,815
Cash equivalents - certificate of deposit	8,437	8,280
	\$ 3,845,639	\$ 5,556,095

4. Accounts receivable and other assets

	As at March 31, 2014	As at December 31, 2013
Accounts receivable	\$ 675,455	\$ 697,472
Prepays and advances	134,527	95,843
	\$ 809,982	\$ 793,315

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2014
(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 for purchases relating to exploration and evaluation expenditures and general operating and administrative activities:

	As at March 31, 2014	As at December 31, 2013
Accounts payable	\$ 601,234	\$ 724,535
Accrued liabilities	123,876	271,250
	\$ 725,110	\$ 995,785

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

	As at March 31, 2014	As at December 31, 2013
Less than 1 month	\$ 205,882	\$ 982,998
1 to 3 months	67,478	12,787
Greater than 3 months	451,750	-
	\$ 725,110	\$ 995,785

6. Share capital

a) Authorized share capital:

At March 31, 2014, 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, 2014, the issued share capital amounted to \$72,860,611. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2012 and March 31, 2013	310,632,503	\$ 73,266,926
Balance, December 31, 2013 and March 31, 2014	310,632,503	\$ 72,860,611

As at March 31, 2014, there were 4,296,200 common shares held in escrow.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2014
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

7. 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, 2012 and March 31, 2013	24,375,000	0.32	\$ 3,066,525
Balance, December 31, 2013 and March 31, 2014	-	-	\$ -

There are no warrants issued and outstanding as of March 31, 2014.

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, 2012 and March 31, 2013	18,245,000	0.27
Balance, December 31, 2013 and March 31, 2014	21,595,000	0.26

Share-based payment expense includes \$54,033 (three months ended March 31, 2013 - \$42,250) relating to stock options granted in previous years that were expensed, in accordance with the vesting term of stock options granted, during the three months ended March 31, 2014.

The following table reflects the actual stock options issued and outstanding as of March 31, 2014:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
August 18, 2015	0.135	1.38	50,000	50,000	-
April 19, 2016	0.27	2.05	6,615,000	6,615,000	-
May 11, 2016	0.49	2.12	2,700,000	2,700,000	-
December 20, 2016	0.20	2.73	6,500,000	6,500,000	-
March 2, 2017	0.27	2.92	30,000	30,000	-
April 25, 2017	0.27	3.07	300,000	300,000	-
November 28, 2017	0.20	3.67	2,000,000	1,333,333	666,667
April 29, 2018	0.20	4.08	3,400,000	1,133,333	2,266,667
		2.75	21,595,000	18,661,666	2,933,334

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2014
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

9. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2014 was based on the loss attributable to common shareholders of \$1,477,147 (three months ended March 31, 2013 - loss of \$1,591,505) and the weighted average number of common shares outstanding of 310,632,503 (three months ended March 31, 2013 - 310,632,503) for basic loss per share. Diluted loss did not include the effect of warrants and options for the three months ended March 31, 2014 and 2013 as they are anti-dilutive.

10. Exploration and evaluation expenditures

	Three Months Ended March 31,	
	2014	2013
Colombia (i)		
Seismic	\$ 467,173	\$ 506,340
Salaries and benefits	423,469	352,922
Consulting fees	75,000	-
Professional fees	68,307	29,137
Recovery of costs	67,378	(379,984)
Administrative and general	43,034	77,221
Office rent	34,222	-
Travel expenses	4,137	-
Other	-	451,203
Technical support services	(67,378)	-
	\$ 1,115,342	\$ 1,036,839
Peru		
Professional fees	\$ 155,480	\$ 16,050
Other	13	-
Drilling	-	6,331
	\$ 155,493	\$ 22,381
	\$ 1,270,835	\$ 1,059,220

(i) On January 16, 2014, the Company announced that it had received written notice from the Autoridad Nacional de Licencias Ambientales of Colombia of final approval of the Environmental License effective January 17, 2014 for the VMM-37 Block in Colombia's Middle Magdalena Basin.

(ii) On March 18, 2014, the Company sold working and overriding royalty interests in Marion County, Texas, for a total of USD\$100,000.

11. General and administrative

	Three Months Ended March 31,	
	2014	2013
Salaries and benefits	\$ 268,022	\$ 212,163
Professional fees	124,464	64,753
Travel expenses	83,660	56,268
Administrative and general	26,530	72,795
Reporting issuer costs	8,324	26,518
Interest income	(524)	(235)
	\$ 510,476	\$ 432,262

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2014
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

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 March 31,	
	2014	2013
Salaries and benefits ⁽¹⁾	\$ 459,788	\$ 331,407
Share-based payments ⁽²⁾	\$ 47,696	\$ 23,238

⁽¹⁾ Salaries and benefits include director fees. During the three months ended March 31, 2014, \$267,222 (three months ended March 31, 2013 - \$173,549) of salaries and benefits expenses were included in exploration and evaluation expenditures. \$195,104 is included in accounts receivable and other assets at March 31, 2014 (December 31, 2013 - \$183,823).

⁽²⁾ Share-based payments are recorded in salaries and benefits under general and administrative expenses.

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

For the three months ended March 31, 2014, the Company expensed \$15,485 (three months ended March 31, 2013 - \$15,540) to Marrelli Support Services Inc. ("Marrelli Support") for the services of Carmelo Marrelli to act as Chief Financial Officer ("CFO") of the Company. In addition, Marrelli Support also provides outsourced bookkeeping services to the Company. Carmelo Marrelli is the president of Marrelli Support. The amounts charged by Marrelli Support are based on what Marrelli Support charges its clients. \$21,005 is included in accounts payable and other liabilities at March 31, 2014 (December 31, 2013 - \$20,699).

For the three months ended March 31, 2014, the Company expensed \$4,003 (three months ended March 31, 2013 - \$3,667) to DSA Corporate Services Inc. ("DSA") for corporate secretarial services. The CFO of the Company is an officer of DSA. DSA is a private company controlled by Carmelo Marrelli, the CFO of the Company. Carmelo Marrelli is also the corporate secretary and sole director of DSA. The amounts charged by DSA are based on what DSA charges its clients. \$4,286 is included in accounts receivable and other assets at March 31, 2014 (December 31, 2013 - \$1,357 is included in accounts payable and other liabilities).

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2014
(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 and / or operating offices in Toronto, Canada; Plano, Texas; and Bogota, Colombia. Segmented information on a geographic basis is as follows:

March 31, 2014	Canada	United States	Colombia	Peru	Total
Cash and cash equivalents	\$ 3,468,795	\$ 162,269	\$ 214,575	\$ -	\$ 3,845,639
Accounts receivable and other assets	100,761	44,220	654,539	10,462	809,982
Total assets	\$ 3,569,556	\$ 206,489	\$ 869,114	\$ 10,462	\$ 4,655,621

December 31, 2013	Canada	United States	Colombia	Peru	Total
Cash and cash equivalents	\$ 5,284,341	\$ 107,701	\$ 163,673	\$ 380	\$ 5,556,095
Accounts receivable and other assets	104,899	-	679,162	9,254	793,315
Total assets	\$ 5,389,240	\$ 107,701	\$ 842,835	\$ 9,634	\$ 6,349,410

14. Commitments and contingencies

(i) The expenditures provided in the table below represent the Company's estimated costs to satisfy contractual commitments as of March 31, 2014. Actual expenditures to satisfy these commitments may, and most likely will, differ from these estimates.

Block / Activity	2014	2015	2016	2017	2018
Talora - 30%	\$ -	\$ 900,000	\$ -	\$ -	\$ -
COR-39 - 60% and 30%	-	-	12,960,000	-	-
COR-11 - 60% and 30%	-	7,320,000	-	3,600,000	-
Total (a)	\$ -	\$ 8,220,000	\$ 12,960,000	\$ 3,600,000	\$ -

(a) Excludes VMM-37, VMM-4, VMM-15 and LLA-18 Blocks. Original commitments extinguished as a result of Farmout Agreements.

(ii) During the year ended December 31, 2012, the Company entered into a financial advisory services agreement under which 3.3 million broker warrants would be earned by the financial advisor if contractual services were provided. The Company does not believe such services were fully provided in accordance with the agreement. No warrants have been issued in connection with this agreement to date. This matter is not yet resolved with the financial advisor and the amount of any settlement is uncertain. Refer to note 15(ii).

The fair value of the 3.3 million warrants with an expiry date of May 17, 2014 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%.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2014

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

15. Subsequent events

(i) On April 15, 2014, the Agencia Nacional de Hidrocarburos of Colombia issued a letter confirming that the Talora License was in good standing.

(ii) If the 3.3 million warrants disclosed in note 14(ii) would have been issued, they would have expired on May 17, 2014.

(iii) On May 28, 2014, the Company announced that it had entered into a settlement agreement (the "Agreement") with Petrodorado Energy Ltd. ("Petrodorado"). In accordance with the Agreement, the parties have terminated the arbitration process with all present and future claims related to the arbitration having been settled in full.

As part of the settlement, Petrodorado will reimburse the Company for work performed by its technical staff that is mutually beneficial for the ongoing development of the Talora discovery on the Verdal structure.

CORPORATE INFORMATION

DIRECTORS

Keith Spickelmeir, Executive Chairman
Doug Manner, CEO & Director
Ron MacMicken, Director
Bruno Maruzzo, Director

OFFICERS

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

AUDIT COMMITTEE

Ron MacMicken, Director
Bruno Maruzzo, Director

AUDITORS

MNP LLP Chartered Accountants
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Olympia Transfer Services Inc.
Toronto, Ontario

LEGAL COUNSEL

Cassels Brock Lawyers
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LISTING

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

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