



SINTANA
ENERGY

SEI | TSX-V



2021 ANNUAL REPORT

*CONSOLIDATED FINANCIAL STATEMENTS
&
MANAGEMENT DISCUSSION AND ANALYSIS*

Exploring a better way™

A Colombia Focused Exploration Company

SINTANA ENERGY INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2021

(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, 2021. 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, 2021 and 2020, 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 March 16, 2022, 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 Colombia and Namibia. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant hydrocarbon reserves potential. Its primary assets are 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, and 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 interests ("PELs") 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% 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 (Block 1918B).

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. Currently, reflecting multiple

amendments to the Exxon Agreement, participation interests in the unconventional hydrocarbons resources in VMM-37 are:

- Ecopetrol: 37.5% (operator)
- Exxon: 37.5%
- Sintana: 25.0%

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, 2022, 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 the COVID-19 pandemic; any particular operating cost increase or decrease from the date of estimate; 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 favourable to Sintana; availability of financing	Changes in debt and equity markets; ongoing uncertainties relating to the COVID-19 pandemic; 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. 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; all requisite regulatory and governmental approvals for exploration	Price volatility for hydrocarbons; ongoing uncertainties relating to the COVID-19 pandemic; 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

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	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	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; 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 the COVID-19 pandemic; changes in debt and equity markets; interest and exchange rates fluctuations; changes in economic and political conditions; availability of financing
Ecopetrol, as operator of the VMM-37 Block, will successfully execute work programs on time and on budget relating to the exploration and development of the VMM-37 Block and Exxon will not exercise its withdrawal rights. See “Petroleum and Natural Gas Update” below	Ecopetrol and Exxon will continue to proceed with the project and will not exercise rights of withdrawal; the market prices of hydrocarbons will be favourable; all requisite permits, equipment, materials, supplies, services, 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 currently anticipated; actual results of exploration are positive; financing will be available upon acceptable terms; political, contractual, regulatory and economic considerations will remain favourable	Withdrawal rights are exercised; ongoing uncertainties relating to the COVID-19 pandemic; 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, access, personnel and financing; proposed exploration and development activities will not occur as currently anticipated; actual results of exploration are inconsistent with Sintana’s expectations
The currently dormant (7 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 chart 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 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 the VMM-37 Block and its interests in Namibia; 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 the COVID-19 pandemic, 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 the VMM-37 Block and / or its Namibian 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 the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumptions. Management cannot accurately predict the future impact COVID-19 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, 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 4, 2021, 1,950,000 restricted share units ("RSUs") vested and converted to common shares.

On February 4, 2021, 630,000 warrants with an exercise price of \$0.10 and an expiration date of July 24, 2021 were exercised for cash proceeds of \$63,000. As a result, 1,765,000 warrants remain outstanding and will expire on July 24, 2021.

On April 22, 2021, 400,000 stock options with an exercise price of \$0.10 and an expiration date of July 19, 2021 were exercised for cash proceeds of \$40,000.

On April 28, 2021, 890,000 warrants with an exercise price of \$0.10 and an expiration date of July 24, 2021 were exercised for cash proceeds of \$89,000.

Under the terms of the Company's Stock Option Plan, if the option expiry date falls within a black-out period, the expiry date will automatically be extended to the date which is the fifth business day following the conclusion of a self-imposed black-out period. The options scheduled to expire on July 19, 2021 have not yet expired as the black-out period, effective as of July 2, 2021, remains in place as at December 31, 2021. The black-out period will be lifted on March 28, 2022.

On July 21, 2021, 875,000 warrants with an exercise price of \$0.10 and an expiration date of July 24, 2021 were exercised for cash proceeds of \$87,500.

On September 13, 2021, the Company entered into a definitive agreement with Grisham Assets Corp., a private company owned by Knowledge Katti, providing for the acquisition (the "Acquisition") by the Company of a 49% interest in all of the issued and outstanding shares of Inter Oil. See "Definitive Agreement With Grisham Assets Corp." below for more details.

On October 27, 2021, the Company announced the appointment of Robert Bose as President of the Company. Robert Bose currently serves as a director of the Company and is a Principal of Charlestown Capital Partners. Robert Bose is replacing David Cherry as President of the Company. David Cherry remains the Company's Chief Operating Officer.

On November 19, 2021, Sintana shareholders approved a proposal to allow Charlestown to become a "control person" of the Company.

Petroleum and Natural Gas Update

Exploration Expenditures

Exploration Expenditures	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$
Magdalena Basin, Colombia		
Administrative and general	42,820	49,439
Professional fees	59,780	23,300
Total	102,600	72,739

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

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 first of two Work Program wells (Manati Blanco #1) 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 2017, the ANH published a regulatory document, AGREEMENT No. 02 OF 2017, which described in significant detail the legal requirements governing License Contracts and Contractors (joint venture partners holding interests in a License Contract) to conduct exploration, including hydraulic stimulation, development and production operations in unconventional 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, communication, measurement, monitoring,

documentation, post completion evaluation 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 the block immediately north of the VMM-37 Block.

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.

In June 2021, Ecopetrol was named Operator of Platero with a 37.5% participation interest.

On August 3, 2021, Ecopetrol released a timeline for execution of the CEPIs which indicated that the Platero well would commence drilling in the latter half of 2023.

On October 27, 2021, Ecopetrol applied for a Kale Pilot Project environmental permit.

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 Exxon's VMM 37 Platero #1 CEPI 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.

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 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 Colombia exploration activities. However, 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, 2021, December 31, 2020 and December 31, 2019 and for the years then ended:

	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$
Income (Loss)			
Total revenues	nil	nil	nil
Total loss ⁽¹⁾⁽²⁾	(1,664,175)	(1,747,931)	(1,323,698)
Net loss per share – basic ⁽³⁾	(0.01)	(0.01)	(0.01)
Net loss per share – diluted ⁽³⁾	(0.01)	(0.01)	(0.01)
Assets / Liabilities	As at December 31, 2021 \$	As at December 31, 2020 \$	As at December 31, 2019 \$
Total assets	54,944	131,638	204,127
Total non-current financial liabilities	106,185	90,824	74,385
Distribution or cash dividends ⁽⁴⁾	nil	nil	nil

(1) Loss from continuing operations attributable to owners of the parent, in total;

(2) Loss attributable to owners of the parent, in total;

(3) Loss attributable to owners of the parent, on a per-share and diluted per-share basis;

(4) Declared per-share for each class of shares.

- 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 (v) 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 net loss for the year ended December 31, 2019, consisted primarily of (i) exploration and evaluation expenditures of \$61,863; (ii) general and administrative expenses of \$1,555,349; (iii) foreign exchange gain of \$256,782; (iv) finance interest expense of \$53,099; (v) gain of accounts payable of \$89,831.
- 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

Quarter Ending	Total Sales (\$)	Profit or (Loss)		Total Assets (\$)
		Total (\$)	Basic and Diluted Income (Loss) Per Share ⁽⁹⁾ (\$)	
2021-December 31	Nil	(468,362) ⁽¹⁾	(0.00)	54,944
2021-September 30	Nil	(551,651) ⁽²⁾	(0.00)	93,913
2021-June 30	Nil	(275,020) ⁽³⁾	(0.00)	82,114
2021-March 31	Nil	(369,142) ⁽⁴⁾	(0.01)	74,365
2020-December 31	Nil	(365,164) ⁽⁵⁾	(0.00)	131,638
2020-September 30	Nil	(251,820) ⁽⁶⁾	(0.00)	222,531
2020-June 30	Nil	(174,350) ⁽⁷⁾	(0.00)	328,380
2020-March 31	Nil	(956,597) ⁽⁸⁾	(0.01)	458,857

Notes:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) Net loss of \$365,164 consisted primarily of: exploration and evaluation expenditures of \$14,613, general and administrative expenses of \$636,953, finance interest expense of \$4,110, which was offset by foreign exchange gain of \$268,151 and gain of accounts payable of \$22,361.
- (6) Net loss of \$251,820 consisted primarily of: exploration and evaluation expenditures of \$26,054, general and administrative expenses of \$368,319, finance interest expense of \$4,109, which was offset by foreign exchange gain of \$123,323 and gain of accounts payable of \$23,339.
- (7) Net loss of \$174,350 consisted primarily of: exploration and evaluation expenditures of \$15,885, general and administrative expenses of \$399,667, finance interest expense of \$4,110, which was offset by foreign exchange gain of \$221,468 and gain of accounts payable of \$23,844.
- (8) Net loss of \$956,597 consisted primarily of: exploration and evaluation expenditures of \$16,187, general and administrative expenses of \$511,687, finance interest expense of \$4,110, foreign exchange loss of \$449,436, which was offset by gain of accounts payable of \$24,823.

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

Variations in the Company's quarterly net income or loss are largely attributable to variations 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 these individuals 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, 2021 \$	Year Ended December 31, 2020 \$
Deferred salaries and benefits		
Keith D. Spickelmier - Director / Executive Chairman	250,700	268,300
Douglas G. Manner - Director / Chief Executive Officer	250,700	268,300
David L. Cherry - President & Chief Operating Officer	250,700	268,300
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	225,630	241,470
Bruno C. Maruzzo – Independent Director	20,000	20,000
Dean Gendron – Independent Director	20,000	20,000
Robert Bose – Independent Director	20,000	20,000
Total deferred salaries and benefits	1,037,730	1,106,370
Cash	nil	nil
Total	1,037,730	1,106,370

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(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$6,662,145 are included in deferred compensation as at December 31, 2021 (December 31, 2020 - \$5,636,345) 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 is entitled to 12 months base salary (December 31, 2021 - US\$305,584 (\$387,070); December 31, 2020 – US\$305,584 (\$389,070)) as a retiring allowance. This amount is included as deferred compensation.

Share-based expense (Stock options and RSUs)	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$
Keith D. Spickelmier - Director / Executive Chairman	24,197	77,169
Douglas G. Manner - Director / Chief Executive Officer	24,197	77,169
David L. Cherry - President & Chief Operating Officer	24,197	77,169
Sean J. Austin - Vice President, Controller, Corporate Secretary & Treasurer	24,197	77,169
Bruno C. Maruzzo – Director	14,412	41,092
Dean Gendron - Director	14,412	40,099
Robert Bose – Director	14,412	41,173
Carmelo Marrelli, Chief Financial Officer	4,606	9,030
Total	144,630	440,070

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

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$71,208 (year ended December 31, 2020 - \$72,549) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which the CFO of the Company is a managing director. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. An amount of \$27,074 is included in accounts payable and accrued liabilities as at December 31, 2021 (December 31, 2020 - \$15,292).

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$350 (year ended December 31, 2020 - \$350) to DSA Corporate Services Inc., an organization of which the CFO of the Company is the corporate secretary and sole director. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those

that prevail with arm's length transactions. As at December 31, 2021, DSA was owed \$198 (December 31, 2020 - \$nil) and this amount is included in accounts payable and accrued liabilities.

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$8,452 (year ended December 31, 2020 - \$2,208) to DSA Filing Services Inc. ("DSA Filing"), an organization of which the CFO of the Company is the corporate secretary and sole director. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, DSA Filing was owed \$961 (December 31, 2020 - \$955) and this amount is included in accounts payable and accrued liabilities.

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$2,348 (year ended December 31, 2020 - \$516) to Marrelli Press Release Services Ltd. ("Press Release"), an organization which the CFO of the Company is the corporate secretary and sole director. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, Press Release was owed \$1,745 (December 31, 2020 - \$392) and this amount is included in accounts payable and accrued liabilities.

Discussion of Operations

Three months ended December 31, 2021 compared with three months ended December 31, 2020

Sintana's net loss totalled \$468,362 for the three months ended December 31, 2021, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$365,164 for the three months ended December 31, 2020, with basic and diluted loss per share of \$0.00. The increase of \$103,198 in net loss was principally due to:

- Exploration and evaluation expenditures decreased to \$8,832 for the three months ended December 31, 2021 compared to \$14,613 for the comparative period. See "Petroleum and Natural Gas Update", above for a description of current exploration activities.
- General and administrative expenses decreased by \$266,454. General and administrative expenses totalled \$370,499 for the three months ended December 31, 2021 (three months ended December 31, 2020 - \$636,953) and consisted of salaries and benefits of \$287,955 (three months ended December 31, 2020 - \$510,502), professional fees of \$29,343 (three months ended December 31, 2020 - \$96,593), administrative and general expenses of \$20,480 (three months ended December 31, 2020 - \$22,576) and reporting issuer costs of \$32,721 (three months ended December 31, 2020 - \$7,282).
 - The Company incurred a decrease in salaries and benefits of \$222,547 for the three months ended December 31, 2021, compared to the three months ended December 31, 2020. The decrease was the result of the vesting over time of options and RSUs.
 - The Company incurred a decrease in professional fees of \$67,250 for the three months ended December 31, 2021, compared to the three months ended December 31, 2020. The decrease can be attributed to lower corporate activity requiring legal services during the three months ended December 31, 2021 compared to the three months ended December 31, 2020.
- The Company incurred a foreign exchange gain of \$38,237 compared to a gain of \$268,151 in the previous period, which was primarily attributable to US dollar and Canadian dollar exchange rate fluctuations.

- Finance interest expense was \$3,840 for the three months ended December 31, 2021 compared to \$4,110 for the three months ended December 31, 2020.
- The Company incurred costs related to the acquisition of Inter Oil of \$145,611 for the year ended December 31, 2021 compared to \$nil for the year ended December 31, 2020. See "Definitive Agreement With Grisham", below for a description of acquisition of Inter Oil.

Year ended December 31, 2021 compared with year ended December 31, 2020

Sintana's net loss totalled \$1,664,175 for the year ended December 31, 2021, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$1,747,931 for the year ended December 31, 2020, with basic and diluted loss per share of \$0.01. The decrease of \$83,756 in net loss was principally due to:

- Exploration and evaluation expenditures increased to \$102,600 for the year ended December 31, 2021 compared to \$72,739 for the comparative period as the result of significant legal expenses associated with the Platero CEPI. See "Petroleum and Natural Gas Update", above for a description of current exploration activities.
- General and administrative expenses decreased by \$399,191. General and administrative expenses totalled \$1,517,435 for the year ended December 31, 2021 (year ended December 31, 2020 - \$1,916,626) and consisted of salaries and benefits of \$1,224,627 (year ended December 31, 2020 - \$1,601,082), professional fees of \$166,762 (year ended December 31, 2020 - \$226,162), administrative and general expenses of \$61,353 (year ended December 31, 2020 - \$67,342) and reporting issuer costs of \$64,693 (year ended December 31, 2020 - \$22,040).
 - The Company incurred a decrease in salaries and benefits of \$376,455 for the year ended December 31, 2021, compared to the year ended December 31, 2020. The decrease was the result of the vesting over time of options and RSUs.
 - The Company incurred a decrease in professional fees of \$59,400 for the year ended December 31, 2021, compared to the year ended December 31, 2020. The decrease can be attributed to lower corporate activity requiring legal services during the year ended December 31, 2021 compared to the year ended December 31, 2020.
 - The Company incurred an increase in reporting issuer costs of \$42,653 for the year ended December 31, 2021, compared to the year ended December 31, 2020. The increase can be attributed to higher corporate activities during the year ended December 31, 2021 compared to the year ended December 31, 2020.
- The Company incurred a foreign exchange gain of \$28,669 compared to a gain of \$163,506 in the previous period, which was primarily attributable to US dollar and Canadian dollar exchange rate fluctuations.
- Finance interest expense was \$15,361 for the year ended December 31, 2021 compared to \$16,439 for the year ended December 31, 2020.
- The Company incurred costs related to the acquisition of Inter Oil of \$145,611 for the year ended December 31, 2021 compared to \$nil for the year ended December 31, 2020. See "Definitive Agreement With Grisham", below for a description of acquisition of Inter Oil.

Cash Flow

At December 31, 2021, the Company had cash of \$38,767. The decrease in cash of \$65,282 from the December 31, 2020 cash balance of \$104,049 was a result of net cash outflows for operating activities of \$344,782 offset by net cash from financing activities (exercise of options and warrants) of \$279,500. Operating activities cash flows were mainly affected by a net loss of \$1,664,175, offset by non-cash activities in share-based compensation of \$161,797, accretion on convertible debentures of \$7,361, accrued interest on convertible debentures of \$8,000, gain of accounts payable of \$88,163 and net change in non-cash working capital balances of \$1,230,398. The change in working capital balances was due to a decrease in accounts receivable and other assets of \$11,412, an increase in accounts payable and other liabilities of \$193,186 and an increase of \$1,025,800 in deferred compensation.

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. See "Subsequent Events" below.

At the date of this MD&A, the Company estimates that the Company's cash balance is adequate to carry on business activities for 2022 and 2023. Thereafter unless it commences producing hydrocarbons in sufficient quantities to meet the Company's ongoing need for additional working capital, the Company will 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.

It is difficult, at this time, to definitively project the total funds necessary to execute the planned activities of the Company. Management considers it to be in the best interests of the Company and its shareholders to afford management (overseen by the independent directors) a reasonable degree of flexibility as to how funds are employed. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information".

Changes in capital markets, including a decline in the market prices for hydrocarbons, could materially and adversely impact Sintana's ability to continue as a going concern.

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 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, 2021 totaled to a shareholders’ deficiency of \$7,371,045 (December 31, 2020 – \$6,148,167).

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, 2021. 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, 2021, the Company was not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV. Subsequent to year end, the Company completed two financings (refer to Subsequent Events section below).

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 263,754,835 common shares outstanding.

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

Options	Expiry Date	Exercise Price
1,750,000	July 19, 2021	\$0.10
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
10,225,000		

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 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.

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, except for Colombian income taxes. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

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. The Company's convertible debentures have a fixed interest rate. Accordingly, the Company has no material interest rate risk.

- Foreign currency risk

As of December 31, 2020, 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, 2021 (\$)	December 31, 2020 (\$)
Cash	5,614	58,944
Accounts payable and other liabilities (including provision)	(315,705)	(357,140)
Deferred compensation	(6,408,326)	(5,442,526)

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, 2021, 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 \$672,000 (December 31, 2020 - \$582,000).

Outlook

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. In this regard, the Company is currently in discussions related to these and similar activities with various parties. There can be no assurance that any such transactions will be concluded in the future. See "Definitive Agreement With Grisham" and "Subsequent Events" below.

Definitive Agreement With Grisham

On September 13, 2021, the Company entered into a definitive agreement with Grisham, a private company owned by Knowledge Katti, providing for the Acquisition by the Company of a 49% interest in all of the issued and outstanding shares of Inter Oil. Inter Oil is a private Namibian company which indirectly holds a strategic portfolio of offshore PELs 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% 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 (Block 1918B). Three of the four offshore PELs are located directly outboard of (i) the Kudu Gas Field, which was the first offshore discovery in Namibia; (ii) Venus-1, a highly anticipated exploration well immediately south of PEL 90, which has recently been drilled by French supermajor Total; and (iii) Graff-1, a highly anticipated exploration well immediately south of PEL 83, which has recently been drilled by Shell. In addition, PEL 103 is located in close proximity to the prospective block currently being evaluated by Reconnaissance Energy Africa Ltd.

The consideration for the Acquisition consists of a cash payment of US\$4,000,000 (the "Cash Payment") and the issuance of an aggregate of 34,933,333 common shares of the Company. The Company has funded the Cash Payment through (i) the private placement of 5,128,205 common shares at a price of US\$0.117 per share to Charlestown Energy Partners, LLC ("Charlestown") to raise aggregate gross proceeds of US\$600,000 (the "Interim Financing"); and (ii) the public offering of an aggregate of 88,550,000 units (the "Units") of the Company, at a price of \$0.15 per Unit, to raise aggregate gross proceeds of \$13,282,500 (including full exercise of an over-allotment option) (the "Public Offering"). The Public Offering was effected pursuant to a final short form prospectus of the Company dated February 24, 2022 available on SEDAR at www.sedar.com.

On November 19, 2021, Sintana shareholders approved a proposal to allow Charlestown and its associates to become a "control person" of the Company.

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. 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 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 a commercial discovery or, if there is a commercial discovery, 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.

Crude 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 two properties

The principal property interests of Sintana is currently the VMM-37 Block and Namibian interests. 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.

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.

Exploration, development and operating risks

Exploration, development and production operations 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.

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 cover 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 favourable 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.

Military conflict between Russia and Ukraine

The military conflict between Russia and Ukraine may increase the likelihood of supply interruptions and political instability worldwide. Such disruptions could make it more difficult for the Company to source necessary materials and service providers at favorable pricing or at all. While it is difficult to estimate the impact of current or future European sanctions on the Company's business and financial position, these sanctions could adversely impact the Company's costs, operations and/or development activities in future periods.

Covid-19 Risks

The worldwide emergency measures taken to combat the COVID-19 pandemic are expected to continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, management cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health and labor issues and how these responses may impact Sintana. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn have caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and Sintana. Several of these risks are explained in more specific detail below.

Strategic & Operational Risks

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of exploration and development of hydrocarbon resources properties. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, our operations have remained stable but there can be no assurance that our ability to continue to operate our business will not be materially and adversely impacted, in particular to the extent that aspects

of our operations which rely on services provided by third parties fail to perform as expected. The successful execution of business continuity strategies by third parties is outside our control. If one or more of these third parties to whom we outsource critical business activities fails to perform as a result of the impacts from the spread of COVID-19, it could have a material adverse effect on our business and operations.

Liquidity Risk and Capital Management

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet our capital requirements. Sustained global economic uncertainty could result in more costly or limited access to sources of additional capital. In addition, while we currently have sources of liquidity, such as cash balances and warrants currently outstanding, there can be no assurance that these sources will provide us with sufficient liquidity on commercially acceptable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical practices.

Market Risk

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support economic stability. The pandemic could result in a global economic contraction with continued market volatility, which may continue to impact our financial condition.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.sintanaenergy.com.

Subsequent Events

(i) On January 20, 2022, the Company entered into an amendment agreement ("Amendment Agreement") with respect to the Acquisition (refer to note 21). Pursuant to the Amendment Agreement, the Company made a deposit to Grisham in the amount of US\$500,000 (the "Deposit") by January 21, 2022 (refer to note 22(ii)), which it funded pursuant to the Interim Financing (refer to note 21). The Deposit is non-refundable other than in certain limited circumstances, and will be credited against the Cash Payment due at closing of the Acquisition. The Company also proposed to raise the balance of the Cash Payment in the amount of US\$3,500,000 (the "Balance Amount") by way of the Public Offering instead of a previously proposed private placement. Charlestown had previously committed to participate in the private placement to provide for the Company to raise sufficient gross proceeds to satisfy the Cash Payment, and in conjunction with the Amendment Agreement, Charlestown committed to purchase, directly or through its affiliates or assignees, such number of securities of the Company pursuant to the Public Offering such that the Company will raise the Balance Amount, subject to the closing conditions.

In addition to the foregoing, the Amendment Agreement also provides for (i) the extension of the long stop date for completion of the Acquisition until the date which is 45 days following the earlier of January 24, 2022 and the date of receipt by the Company of a receipt in respect of its preliminary prospectus in connection with the Public Offering; (ii) the cancellation of a previous deferral option afforded to the Company with respect to the Cash Payment; (iii) a right of first refusal in favour of Sintana with respect to any proposed future sale by Grisham of any shares it holds in Inter Oil; and (iv) an area of interest provision with respect to any acquisitions of additional petroleum properties by Grisham in Namibia, subject to certain specified exceptions.

(ii) On January 24, 2022, the Company announced that it closed the Interim Financing pursuant to which it issued an aggregate of 5,128,205 common shares at a price of US\$0.117 per share to Charlestown to raise

aggregate gross proceeds of US\$600,000. The gross proceeds of the Interim Financing will be used for general corporate purposes and to fund a deposit in the amount of US\$500,000 payable to Grisham in connection with the Acquisition.

(iii) On March 8, 2022, the Company announced that it closed its 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, at a price of \$0.15 per Unit, to raise aggregate gross proceeds of \$13,282,500 (including full exercise of an over-allotment option). The Public Offering was effected pursuant to a final short form prospectus of the Company dated February 24, 2022 (the "Final Prospectus"). Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share for an exercise price of \$0.25 until March 8, 2024, and started to be listed for 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.

(iv) Immediately following the closing of the Public Offering, the Company completed its previously announced Acquisition of 49% of the outstanding shares of Inter Oil from Grisham. In connection with the closing of the Acquisition, Mr. Knowledge Katti has been appointed to the Board of Directors of Sintana. Consideration for the Acquisition consisted of an aggregate of 34,933,333 common shares of the Company (the "Consideration Shares") and a cash payment in the amount of US\$4,000,000 (the "Cash Payment"), in connection with which the Company had previously paid a deposit in the amount of US\$500,000. The balance of the Cash Payment was funded by the Company at closing out of the net proceeds of the Public Offering. The Consideration Shares are subject to a statutory hold period expiring on July 9, 2022.

(v) Subsequent to the completion of the Public Offering and the Acquisition, 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.

Additional Disclosure for Venture Issuers Without Significant Revenue

General and Administrative Expenses

	Year Ended December 31, 2021	Year Ended December 31, 2020
General and administrative	\$	\$
Salaries and benefits	1,224,627	1,601,082
Professional fees	166,762	226,162
Administrative and general	61,353	67,342
Reporting issuer costs	64,693	22,040
Total	1,517,435	1,916,626

Exploration and Evaluation Expenditures

Exploration Expenditures	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$
Magdalena Basin, Colombia		
Administrative and general	42,820	49,439
Professional fees	59,780	23,300
Total	102,600	72,739

SINTANA ENERGY INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(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.

To the Shareholders of Sintana Energy Inc.:

Opinion

We have audited the consolidated financial statements of Sintana Energy Inc. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and December 31, 2020, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' deficiency 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, 2021 and December 31, 2020, 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, 2021 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.

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.

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

Mississauga, Ontario

March 16, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Sintana Energy Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars, Unless Otherwise Stated)

As at December 31,	2021	2020
ASSETS		
Current assets		
Cash	\$ 38,767	\$ 104,049
Accounts receivable and other assets (note 6)	16,177	27,589
Total assets	\$ 54,944	\$ 131,638
DEFICIT AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 7 and 18)	\$ 555,347	\$ 450,324
Deferred compensation (note 18)	6,662,145	5,636,345
Asset retirement obligation	102,312	102,312
Total current liabilities	7,319,804	6,188,981
Non-current liabilities		
Convertible debentures (note 8)	106,185	90,824
Total liabilities	7,425,989	6,279,805
Shareholders' deficiency	(7,371,045)	(6,148,167)
Total shareholders' deficiency and liabilities	\$ 54,944	\$ 131,638

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

Nature of operations and going concern (note 1)
Contingency (note 20)
Subsequent events (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,	2021	2020
Operating expenses		
Exploration and evaluation expenditures (note 15)	\$ 102,600	\$ 72,739
General and administrative (notes 16 and 18)	1,517,435	1,916,626
Finance interest expense (note 8)	15,361	16,439
Costs related to acquisition of Inter Oil (note 21)	145,611	-
Foreign exchange gain	(28,669)	(163,506)
Net loss before gain of accounts payable	(1,752,338)	(1,842,298)
Gain of accounts payable (note 7)	88,163	94,367
Net loss and comprehensive loss for the year	\$ (1,664,175)	\$ (1,747,931)
Loss per share - basic and diluted (note 14)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		
- basic and diluted (note 14)	134,166,804	129,939,187

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

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

Year Ended December 31,	2021	2020
Operating activities		
Net loss for the year	\$ (1,664,175)	\$ (1,747,931)
Adjustment for:		
Accretion on convertible debentures (note 8)	7,361	8,439
Accrued interest on convertible debentures (note 8)	8,000	8,000
Share-based compensation (notes 12 and 13)	161,797	465,969
Gain of accounts payable (note 7)	(88,163)	(94,367)
Non-cash working capital items:		
Accounts receivable and other assets	11,412	2,563
Accounts payable and accrued liabilities	193,186	(8,732)
Deferred compensation	1,025,800	963,633
Net cash used in operating activities	(344,782)	(402,426)
Financing activities		
Options exercised	40,000	-
Warrants exercised	239,500	332,500
Net cash provided by financing activities	279,500	332,500
Net change in cash	(65,282)	(69,926)
Cash, beginning of year	104,049	173,975
Cash, end of year	\$ 38,767	\$ 104,049

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

Sintana Energy Inc.

Consolidated Statements of Changes in Shareholders' Deficiency (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, 2019	126,473,297	\$ 78,217,273	\$ 74,233	\$ 5,312,944	\$ 24,891	\$ (88,828,046)	\$ (5,198,705)
Restricted shares vested and converted to common shares (note 10(b)(i))	600,000	65,000	-	(65,000)	-	-	-
Warrants exercised (note 11)	3,325,000	375,651	(43,151)	-	-	-	332,500
Share-based compensation - stock options (note 12)	-	-	-	305,953	-	-	305,953
Share-based compensation - restricted shares (note 13)	-	-	-	160,016	-	-	160,016
Net loss and comprehensive loss for the year	-	-	-	-	-	(1,747,931)	(1,747,931)
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 10(b)(ii))	1,950,000	165,750	-	(165,750)	-	-	-
Warrants exercised (note 11)	2,395,000	270,582	(31,082)	-	-	-	239,500
Options exercised (note 12)	400,000	65,840	-	(25,840)	-	-	40,000
Share-based compensation - stock options (note 12)	-	-	-	122,797	-	-	122,797
Share-based compensation - restricted shares (note 13)	-	-	-	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)

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

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

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 reserve potential. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

Sintana is at an early stage of development and as is common with similar exploration companies, it raises financing for its property acquisition and exploration activities. Sintana has not incurred any operating income in the current and prior years. For the year ended December 31, 2021, the Company incurred a loss of \$1,664,175 (year ended December 31, 2020 - \$1,747,931) and had an accumulated deficit of \$92,240,152 (December 31, 2020 - \$90,575,977). Sintana had a working capital deficit of \$7,264,860 at December 31, 2021 (December 31, 2020 - working capital deficit of \$6,057,343).

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 (refer to note 3). 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.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business and / or ability to raise funds. To date, our operations have remained stable but there can be no assurance that our ability to continue to operate our business will not be materially and adversely impacted, in particular to the extent that aspects of our operations which rely on services provided by third parties fail to perform as expected.

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, 2021. The policies set out below are based on IFRS issued and outstanding as of March 16, 2022, the date the Board of Directors approved these consolidated financial statements.

(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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(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:

<u>Name</u>	<u>Registered</u>	<u>% of control</u>	<u>Functional currency</u>
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 States	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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

2. Significant accounting policies (continued)

(d) *Financial assets and liabilities (continued)*

Financial assets

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 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.

Financial liabilities

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 don't fall into amortized cost detailed above.

Transaction costs

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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

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, 2021 and 2020.

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, 2021 and 2020, none of Sintana’s financial instruments are recorded at fair value in the consolidated statements of financial position.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

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 and 2020, 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, 2021 and 2020 other than the asset retirement obligation and provision (included in accounts payable and accrued liabilities). A provision related to the dispute (refer to note 20) 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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

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 consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and 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) *Joint arrangements*

The Company classifies its interests in joint arrangements as either a joint venture or a joint operation. A joint arrangement is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control. A joint arrangement is classified as a joint venture when the parties to the joint arrangement have rights over the net assets of the joint arrangement whereas a joint arrangement is classified as a joint operation when the arrangement provides rights to assets and obligations for liabilities for the parties sharing joint control. Joint ventures are accounted for using the equity method of accounting and joint operations are accounted for by using the proportionate consolidation method whereby the Company's share of assets, liabilities, income, expenses and cash flows of jointly controlled operations are combined with the equivalent items in the results on a line-by-line basis.

(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.

Sintana Energy Inc.

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Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

2. Significant accounting policies (continued)

(q) Compound instruments

The components 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 features and convertible securities are exercised, in which case the balance recognized in equity will be transferred to common shares within equity. When the conversion feature and convertible securities 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 conversion features and 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.

(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:

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

2. Significant accounting policies (continued)

(r) Significant accounting judgments and estimates (continued)

Critical accounting estimates (continued)

- 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.

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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

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3. 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 and with respect to its property interests 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 debt and deficit, which at December 31, 2021, totaled a shareholders' deficiency of \$7,371,045 (December 31, 2020 - \$6,148,167).

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, 2021. 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, 2021, the Company was not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSXV. Subsequent to year end, the Company completed two financings (refer to note 22).

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 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.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

4. Financial risk management (continued)

Financial risk (continued)

(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 balance of \$38,767 (December 31, 2020 - \$104,049) and working capital deficit of \$7,264,860 at December 31, 2021 (December 31, 2020 - \$6,057,343).

(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. The Company's convertible debentures have a fixed interest rate. Accordingly, the Company is not subject to material interest rate risk.

(b) Foreign currency risk

As of December 31, 2021, 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,	2021	2020
Cash	\$ 5,614	\$ 58,944
Accounts payable and accrued liabilities (including provision)	\$ (315,705)	\$ (357,140)
Deferred compensation	\$ (6,408,326)	\$ (5,442,526)

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, 2021, 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 \$672,000 (December 31, 2020 - \$582,000).

Sintana Energy Inc.

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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, accounts receivable excluding HST, accounts payable and accrued liabilities and deferred compensation is close to fair value due to their short-term maturity except convertible debentures.

6. Accounts receivable and other assets

	As at December 31, 2021	As at December 31, 2020
Accounts receivable	\$ 14,707	\$ 7,697
Prepays and other advances	1,470	19,892
	<u>\$ 16,177</u>	<u>\$ 27,589</u>

7. 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, 2021	As at December 31, 2020
Accounts payable	\$ 135,001	\$ 8,658
Accrued liabilities	420,346	441,666
	<u>\$ 555,347</u>	<u>\$ 450,324</u>

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

	As at December 31, 2021	As at December 31, 2020
Less than 1 month	\$ 285,241	\$ 91,274
1 to 3 months	7,552	-
Greater than 3 months	262,554	359,050
	<u>\$ 555,347</u>	<u>\$ 450,324</u>

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Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

7. Accounts payable and accrued liabilities (continued)

A provision related to the dispute (refer to note 20) 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, 2021, the Company recorded a gain of accounts payable of \$88,163 (US\$69,987) (year ended December 31, 2020 - \$94,367 (US\$69,987)) in the consolidated statements of loss and comprehensive loss related to the decrease in the probability of the provision being paid.

8. 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 entitles 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 have a term of five years and an annual interest rate of 8%. The principal amount thereof may 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 may elect to redeem part or all of the remaining Debentures balance. The Debentures are also automatically convertible into common shares of the Company at the applicable Conversion Prices in the event the closing price of the common shares exceeds 500% of the then applicable Conversion Prices for 40 of 60 consecutive trading days.

While the Debentures remain outstanding, the holder is 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.

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 is 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.

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8. Convertible debentures (continued)

During the year ended December 31, 2021, the Company recorded accrued interest of \$8,000 (year ended December 31, 2020 - \$8,000) and accretion expense of \$7,361 (year ended December 31, 2020 - \$8,439) 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, 2019	\$ 74,385
Accrued interest	8,000
Accretion expense	8,439
Balance, December 31, 2020	90,824
Accrued interest	8,000
Accretion expense	7,361
Balance, December 31, 2021	\$ 106,185

9. Asset retirement obligation

As at December 31, 2021, the Company had estimated the net present value of its total ARO to be \$102,312 (December 31, 2020 - \$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.

10. Share capital

a) Authorized share capital:

At December 31, 2021, 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, 2021, the issued share capital amounted to \$79,160,096. The change in issued share capital for the years presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2019	126,473,297	\$ 78,217,273
Restricted shares vested and converted to common shares (i)	600,000	65,000
Exercise of warrants	3,325,000	375,651
Balance, December 31, 2020	130,398,297	78,657,924
Restricted shares vested and converted to common shares (ii)	1,950,000	165,750
Exercise of options	400,000	65,840
Exercise of warrants	2,395,000	270,582
Balance, December 31, 2021	135,143,297	\$ 79,160,096

Sintana Energy Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

10. Share capital (continued)

b) Common shares issued (continued):

(i) During the year ended December 31, 2020, 400,000 RSUs vested and converted to common shares with a value of \$36,000 and 200,000 RSUs vested and converted to common shares with a value of \$29,000. Refer to note 13.

(ii) During the year ended December 31, 2021, 1,950,000 RSUs vested and converted to common shares with a value of \$165,750. Refer to note 13.

11. Warrants

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

	Number of warrants	Weighted average exercise price
Balance, December 31, 2019	5,720,000	\$ 0.10
Warrants exercised	(3,325,000)	0.10
Balance, December 31, 2020	2,395,000	0.10
Warrants exercised	(2,395,000)	0.10
Balance, December 31, 2021	-	\$ -

There were no warrants issued and outstanding as of December 31, 2021.

12. 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, 2019	10,000,000	\$ 0.13
Expired	(3,550,000)	0.18
Granted (i)(ii)	4,175,000	0.12
Balance, December 31, 2020	10,625,000	0.11
Exercised	(400,000)	0.10
Balance, December 31, 2021	10,225,000	\$ 0.11

Sintana Energy Inc.

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12. Stock options (continued)

(i) On January 30, 2020, the Company granted a total of 2,025,000 stock options to several directors and officers of the Company and one consultant. The options have an exercise price of \$0.145 and expire on January 30, 2025. 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 141.08%; risk-free interest rate of 1.34%; and an expected average life of 5 years. The options were valued at \$261,023. \$50,715 (year ended December 31, 2020 - \$206,702) was expensed to salaries and benefits (share-based compensation) and as an addition to contributed surplus during the year ended December 31, 2021.

(ii) On December 18, 2020, the Company granted a total of 2,150,000 stock options to officers, directors and consultants of the Company. The options have an exercise price of \$0.10 and expire on December 18, 2025. 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 145.08%; risk-free interest rate of 0.45%; and an expected average life of 5 years. The options were valued at \$162,242 of which \$72,082 (year ended December 31, 2020 - \$67,638) was expensed to salaries and benefits (share-based compensation) and as an addition to contributed surplus during the year ended December 31, 2021.

(iii) Share-based compensation included in salaries and benefits expense includes \$122,797 (year ended December 31, 2020 - \$31,613) relating to stock options granted in previous years in accordance with their respective vesting terms, during the year ended December 31, 2021.

The following table reflects the actual stock options issued and outstanding as of December 31, 2021:

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
July 19, 2021 ⁽¹⁾	\$0.100	-	1,750,000	1,750,000	-
June 4, 2023	\$0.100	1.44	450,000	450,000	-
December 18, 2023	\$0.100	1.96	3,850,000	3,850,000	-
January 30, 2025	\$0.145	3.08	2,025,000	1,350,000	675,000
December 18, 2025	\$0.100	3.97	2,150,000	1,433,333	716,667
		2.25	10,225,000	8,833,333	1,391,667

⁽¹⁾ Under the terms of the Company's Stock Option Plan, if the option expiry date falls within a black-out period, the expiry date will automatically be extended to the date which is the fifth business day following the conclusion of a self-imposed black-out period. The options scheduled to expire on July 19, 2021 have not yet expired as there has been a black-out period in effect for the Company since then.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

Years Ended December 31, 2021 and 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

13. 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 January 30, 2020, the Company granted 200,000 RSUs to four officers of the Company. These RSUs vested on February 11, 2020. In relation to this grant, compensation for the year ended December 31, 2021, was \$nil (year ended December 31, 2020 - \$29,000).

On December 18, 2020, the Company granted 1,950,000 RSUs to officers, directors and consultants of the Company. These RSUs will vest on January 4, 2021. In relation to this grant, compensation for the year ended December 31, 2021, was \$nil (year ended December 31, 2020 - \$126,750).

During the year ended December 31, 2021, 1,950,000 RSUs (year ended December 31, 2020 - 600,000) vested and converted to common shares with a value of \$165,750 (year ended December 31, 2020 - \$65,000).

The portion of the compensation of RSUs granted in the prior years and vested during the year ended December 31, 2021, amounted to \$39,000 (year ended December 31, 2020 - \$4,266).

As of December 31, 2021, there were nil RSU outstanding (December 31, 2020 - 1,950,000 RSUs). The weighted average fair value of RSUs granted during the year ended December 31, 2021 was \$nil per unit (year ended December 31, 2020 - \$0.085).

14. Net loss per share

The calculation of basic and diluted loss per share for the year ended December 31, 2021 was based on the loss attributable to common shareholders of \$1,664,175 (year ended December 31, 2020 - loss of \$1,747,931) and the weighted average number of common shares outstanding of 134,166,804 (year ended December 31, 2020 - 129,939,187). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the year ended December 31, 2021 and 2020 as they were anti-dilutive or not in the money.

15. Exploration and evaluation expenditures

Year Ended December 31,	2021	2020
Magdalena Basin, Colombia		
Administrative and general	\$ 42,820	\$ 49,439
Professional fees	59,780	23,300
	\$ 102,600	\$ 72,739

(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.

Sintana Energy Inc.

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

16. General and administrative

Year Ended December 31,	2021	2020
Salaries and benefits (notes 12, 13 and 18)	\$ 1,224,627	\$ 1,601,082
Professional fees (note 18)	166,762	226,162
Administrative and general	61,353	67,342
Reporting issuer costs	64,693	22,040
	\$ 1,517,435	\$ 1,916,626

17. Income taxes

Income taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2020 - 26.5%) to the effective tax rates is as follows:

Year Ended December 31,	2021	2020
Net loss before income taxes	\$ (1,664,175)	\$ (1,747,931)
Expected income tax recovery	(441,010)	(463,200)
Effect on income taxes of:		
Tax rate differentials	57,970	61,620
Share-based compensation and other non-deductible items	(29,930)	124,310
Unrealized foreign exchange	190,140	(78,350)
Imputed income for tax purposes	(20,160)	289,170
Change in tax benefits not recognized	242,990	66,450
Income tax recovery	\$ -	\$ -

Deferred tax

The following table summarizes the components of deferred income tax:

Year Ended December 31,	2021	2020
Deferred tax assets		
Operating tax losses carried forward	\$ 48,480	\$ 145,340
Deferred tax liabilities		
Long-term loan	(42,030)	(136,940)
Convertible debentures	(6,450)	(8,400)
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.

Sintana Energy Inc.

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

17. 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:

	2021	2020
Property, plant and equipment	\$ 170,360	\$ 170,360
Deferred compensation and non-deductible accrued liabilities	6,973,540	5,988,900
Share issuance costs	10,180	20,360
Operating tax losses - Canada	27,972,610	28,060,400
Operating tax losses - USA	7,173,340	7,159,750
Resource pools - Mineral properties	15,788,840	15,788,840

The Canadian and U.S. operating tax losses carry forwards expire as noted in the table below. In addition, \$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
2031	\$ 2,712,060	\$ -
2032	4,866,230	726,260
2033	6,786,650	1,545,200
2034	1,720,520	1,518,320
2035	6,445,420	1,618,130
2036	3,253,160	-
2037	88,790	1,094,530
2038	1,542,910	-
2040	290,990	-
2041	265,870	-
Indefinitely	-	670,910
	<u>\$ 27,972,600</u>	<u>\$ 7,173,350</u>

Sintana Energy Inc.

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18. 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:

<u>Year Ended December 31,</u>	<u>2021</u>	<u>2020</u>
Salaries and benefits ⁽¹⁾⁽³⁾	\$ 1,037,730	\$ 1,106,370
Share-based compensation ⁽²⁾	\$ 144,630	\$ 440,070

⁽¹⁾ Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$6,662,145 are included in deferred compensation as at December 31, 2021 (December 31, 2020 - \$5,636,345) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 18(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 is entitled to 12 months base salary (December 31, 2021 - \$387,420 (US\$305,584); December 31, 2020 - \$389,070 (US\$305,584)) as a retiring allowance. This amount is included as deferred compensation.

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

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$71,208 (year ended December 31, 2020 - \$72,549) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which the Chief Financial Officer ("CFO") of the Company is a managing director. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. An amount of \$27,074 is included in accounts payable and accrued liabilities as at December 31, 2021 (December 31, 2020 - \$15,292).

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$350 (year ended December 31, 2020 - \$350) to DSA Corporate Services Inc., an organization of which the CFO of the Company is the corporate secretary and sole director. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, DSA was owed \$198 (December 31, 2020 - \$nil) and this amount is included in accounts payable and accrued liabilities.

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$8,452 (year ended December 31, 2020 - \$2,208) to DSA Filing Services Inc. ("DSA Filing"), an organization of which the CFO of the Company is the corporate secretary and sole director. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, DSA Filing was owed \$961 (December 31, 2020 - \$955) and this amount is included in accounts payable and accrued liabilities.

Sintana Energy Inc.

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(Expressed in Canadian Dollars, Unless Otherwise Stated)

18. Related party transactions and balances (continued)

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

For the year ended December 31, 2021, the Company paid professional fees and disbursements of \$2,348 (year ended December 31, 2020 - \$516) to Marrelli Press Release Services Ltd. ("Press Release"), an organization which the CFO of the Company is the corporate secretary and sole director. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, Press Release was owed \$1,745 (December 31, 2020 - \$392) and this amount is included in accounts payable and accrued liabilities.

19. 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, 2021	Canada	United States	Colombia	Total
Cash	\$ 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
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 loss (gain)	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
December 31, 2020	Canada	United States	Colombia	Total
Cash	\$ 83,916	\$ 12,474	\$ 7,659	\$ 104,049
Accounts receivable and other assets	27,589	-	-	27,589
Total assets	\$ 111,505	\$ 12,474	\$ 7,659	\$ 131,638
Accounts payable and accrued liabilities	\$ 419,828	\$ 25,912	\$ 4,584	\$ 450,324
Deferred compensation	582,888	5,053,457	-	5,636,345
Asset retirement obligation	102,312	-	-	102,312
Convertible debentures	90,824	-	-	90,824
Total liabilities	\$ 1,195,852	\$ 5,079,369	\$ 4,584	\$ 6,279,805
Exploration and evaluation expenditures	\$ -	\$ -	\$ 72,739	\$ 72,739
General and administrative	812,621	1,104,005	-	1,916,626
Finance interest expense	16,439	-	-	16,439
Foreign exchange loss (gain)	276,433	(438,699)	(1,240)	(163,506)
Gain of accounts payable	(94,367)	-	-	(94,367)
Net loss and comprehensive loss	\$ 1,011,126	\$ 665,306	\$ 71,499	\$ 1,747,931

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20. 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 7.

21. Definitive agreement with Grisham Assets Corp.

On September 13, 2021, the Company entered into a definitive agreement with Grisham Assets Corp. ("Grisham"), a private company owned by Knowledge Katti, providing for the acquisition (the "Acquisition") by the Company of a 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 interests ("PELs") 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% 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 (Block 1918B).

Three of the four offshore PELs are located directly outboard of (i) the Kudu Gas Field, which was the first offshore discovery in Namibia; (ii) Venus-1, a highly anticipated exploration well immediately south of PEL 90, which is in the process of being drilled by French supermajor Total; and (iii) Graff-1, a highly anticipated exploration well immediately south of PEL 83, which is to be drilled by Shell. In addition, PEL 103 is located in close proximity to the prospective block currently being evaluated by Reconnaissance Energy Africa Ltd.

The consideration for the Acquisition consists of a cash payment of US\$4,000,000 (the "Cash Payment") and the issuance of an aggregate of 34,933,333 common shares of the Company. The Company has funded the Cash Payment through (i) the private placement of 5,128,205 common shares at a price of US\$0.117 per share to Charlestown Energy Partners, LLC ("Charlestown") to raise aggregate gross proceeds of US\$600,000 (the "Interim Financing"); and (ii) the public offering of an aggregate of 88,550,000 units (the "Units") of the Company, at a price of \$0.15 per Unit, to raise aggregate gross proceeds of \$13,282,500 (including full exercise of an over-allotment option) (the "Public Offering"). The Public Offering was effected pursuant to a final short form prospectus of the Company dated February 24, 2022.

On November 19, 2021, Sintana shareholders approved a proposal to allow Charlestown and its associates to become a "control person" of the Company.

Refer to note 22.

Sintana Energy Inc.

Notes to Consolidated Financial Statements

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22. Subsequent events

(i) On January 20, 2022, the Company entered into an amendment agreement ("Amendment Agreement") with respect to the Acquisition (refer to note 21). Pursuant to the Amendment Agreement, the Company made a deposit to Grisham in the amount of US\$500,000 (the "Deposit") by January 21, 2022 (refer to note 22(ii)), which it funded pursuant to the Interim Financing (refer to note 21). The Deposit is non-refundable other than in certain limited circumstances, and will be credited against the Cash Payment due at closing of the Acquisition. The Company also proposed to raise the balance of the Cash Payment in the amount of US\$3,500,000 (the "Balance Amount") by way of the Public Offering instead of a previously proposed private placement. Charlestown had previously committed to participate in the private placement to provide for the Company to raise sufficient gross proceeds to satisfy the Cash Payment, and in conjunction with the Amendment Agreement, Charlestown committed to purchase, directly or through its affiliates or assignees, such number of securities of the Company pursuant to the Public Offering such that the Company will raise the Balance Amount, subject to the closing conditions.

In addition to the foregoing, the Amendment Agreement also provides for (i) the extension of the long stop date for completion of the Acquisition until the date which is 45 days following the earlier of January 24, 2022 and the date of receipt by the Company of a receipt in respect of its preliminary prospectus in connection with the Public Offering; (ii) the cancellation a previous deferral option afforded to the Company with respect to the Cash Payment; (iii) a right of first refusal in favour of Sintana with respect to any proposed futuresale by Grisham of any shares it holds in Inter Oil; and (iv) an area of interest provision with respect to any acquisitions of additional petroleum properties by Grisham in Namibia, subject to certain specified exceptions.

(ii) On January 24, 2022, the Company announced that it closed the Interim Financing pursuant to which it issued an aggregate of 5,128,205 common shares at a price of US\$0.117 per share to Charlestown to raise aggregate gross proceeds of US\$600,000. The gross proceeds of the Interim Financing will be used for general corporate purposes and to fund a deposit in the amount of US\$500,000 payable to Grisham in connection with the Acquisition.

(iii) On March 8, 2022, the Company announced that it closed its 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, at a price of \$0.15 per Unit, to raise aggregate gross proceeds of \$13,282,500 (including full exercise of an over-allotment option). The Public Offering was effected pursuant to a final short form prospectus of the Company dated February 24, 2022 (the "Final Prospectus"). Each Unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share for an exercise price of \$0.25 until March 8, 2024, and started to be listed for 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.

(iv) Immediately following the closing of the Public Offering, the Company completed its previously announced Acquisition of 49% of the outstanding shares of Inter Oil from Grisham. In connection with the closing of the Acquisition, Mr. Knowledge Katti has been appointed to the Board of Directors of Sintana. Consideration for the Acquisition consisted of an aggregate of 34,933,333 common shares of the Company (the "Consideration Shares") and a cash payment in the amount of US\$4,000,000 (the "Cash Payment"), in connection with which the Company had previously paid a deposit in the amount of US\$500,000. The balance of the Cash Payment was funded by the Company at closing out of the net proceeds of the Public Offering. The Consideration Shares are subject to a statutory hold period expiring on July 9, 2022.

(v) Subsequent to the completion of the Public Offering and the Acquisition, 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.

CORPORATE INFORMATION

DIRECTORS

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

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

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