



SINTANA ENERGY INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2020
(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.

Sintana Energy Inc.

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

	As at March 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	\$ 424,657	\$ 173,975
Accounts receivable and other assets (note 3)	34,200	30,152
Total assets	\$ 458,857	\$ 204,127
DEFICIT AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 4 and 13)	\$ 569,702	\$ 553,423
Deferred compensation (note 13)	5,383,371	4,672,712
Asset retirement obligation	102,312	102,312
Total current liabilities	6,055,385	5,328,447
Non-current liabilities		
Convertible debentures (note 5)	78,495	74,385
Total liabilities	6,133,880	5,402,832
Shareholders' deficiency	(5,675,023)	(5,198,705)
Total shareholders' deficiency and liabilities	\$ 458,857	\$ 204,127

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

Nature of operations and going concern (note 1)
Contingency (note 15)
Subsequent event (note 16)

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,
2020 2019

Operating expenses

Exploration and evaluation expenditures (note 11)	\$	16,187	\$	17,664
General and administrative (notes 12 and 13)		511,687		431,282
Finance interest expense (note 5)		4,110		20,092
Foreign exchange loss (gain)		449,436		(82,788)
Net loss before gain of accounts payable		(981,420)		(386,250)
Gain of accounts payable (note 4)		24,823		14,029
Net loss and comprehensive loss for the period	\$	(956,597)	\$	(372,221)
Loss per share - basic and diluted (note 10)	\$	(0.01)	\$	(0.00)
Weighted average number of common shares outstanding				
- basic and diluted (note 10)		128,508,092		117,854,901

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,
2020 2019**Operating activities**

Net loss for the period	\$	(956,597)	\$	(372,221)
Adjustment for:				
Accretion on convertible debentures (note 5)		2,110		6,765
Accrued interest on convertible debentures (note 5)		2,000		13,327
Share-based compensation (notes 8 and 9)		147,779		66,816
Gain of accounts payable (note 4)		(24,823)		(14,029)
Non-cash working capital items:				
Accounts receivable and other assets		(4,048)		18,862
Accounts payable and accrued liabilities		41,102		(14,880)
Deferred compensation		710,659		199,839
Net cash used in operating activities		(81,818)		(95,521)

Financing activity

Warrants exercised		332,500		-
Net cash provided by financing activity		332,500		-

Net change in cash		250,682		(95,521)
Cash, beginning of period		173,975		517,379
Cash, end of period	\$	424,657	\$	421,858

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Sintana Energy Inc.

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

	Number of common shares #	Share capital	Warrants	Contributed surplus	Conversion feature and convertible debt	Deficit	Total
Balance, December 31, 2018	117,644,490	\$ 77,669,457	\$ 74,233	\$ 5,183,209	\$ 161,790	\$(87,504,348)	\$ (4,415,659)
Restricted shares vested and converted to common shares (note 6(b)(i))	400,000	36,000	-	(36,000)	-	-	-
Share-based compensation (notes 8 and 9)	-	-	-	66,816	-	-	66,816
Net loss and comprehensive loss for the period	-	-	-	-	-	(372,221)	(372,221)
Balance, March 31, 2019	118,044,490	\$ 77,705,457	\$ 74,233	\$ 5,214,025	\$ 161,790	\$(87,876,569)	\$ (4,721,064)
Balance, December 31, 2019	126,473,297	\$ 78,217,273	\$ 74,233	\$ 5,312,944	\$ 24,891	\$(88,828,046)	\$ (5,198,705)
Restricted shares vested and converted to common shares (note 6(b)(ii))	600,000	62,000	-	(62,000)	-	-	-
Warrants exercised	3,325,000	375,651	(43,151)	-	-	-	332,500
Share-based compensation (notes 8 and 9)	-	-	-	147,779	-	-	147,779
Net loss and comprehensive loss for the period	-	-	-	-	-	(956,597)	(956,597)
Balance, March 31, 2020	130,398,297	\$ 78,654,924	\$ 31,082	\$ 5,398,723	\$ 24,891	\$(89,784,643)	\$ (5,675,023)

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, 2020

(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 ("TSXV"), 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.

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 not incurred any operating income in the current and prior periods. For the three months ended March 31, 2020, the Company incurred a loss of \$956,597 (three months ended March 31, 2019 - \$372,221) and had an accumulated deficit of \$89,784,643 (December 31, 2019 - \$88,828,046). Sintana had a working capital deficit of \$5,596,528 at March 31, 2020 (December 31, 2019 - working capital deficit of \$5,124,320).

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 material uncertainties cast significant doubt on 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, 2020, 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, 2019, 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, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

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2. Significant accounting policies (continued)

New accounting standards adopted

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

3. Accounts receivable and other assets

	As at March 31, 2020	As at December 31, 2019
Accounts receivable	\$ 12,195	\$ 4,275
Prepays and other advances	22,005	25,877
	\$ 34,200	\$ 30,152

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding relating to exploration and evaluation expenditures, general operating and administrative activities and a dormant arbitration of disputed joint venture cash calls:

	As at March 31, 2020	As at December 31, 2019
Accounts payable	\$ 56,182	\$ 31,922
Accrued liabilities	513,520	521,501
	\$ 569,702	\$ 553,423

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

	As at March 31, 2020	As at December 31, 2019
Less than 1 month	\$ 105,985	\$ 105,601
1 to 3 months	-	-
Greater than 3 months	463,717	447,822
	\$ 569,702	\$ 553,423

A provision is included in accounts payable and accrued liabilities. The Company assesses the probability each period for the likelihood of the provision being paid. Management estimates that the probability of paying the alleged liability will decrease by 15% of the original accrued amount each year.

During the three months ended March 31, 2020, the Company recorded a gain of accounts payable of \$24,823 (three months ended March 31, 2019 - \$14,029) in the unaudited condensed interim consolidated statements of loss and comprehensive loss related to the decrease in probability of the provision being paid.

5. Convertible debentures

Movement in the convertible debenture was as follows:

	Amount
Balance, December 31, 2019	\$ 74,385
Accrued interest	2,000
Accretion expense	2,110
Balance, March 31, 2020	\$ 78,495

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

6. Share capital

a) Authorized share capital:

At March 31, 2020, 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, 2020, the issued share capital amounted to \$78,654,924. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2018	117,644,490	\$ 77,669,457
Restricted shares vested and converted to common shares (i)	400,000	36,000
Balance, March 31, 2019	118,044,490	\$ 77,705,457
Balance, December 31, 2019	126,473,297	\$ 78,217,273
Restricted shares vested and converted to common shares (ii)	600,000	62,000
Exercise of warrants	3,325,000	375,651
Balance, March 31, 2020	130,398,297	\$ 78,654,924

(i) During the three months ended March 31, 2019, 400,000 Restricted Share Units ("RSUs") vested and converted to common shares with a value of \$36,000. Refer to note 9.

(ii) During the three months ended March 31, 2020, 400,000 RSUs vested and converted to common shares with a value of \$36,000 and 200,000 RSUs vested and converted to common shares with a value of \$26,000. Refer to note 9.

7. Warrants

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

	Number of warrants	Weighted average exercise price
Balance, December 31, 2018 and March 31, 2019	5,720,000	\$ 0.10
Balance, December 31, 2019	5,720,000	\$ 0.10
Warrants exercised	(3,325,000)	0.10
Balance, March 31, 2020	2,395,000	\$ 0.10

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

7. Warrants (Continued)

The following table reflects the actual warrants issued and outstanding as of March 31, 2020:

Expiry date	Exercise price	Warrants outstanding	Fair value
July 24, 2021	\$ 0.10	2,395,000	\$ 31,082

8. Stock options

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

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2018 and March 31, 2019	10,200,000	\$ 0.13
Balance, December 31, 2019	10,000,000	\$ 0.13
Granted (i)	2,025,000	0.15
Balance, March 31, 2020	12,025,000	\$ 0.13

(i) On January 30, 2020, the Company granted a total of 2,025,000 stock options to several directors and officers of the Company and one consultant. The options have an exercise price of \$0.145, vest in three equal tranches over the next 24 months and expire on January 30, 2025. 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 141.08%; risk-free interest rate of 1.34%; and an expected average life of 5 years. The options were valued at \$261,023. \$108,819 (three months ended March 31, 2019 - \$nil) was expensed to salaries and benefits (share-based compensation) and as an addition to contributed surplus during the three months ended March 31, 2020.

(ii) Share-based compensation included in salaries and benefits expense includes \$8,694 (three months ended March 31, 2019 - \$26,082) relating to stock options granted in previous years in accordance with their respective vesting terms, during the three months ended March 31, 2020.

The following table reflects the actual stock options issued and outstanding as of March 31, 2020:

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 5, 2020	\$0.18	0.60	3,550,000	3,550,000	-
July 19, 2021	\$0.10	1.30	2,150,000	2,150,000	-
June 4, 2023	\$0.10	3.19	450,000	300,000	150,000
December 18, 2023	\$0.10	3.72	3,850,000	2,566,667	1,283,333
January 30, 2025	\$0.15	4.84	2,025,000	675,000	1,350,000
		2.53	12,025,000	9,241,667	2,783,333

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

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(Unaudited)

9. RSUs

The grant date fair value of RSUs equals the fair market value of the corresponding shares at the grant date. The fair value of these equity-settled awards is recognized as compensation expense with a corresponding increase in contributed surplus. The total amount expensed is recognized over the vesting period, which is the period over which all the specified vesting conditions should be satisfied. RSUs are converted into common shares when vested.

On February 11, 2019, the Company granted 800,000 RSUs to four officers of the Company. These RSUs vest as follows: one-half of the RSUs vested immediately and one-half vested on the first anniversary. In relation to this grant, compensation for the three months ended March 31, 2020 was \$4,266 (three months ended March 31, 2019 - \$40,734). During the three months ended March 31, 2020, 400,000 RSUs vested and converted to common shares with a value of \$36,000 (three months ended March 31, 2019 - 400,000 RSU vested and converted to common shares with a value of \$36,000).

On January 30, 2020, the Company granted 200,000 RSUs to four officers of the Company. These RSUs vested on February 11, 2020. In relation to this grant, compensation for the three months ended March 31, 2020 was \$26,000. During the three months ended March 31, 2020, 200,000 RSUs vested and converted to common shares with a value of \$26,000.

As of March 31, 2020, there were nil RSU outstanding (December 31, 2019 - 400,000 RSUs). The weighted average fair value of RSUs granted during the three months ended March 31, 2020 was \$0.10 per unit (three months ended March 31, 2019 - \$0.09).

10. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2020 was based on the loss attributable to common shareholders of \$956,597 (three months ended March 31, 2019 - loss of \$372,221) and the weighted average number of common shares outstanding of 128,508,092 (three months ended March 31, 2019 - 117,854,901). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the three months ended March 31, 2020 and 2019 as they were anti-dilutive or not in the money.

11. Exploration and evaluation expenditures

	Three Months Ended March 31,	
	2020	2019
Magdalena Basin, Colombia		
Administrative and general	\$ 12,136	\$ 4,194
Professional fees	4,051	13,470
	\$ 16,187	\$ 17,664

12. General and administrative

	Three Months Ended March 31,	
	2020	2019
Salaries and benefits (notes 8, 9 and 13)	\$ 438,799	\$ 350,946
Professional fees (note 13)	54,292	57,455
Administrative and general	15,883	15,574
Travel expenses	2,361	-
Reporting issuer costs	352	7,307
	\$ 511,687	\$ 431,282

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

13. 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 occurred 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,	2020	2019
Salaries and benefits ⁽¹⁾⁽³⁾	\$ 277,256	\$ 274,253
Share-based compensation ⁽²⁾	\$ 139,716	\$ 66,816

⁽¹⁾ Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$5,383,371 are included in deferred compensation as at March 31, 2020 (December 31, 2019 - \$4,672,712) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 13(a)⁽³⁾).

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

⁽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 (\$433,533 (US\$305,584)) as a retiring allowance. This amount is included as deferred compensation.

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

For the three months ended March 31, 2020, the Company paid professional fees and disbursements of \$15,830 (three months ended March 31, 2019 - \$16,163) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is Managing Director. 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 \$22,582 is included in accounts payable and accrued liabilities as at March 31, 2020 (December 31, 2019 - \$14,629).

For the three months ended March 31, 2020, the Company paid professional fees and disbursements of \$nil (three months ended March 31, 2019 - \$798) 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 March 31, 2020, DSA was owed \$nil (December 31, 2019 - \$nil) and this amount is included in accounts payable and accrued liabilities.

For the three months ended March 31, 2020, the Company paid professional fees and disbursements of \$2,520 (three months ended March 31, 2019 - \$nil) to DSA Filing Services Inc. ("DSA Filing"), an organization which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA Filing. 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 March 31, 2020, DSA Filing was owed \$1,328 (December 31, 2019 - \$170) and this amount is included in accounts payable and accrued liabilities.

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Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

14. 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:

March 31, 2020	Canada	United States	Colombia	Total
Cash	\$ 389,816	\$ 29,068	\$ 5,773	\$ 424,657
Accounts receivable and other assets	34,200	-	-	34,200
Total assets	\$ 424,016	\$ 29,068	\$ 5,773	\$ 458,857
Accounts payable and accrued liabilities	\$ 546,294	\$ 18,443	\$ 4,965	\$ 569,702
Deferred compensation	582,351	4,801,020	-	5,383,371
Asset Retirement Obligation	102,312	-	-	102,312
Convertible debentures	78,495	-	-	78,495
Total liabilities	\$ 1,309,452	\$ 4,819,463	\$ 4,965	\$ 6,133,880

Three Months Ended March 31, 2020	Canada	United States	Colombia	Total
Exploration and evaluation expenditures	\$ -	\$ -	\$ 16,187	\$ 16,187
General and administrative	228,419	283,268	-	511,687
Finance interest expense	4,110	-	-	4,110
Foreign exchange (gain) loss	(1,276,375)	1,724,584	1,227	449,436
Gain of accounts payable	(24,823)	-	-	(24,823)
Net loss and comprehensive loss	\$ (1,068,669)	\$ 2,007,852	\$ 17,414	\$ 956,597

December 31, 2019	Canada	United States	Colombia	Total
Cash	\$ 127,779	\$ 33,788	\$ 12,408	\$ 173,975
Accounts receivable and other assets	30,152	-	-	30,152
Total assets	\$ 157,931	\$ 33,788	\$ 12,408	\$ 204,127
Accounts payable and accrued liabilities	\$ 532,123	\$ 17,672	\$ 3,628	\$ 553,423
Deferred compensation	530,711	4,142,001	-	4,672,712
Asset Retirement Obligation	102,312	-	-	102,312
Convertible debentures	74,385	-	-	74,385
Total liabilities	\$ 1,239,531	\$ 4,159,673	\$ 3,628	\$ 5,402,832

Three Months Ended March 31, 2019	Canada	United States	Colombia	Total
Exploration and evaluation expenditures	\$ -	\$ -	\$ 17,664	\$ 17,664
General and administrative	150,691	280,591	-	431,282
Finance interest expense	20,092	-	-	20,092
Foreign exchange loss (gain)	296,420	(374,907)	(4,301)	(82,788)
Gain of accounts payable	(14,029)	-	-	(14,029)
Net loss and comprehensive loss	\$ 453,174	\$ (94,316)	\$ 13,363	\$ 372,221

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

15. Contingency

Farmout Agreement Arbitration

On March 20, 2015, the operator advised the Company that it had exercised its right to terminate the Farmout Agreement for each of two Middle Magdalena Valley Blocks in Colombia. The Company concurred in writing that the Farmout Agreements had terminated. The operator also contends that it has the right to recover certain historical costs with which the Company disagrees. Management is currently evaluating this matter and, together with legal counsel and other experts, assessing its potential options and alternatives with respect to these costs.

16. Subsequent event

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.