SINTANA ENERGY

TSX-V | SEI

2022 ANNUAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT DISCUSSION AND ANALYSIS

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SINTANA ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2022

(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)

AUDITED

Introduction

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Sintana Energy Inc. ("Sintana" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2022. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2022 and 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. Information contained herein is presented as of April 28, 2023, unless otherwise indicated.

For purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considered the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Sintana common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; and / or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluated materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from the offices of the Company or on the System for Electronic Documents Analysis and Retrieval ("SEDAR") and is available for review under the Company's profile on the SEDAR website (**www.sedar.com**).

Description of Business

Sintana is a Canadian crude oil and natural gas ('hydrocarbons") exploration and development company listed on the TSX Venture Exchange ("TSXV"). Its trading symbol changed from SNN to SEI effective as of the market open on August 10, 2015, subsequent to the business combination with Sintana Holdings Corp. Sintana is primarily engaged in hydrocarbons exploration and development activities in Namibia and also holds interests in Colombia. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant hydrocarbon reserves potential. Its primary assets are held through its 49% interest in all of the issued and outstanding shares of Inter Oil (Pty) Ltd. ("Inter Oil"). Inter Oil is a private Namibian company which indirectly holds a strategic portfolio of offshore petroleum exploration license ("PEL") including (i) a 15% carried interest in PEL 87; (ii) a 10% carried interest in each of PELs 82 and 83; and (iii) a 10% carried interest in PEL 90. Inter Oil also holds a 30% interest in a subsidiary which, in turn, holds a 90% interest in onshore PEL 103. In addition, Sintana holds private participation interests of 25% unconventional (carried) and 100% conventional in the potential hydrocarbon resources of the 43,158 acres Valle Medio Magdalena 37 ("VMM-37") Block in Colombia.

On November 12, 2012, Sintana announced that a wholly-owned Panama subsidiary of the Company, Patriot Energy Oil and Gas Inc. and its wholly-owned Colombian branch, Patriot Energy Sucursal Colombia, (both entities hereinafter referred to as "Patriot") had entered into a Farmout Agreement (the "Exxon Agreement") with ExxonMobil Exploration Colombia Limited and ExxonMobil Exploration Colombia Limited Sucursal Colombia (both entities hereinafter referred to as "Exxon") for the exploration and development of unconventional hydrocarbons resources underlying the VMM-37 Block. In April 2013, the Agencia Nacional de Hidrocarburos ("ANH") approved the acquisition by Exxon of an undivided 70% private participation interest and operatorship in the formations defined as unconventional by completing the contractually required work program specified in the License Contract for the VMM-37 Block.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events and / or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-looking statements	Assumptions	Risk factors
The Company will be able to remain a going concern and continue its business activities	The Company has anticipated all material costs; the operating and exploration activities of the Company for the twelve-months period ending December 31, 2023, and the costs associated therewith, will be consistent with the Company's current expectations regarding costs and timing	Unforeseen costs to the Company will arise; ongoing uncertainties relating to COVID-19; any particular operating cost increase or decrease from the date of estimate, including with respect to loss of or change in joint venture partners or in ability to secure joint venture partners, as applicable; changes in operating and exploration activities; changes in economic conditions; timing of expenditures
The Company's need to raise additional capital in order to meet its working capital needs. See "Liquidity and Financial Position" below	The exploration and operating activities of the Company on a going forward basis, and the costs associated therewith, will be consistent with Sintana's current expectations; debt and equity markets; exchange and interest rates and other applicable economic conditions will be favorable to Sintana; availability of financing	Changes in debt and equity markets; ongoing uncertainties relating to COVID-19; timing and availability of external financing on acceptable terms; increases in costs; changes in operating and exploration activities; interest and exchange rates fluctuations; changes in economic conditions, planned operations and associated costs

The potential of Sintana's participation interests to contain hydrocarbons reserves that may and can be developed, produced and sold at rates and costs that result in an adequate financial return on invested capital. See "Petroleum and Natural Gas Update" below	Financing will be available for future exploration and development of Sintana's private participation interests; the actual results of exploration and development activities will be favourable; operating, exploration, development and production costs will not exceed expectations; the Company will be able to retain and attract skilled staff and joint venture partners, as necessary; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Sintana; applicable political and economic conditions will be favourable; the market prices for hydrocarbons and applicable interest and exchange rates will be favourable; no legal disputes exist or arise with respect to the Company's private participation interests; Sintana's expectations regarding the potential of its participation interests to contain hydrocarbons reserves	Price volatility for hydrocarbons; ongoing uncertainties relating to COVID-19; uncertainties involved in interpreting geological and geophysical data and Sintana's expectations regarding the conventional and unconventional plays and uncertainties in confirming valid private participation interests; the possibility that future exploration results will not be consistent with Sintana's expectations; availability of financing for and actual results of Sintana's exploration and development activities; increases in costs, including as a result of the loss of or change in joint venture partners or inability to secure joint venture partners, as applicable; environmental compliance and changes in environmental and other local legislation and regulation; interest and exchange rates fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff and obtain all required permits in a timely manner on acceptable terms
Management's outlook regarding future trends. See "Trends and Economic Conditions"	Financing will be available for exploration and operating activities; the market prices for hydrocarbons will be favourable; economic and political conditions will be favourable	Price volatility for hydrocarbons; ongoing uncertainties relating to COVID-19; changes in debt and equity markets; interest and exchange rates fluctuations; changes in economic and political conditions; availability of financing

Inter Oil, which indirectly holds interests in the five PELs, will successfully explore and / or develop the PELs. See "Petroleum and Natural Gas Update" below	Inter Oil will continue to proceed with the projects; the market prices of hydrocarbons will be favorable; all requisite permits, equipment, materials, supplies, services, partners, access and personnel will be obtained in a timely manner upon acceptable terms; proposed exploration and development activities and the costs associated therewith will occur as anticipated; actual results of exploration are positive; financing will be available upon acceptable terms, as applicable; political, contractual, regulatory and economic considerations will remain favorable	Ongoing uncertainties relating to COVID-19 and the war in Ukraine; price volatility for hydrocarbons; changes in debt and equity markets; increases in costs; interest rates and exchange rates fluctuations; changes in economic, contractual, regulatory and political conditions; availability of permits, equipment, materials, supplies, services, partners, access, personnel and financing; proposed exploration and development activities will not occur as anticipated; actual results of exploration are inconsistent with expectations
The currently dormant (8+ years) arbitration proceeding, if ever reopened, will not result in an adverse ruling and significant additional costs	The currently dormant arbitration proceeding will not be reopened and if it is the outcome will not result in a significant award of damages	The now dormant arbitration proceeding is reopened and results in significant additional costs

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Sintana's ability to predict or control. Additional risk factors are described in the "Risk Factors" section below. Readers are cautioned that the above table does not contain an exhaustive list of any and all relevant factors and / or assumptions that could affect forward-looking statements, and that assumptions underlying such statements might prove to be incorrect. Actual results and developments are likely to materially differ from those expressed or implied by forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, including regulatory, contractual and political risks, uncertainties and other factors that could cause Sintana's actual results, performance and / or achievements to be materially different from any of its projected results, performance and / or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly, or otherwise revise, any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law and / or regulation. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Certain information contained herein is considered "analogous information" as defined in National Instrument 51-101 ("NI 51-101"). Such analogous information has not been prepared in accordance with NI 51-101 and the Canadian Oil and Gas Evaluation Handbook. In particular, this document may note specific analogous oil discoveries and corresponding details of said discoveries in the area of the Company's private participation interests and makes certain assumptions about such interests as a result of such analogous information and potential recovery rates as a result thereof. Such information is based on public data and information obtained from the public disclosure of other parties who are active in the area, and the Company has no way of verifying the accuracy of such information and cannot determine whether the source of the information is independent. Such information, when presented, is intended to help demonstrate that hydrocarbons could be present in commercially recoverable quantities in the five PELs as well as the VMM-37 Block. There is no certainty that such results will be achieved by the Company and such information should not be construed as estimates of future reserves or resources or future production levels of Sintana.

Trends and Economic Conditions

The Company is focused on the acquisition, exploration, development, production and / or sales of hydrocarbons resources.

There are significant uncertainties regarding the market prices for hydrocarbons and the availability of equity and / or other financing for the purposes of acquisition, exploration, development, production and / or sales activities. The future performance of the Company is largely tied to the successful exploration, development and production of its property interests; associated regulatory actions, including approval of contracts, permits and work programs to drill, hydraulically stimulate and produce wells; associated sales of hydrocarbons and overall financial markets. Financial and commodities markets are likely to be volatile, reflecting ongoing concerns regarding the impact of COVID-19 and the war in Ukraine, the stability of the global economy and global growth prospects. Uncertainties in financial and commodities markets and delays in regulatory actions have also led to increased difficulties in borrowing and raising funds. Energy companies worldwide have been materially and adversely affected by these trends. As a result, the Company might encounter difficulties raising equity and / or other capital without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Company to further explore and / or develop hydrocarbons resources discovered on its applicable property interests.

The volatility of financial and commodities markets is a significant risk for the Company and the industry. As a result, investors might divest assets perceived as higher risk in comparison to other investments. Companies similar to Sintana are considered substantially above average risk investments and are highly speculative. The volatility of markets, and investor sentiment, could make it difficult for Sintana to access capital markets in order to raise the capital it will need to fund future expenditures. See also "Risk Factors".

Due to COVID-19 and the war in Ukraine, material uncertainties may arise that could influence management's going concern assumptions. Management cannot accurately predict the future impact COVID-19 and the war may have on:

- Global prices for hydrocarbons;
- Demand for hydrocarbons and the ability to explore for hydrocarbons;
- The severity, timing and delays resulting from various potential measures required by governments to manage the spread of the virus, and their impact on labour availability and supply chains;
- Availability of government services, such as water and electricity;
- Availability of commercial goods, services, materials, equipment and man power;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian federal government, the provincial government of Ontario, the United States government and the governments of Colombia and Namibia have not introduced measures that have directly or indirectly impeded the operational activities of the Company. Accordingly, management's going concern assumption is unchanged.

However, it is not possible to reliably estimate the duration and severity of the pandemic and war, nor associated government and / or commercial restrictions, and therefore the resulting impacts on the financial results and condition of the Company in future reporting periods.

Financial and Operational Highlights

On January 21, 2022, the Company closed a non-brokered private placement pursuant to which it issued an aggregate of 5,128,205 common shares at a price of $0.15 (US$0.117) per share to Charlestown Energy Partners, LLC to raise aggregate gross proceeds of $769,231 (US$600,000).

On March 8, 2022, the Company closed a public offering conducted by Echelon Capital Markets (the "Agent") as lead agent and sole bookrunner, pursuant to which it issued an aggregate of 88,550,000 units of the Company (the "Units"), at a price of $0.15 per Unit, to raise aggregate gross proceeds of $13,282,500. Each Unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitled the holder thereof to acquire one additional common share of the Company for an exercise price of $0.25 until March 8, 2024, and commenced trading on the TSXV under the symbol SEI.WT at the open of trading on March 11, 2022.

The Company paid a cash commission of $649,775 to the Agent as partial consideration for its services in connection with the public offering, together with a corporate finance fee of $25,000. The Company also issued an aggregate of 4,331,833 broker warrants to the Agent. Each broker warrant entitles the holder to acquire one unit at an exercise price of $0.15 until March 8, 2024.

On March 8, 2022, the Company completed the acquisition of 49% of the outstanding shares of Inter Oil (the "Acquisition") from Grisham Assets Corp. ("Grisham"), a private company owned by Mr. Knowledge Katti. Inter Oil is a private Namibian company which indirectly holds interests in the five PELs. In connection with the transaction, Mr. Katti was appointed as a director of the Company.

The consideration for the Acquisition consisted of a cash payment of $5,144,700 (US$4,000,000) and the issuance of an aggregate of 34,933,333 common shares of the Company (issued and valued at $8,034,667).

On March 24, 2022, the Company granted a total of 7,750,000 stock options to several directors and officers of the Company and six consultants. The options have an exercise price of $0.165 and expire on March 24, 2027. Vesting of the stock options is as follows: one-third on day of grant, one-third after one year and one-third after two years.

In March 2022, the Company approved the payment of certain bonuses to officers, directors, and a consultant of the Company for an aggregate amount of US$500,000.

In October 2022, the Company approved the payment of deferred compensation to officers, directors, and a consultant for an aggregate amount of US$910,775.

On October 4, 2022, the Company announced that Trago Energy (Pty) Limited ("Trago"), a Namibian affiliate of the Company, had completed a transaction with Chevron Namibia Exploration Limited, a wholly-owned subsidiary of Chevron, in respect of its interest in PEL 90. Trago retained a 10% interest in PEL 90. Chevron will carry Trago through initial exploration activities including a 3D seismic program (completed in 2023) and one exploration well. Post the carry period, Trago will be responsible for its proportionate share of capital and operating expenditures. As a result of this transaction, the Company received a dividend of $4,289,585 (US$3,128,344) from the farm-out by Inter Oil of a 10% interest in PEL 90.

On December 16, 2022, the Company granted a total of 6,400,000 stock options to several directors and officers of the Company and six consultants. The options have an exercise price of $0.11 and expire on December 16, 2032. Vesting of the stock options is as follows: one-third on day of grant, one-third after one year and one-third after two years.

On December 16, 2022, the Company granted 3,900,000 RSUs to officers and directors of the Company. These RSUs will vest on January 4, 2024.

During the year ended December 31, 2022, the Company redeemed a convertible debenture by paying the principal balance plus accrued interest.

During the year ended December 31, 2022, 4,550,000 RSUs were granted, vested and converted to common shares with a value of $796,250.

Petroleum and Natural Gas Update

Exploration Expenditures

Exploration Expenditures	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Magdalena Basin, Colombia		
Administrative and general	44,691	42,820
Professional fees	11,731	59,780
Total	**56,422**	**102,600**

<u>VMM-37 Block (Sintana: Conventional – 100% private participation interest; Unconventional – 25% private participation interest - carried)</u>

In March 2011, 100% of the License Contract covering the 43,158 acres VMM-37 Block in Colombia was awarded to Patriot, a wholly-owned branch of Sintana.

In November 2012, Patriot executed the Exxon Agreement whereby Exxon acquired contractual rights to an undivided 70% private participation interest and operatorship in the unconventional formations of the VMM-37 Block, subject to completion of a defined Work Program.

In April 2013, the ANH approved the acquisition by Exxon of an undivided 70% private participation interest and operatorship in the formations defined as unconventional effective as of when Exxon completes the Work Program (subsequently amended) as specified in the License Contract for the VMM-37 Block.

In September 2015, the Manati Blanco #1 well reached a measured depth of 14,345'. Primary targets for the well were the Cretaceous age La Luna and Tablazo/Paja tight oil formations. The well drilled through a gross total of approximately 2,600 feet in the La Luna and approximately 500 feet in the Tablazo/Paja formations.

In October 2018, a Commission of Experts (academics from a number of disciplines) was appointed to review various potential aspects and outcomes of proceeding with hydraulic stimulation operations in unconventional formations. In February 2019, the Commission issued a report that summarized its findings and recommended that three tightly controlled comprehensive research pilot projects, with Ecopetrol being designated operator and holding participation interests in each pilot, be approved.

In September 2019, the Council of State, Colombia's senior court tasked with ruling on administrative matters, announced that four comprehensive research pilot projects would be considered for authorization subject to the satisfactory completion of a number of actions. The ANH was tasked with forming eight subject matter expert teams to develop regulations for planning, communications, measurement, monitoring, documentation, post completion evaluations and other core areas of focus in the execution of the pilot projects. Parties opposed to the pilots were granted the opportunity to challenge the recommendations of the ANH.

In September 2020, the Council of State, after reviewing the input of both the ANH and opposing parties, determined that the research pilot projects could proceed.

On October 8, 2020, the ANH issued requirements and a timeline for submission of bids for proposed research pilot projects and contract awards (a "CEPI"). Ecopetrol was awarded a CEPI (Kale) in a block approximately five miles northeast of the Manati Blanco #1 well location.

On April 7, 2021, the ANH announced that a CEPI (Platero) had been awarded to Exxon. It is located in the southwest quadrant of the VMM-37 Block. The Platero CEPI Contract was executed in June 2021.

On October 27, 2021, Ecopetrol applied for a Kale Pilot Project environmental permit which was subsequently granted on March 25, 2022.

On November 23, 2021, Sintana announced an Amendment to the Exxon Agreement (the "Amendment Agreement"). The Amendment Agreement provides Patriot the option to participate in post-contracts occurring after the Platero #1 CEPI work program is completed. In consideration of Exxon's work in connection with the CEPI, Patriot agreed to adjust its carried participation interest in the unconventional resources from 30% to 25%. Patriot and Exxon entered into the Amendment Agreement to reflect this adjustment and to ratify the commercial arrangement between the parties. Recently, Ecopetrol applied for a Platero Pilot Project environment permit.

On February 15, 2022, an environmental permit application was submitted for the drilling and hydraulic stimulation of the Platero #1 well on the VMM-37 Block.

On August 7, 2022, Mr. Gustavo Petro was inaugurated as President of Colombia. One of his objectives is to reduce Colombia production and use of hydrocarbons. His stated policy is to never allow hydraulic stimulation in and production from unconventional formations.

See also "Subsequent Events".

<u>Namibia Acquisition</u>

On March 8, 2022, Sintana announced that it had closed on the previously reported acquisition of a 49% ownership interest in Inter Oil which holds various interests in five PELs (1 onshore; 4 offshore).

Three of the offshore blocks are located in the Orange Basin:

- PEL 90 is immediately north of TotalEnergies recently announced Venus-1 discovery well – post-drill recoverable reserves, as reported by industry experts, are estimated to be in excess of 3 billion barrels. Two rigs are currently drilling and testing additional wells:
    - Inter Oil 10% (after farmout); approximately 1.3 million acres (gross); approximately 2,000 mi^2 (gross)
    - In October 2022, an affiliate of Inter Oil closed on a farmout agreement with Chevron. In exchange for 50% of the Inter Oil interest, Chevron will carry Inter Oil through initial exploration activities including a large 3D seismic program (recently completed) and the initial exploration well.

- PEL 83 is immediately north of Shell's recently announced Graff-1 discovery well – post-drill recoverable reserves, as reported by industry experts, are estimated to be in excess of 2 billion barrels. The La Rona well confirmed the discovery. Shell has announced a 10 well drilling program to further explore and test this highly prospective license.
    - Inter Oil 10%; approximately 2.4 million acres (gross); approximately 3,700 mi^2 (gross)
    - The license is also adjacent to the reported 1.3 TCF Kudu gas field currently being developed by BW Energy
    - Inter Oil is carried through the exploration phase of the work programs

- PEL 87 is immediately north of PEL 90 and contains one of the largest sub-sea fan complexes identified in Africa – the "Saturn Superfan"
    - Inter Oil 15%; approximately 2.7 million acres (gross); approximately 4,200 mi^2 (gross)
    - Inter Oil is carried for a 3D seismic program (in progress) and one exploration well.
- The remaining licenses, PEL 82 and PEL 103 are in the research phase of exploration. No seismic programs or drilling activities are planned for 2023.

Technical Information

Douglas Manner, Chief Executive Officer of Sintana, has reviewed and verified the technical content of the information contained in this MD&A.

Environmental Contingency

The Company's Colombia and Namibia exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. As of the date of this MD&A, the Company believes that there are no significant environmental obligations requiring material capital outlays in the immediate future for its exploration activities.

An asset retirement obligation has been recorded for a Canadian oil and gas lease interest acquired as a result of the 2015 business combination.

Selected Annual Financial Information

The following is selected financial data derived from the audited annual consolidated financial statements of the Company at December 31, 2022, December 31, 2021 and December 31, 2020 and for the years then ended:

Income (Loss)	**Year Ended December 31, 2022 $**	**Year Ended December 31, 2021 $**	**Year Ended December 31, 2020 $**
Total revenues	nil	nil	nil
Total loss	(1,138,984)	(1,664,175)	(1,747,931)
Net loss per share – basic	(0.00)	(0.01)	(0.01)
Net loss per share – diluted	(0.00)	(0.01)	(0.01)
Assets / Liabilities	**As at December 31, 2022 $**	**As at December 31, 2021 $**	**As at December 31, 2020 $**
Total assets	19,310,659	54,944	131,638
Total non-current financial liabilities	nil	106,185	90,824
Distribution or cash dividends	nil	nil	nil

- The net loss for the year ended December 31, 2022, consisted primarily of (i) exploration and evaluation expenditures of $56,422; (ii) general and administrative expenses of $4,557,328; (iii) costs related to acquisition of Inter Oil of $231,894; (iv) finance interest expense of $9,216; and (v) foreign exchange loss of $407,820. These fees were offset by (i) gain of accounts payable of $92,191; and (ii) joint venture income of $4,031,505.

- The net loss for the year ended December 31, 2021, consisted primarily of (i) exploration and evaluation expenditures of $102,600; (ii) general and administrative expenses of $1,517,435; (iii) costs related to acquisition of Inter Oil of $145,611; and (iv) finance interest expense of $15,361. These fees were offset by (i) foreign exchange gain of $28,669; and (ii) gain of accounts payable of $88,163.

- The net loss for the year ended December 31, 2020, consisted primarily of (i) exploration and evaluation expenditures of $72,739; (ii) general and administrative expenses of $1,916,626; (iii) foreign exchange gain of $163,506; (iv) finance interest expense of $16,439; (v) gain of accounts payable of $94,367.
- The Company's ability to fund its operations is dependent on securing financing by issuing equity and / or debt instruments, selling assets, proceeds from sales of produced hydrocarbons, and / or royalty income. The value of any prospective hydrocarbons is dependent upon the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete exploration, development and production activities, and the future profitable production or proceeds from the disposition of successful hydrocarbons projects. See "Trends" and "Risk Factors".

Selected Quarterly Information

		Profit or (Loss)		
Quarter Ending	**Total Sales ($)**	**Total ($)**	**Basic and Diluted Income (Loss) Per Share (9) ($)**	**Total Assets ($)**
2022-December 31	Nil	2,773,056 (1)	0.01	19,310,659
2022-September 30	Nil	(698,302) (2)	(0.00)	17,482,960
2022-June 30	Nil	(609,594) (3)	(0.00)	17,821,050
2022-March 31	Nil	(2,604,144) (4)	(0.02)	18,169,916
2021-December 31	Nil	(468,362) (5)	(0.00)	54,944
2021-September 30	Nil	(551,651) (6)	(0.00)	93,913
2021-June 30	Nil	(275,020) (7)	(0.00)	82,114
2021-March 31	Nil	(369,142) (8)	(0.01)	74,365

Notes:

(1) Net income of $2,773,056 consisted primarily of: exploration and evaluation expenditures of $18,228, general and administrative expenses of $1,264,350, finance interest expense of $96, foreign exchange loss of $3,459, which was offset by gain of accounts payable of $23,798 and joint venture income of $4,031,505.

(2) Net loss of $698,302 consisted primarily of: exploration and evaluation expenditures of $14,721, general and administrative expenses of $415,276, finance interest expense of $3,040, foreign exchange loss of $284,915, loss from investment in associate of $4,333, which was offset by gain of accounts payable of $23,983.

(3) Net loss of $609,594 consisted primarily of: exploration and evaluation expenditures of $22,381, general and administrative expenses of $465,762, finance interest expense of $3,040, costs related to acquisition of Inter Oil of $2,775, foreign exchange loss of $138,629, which was offset by gain of accounts payable of $22,546, and income from investment in associate of $447.

(4) Net loss of $2,604,144 consisted primarily of: exploration and evaluation expenditures of $1,092, general and administrative expenses of $2,411,940, finance interest expense of $3,040, costs related to acquisition of Inter Oil of $229,119, which was offset by foreign exchange gain of $19,183 and gain of accounts payable of $21,864.

(5) Net loss of $468,362 consisted primarily of: exploration and evaluation expenditures of $8,832, general and administrative expenses of $370,499, finance interest expense of $3,840, costs related to acquisition of Inter Oil of $145,611, which was offset by foreign exchange gain of $38,237 and gain of accounts payable of $22,183.

(6) Net loss of $551,651 consisted primarily of: exploration and evaluation expenditures of $17,797, general and administrative expenses of $376,885, finance interest expense of $3,841 and foreign exchange loss of $175,420, which was offset by gain of accounts payable of $22,292.

(7) Net loss of $275,020 consisted primarily of: exploration and evaluation expenditures of $30,850, general and administrative expenses of $346,954, finance interest expense of $3,840, which was offset by foreign exchange gain of $84,938 and gain of accounts payable of $21,686.

(8) Net loss of $369,142 consisted primarily of: exploration and evaluation expenditures of $45,121, general and administrative expenses of $423,097, finance interest expense of $3,840, which was offset by foreign exchange gain of $80,914 and gain of accounts payable of $22,002.

(9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Variances in the Company's quarterly net income or loss are largely attributable to variances in the magnitude and timing of the Company's exploration and evaluation expenditures and recoveries, transactions costs, share-based payments, professional fees and other general and administration costs, foreign exchange gain / loss, gain or loss on asset sales, and loss on debt extinguishment.

Related Party Transactions

Related parties include directors, officers, close family members and enterprises that are controlled by the individuals listed below as well as certain persons performing similar functions. Related party transactions are conducted at standard commercial terms.

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 in strict adherence to conflict of interest laws and regulations.

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

Salaries and Benefits [1] (Includes deferred)	**Year Ended December 31, 2022 $**	**Year Ended December 31, 2021 $**
Deferred salaries and benefits		
Keith D. Spickelmier - Director / Executive Chairman	43,370	250,700
Douglas G. Manner - Director / Chief Executive Officer	82,403	250,700
Robert Bose – Director / President	43,370	20,000
David L. Cherry – Chief Operating Officer	43,370	250,700
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	78,066	225,630
Bruno C. Maruzzo – Independent Director	nil	20,000
Dean Gendron – Independent Director	nil	20,000
Knowledge Katti - Independent Director	nil	nil
Total deferred salaries and benefits	**290,579**	**1,037,730**
Salaries and benefits paid		
Keith D. Spickelmier - Director / Executive Chairman	234,198	nil
Douglas G. Manner - Director / Chief Executive Officer	117,099	nil
Robert Bose – Director / President	504,867	nil
David L. Cherry – Chief Operating Officer	201,671	nil
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	234,198	nil
Bruno C. Maruzzo – Independent Director	63,544	nil
Dean Gendron – Independent Director	63,544	nil
Knowledge Katti – Independent Director	17,995	nil
Total salaries and benefits paid	**1,437,116**	**nil**
Total	**1,727,695**	**1,037,730**

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of $4,064,501 are included in deferred compensation as at December 31, 2022 (December 31, 2021 - $6,662,145) and include the retiring allowance payable to Lee A. Pettigrew.

(2) Effective as of July 31, 2016, the employment by the Company of Lee A. Pettigrew, former Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew was entitled to 12 months base salary as a retiring allowance plus accumulated deferred compensation. As at December 31, 2022, he was owed $143,003 (US$105,584) (December 31, 2021 - $387,420 (US$305,584)) and this amount is reported as deferred compensation.

Share-based expense (Stock options and RSUs)	**Year Ended December 31, 2022 $**	**Year Ended December 31, 2021 $**
Keith D. Spickelmier - Director / Executive Chairman	278,508	24,197
Douglas G. Manner - Director / Chief Executive Officer	278,508	24,197
Robert Bose – Director / President	276,669	14,412
David L. Cherry – Chief Operating Officer	278,508	24,197
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	278,508	24,197
Bruno C. Maruzzo – Independent Director	139,276	14,412
Dean Gendron - Independent Director	139,276	14,412
Knowledge Katti, Independent Director	137,393	nil
Carmelo Marrelli, Chief Financial Officer	38,532	4,606
Total	**1,845,178**	**144,630**

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

During the year ended December 31, 2022, the Company paid professional fees and disbursements totaling $80,734 (year ended December 31, 2021 - $82,358) to Marrelli Support Services Inc., and certain of its affiliates, together known as the "Marrelli Group", for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the Chief Financial Officer of the Company, (ii) regulatory filing services, and (iii) press release services. The Marrelli Group was owed $17,597 (December 31, 2021 - $29,978) and these amounts were included in accounts payable and accrued liabilities.

Discussion of Operations

Three months ended December 31, 2022 compared with three months ended December 31, 2021

Sintana's net income totalled $2,773,056 for the three months ended December 31, 2022, with basic and diluted income per share of $0.01. This compares with a net loss of $468,362 for the three months ended December 31, 2021, with basic and diluted loss per share of $0.00. The increase of $3,241,418 in net income was principally due to:

- Exploration and evaluation expenditures increased to $18,228 for the three months ended December 31, 2022 compared to $8,832 for the comparative period. See "Petroleum and Natural Gas Update", above for a description of current exploration activities.

- General and administrative expenses increased by $893,851. General and administrative expenses totalled $1,264,350 for the three months ended December 31, 2022 (three months ended December 31, 2021 - $370,499) and consisted of salaries and benefits of $982,678 (three months ended December 31, 2021 - $287,955), professional fees of $158,403 (three months ended December 31, 2021 - $29,343), administrative and general expenses of $25,613 (three months ended December 31, 2021 - $20,480), investor relations of $49,944 (three months ended December 31, 2021 - $nil), travel expenses of $95,533 (three months ended December 31, 2021 - $nil) and reporting issuer costs of $20,619 (three months ended December 31, 2021 - $32,721). This was offset by interest income of $68,440 (three months ended December 31, 2021 - $nil).

    - The Company incurred an increase in salaries and benefits of $648,717 for the three months ended December 31, 2022, compared to the three months ended December 31, 2021. The increase was the result of the vesting over time of options and RSUs and payment of bonuses.

    - The Company incurred an increase in professional fees of $108,076 for the three months ended December 31, 2022, compared to the three months ended December 31, 2021. The increase can be attributed to higher corporate activity requiring legal assistance during year ended December 31, 2022 compared to the year ended December 31, 2021.

- The Company incurred a foreign exchange loss of $3,459 compared to a gain of $38,237 in the previous period, which was primarily attributable to US dollar and Canadian dollar exchange rate fluctuations.

- Finance interest expense was $96 for the three months ended December 31, 2022 compared to $3,840 for the year ended December 31, 2021.

- The Company incurred costs related to the acquisition of Inter Oil of $nil for the three months ended December 31, 2022 compared to $145,611 for the three months ended December 31, 2021. See "Definitive Agreement With Grisham", below for a description of acquisition of Inter Oil.

- The Company recorded a joint venture income of $4,035,391 for the three months ended December 31, 2022 compared to $nil for the three months ended December 31, 2021. This is due to the Company's share of Inter Oil income during the period. See "Definitive Agreement With Grisham", below for a description of acquisition of Inter Oil.

Year ended December 31, 2022 compared with year ended December 31, 2021

Sintana's net loss totalled $1,138,984 for the year ended December 31, 2022, with basic and diluted loss per share of $0.00. This compares with a net loss of $1,664,175 for the year ended December 31, 2021, with basic and diluted loss per share of $0.01. The decrease of $525,191 in net loss was principally due to:

- Exploration and evaluation expenditures decreased to $56,422 for the year ended December 31, 2022 compared to $102,600 for the comparative period. See "Petroleum and Natural Gas Update", above for a description of current exploration activities.

- General and administrative expenses increased by $3,039,893. General and administrative expenses totalled $4,557,328 for the year ended December 31, 2022 (year ended December 31, 2021 - $1,517,435) and consisted of salaries and benefits of $3,767,888 (year ended December 31, 2021 - $1,224,627), professional fees of $431,103 (year ended December 31, 2021 - $166,762), administrative and general expenses of $104,539 (year ended December 31, 2021 - $61,353), reporting issuer costs of $56,587 (year ended December 31, 2021 - $64,693), travel expenses of $95,533 (year ended December 31, 2021 - $nil), investor relations of $170,118 (year ended December 31, 2021 - $nil) and investor relations of $170,118 (year ended December 31, 2021 - $nil). This was offset by interest and other income of $68,440 (year ended December 31, 2021 - $nil).

  - The Company incurred an increase in salaries and benefits of $2,543,261 for the year ended December 31, 2022, compared to the year ended December 31, 2021. The increase was the result of bonuses paid during the period and the vesting over time of options and RSUs.

  - The Company incurred an increase in professional fees of $264,341 for the year ended December 31, 2022, compared to the year ended December 31, 2021. The increase can be attributed to higher corporate activity requiring legal assistance during year ended December 31, 2022 compared to the year ended December 31, 2021.

- The Company incurred a foreign exchange loss of $407,820 compared to a gain of $28,669 in the previous period, which was primarily attributable to US dollar and Canadian dollar exchange rate fluctuations.

- Finance interest expense was $9,216 for the three months ended December 31, 2022 compared to $15,361 for the year ended December 31, 2021, which was primarily attributable to the redemption of the convertible debenture in 2022.

- The Company incurred costs related to the acquisition of Inter Oil of $231,894 for the year ended December 31, 2022 compared to $145,611 for the year ended December 31, 2021. See "Definitive Agreement With Grisham", below for a description of acquisition of Inter Oil.

- The Company recorded a joint venture income of $4,035,391 for the year ended December 31, 2022 compared to $nil for the year ended December 31, 2021. This is due to the Company's share of Inter Oil income during the period. See "Definitive Agreement With Grisham", below for a description of acquisition of Inter Oil.

Cash Flow

At December 31, 2022, the Company had cash of $6,335,915. The increase in cash of $6,297,148 from the December 31, 2021 cash balance of $38,767 was a result of net cash outflows for operating activities of $6,058,987, net cash outflows for investing activity of $855,115 which was offset by net cash from financing activities of $13,211,250. Operating activities cash flows were mainly affected by a net loss of $1,138,984, offset by non-cash activities in share-based compensation of $1,922,274, accretion on convertible debentures of $2,549, accrued interest on convertible debentures of $6,667, gain of accounts payable of $92,191, joint venture income of $4,031,505 and net change in non-cash working capital balances of $2,727,797. The change in working capital balances was due to an increase in accounts receivable and other assets of $37,280, a decrease in accounts payable and other liabilities of $92,873 and a decrease of $2,597,644 in deferred compensation. Investing activities cash flows were affected by the investment in joint venture of $5,144,700, which was offset by cash received from investment in joint venture of $4,289,585. Financing activities were affected by proceeds from private placements of $14,051,731 and proceeds from options exercised of $150,000, which was offset by share issue costs of $850,189 and redemption of convertible debentures of $140,292.

Liquidity and Financial Position

The Company derives no income from operations and limited working capital. Accordingly, the activities of the Company have been financed by cash raised through private placements of securities, convertible debentures and sales of non-core assets. As the Company does not expect to generate positive cash flows from operations in the near future, it will continue to rely primarily on additional financings to raise capital. During the year ended December 31, 2022, the Company received cash proceeds of $14,051,731 from private placements and $150,000 from stock options exercised.

At the date of this MD&A, the Company estimates that the Company's cash balance is adequate to carry on business activities for the next 24 months, assuming no material transactions during this period. Thereafter unless it commences producing hydrocarbons in sufficient quantities to meet the Company's ongoing need for additional working capital, the Company might need to secure additional financing. The most significant variables for cash movements are expected to be the size, timing and results of the Company's compliance requirements and its ability to continue to access additional capital to fund its ongoing activities. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital and / or debt capital will be available to the Company in the amounts or at the times required or on terms that are acceptable to the Company, if at all. See "Risk Factors" below.

Capital Risk Management

Sintana manages its capital with the following objectives:

- ensure sufficient financial flexibility to achieve its ongoing business objectives;
- maintain its private participation interests in the potential conventional and unconventional opportunities in Block VMM-37 in Colombia's Magdalena Basin (subject to the securing of a joint venture partner to operate the property) and its property interest in Namibia; and,
- maximize shareholder value.

Sintana monitors its capital structure and makes adjustments, as deemed necessary, in an effort to meet its commitments and objectives. Sintana can manage its capital structure by issuing additional shares and debt, purchasing outstanding shares, reducing participation interests, adjusting capital spending and operating costs, and / or disposing of assets. The cash forecasts and capital structure are reviewed by management and the Board on an ongoing basis.

Sintana considers its financial capital to be shareholders' deficiency, which comprises share capital, warrants, contributed surplus (which includes stock options and RSUs), the conversion feature of convertible debentures and deficit, which at December 31, 2022 totaled to a shareholders' equity of $14,773,563 (December 31, 2021 – shareholders' deficiency of $7,371,045).

Sintana monitors its sources and uses of capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts the timing and amounts of its future cash flows based on anticipated operating and overhead expenditures, and other investing and financing activities. The forecast is updated periodically based on current and planned activities related to its hydrocarbon participation interests. Forecast summaries are provided to the Board.

Sintana's capital management objectives, policies and processes remained unchanged during the year ended December 31, 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2022, the Company was compliant with Policy 2.5.

Share Capital

The Company is authorized to issue an unlimited number of common shares and special shares. As of the date of this MD&A, the Company had 269,804,835 common shares outstanding.

As of the date of this MD&A, the following stock options were outstanding:

Options	Expiry Date	Exercise Price
450,000	June 4, 2023	$0.10
3,850,000	December 18, 2023	$0.10
2,025,000	January 30, 2025	$0.145
2,150,000	December 18, 2025	$0.10
7,750,000	March 24,2027	$0.165
6,400,000	December 16, 2032	$0.11
22,625,000		

As of the date of this MD&A, the following warrants were outstanding:

Warrants	Expiry Date	Exercise Price
88,550,000	March 8, 2024	$0.25
4,331,833	March 8, 2024	$0.15
92,881,833		

Financial Risk Management

Financial risk

Sintana's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk (including interest rates and foreign exchange risks).

Risk management is carried out by Sintana's management team with guidance from the Board.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable, excluding HST. All of the Company's cash is held with large, well-known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal.

Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote since the Company does not have any receivables other than HST.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in economic conditions generally or matters specific to Sintana. The Company generates cash flow primarily from its financing activities.

Most of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. Sintana had a cash and cash equivalents balance of $6,335,915 (December 31, 2021 - $38,767) and working capital of $1,852,276 at December 31, 2022 (December 31, 2021 - working capital deficit of $7,264,860).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

- Interest rate risk

  The Company's current policy is to invest excess cash in short-term guaranteed investment certificates or money market funds of major Canadian chartered banks. Accordingly, the Company has no material interest rate risk.

- Foreign currency risk

  As of December 31, 2022, the Company funds exploration and administrative expenses in Colombia on a cash call basis using US dollar currency and Colombian Peso. The Company maintains US dollar bank accounts in Canada, Colombia, Panama and the United States. The Company maintains one Colombian Peso bank account in Colombia. Sintana is subject to gains and losses from fluctuations in the Canadian dollar, Colombian Peso and US dollar. The Company does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

The following are the Canadian dollar equivalent balances for items denominated in foreign currencies:

	December 31, 2022 ($)	December 31, 2021 ($)
Cash and cash equivalents	2,934,477	5,614
Accounts payable and other liabilities (including provision)	(87,020)	(315,705)
Deferred compensation	(4,042,455)	(6,408,326)

Sensitivity analysis

Based on management's knowledge of and experience with financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

- Sintana holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. As at December 31, 2022, a plus or minus 10% change in the Colombian Peso and US Dollar foreign exchange rates against the Canadian Dollar, with all other variables held constant, would have affected the reported loss and comprehensive loss by approximately $277,000 (December 31, 2021 - $672,000).

Outlook

Produced volumes and pricing for crude oil, natural gas, LNG and downstream activities and products have been and are expected to be for the foreseeable future very volatile. Given interest rate increases, most likely a recession, the Ukraine war, uncertain availability of financing and the securing of joint venture partners and other events out of management's control, it is difficult to plan for and manage exploration, development and production activities. The Company is mindful of these events and uncertainties. See "Risk Factors" for additional details.

Although there can be no assurance that additional funding will be available to the Company, management believes that its projects are delivering positive results and should attract investment under normal market conditions. Hence, management believes it is likely to obtain additional funding for its projects in due course. As a result of the recent successful raise and farmout, the Company does not expect to require additional funding in the foreseeable future.

The Company routinely evaluates various business development opportunities.

Proposed Transactions

The Company routinely evaluates various business development opportunities that could entail farm-ins, farm-outs, acquisitions, trades and / or divestitures. There can be no assurance that any such transactions will be concluded in the future. See "Definitive Agreement With Grisham" and "Subsequent Events" below.

Investment in Associate

	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Balance, beginning of year	**nil**	**nil**
Investment in joint venture	13,179,367	nil
Decrease in investment in joint venture	(4,289,585)	nil
Sintana's 49% share of Inter Oil's net income for the period ended December 31, 2022	4,031,505	nil
Balance, end of year	**12,921,287**	**nil**

On March 8, 2022, the Company completed the acquisition of 49% of the outstanding shares of Inter Oil from Grisham, a private company owned by Mr. Knowledge Katti. Inter Oil is a private Namibian company which indirectly holds a strategic portfolio of offshore PELs in Namibia including (i) a 15% carried interest in PEL 87; (ii) a 10% carried interest in each of PELs 82 and 83; and (iii) a 20% uncarried interest in PEL 90 (which was reduced to 10% after the transaction completed in October 2022). Inter Oil also holds a 30% interest in a subsidiary which, in turn, holds a 90% interest in onshore PEL 103.

The consideration for the Acquisition consisted of a cash payment of $5,144,700 (US$4,000,000) and the issuance of an aggregate of 34,933,333 common shares of the Company (issued and valued at $8,034,667).

The following is a summary of the latest available financial information of Inter Oil. The amounts have not been pro-rated (except for the proportionate share of net loss) for the Company's ownership interest.

As at December 31, 2022	**$**
Cash	8,751
Total current assets	27,115
Total non-current assets	1,317
Total current liabilities	144,900
Total non-current liabilities	60,388
Year Ended December 31, 2022	
Net income	8,227,561
Proportionate share of net income	4,031,505

On October 4, 2022, the Company announced that Trago Energy (Pty) Limited ("Trago"), a Namibian affiliate of the Company, had completed a transaction with Chevron Namibia Exploration Limited, a wholly-owned subsidiary of Chevron, in respect of its interest in PEL 90. Trago retained a 10% interest in PEL 90. Chevron will carry Trago through initial exploration activities including a 3D seismic program and one exploration well. Post the carry period, Trago will be responsible for its proportionate share of capital and operating expenditures. As a result of this transaction, the Company received a dividend of $4,289,585 (US$3,128,344) from the farm-out by Inter Oil of a 10% interest in PEL 90.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

Investment in Sintana must be considered highly speculative due to the nature of Sintana's business, its formative stage of development, its current financial position and its lack of an earnings record. An investment in any securities of Sintana should only be considered by those persons who can afford a total loss of their investment.

Requirement to invest to retain rights

Most of the leases and other operating rights that Sintana has and will acquire granting Sintana the right to explore for and exploit crude hydrocarbons resources require, within defined lengths of time, Sintana to drill wells and / or conduct seismic activities to maintain those rights. There can be no assurance that Sintana will have the resources necessary to drill the required wells or conduct the requisite seismic activities within the required time periods. Sintana does not have adequate cash at present to complete all of its drilling and seismic activities required to maintain its interests in hydrocarbons properties. In addition, Sintana will prioritize its drilling and seismic programs so as to pursue its best prospects, thus running the risk that certain of its rights may expire. Further, the withdrawal of joint venture partners such as Exxon with respect to VMM-37 will have a material adverse effect on Sintana's ability to complete all requisite drilling and seismic activities on such properties. See "Subsequent Events". If Sintana does not perform the required drilling or other required activities within the defined time periods, its rights to explore may lapse, which could have a material adverse effect on Sintana.

Ongoing need for financing

As Sintana has no revenue, its ability to continue exploration, development, acquisition and divestiture efforts are largely reliant on its continued attractiveness to equity investors. Sintana will incur operating losses as it continues to expend funds to explore and develop its properties. There is no guarantee that Sintana will be able to develop any of its properties to commercial production. Additionally, Sintana will require additional capital to continue exploration and development. Failure to raise such capital could result in Sintana going out of business. From time to time, Sintana may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase Sintana's debt levels above industry standards.

Crude oil and natural gas development

No reserves have been assigned in connection with Sintana's property interests to date, given their early stage of development. The future value of Sintana is therefore dependent on the success or otherwise of Sintana's activities, which are principally directed toward the further exploration, appraisal and development of its assets in Colombia and Namibia, and potential acquisition of additional property interests in the future. Exploration, appraisal and development of Hydrocarbons reserves are speculative and involve a significant degree of risk. There is no guarantee that exploration or appraisal of the property interests of Sintana will lead to commercial discoveries or, if there are commercial discoveries, that Sintana will be able to realize the value of such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage Sintana is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, Sintana's business, financial condition and / or results of operations and, accordingly, the trading price of Sintana shares, is likely to be materially adversely affected.

Hydrocarbons exploration involves a high degree of risk and there is no assurance that expenditures made for future exploration or development activities by Sintana will result in discoveries of crude oil, condensate or natural gas that are commercially or economically viable. It is difficult to project the costs of implementing any exploratory drilling or development program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over-pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

Political risks

All of Sintana's current operations are conducted in Colombia and Namibia and as such, Sintana's operations are exposed to various levels of political, economic, contractual and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; terrorism; changes in taxation policies; restrictions on foreign exchange; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Future political actions cannot be predicted and may adversely affect Sintana. Changes, if any, in hydrocarbons or investment policies or shifts in political attitude in the countries in which Sintana holds property interests may adversely affect Sintana's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, license awards and contracts, maintenance of claims, environmental legislation, land use, land claims of local people, water use and hydrocarbons safety matters. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws, regulations and local practices relating to property applications and tenure, could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have a material adverse effect on the Company's consolidated business, results of operations and financial condition.

Volatile stock price

The stock price of Sintana is highly volatile and will most likely be drastically affected by exploration and development results. Sintana cannot predict the results of its exploration and development activities expected to take place in the future. The results of these activities will inevitably affect Sintana's decisions related to further exploration and development of any of the properties that Sintana may hold in the future, and will likely trigger major changes in the trading price of the Sintana shares.

Potential conflicts of interest

Some of the individuals who serve as directors or officers of Sintana are also directors, officers and / or promoters of other reporting and non-reporting issuers. As of the date of this MD&A, and to the knowledge of the directors and officers of Sintana, there are no existing conflicts of interest between Sintana and any of the individuals who are directors or officers of Sintana other than as disclosed elsewhere in this MD&A. Situations may arise where the directors and / or officers of Sintana may be in competition with Sintana. Any conflicts will be subject to and governed by the laws applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of Sintana's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Sintana are required to act honestly, in good faith and in the best interests of Sintana.

No history of production

Sintana's properties are exploration stage only. Sintana has never had any material interest in crude oil and / or natural gas producing properties. There is no assurance that commercial quantities of crude oil or natural gas will be discovered at any of the properties of Sintana or any future properties, nor is there any assurance that the exploration or development programs of Sintana thereon will yield any positive results. Even if commercial quantities of crude oil and / or natural gas are discovered, there can be no assurance that any property of Sintana will ever be brought to a stage where oil and / or natural gas can profitably be produced thereon. Factors which may limit the ability of Sintana to produce oil and / or natural gas from its properties include, but are not limited to, commodity prices, availability of additional capital and financing and the nature of any crude oil and / or natural gas deposits.

Reliance on a limited number of opportunities

The principal property interests of Sintana are currently the Namibia assets. In addition, Sintana also holds assets in Colombia. As a result, any adverse developments affecting any or all of these property interests could have a material adverse effect upon Sintana and would materially and adversely affect the potential production, profitability, financial performance and results of operations of Sintana. See also "Subsequent Events".

Future sales of Sintana shares by existing shareholders

Sales of a large number of Sintana shares in the public markets, or the potential for such sales, could decrease the trading price of the Sintana shares and could impair Sintana's ability to raise capital through future sales of Sintana shares. Sintana may from time to time have previously issued securities at an effective price per share that is lower than the then current market price of Sintana shares. Accordingly, certain shareholders of Sintana may have an investment profit in Sintana shares that they may seek to liquidate.

Market price of Sintana shares

Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Sintana shares is also likely to be significantly affected by short-term changes in oil and natural gas prices or in Sintana's financial condition or results of operations of the Company. Other factors unrelated to Sintana's performance that may have an effect on the price of Sintana shares include the following: the extent of analytical coverage available to investors concerning Sintana's business may be limited if investment banks with research capabilities do not follow Sintana's securities; lessening in trading volume and general market interest in Sintana's securities may affect an investor's ability to trade significant numbers of Sintana shares; the size of Sintana's public float may limit the ability of some institutions to invest in Sintana's securities; and a substantial decline in the price of Sintana shares that persists for a significant period of time could cause Sintana's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of Sintana shares at any given point in time may not accurately reflect Sintana's long-term value. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Sintana may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Environmental regulation and risks

All phases of Sintana's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Sintana's operations. Environmental hazards may exist on the properties in which Sintana holds interests that are unknown to Sintana at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently and may in the future be required in connection with Sintana's direct and indirect operations. To the extent such approvals are required and not obtained, Sintana may be curtailed or prohibited from continuing its oil and / or natural exploration operations or from proceeding with planned exploration or development of its properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of natural resource properties may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of crude oil and natural gas exploration companies, or more stringent implementation thereof, could have a material adverse impact on Sintana and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Requirement for permits and licenses

The operations of Sintana require it to obtain licenses for operating, permits, and in some cases, renewals of existing licenses and permits from various authorities in Colombia and Namibia. Sintana believes that it currently holds or has applied for all necessary licenses and permits to carry on the activities it is currently conducting under applicable laws and regulations in respect of its properties, and also believes that it is complying in all material respects with the terms of such licenses and permits. However, the ability of Sintana to obtain, sustain or renew any such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions.

Operating risks

Exploration, development and production activities generally involve a high degree of risk. The operations of Sintana are subject to all the hazards and risks normally encountered in the exploration, development and production of hydrocarbons, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability.

Insurance and uninsured risks

Sintana's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, mechanical failures, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to crude oil and natural gas properties and / or production facilities, personal injury or death, environmental damage to the properties of Sintana, or the properties of others, delays in exploration, development and production activities, monetary losses and possible legal liability.

Although Sintana maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with crude oil and natural gas operations. Sintana may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production activities is not generally available to Sintana or to other companies in the oil and natural gas industry on acceptable terms. Sintana might also become subject to liability for pollution or other hazards that may not be insured against or which Sintana may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Sintana to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure

Crude oil and natural gas exploration, development and production activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources, water supply and disposal facilities are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of Sintana.

Participation Interests

No assurances can be given that there are no participation interests defects affecting any properties of Sintana. Insurance generally is not available, and the ability of Sintana to ensure that it has obtained secure claim to individual properties or concessions may be severely constrained. Furthermore, Sintana has not conducted surveys of the claims in which it currently holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, such natural resource properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and participation interests may be affected by, among other things, undetected defects.

In addition, Sintana may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The principal property interests of Sintana are currently its Namibian assets, which are held through its 49% interest in Inter Oil. Although Sintana has the ability to exercise certain rights as a shareholder of Inter Oil pursuant to an existing shareholders agreement and applicable law, the majority shareholder of Inter Oil otherwise exercises control over the management and operations of Inter Oil and its respective holdings. As a result, Sintana's Namibian assets may be managed in a manner that is adverse to Sintana and over which it has no ability to control. Any adverse developments affecting any or all of these property interests could have a material adverse effect upon Sintana and would materially and adversely affect the potential production, profitability, financial performance and results of operations of Sintana. See also "Reliance on a limited number of opportunities".

Competition

The crude oil and natural gas industries are competitive in all of their phases. Sintana faces strong competition from other companies in connection with the acquisition of properties producing, or capable of producing, crude oil and natural gas. Many of these companies have greater financial resources, operational experience and technical capabilities than Sintana. As a result of this competition, Sintana may be unable to maintain or acquire attractive properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of Sintana could be materially adversely affected.

Commodity prices

The price of Sintana shares, its financial results and its exploration, development and production activities, if any, could be significantly adversely affected by declines in the price of crude oil and / or natural gas. The prices of crude oil and natural gas fluctuate widely and are affected by numerous factors beyond Sintana's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Canadian dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major oil-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future price declines in the market value of crude oil and / or natural gas could cause continued development of and commercial production from its properties to be impracticable. Depending on the price of crude oil and natural gas, cash flow from any potential future operations may not be sufficient and Sintana could be forced to discontinue production and may lose its interests in, or be forced to sell, some of its properties. Potential future production from Sintana's properties, if any, is dependent upon the price of crude oil and / or natural gas being adequate to make these properties economic.

In addition to adversely affecting Sintana's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Government regulation

Sintana's exploration, development and production activities are subject to various laws, regulations and rules governing prospecting, development, production, taxes, labour standards and occupational health and safety, toxic substances, land use, water use, land claims of local people and other matters. Although to the best knowledge of Sintana the exploration, development and production activities are currently carried out in all material respects in accordance with all applicable laws, rules and regulations, no assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner that could limit or curtail exploration, development, production and / or sales activities. Amendments to current laws, rules and regulations governing oil and natural gas operations, or more stringent implementation thereof, could have a substantial adverse impact on Sintana.

Global financial conditions

Over the course of the last several years global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or had to be rescued by governmental authorities. Access to public financing has been negatively impacted by government debt burdens, sub-prime mortgages, the liquidity crisis affecting the asset-backed commercial paper market and other factors. These factors may adversely impact the ability of Sintana to obtain equity or debt financing in the future and, if obtained, on terms favorable to it. If these increased levels of volatility and market turmoil continue, the operations of Sintana could be impacted and the value and the price of Sintana shares and other securities could be adversely affected.

Dividend policy

No dividends on any of the Sintana shares have been paid to date. Payment of future dividends, if any, will be at the discretion of the Board of Directors after taking into account multiple factors, including Sintana's operating results, financial condition, and current and anticipated cash needs.

Management

The success of the Company is heavily dependent on the performance of management. Shareholders will be relying on the good faith, experience and judgment of the Company's management, directors and advisers in supervising and providing for the effective management of the Company's business. The loss of the services of one or more of these persons could have a materially adverse effect on the Company's business. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the Company.

Additionally, directors and officers of the Company may also serve as directors and / or officers of other reporting issuers from time to time.

The Company has not purchased "key-man" insurance.

Covid-19 Risks

The worldwide emergency measures taken to combat COVID-19 could be expanded, and could also be reintroduced in the future following relaxation. Management cannot predict legal and regulatory responses to concerns about COVID-19 and related public health and labor issues and how these responses may impact Sintana. COVID-19, actions taken globally in response to it, and the ensuing economic downturn have previously caused significant disruption to business activities and economies. As a result, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and Sintana on a going forward basis.

Subsequent Events

(i) On April 18, 2023, the Company announced that Exxon sent Patriot a notice stating that, based on the terms of the Exxon Agreement, it had decided to withdraw from the Exxon Agreement as of May 31, 2023. The notice also states that Exxon will withdraw from the Platero CEPI with the ANH effective after obtaining required government approvals. See "Petroleum and Natural Gas Update". Both the Exxon Agreement and Platero CEPI pertain to VMM-37. The Company fully reserves its rights under the contracts governing VMM-37 and applicable laws and regulations.

Additional Disclosure for Venture Issuers Without Significant Revenue

General and Administrative Expenses

General and administrative	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Salaries and benefits	3,767,888	1,224,627
Professional fees	431,103	166,762
Administrative and general	104,539	61,353
Reporting issuer costs	56,587	64,693
Travel expenses	95,533	nil
Investor relations	170,118	nil
Interest and other income	(68,440)	nil
Total	**4,557,328**	**1,517,435**

Exploration and Evaluation Expenditures

Exploration Expenditures	Year Ended December 31, 2022 $	Year Ended December 31, 2021 $
Magdalena Basin, Colombia		
Administrative and general	44,691	42,820
Professional fees	11,731	59,780
Total	**56,422**	**102,600**

SINTANA ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)

AUDITED

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.

Independent Auditor's Report

To the Shareholders of Sintana Energy Inc.:

Opinion

We have audited the consolidated financial statements of Sintana Energy Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' (deficiency) equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss during the year ended December 31, 2022 and, as of that date, the Company had an accumulated deficit. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Scott Laluk.

MNP LLP

Mississauga, Ontario | Chartered Professional Accountants

April 28, 2023 | Licensed Public Accountants

(Expressed in Canadian Dollars, Unless Otherwise Stated)

As at December 31,		2022		2021
ASSETS				
Current assets				
Cash and cash equivalents	**$**	**6,335,915**	$	38,767
Accounts receivable and other assets (note 6)		**53,457**		16,177
Total current assets		**6,389,372**		54,944
Non-current assets				
Investment in joint venture (note 7)		**12,921,287**		-
Total assets	**$**	**19,310,659**	$	54,944
SHAREHOLDERS' EQUITY (DEFICIENCY) AND LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 8 and 19)	**$**	**370,283**	$	555,347
Deferred compensation (note 19)		**4,064,501**		6,662,145
Asset retirement obligation (note 10)		**102,312**		102,312
Total current liabilities		**4,537,096**		7,319,804
Non-current liabilities				
Convertible debentures (note 9)		**-**		106,185
Total liabilities		**4,537,096**		7,425,989
Shareholders' equity (deficiency)		**14,773,563**		(7,371,045)
Total shareholders' equity (deficiency) and liabilities	**$**	**19,310,659**	$	54,944

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

Nature of operations and going concern (note 1)
Contingency (note 21)
Subsequent event (note 22)

Approved on behalf of the Board:
(signed) "Douglas G. Manner", Director
(signed) "Bruno C. Maruzzo", Director

Sintana Energy Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars, Unless Otherwise Stated)

Year Ended December 31,	**2022**	**2021**
Operating expenses		
Exploration and evaluation expenditures (note 16)	**$ 56,422**	$ 102,600
General and administrative (notes 17 and 19)	**4,557,328**	1,517,435
Finance interest expense (note 9)	**9,216**	15,361
Costs related to acquisition of an interest in Inter Oil (note 7)	**231,894**	145,611
Foreign exchange loss (gain)	**407,820**	(28,669)
Net loss before gain of accounts payable and joint venture income	**(5,262,680)**	(1,752,338)
Gain of accounts payable (note 8)	**92,191**	88,163
Joint venture income (note 7)	**4,031,505**	-
Net loss and comprehensive loss for the year	**$ (1,138,984)**	$ (1,664,175)
Loss per share - basic and diluted (note 15)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 15)	**245,450,792**	134,166,804

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

(Expressed in Canadian Dollars, Unless Otherwise Stated)

Year Ended December 31,	**2022**	**2021**
Operating activities		
Net loss for the year	**$ (1,138,984)**	$ (1,664,175)
Adjustment for:		
Accretion on convertible debentures (note 9)	**2,549**	8,000
Accrued interest on convertible debentures (note 9)	**6,667**	7,361
Joint venture income (note 7)	**(4,031,505)**	-
Share-based compensation (notes 13 and 14)	**1,922,274**	161,797
Gain of accounts payable (note 8)	**(92,191)**	(88,163)
Non-cash working capital items:		
Accounts receivable and other assets	**(37,280)**	11,412
Accounts payable and accrued liabilities	**(92,873)**	193,186
Deferred compensation	**(2,597,644)**	1,025,800
Net cash used in operating activities	**(6,058,987)**	(344,782)
Investing activities		
Investment in joint venture (note 7)	**(5,144,700)**	-
Cash received from investment in joint venture (note 7)	**4,289,585**	-
Net cash used in investing activities	**(855,115)**	-
Financing activities		
Proceeds from private placements (note 11)	**14,051,731**	-
Share issue costs (note 11)	**(850,189)**	-
Options exercised	**150,000**	40,000
Warrants exercised	**-**	239,500
Convertible debentures	**(140,292)**	-
Net cash provided by financing activities	**13,211,250**	279,500
Net change in cash and cash equivalents	**6,297,148**	(65,282)
Cash and cash equivalents, beginning of year	**38,767**	104,049
Cash and cash equivalents, end of year	**$ 6,335,915**	$ 38,767
Cash	**$ 3,936,535**	$ 38,767
Cash equivalents	**2,399,380**	-
Total cash and cash equivalents	**$ 6,335,915**	$ 38,767

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

(Expressed in Canadian Dollars, Unless Otherwise Stated)

	Number of common shares #	Share capital	Warrants	Contributed surplus	Conversion feature of convertible debt	Deficit	Total
Balance, December 31, 2020	**130,398,297**	**$ 78,657,924**	**$ 31,082**	**$ 5,713,913**	**$ 24,891**	**$(90,575,977)**	**$ (6,148,167)**
Restricted shares vested and converted to common shares (note 11(b)(i))	1,950,000	165,750	-	(165,750)	-	-	-
Warrants exercised (note 12)	2,395,000	270,582	(31,082)	-	-	-	239,500
Options exercised (note 13)	400,000	65,840	-	(25,840)	-	-	40,000
Share-based compensation - stock options (note 13)		-	-	122,797	-	-	122,797
Share-based compensation - restricted shares (note 14)	-	-	-	39,000	-	-	39,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,664,175)	(1,664,175)
Balance, December 31, 2021	**135,143,297**	**79,160,096**	**-**	**5,684,120**	**24,891**	**(92,240,152)**	**(7,371,045)**
Private placements (note 11(b)(ii)(iii))	93,678,205	14,051,731	-	-	-	-	14,051,731
Warrants issued (note 11(b)(iii))	-	(4,503,504)	4,503,504	-	-	-	-
Share issue costs (note 11(b)(iii))	-	(2,199,624)	1,349,435	-	-	-	(850,189)
Shares issued to acquire Inter Oil (note 7)	34,933,333	8,034,667	-	-	-	-	8,034,667
Restricted shares vested and converted to common shares (note 11(b)(iv))	4,550,000	796,250	-	(796,250)	-	-	-
Options exercised (note 13)	1,500,000	252,437	-	(102,437)	-	-	150,000
Payment of convertible debenture (note 9)	-	-	-	-	(24,891)	-	(24,891)
Share-based compensation - stock options (note 13)	-	-	-	1,108,459	-	-	1,108,459
Share-based compensation - restricted shares (note 14)	-	-	-	813,815	-	-	813,815
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,138,984)	(1,138,984)
Balance, December 31, 2022	**269,804,835**	**$ 95,592,053**	**$ 5,852,939**	**$ 6,707,707**	**$ -**	**$(93,379,136)**	**$ 14,773,563**

The accompanying notes are an integral part of these 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 ("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 and Namibia. It's business strategy is to acquire, explore, develop and produce superior quality assets with significant hydrocarbon reserves 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 years. For the year ended December 31, 2022, the Company incurred a loss of $1,138,984 (year ended December 31, 2021 - $1,664,175) and had an accumulated deficit of $93,379,136 (December 31, 2021 - $92,240,152). Sintana had working capital of $1,852,276 at December 31, 2022 (December 31, 2021 - working capital deficit of $7,264,860).

These 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 may 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. These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be inappropriate.

2. Significant accounting policies

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2022. The Board of Directors approved these consolidated financial statements on April 28, 2023.

(b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of expenses during the period. Actual results could materially differ from these estimates.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

2. Significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Sintana and its wholly-owned subsidiaries:

Name	Registered	% of control	Functional currency
Sintana Resources Corp.	Ontario, Canada	100%	CAD
Mobius Resources Corp.	Alberta, Canada	100%	CAD
1873520 Ontario Inc.	Ontario, Canada	100%	CAD
Sintana Energy Finance Inc.	Ontario, Canada	100%	CAD
Sintana Energy Exploration and Production Inc.	Texas, United States	100%	CAD
Northbrook Oil and Gas LLC	Texas, United States	100%	CAD
Patriot Energy Oil and Gas Inc. ("Patriot Energy")	Panama	100%	CAD
Patriot Energy Services LLC Corp. ("Patriot")	Panama	100%	CAD
Zodiac USA Corp.	Nevada, United Sates	100%	CAD
Zodiac Montana LLC	Nevada, United States	100%	CAD
Zodiac Energy LLC	Nevada, United States	100%	CAD
Patriot Energy (Colombia)	Colombia	100%	CAD

The results of subsidiaries acquired or disposed of during the years presented are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition and up to the effective date of disposal, as appropriate. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

(d) Financial assets and liabilities

IFRS 9 - Financial Instruments ("IFRS 9") includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

2. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

<u>Financial assets</u>

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVOCI. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVOCI. Gains or losses on these items are recognized in profit or loss.

ii. Amortized cost

Financial assets classified as amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

The Company's cash and cash equivalents and accounts receivable, excluding HST, are classified as financial assets measured at amortized cost.

iii. Financial assets recorded at FVOCI

Financial assets are recorded at FVOCI when the change in fair value is attributable to changes in the Company's credit risk.

<u>Financial liabilities</u>

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are measured at amortized cost, include borrowings, are initially measured at fair value, net of transaction cost. They are subsequently measured at amortized cost using the effective interest method, with interest recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or to the next carrying amount or initial recognition.

The Company's accounts payable and accrued liabilities, deferred compensation and convertible debentures do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into amortized cost detailed above.

<u>Transaction costs</u>

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

2. Significant accounting policies (continued)

(d) Financial assets and liabilities (continued)

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected credit loss impairment model

The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses ("ECLs") resulting from all possible default events over the assets' contractual lifetime. The Company has established an allowance for ECLs that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. This rate is then adjusted based on management judgment to account for current economic conditions, counterparty's present financial condition and the term to maturity of the specified receivable balance. Actual credit loss may significantly differ from this estimate of provision.

Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof. The Company's expected credit loss provision was insignificant as at December 31, 2022 and 2021.

Impairment of financial assets

An ECL model applies to financial assets measured at amortized cost. The Company's financial assets measured at amortized cost and subject to the ECL model consist primarily of trade receivables. The Company applies the simplified approach to impairment for trade and other receivables by recognizing lifetime expected losses on initial recognition through both the analysis of historical defaults and a reassessment of counterparty credit risk in revenue contracts on an annual basis.

Financial instruments recorded at fair value

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2022 and 2021, none of Sintana's financial instruments are recorded at fair value in the consolidated statements of financial position.

2. Significant accounting policies (continued)

(e) Impairment of non-financial assets

At the end of each reporting period, Sintana reviews the carrying amounts of its non-financial assets with finite lives to determine whether there are any indications that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use, which is determined using discounted estimated future net cash flows. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

(f) Cash equivalents

Cash equivalents comprise guaranteed investment certificates with an original maturity of three months or less, and which are readily convertible into a known amount of cash. Sintana does not invest in any asset-backed deposits/investments. As at December 31, 2021, the Company did not have any cash equivalents.

(g) Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is the parent Company's presentation and functional currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Transactions in foreign currencies are translated to Canadian dollars at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the period end exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in the consolidated statement of loss and comprehensive loss.

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated at the year-end closing rate of exchange, and the results of their operations are translated at average rates of exchange for the period unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the results of their operations are translated at the rate prevailing on the dates of the transactions. The resulting translation adjustments are recognized as a separate component of equity.

(h) Provisions

A provision is recognized when Sintana has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Sintana had no material provisions at December 31, 2022 and 2021 other than the asset retirement obligation and provision (included in accounts payable and accrued liabilities). A provision related to the dispute (refer to note 21) is included in accounts payable and accrued liabilities. The Company assesses the probability each year for the likelihood of payment of the alleged liability. Management estimates that the probability of paying the alleged liability will decrease by 15% of the original accrued amount each year.

2. Significant accounting policies (continued)

(i) Asset retirement obligations ("ARO")

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an oil and gas property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises, whether at the start of each project or on an ongoing basis during production. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit of production or the straight-line method as appropriate under IFRS. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

(j) Exploration and evaluation expenditures

Sintana expenses exploration and evaluation expenditures as incurred for oil and gas prospects not commercially viable and financially feasible. Exploration and evaluation expenditures include acquisition costs of oil and gas prospects, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for production operations. Capitalization ceases when the oil and natural gas reserves are capable of commercial production, with the exception of development costs that give rise to a future benefit.

Exploration and evaluation expenditures are capitalized if Sintana can demonstrate that these expenditures meet the criteria of an identifiable intangible asset. To date, no such exploration and evaluation expenditures have been identified and capitalized.

(k) Share-based payment transactions

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of Sintana.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. Share-based payments to non-employees are measured at fair value of services provided, measured on the service date and recorded over the service period. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

(l) Restricted share units ("RSUs")

Under the RSUs Plan, employees and directors are granted RSUs where each RSU has a value equal to one Sintana common share. RSUs are measured at fair value on the grant date. The fair value of RSUs are recognized as a charge to share-based compensation as a general and administrative expense over the vesting period with a corresponding increase in equity. RSUs expected to settle in cash are reclassified as a liability and valued at fair value at period end.

2. Significant accounting policies (continued)

(m) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to offset the amounts and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates an laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(n) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined using the treasury stock method by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares.

(o) Interest in joint ventures

A joint venture can take the form of a jointly controlled entity, jointly controlled operation or jointly controlled assets. A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When the Company undertakes its activities under joint venture arrangements, its share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognized in the consolidated financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interest in jointly controlled assets are accounted for on an accrual basis.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Company reports its interest in jointly controlled entities using the equity method.

The Company assesses annually whether there is any objective evidence that its investment in joint venture is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal or value in use) and charged to the consolidated statement of comprehensive income.

The Company is accounting for its investment in Inter Oil (Pty) Ltd. (“Inter Oil”), as a joint venture (refer to note 7).

2. Significant accounting policies (continued)

(p) Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), who are the Company's chief operating decision makers. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. An operating segment's operating results, for which discrete financial information is available, are reviewed regularly by the CEO and CFO to make decisions about resources to be allocated to the segment and assess its performance. The Company has one business class which is the exploration and development of oil and gas properties.

(q) Compound instruments

The component parts of compound instruments (e.g., debt issued with a conversion feature along with convertible securities) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option and warrants that will be settled by the exchange of a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar debt without conversion features and warrants. This amount is recorded as a liability on the amortized cost basis using the effective interest method until extinguished or at the instrument's maturity date.

The conversion features and convertible securities classified as equity are determined by deducting the amount of the liability component from the fair value of the instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, conversion features and convertible securities classified as equity will remain in equity until the conversion option or warrants are exercised, in which case the balance recognized in equity will be transferred to common shares within equity. When the conversion feature and warrants remain unexercised at their maturity date, the balance recognized in equity will be transferred to retained earnings or deficit. No gain or loss is recognized in profit or loss upon conversion or expiration of the convertible securities.

Transaction costs that relate to the issue of the instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debt using the effective interest method.

2. Significant accounting policies (continued)

(r) Significant accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future events. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions made by management about the future could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The Company uses the asset and liability method in accounting for deferred income taxes. Under this method, deferred income taxes are recognized for the estimated future income tax liabilities. In preparing these estimates, management is required to interpret substantially enacted legislation as well as economic and business conditions along with management’s tax and corporate plans which may impact taxable income in future periods. Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized.
- Management determines the fair value of warrants and stock options using the Black-Scholes option pricing model. The estimate of share-based compensation and warrants require the selection of an appropriate valuation model and consideration of the inputs necessary for the model chosen. The Company has made estimates of the volatility of its own shares, the probable life of options and warrants granted, interest rates, and the time of exercise of those options and warrants.
- Provision (included in accounts payable and accrued liabilities): Management estimates the probability each year for the likelihood of the provision. Changes to the probability can affect the carrying value of the provision.
- Convertible instruments: Convertible debentures are compound financial instruments which are accounted for separately by their components: liabilities, equity and warrants. The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment by management. The separation of components affect the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest or liability component. The determination of the fair value of the liability is also based on a number of assumptions including contractual future cash flows, discount rates, and presence of liabilities. The fair value of the equity component (conversion option or warrant feature) is determined at the time of issue as the difference between the face value of the convertible debentures and the fair value of the liability component. Changes in the input assumptions can materially affect the fair value estimates and the Company’s classification between debt and equity components.
- ARO has been determined based on the estimated settlement amounts. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions. Estimates are reviewed quarterly and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to liability on a quarterly basis. Actual rehabilitation costs will ultimately depend on the settlement amount for actual rehabilitation costs which will reflect the market condition at the time of costs are incurred. The final cost may be higher or lower than the currently recognized rehabilitation provisions.

2. Significant accounting policies (continued)

(s) Significant accounting judgments and estimates (continued)

Critical accounting judgments

- The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenses, meet its liabilities for the upcoming year and fund planned projects, involves significant judgment based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Given the judgment involved, actual results may lead to a materially different outcome.
- Joint venture: Pursuant to the acquisition of 49% of the outstanding shares of Inter Oil from Grisham Assets Corp. ("Grisham") on March 8, 2022, the Company has determined the acquisition is a form of joint venture and the Company is required to account for its share in the joint venture company by using the equity method.

3. Capital risk management

Sintana manages its capital with the following objectives:

Ensure sufficient financial flexibility to achieve its ongoing business objectives;
- ensure sufficient financial flexibility to achieve its ongoing business objectives;
- maintain its private participation interests in the potential conventional and unconventional opportunities in Block VMM-37 in Colombia's Magdalena Basin (subject to the securing of a joint venture partner to operate the property) and its property interest in Namibia; and,
- maximize shareholder value.

Sintana monitors its capital structure and makes adjustments, as deemed necessary, in an effort to meet its commitments and objectives. Sintana can manage its capital structure by issuing additional shares and debt, purchasing outstanding shares, reducing participation interests, adjusting capital spending and operating costs, and / or disposing of assets. The cash forecast and capital structure are reviewed by management and the Board of Directors on an ongoing basis.

Sintana considers its financial capital to be a deficit, which comprises share capital, warrants, contributed surplus (which includes stock options and RSUs), conversion feature of convertible debentures and deficit, which at December 31, 2022, totaled a shareholders' equity of $14,773,563 (December 31, 2021 - shareholders' deficit of $7,371,045).

Sintana monitors its sources and uses of capital through its financial and operational forecasting processes. Sintana reviews its working capital and forecasts the timing and amounts of its future cash flows based on anticipated operating and overhead expenditures, and other investing and financing activities. The forecast is updated periodically based on current and planned activities related to its oil and natural gas participation interests. Forecast summaries are provided to the Board of Directors.

Sintana's capital management objectives, policies and processes remained unchanged during the year ended December 31, 2022. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of December 31, 2022, the Company was compliant with Policy 2.5.

4. Financial risk management

Financial risk

Sintana's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk (including interest rates and foreign exchange risks).

Risk management is carried out by Sintana's management team with guidance from the Board of Directors.

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable, excluding HST. All of the Company's cash is held with large, well-known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal.

Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote since the Company does not have any receivables other than HST.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in economic conditions generally or matters specific to Sintana. The Company generates cash flow primarily from its financing activities.

Most of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. Sintana had a cash and cash equivalents balance of $6,335,915 (December 31, 2021 - $38,767) and working capital of $1,852,276 at December 31, 2022 (December 31, 2021 - working capital deficit of $7,264,860).

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

The Company's current policy is to invest excess cash in short-term guaranteed investment certificates or money market funds of major Canadian chartered banks. Accordingly, the Company is not subject to material interest rate risk.

(b) Foreign currency risk

Most of the Company's transactions are carried out in Canadian dollars. Exposures to currency exchange rates arise from the Company's expenses in foreign currency, which are primarily denominated in US Dollar and Colombian Peso since a portion of the Company's expenses are incurred in US Dollar and Colombian Peso. The Company maintains US dollar bank accounts in Canada, Colombia, Panama and the United States. The Company maintains one Colombian Peso bank account in Colombia. Sintana is subject to gains and losses from fluctuations in the Canadian Dollar, Colombian Peso and US Dollar. The Company does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

4. Financial risk management (continued)

(iii) Market risk (continued)

(b) Foreign currency risk (continued)

The following are the Canadian Dollar equivalent balances for items denominated in foreign currencies:

December 31,		**2022**		**2021**
Cash and cash equivalents	$	2,934,477	$	5,614
Accounts payable and accrued liability (excluding provision)	$	(87,020)	$	(315,705)
Deferred compensation	$	(4,042,455)	$	(6,408,326)

Sensitivity analysis

Based on management's knowledge and experience with financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

(i) Sintana holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. As at December 31, 2022, a plus or minus 10% change in the Colombian Peso and US Dollar foreign exchange rates against the Canadian Dollar, with all other variables held constant, would have affected the reported loss and comprehensive loss by approximately $119,000 (December 31, 2021 - $672,000).

5. Fair value measurements of financial instruments

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 prices (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. The Company does not have financial instruments that require to be measured at fair value on a recurring basis.

The Company has not offset financial assets with financial liabilities.

The carrying value of the Company's cash and cash equivalents, accounts receivable excluding HST, accounts payable and accrued liabilities and deferred compensation is close to fair value due to their short-term maturity.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

6. Accounts receivable and other assets

		As at December 31, 2022		As at December 31, 2021
Accounts receivable	**$**	**10,647**	$	14,707
Prepaids and other advances		**42,810**		1,470
	$	**53,457**	$	16,177

7. Investment in joint venture

Balance, December 31, 2020 and 2021	**$ -**
Investment in joint venture	13,179,367
Sintana's 49% share of Inter Oil's net income for the period ended December 31, 2022	4,031,505
Decrease in investment in joint venture	(4,289,585)
Balance, December 31, 2022	**$ 12,921,287**

On March 8, 2022, the Company completed the acquisition of 49% of the outstanding shares of Inter Oil (the "Acquisition") from Grisham, a private company owned by Mr. Knowledge Katti. Inter Oil is a private Namibian company which indirectly holds a strategic portfolio of offshore petroleum exploration license interests ("PELs") in Namibia including (i) a 15% carried interest in PEL 87; (ii) a 10% carried interest in each of PELs 82 and 83; and (iii) a 20% uncarried interest in PEL 90. Inter Oil also holds a 30% interest in a subsidiary which, in turn, holds a 90% interest in onshore PEL 103.

The consideration for the Acquisition consisted of a cash payment of $5,144,700 (US$4,000,000) and the issuance of an aggregate of 34,933,333 common shares of the Company (issued and valued at $8,034,667).

The following is a summary of financial information of Inter Oil presented based on the latest available information. The numbers have not been pro-rated (except for the proportionate share of net loss) for the Company's ownership interest.

As at December 31, 2022

Cash	$	8,751
Total current assets		27,115
Total non-current assets		1,317
Total current liabilities		144,900
Total non-current liabilities		60,388

Net income	$	8,227,561
Proportionate share of net income		4,031,505

On October 4, 2022, the Company announced that Trago Energy (Pty) Limited ("Trago"), a Namibian affiliate of the Company, had completed a transaction with Chevron Namibia Exploration Limited in respect of its interest in PEL 90. Trago retained a 10% interest in PEL 90. As a result of this transaction, the Company received a direct payment of $4,289,585 (US$3,128,344) from the farm-out by Trago of a 10% interest in PEL 90.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

8. 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 December 31, 2022	As at December 31, 2021
Accounts payable	**$ 128,061**	$ 135,001
Accrued liabilities	**242,222**	420,346
	$ 370,283	$ 555,347

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

	As at December 31, 2022	As at December 31, 2021
Less than 1 month	**$ 271,083**	$ 285,241
1 to 3 months	**-**	7,552
Greater than 3 months	**99,200**	262,554
	$ 370,283	$ 555,347

A provision related to the dispute (refer to note 21) is included in accounts payable and accrued liabilities. The Company assesses the probability each year for the likelihood of payment of the alleged liability. Management estimates that the probability of paying the alleged liability will decrease by 15% of the original accrued amount each year.

During the year ended December 31, 2022, the Company recorded a gain of accounts payable of $92,191 (US$69,987) (year ended December 31, 2021 - $88,163 (US$69,987)) in the consolidated statements of loss and comprehensive loss related to the decrease in the probability of the provision being paid.

9. Convertible debentures

On July 24, 2018, the Company closed a financing pursuant to which it issued senior convertible debentures (the "Debentures") in the principal amount of $650,000 plus 5,720,000 warrants to a private investor. Each warrant entitled the holder to acquire one common share of the Company at an exercise price of $0.10 for a period of three years.

The Debentures had a term of five years and an annual interest rate of 8%. The principal amount thereof might be converted into common shares of the Company at the option of the holder at a conversion price of $0.07 per share during the first year following closing and $0.10 thereafter (the "Conversion Prices"). Commencing two years after the date of closing, the Company might elect to redeem part or all of the remaining Debentures balance. The Debentures were also automatically convertible into common shares of the Company at the applicable Conversion Prices in the event the closing price of the common shares exceeded 500% of the then applicable Conversion Prices for 40 of 60 consecutive trading days.

While the Debentures remained outstanding, the holder was entitled to appoint one nominee to the Board of Directors of the Company.

The Debentures net proceeds of $599,103 received were separated into the liability component of $363,080, equity component of $161,790 and warrants of $74,233 using the effective interest rate method with an effective interest rate of 20% per annum. Transaction costs of $50,896 were paid in relation with the Debentures.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

9. Convertible debentures (continued)

The fair value of the 5,720,000 warrants issued with the Debentures was estimated at $74,233 using the Black-Scholes option pricing model based on the following assumptions: volatility - 143% using the historical price history of the Company's on the TSXV, risk-free interest rate - 2.04%, expected life - 3 years, share price - $0.10 and dividend yield - nil%.

On July 15, 2019, the Company received a notice of partial conversion (the "Notice") in respect of the Debentures in the principal amount of $650,000 issued on July 24, 2018. Interest was also convertible under the Debentures at the election of the holder, subject to the approval of the TSXV. The Notice provided for conversion of (i) $550,000 of the principal amount of the Debentures at the Conversion Price in exchange for the issuance of 7,857,143 common shares of the Company; and (ii) $42,875 of interest owing under the Debentures at a conversion price of $0.075 per share in exchange for the issuance of 571,664 common shares of the Company. The partial conversion of the Debentures resulted in a decrease in the convertible debentures of $374,917, a decrease of the conversion feature and convertible debt of $136,899 and an increase in share capital of $511,816.

On November 9, 2022, the Company redeemed the convertible debenture by paying the principal balance plus accrued interest, which resulted in a decrease in the convertible debenture of $115,401 and a decrease in the conversion feature of convertible debt of $24,891.

During the year ended December 31, 2022, the Company recorded accrued interest of $6,667 (year ended December 31, 2021 - $8,000) and accretion expense of $2,549 (year ended December 31, 2021 - $7,361) which were recorded as finance interest expense in the consolidated statements of loss and comprehensive loss.

Movement in the convertible debenture was as follows:

		Amount
Balance, December 31, 2020	**$**	**90,824**
Accrued interest		8,000
Accretion expense		7,361
Balance, December 31, 2021	**$**	**106,185**
Accrued interest		6,667
Accretion expense		2,549
Payment		(115,401)
Balance, December 31, 2022	**$**	**-**

10. Asset retirement obligation

As at December 31, 2022, the Company had estimated the net present value of its total ARO to be $102,312 (December 31, 2021 - $102,312). The settlement period is estimated to occur within the next twelve months. The ARO was acquired upon completion of the Mobius Business Combination in August 2015 for a well in the Duvernay formation in Alberta.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

11. Share capital

a) Authorized share capital:

At December 31, 2022, 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 December 31, 2022, the issued share capital amounted to $95,592,053. The change in issued share capital for the years presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2020	**130,398,297**	**$ 78,657,924**
RSUs vested and converted to common shares (i)	1,950,000	165,750
Exercise of warrants	2,395,000	270,582
Exercise of options	400,000	65,840
Balance, December 31, 2021	**135,143,297**	**79,160,096**
Private placements (ii)(iii)	93,678,205	14,051,731
Warrants (iii)	-	(4,503,504)
Share issue costs (iii)	-	(2,199,624)
RSUs vested and converted to common shares (iv)	4,550,000	796,250
Common shares issued to acquire Inter Oil (note 7)	34,933,333	8,034,667
Exercise of options (note 13)	1,500,000	252,437
Balance, December 31, 2022	**269,804,835**	**$ 95,592,053**

(i) During the year ended December 31, 2021, 1,950,000 RSUs were granted, vested and converted to common shares with a value of $165,750. Refer to note 14.

(ii) On January 21, 2022, the Company closed a non-brokered private placement pursuant to which it issued an aggregate of 5,128,205 common shares at a price of $0.15 (US$0.117) per share to Charlestown Energy Partners, LLC to raise aggregate gross proceeds of $769,231 (US$600,000).

(iii) On March 8, 2022, the Company closed a public offering conducted by Echelon Capital Markets (the "Agent") as lead agent and sole bookrunner, pursuant to which it issued an aggregate of 88,550,000 units of the Company (the "Units"), at a price of $0.15 per Unit, to raise aggregate gross proceeds of $13,282,500. Each Unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share of the Company for an exercise price of $0.25 until March 8, 2024, and commenced trading on the TSXV under the symbol SEI.WT at the open of trading on March 11, 2022.

A value of $4,503,504 was estimated for the 88,550,000 warrants on the date of issuance using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145.99% using the historical price history of the Company; risk-free interest rate of 1.46%; and an expected average life of 2 years.

The Company paid a cash commission of $649,775 to the Agent as partial consideration for its services in connection with the public offering, paid other share issue costs of $200,414 and issued an aggregate of 4,331,833 broker warrants to the Agent valued at $1,349,435 for a total of $2,199,624. Each broker warrant entitles the holder to acquire one unit at an exercise price of $0.15 until March 8, 2024.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

11. Share capital (continued)

b) Common shares issued (continued):

(iii) (continued) A value of $1,349,435 was estimated for the 4,331,833 broker warrants on the date of issuance using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145.99% using the historical price history of the Company; risk-free interest rate of 1.46%; and an expected average life of 2 year.

(iv) During the year ended December 31, 2022, 4,550,000 RSUs were granted, vested and converted to common shares with a value of $796,250. Refer to note 14.

12. Warrants

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

	Number of warrants	Weighted average exercise price
Balance, December 31, 2020	**2,395,000**	**$ 0.10**
Warrants exercised	(2,395,000)	0.10
Balance, December 31, 2021	**-**	**-**
Warrants issued (note 11(iii))	88,550,000	0.25
Broker warrants issued (note 11(iii))	4,331,833	0.15
Balance, December 31, 2022	**92,881,833**	**$ 0.25**

The following table reflects the actual warrants issued and outstanding as of December 31, 2022:

Expiry date	Exercise price ($)	Warrants outstanding	Fair value
March 8, 2024	0.25	88,550,000	$ 4,503,504
March 8, 2024 (i)	0.15	4,331,833	1,349,435
		92,881,833	**$ 5,852,939**

(i) Upon exercise, each broker warrant is exercised into one common share and one purchase warrant with each warrant being exercisable into one common share at $0.25 until March 8, 2024.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

13. Stock options

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

	Number of stock options outstanding	Weighted average exercise price
Balance, December 31, 2020	**10,625,000**	**$ 0.11**
Exercised	(400,000)	0.10
Balance, December 31, 2021	**10,225,000**	**0.11**
Expired	(250,000)	0.10
Exercised	(1,500,000)	0.10
Granted (i)	14,150,000	0.14
Balance, December 31, 2022	**22,625,000**	**$ 0.13**

(i) On March 24, 2022, the Company granted a total of 7,750,000 stock options to several directors and officers of the Company and six consultants. The options have an exercise price of $0.165 and expire on March 24, 2027. Vesting of the stock options is as follows: one-third on day of grant, one-third after one year and one-third after two years. 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 150.79%; risk-free interest rate of 2.27%; and an expected average life of 5 years. The options were valued at $1,167,970. $840,405 expensed to salaries and benefits (share-based compensation) and recorded as an addition to contributed surplus for the year ended December 31, 2022.

(ii) On December 16, 2022, the Company granted a total of 6,400,000 stock options to several directors and officers of the Company and six consultants. The options have an exercise price of $0.11 and expire on December 16, 2032. Vesting of the stock options is as follows: one-third on day of grant, one-third after one year and one-third after two years. 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 134.47%; risk-free interest rate of 2.81%; and an expected average life of 10 years. The options were valued at $683,641. $241,928 expensed to salaries and benefits (share-based compensation) and recorded as an addition to contributed surplus for the year ended December 31, 2022.

(iii) Share-based compensation included in salaries and benefits expense includes $26,126 (year ended December 31, 2021 - $122,797) relating to stock options granted in previous years in accordance with their respective vesting terms, during the year ended December 31, 2022.

The following table reflects the actual stock options issued and outstanding as of December 31, 2022:

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
June 4, 2023	$0.100	0.44	450,000	450,000	-
December 18, 2023	$0.100	0.96	3,850,000	3,850,000	-
January 30, 2025	$0.145	2.08	2,025,000	2,025,000	-
December 18, 2025	$0.100	2.97	2,150,000	2,150,000	-
March 24, 2027	$0.165	4.23	7,750,000	2,583,333	5,166,667
December 16, 2032	$0.110	9.98	6,400,000	2,133,333	4,266,667
		4.91	**22,625,000**	**13,191,666**	**9,433,334**

(Expressed in Canadian Dollars, Unless Otherwise Stated)

14. 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 specified vesting conditions must be satisfied before RSUs are earned and therefore convertible. RSUs are converted into common shares when vested.

On March 24, 2022, the Company granted 4,550,000 RSUs to officers, directors and consultants of the Company. These RSUs vested on March 24, 2022. In relation to this grant, compensation for the year ended December 31, 2022, was $796,250.

On December 16, 2022, the Company granted 3,900,000 RSUs to officers and directors of the Company. These RSUs will vest on January 4, 2024. In relation to this grant, compensation for the year ended December 31, 2022, was $17,565.

During the year ended December 31, 2022, 4,550,000 RSUs (year ended December 31, 2021 - 1,950,000) vested and converted to common shares with a value of $796,250 (year ended December 31, 2021 - $165,750).

The portion of the compensation of RSUs granted in the current and prior years and vested during the year ended December 31, 2022, amounted to $813,815 (year ended December 31, 2021 - $39,000).

As of December 31, 2022, there were 3,900,000 RSUs outstanding (December 31, 2021 - nil RSUs). The weighted average fair value of RSUs granted during the year ended December 31, 2022 was $0.15 per unit (year ended December 31, 2021 - $nil).

15. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2022 was based on the loss attributable to common shareholders of $1,138,984 (year ended December 31, 2021 - loss of $1,664,175) and the weighted average number of common shares outstanding of 245,450,792 (year ended December 31, 2021 - 134,166,804). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the year ended December 31, 2022 and 2021 as they were anti-dilutive or not in the money.

16. Exploration and evaluation expenditures

Year Ended December 31,	**2022**	**2021**
Magdalena Basin, Colombia		
Administrative and general	**$ 44,691**	$ 42,820
Professional fees	**11,731**	59,780
	$ 56,422	$ 102,600

(i) On March 20, 2015, the operator advised the Company that it was taking the position that it has the right to terminate Farmout Agreements for each of the COR-11 and COR-39 Blocks.

(ii) On November 23, 2021, the Company announced the amendment of the VMM-37 Farmout Agreement (the "Patriot Agreement"). The Patriot Agreement provides Patriot Energy, the Company's indirect wholly-owned subsidiary, the option to participate in post-contracts occurring after ExxonMobil Exploration Colombia Limited's ("ExxonMobil") VMM 37 Platero #1 Comprehensive Research Pilot Project ("CEPI") is completed. In consideration of ExxonMobil's work in connection with the CEPI, Patriot agreed to adjust its carried participation interest in the unconventional resources to from 30% to 25%. Patriot Energy and ExxonMobil entered into the Patriot Agreement to reflect this adjustment and to ratify the commercial arrangement between the parties. Refer to note 22.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

17. General and administrative

Year Ended December 31,	2022	2021
Salaries and benefits (notes 13, 14 and 19)	**$ 3,767,888**	$ 1,224,627
Professional fees (note 19)	**431,103**	166,762
Reporting issuer costs	**56,587**	64,693
Administrative and general	**104,539**	61,353
Travel expenses	**95,533**	-
Investor relations	**170,118**	-
Interest and other income	**(68,440)**	-
	$ 4,557,328	$ 1,517,435

18. Income taxes

Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2021 - 26.5%) to the effective tax rates is as follows:

Year Ended December 31,	2022	2021
Net loss before income taxes	**$ (1,138,984)**	$ (1,664,175)
Expected income tax recovery	**(301,830)**	(441,010)
Effect on income taxes of:		
Tax rate differentials	**-**	57,970
Share-based compensation and other non-deductible items	**976,890**	(29,930)
Share issuance cost booked directly to equity	**(589,500)**	-
Adjustments in respect of prior periods	**980,090**	-
Unrealized foreign exchange	**-**	190,140
Difference in tax rates	**105,000**	-
Imputed income for tax purposes	**-**	(20,160)
Change in tax benefits not recognized	**(1,170,650)**	242,990
Income tax recovery	**$ -**	$ -

Deferred tax

The following table summarizes the components of deferred income tax:

Year Ended December 31,	2022	2021
Deferred tax assets		
Operating tax losses carried forward	**$ 1,038,130**	$ 48,480
Share issuance costs	**82,550**	-
Deferred tax liabilities		
Joint venture	**(1,059,320)**	-
Long-term loan	**(61,360)**	(42,030)
Convertible debentures	**-**	(6,450)
Net deferred tax assets	**$ -**	$ -

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

18. Income taxes (continued)

Unrecognized deferred tax assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2022	2021
Property, plant and equipment	**$ 164,310**	$ 170,360
Asset retirement obligation	**102,310**	-
Deferred compensation and non-deductible accrued liabilities	**-**	6,973,540
Share issuance costs	**1,917,960**	10,180
Reserves	**3,774,180**	-
Operating tax losses - Canada	**24,072,930**	27,972,610
Operating tax losses - USA	**6,485,670**	7,173,340
Capital losses carried forward	**587,390**	-
Resource pools - Mineral properties	**15,686,530**	15,788,840

The Canadian and U.S. operating tax losses carry forwards expire as noted in the table below. In additional, $6.9M of these losses are subject to further restrictions. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's operating tax losses expire as follows:

	Canada	USA
2032	$ 8,139,640	$ -
2033	2,103,930	123,140
2034	5,226,250	1,518,320
2035	4,380,700	1,618,130
2036	400,290	-
2037	88,790	1,094,530
2038	1,542,910	276,670
2040	290,990	163,530
2041	267,670	191,000
Indefinitely	1,631,760	1,500,350
	$ 24,072,930	$ 6,485,670

(Expressed in Canadian Dollars, Unless Otherwise Stated)

19. 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 (officers and vice-president) of the Company was as follows:

Year Ended December 31,	**2022**	**2021**
Salaries and benefits (1)(3)	**$ 1,727,695**	$ 1,037,730
Share-based compensation (2)	**$ 1,845,178**	$ 144,630

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

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of $4,064,501 are included in deferred compensation as at December 31, 2022 (December 31, 2021 - $6,662,145) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 19(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, former Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew was entitled to 12 months base salary as a retiring allowance plus accumulated deferred compensation. As at December 31, 2022, he was owed $143,003 (US$105,584) (December 31, 2021 - $387,420 (US$305,584)) and this amount is reported as deferred compensation.

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

During the year ended December 31, 2022, the Company paid professional fees and disbursements totaling $80,734 (year ended December 31, 2021 - $82,358) to Marrelli Support Services Inc., and certain of its affiliates, together known as the "Marrelli Group", for: (i) Carmelo Marrelli, beneficial owner of the Marrelli Group, to act as the CFO of the Company, (ii) regulatory filing services, and (iii) press release services. The Marrelli Group was owed $17,597 (December 31, 2021 - $29,978) and these amounts were included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

20. Segmented information

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

December 31, 2022	**Canada**	**United States**	**Colombia**	**Total**
Cash and cash equivalents	$ 6,229,867	$ 100,587	$ 5,461	$ 6,335,915
Accounts receivable and other assets	53,457	-	-	53,457
Investment in joint venture	12,921,287	-	-	12,921,287
Total assets	**$ 19,204,611**	**$ 100,587**	**$ 5,461**	**$ 19,310,659**
Accounts payable and accrued liabilities	$ 364,528	$ 1,218	$ 4,537	$ 370,283
Deferred compensation	139,909	3,924,592	-	4,064,501
Asset retirement obligation	102,312	-	-	102,312
Total liabilities	**$ 606,749**	**$ 3,925,810**	**$ 4,537**	**$ 4,537,096**

Year Ended December 31, 2022	**Canada**	**United States**	**Colombia**	**Total**
Exploration and evaluation expenditures	$ -	$ -	$ 56,422	$ 56,422
General and administrative	2,555,578	2,001,750	-	4,557,328
Finance interest expense	9,216	-	-	9,216
Costs related to acquisition of an interest in Inter Oil	231,894	-	-	231,894
Foreign exchange (gain) loss	(129,733)	551,224	(13,671)	407,820
Gain of accounts payable	(92,191)	-	-	(92,191)
Joint venture income	(4,031,505)	-	-	(4,031,505)
Net loss and comprehensive loss	**$ (1,456,741)**	**$ 2,552,974**	**$ 42,751**	**$ 1,138,984**

December 31, 2021	**Canada**	**United States**	**Colombia**	**Total**
Cash and cash equivalents	$ 35,029	$ 3,520	$ 218	$ 38,767
Accounts receivable and other assets	16,177	-	-	16,177
Total assets	**$ 51,206**	**$ 3,520**	**$ 218**	**$ 54,944**
Accounts payable and accrued liabilities	$ 476,255	$ 74,781	$ 4,311	$ 555,347
Deferred compensation	641,238	6,020,907	-	6,662,145
Asset retirement obligation	102,312	-	-	102,312
Convertible debentures	106,185	-	-	106,185
Total liabilities	**$ 1,325,990**	**$ 6,095,688**	**$ 4,311**	**$ 7,425,989**

Year Ended December 31, 2021	**Canada**	**United States**	**Colombia**	**Total**
Exploration and evaluation expenditures	$ -	$ -	$ 102,600	$ 102,600
General and administrative	487,759	1,029,676	-	1,517,435
Finance interest expense	15,361	-	-	15,361
Costs related to acquisition of Inter Oil	88,488	57,123	-	145,611
Foreign exchange (gain) loss	127,725	(142,186)	(14,208)	(28,669)
Gain of accounts payable	(88,163)	-	-	(88,163)
Net loss and comprehensive loss	**$ 631,170**	**$ 944,613**	**$ 88,392**	**$ 1,664,175**

21. 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 contended that it had 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. Refer to note 8.

22. Subsequent event

(i) On April 18, 2023, the Company announced that ExxonMobil sent Patriot a notice stating that, based on the terms of the ExxonMobil Agreement, it had decided to withdraw from the ExxonMobil Agreement as of May 31, 2023. The notice also states that ExxonMobil will withdraw from the Platero CEPI with the Agencia Nacional de Hidrocarburos of Colombia effective after obtaining required government approvals. Both the ExxonMobil Agreement and Platero CEPI pertain to VMM-37. The Company fully reserves its rights under the contracts governing VMM-37 and applicable laws and regulations.

CORPORATE INFORMATION

DIRECTORS

Keith Spickelmier, Executive Chairman
Douglas Manner, CEO & Director
Robert Bose, President & Director
Bruno Maruzzo, Independent Director
Dean Gendron, Independent Director
Knowledge Katti, Independent Director

OFFICERS

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

AUDIT COMMITTEE

Bruno Maruzzo, Independent Director (Chair)
Dean Gendron, Independent Director
Robert Bose, Director

AUDITORS

MNP LLP Chartered Accountants
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
Toronto, Ontario

LEGAL COUNSEL

Fogler, Rubinoff LLP
Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SEI
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