



**SINTANA**  
ENERGY

FS|Q2 2020

SEI|TSX-V

## SINTANA ENERGY INC.

### CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2020

*(EXPRESSED IN CANADIAN DOLLARS, UNLESS OTHERWISE STATED)*

**UNAUDITED**

**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Sintana Energy Inc. ("Sintana") have been prepared by, and are the responsibility of, management. The unaudited condensed interim consolidated financial statements have not been reviewed by Sintana's auditors.

Exploring a better way™

*A Colombia Focused Exploration Company*

# Sintana Energy Inc.

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

	As at June 30, 2020	As at December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 312,675	\$ 173,975
Accounts receivable and other assets (note 3)	15,705	30,152
<b>Total assets</b>	<b>\$ 328,380</b>	<b>\$ 204,127</b>
<b>DEFICIT AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 4 and 13)	\$ 493,889	\$ 553,423
Deferred compensation (note 13)	5,457,864	4,672,712
Asset retirement obligation	102,312	102,312
<b>Total current liabilities</b>	<b>6,054,065</b>	<b>5,328,447</b>
<b>Non-current liabilities</b>		
Convertible debentures (note 5)	82,605	74,385
<b>Total liabilities</b>	<b>6,136,670</b>	<b>5,402,832</b>
<b>Shareholders' deficiency</b>	<b>(5,808,290)</b>	<b>(5,198,705)</b>
<b>Total shareholders' deficiency and liabilities</b>	<b>\$ 328,380</b>	<b>\$ 204,127</b>

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

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

## Sintana Energy Inc.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Operating expenses</b>				
Exploration and evaluation expenditures (note 11)	\$ 15,885	\$ 15,502	\$ 32,072	\$ 33,166
General and administrative (notes 12 and 13)	399,667	363,307	911,354	794,589
Finance interest expense (note 5)	4,110	21,141	8,220	41,233
Foreign exchange (gain) loss	(221,468)	(94,727)	227,968	(177,515)
<b>Net loss before gain of accounts payable</b>	<b>(198,194)</b>	<b>(305,223)</b>	<b>(1,179,614)</b>	<b>(691,473)</b>
Gain of accounts payable (note 4)	23,844	14,028	48,667	28,057
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (174,350)</b>	<b>\$ (291,195)</b>	<b>\$ (1,130,947)</b>	<b>\$ (663,416)</b>
<b>Loss per share - basic and diluted</b> (note 10)	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b> (note 10)	<b>130,398,297</b>	<b>118,044,490</b>	<b>129,447,818</b>	<b>117,949,148</b>

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

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Net loss for the period	\$ (1,130,947)	\$ (663,416)
Adjustment for:		
Accretion on convertible debentures (note 5)	4,220	14,217
Accrued interest on convertible debentures (note 5)	4,000	27,016
Share-based compensation (notes 8 and 9)	188,862	101,420
Gain of accounts payable (note 4)	(48,667)	(28,057)
Non-cash working capital items:		
Accounts receivable and other assets	14,447	21,040
Accounts payable and accrued liabilities	(10,867)	(60,480)
Deferred compensation	785,152	389,728
<b>Net cash used in operating activities</b>	<b>(193,800)</b>	<b>(198,532)</b>
<b>Financing activity</b>		
Warrants exercised	332,500	-
<b>Net cash provided by financing activity</b>	<b>332,500</b>	<b>-</b>
<b>Net change in cash</b>	<b>138,700</b>	<b>(198,532)</b>
<b>Cash, beginning of period</b>	<b>173,975</b>	<b>517,379</b>
<b>Cash, end of period</b>	<b>\$ 312,675</b>	<b>\$ 318,847</b>

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

## Sintana Energy Inc.

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

	Number of common shares #	Share capital	Warrants	Contributed surplus	Conversion feature and convertible debt	Deficit	Total
<b>Balance, December 31, 2018</b>	<b>117,644,490</b>	<b>\$ 77,669,457</b>	<b>\$ 74,233</b>	<b>\$ 5,183,209</b>	<b>\$ 161,790</b>	<b>\$(87,504,348)</b>	<b>\$ (4,415,659)</b>
Restricted shares vested and converted to common shares (note 6(b)(i))	400,000	36,000	-	(36,000)	-	-	-
Share-based compensation (notes 8 and 9)	-	-	-	101,420	-	-	101,420
Net loss and comprehensive loss for the period	-	-	-	-	-	(663,416)	(663,416)
<b>Balance, June 30, 2019</b>	<b>118,044,490</b>	<b>\$ 77,705,457</b>	<b>\$ 74,233</b>	<b>\$ 5,248,629</b>	<b>\$ 161,790</b>	<b>\$(88,167,764)</b>	<b>\$ (4,977,655)</b>
<b>Balance, December 31, 2019</b>	<b>126,473,297</b>	<b>\$ 78,217,273</b>	<b>\$ 74,233</b>	<b>\$ 5,312,944</b>	<b>\$ 24,891</b>	<b>\$(88,828,046)</b>	<b>\$ (5,198,705)</b>
Restricted shares vested and converted to common shares (note 6(b)(ii))	600,000	62,000	-	(62,000)	-	-	-
Warrants exercised	3,325,000	375,651	(43,151)	-	-	-	332,500
Share-based compensation (notes 8 and 9)	-	-	-	188,862	-	-	188,862
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,130,947)	(1,130,947)
<b>Balance, June 30, 2020</b>	<b>130,398,297</b>	<b>\$ 78,654,924</b>	<b>\$ 31,082</b>	<b>\$ 5,439,806</b>	<b>\$ 24,891</b>	<b>\$(89,958,993)</b>	<b>\$ (5,808,290)</b>

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

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# Sintana Energy Inc.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

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### 1. Nature of operations and going concern

Sintana Energy Inc. ("Sintana" or the "Company") is a public Canadian oil and gas exploration company listed on the TSX Venture Exchange ("TSXV"), with offices in Toronto, Canada; and Dallas, Texas. The trading symbol of the Company is SEI. The Company is targeting assets in Colombia's Magdalena Basin. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant reserve potential. The primary office of the Company is located at The Canadian Venture Building, 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

Sintana is at an early stage of development and as is common with similar exploration companies, it raises financing for its property acquisition and exploration activities. Sintana has not incurred any operating income in the current and prior periods. For the six months ended June 30, 2020, the Company incurred a loss of \$1,130,947 (six months ended June 30, 2019 - \$663,416) and had an accumulated deficit of \$89,958,993 (December 31, 2019 - \$88,828,046). Sintana had a working capital deficit of \$5,725,685 at June 30, 2020 (December 31, 2019 - working capital deficit of \$5,124,320).

These unaudited condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern. The certainty of funding future exploration expenditures and availability of additional financing sources cannot be assured at this time. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production.

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, leading to an economic downturn. 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 or ability to raise funds.

### 2. Significant accounting policies

#### Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 28, 2020, the date the Board of Directors approved these unaudited condensed interim consolidated financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual audited consolidated financial statements as at and for the year ended December 31, 2019, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending December 31, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

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# Sintana Energy Inc.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

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### 2. Significant accounting policies (continued)

#### *New accounting standards adopted*

##### **IFRS 3, Business Combinations ("IFRS 3")**

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

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

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

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

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

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

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

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

### 3. Accounts receivable and other assets

	<b>As at June 30, 2020</b>	<b>As at December 31, 2019</b>
Accounts receivable	\$ 3,965	\$ 4,275
Prepays and other advances	11,740	25,877
	<b>\$ 15,705</b>	<b>\$ 30,152</b>

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## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

#### 4. Accounts payable and accrued liabilities

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

	As at June 30, 2020	As at December 31, 2019
Accounts payable	\$ 20,647	\$ 31,922
Accrued liabilities	473,242	521,501
	\$ 493,889	\$ 553,423

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

	As at June 30, 2020	As at December 31, 2019
Less than 1 month	\$ 60,977	\$ 105,601
Greater than 3 months	432,912	447,822
	\$ 493,889	\$ 553,423

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

During the three and six months ended June 30, 2020, the Company recorded a gain of accounts payable of \$23,844 and \$48,667, respectively (three and six months ended June 30, 2019 - \$14,028 and \$28,057, respectively) in the unaudited condensed interim consolidated statements of loss and comprehensive loss related to a decrease in the probability of the provision being paid.

#### 5. Convertible debentures

Movement in the convertible debenture was as follows:

	Amount
Balance, December 31, 2019	\$ 74,385
Accrued interest	4,000
Accretion expense	4,220
Balance, June 30, 2020	\$ 82,605



# Sintana Energy Inc.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

### 6. Share capital

a) Authorized share capital:

At June 30, 2020, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued:

At June 30, 2020, the issued share capital amounted to \$78,654,924. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
<b>Balance, December 31, 2018</b>	<b>117,644,490</b>	<b>\$ 77,669,457</b>
Restricted shares vested and converted to common shares (i)	400,000	36,000
<b>Balance, June 30, 2019</b>	<b>118,044,490</b>	<b>\$ 77,705,457</b>
<b>Balance, December 31, 2019</b>	<b>126,473,297</b>	<b>\$ 78,217,273</b>
Restricted shares vested and converted to common shares (ii)	600,000	62,000
Exercise of warrants	3,325,000	375,651
<b>Balance, June 30, 2020</b>	<b>130,398,297</b>	<b>\$ 78,654,924</b>

(i) During the six months ended June 30, 2019, 400,000 Restricted Share Units ("RSUs") vested and converted to common shares with a value of \$36,000. Refer to note 9.

(ii) During the six months ended June 30, 2020, 400,000 RSUs vested and converted to common shares with a value of \$36,000 and 200,000 RSUs vested and converted to common shares with a value of \$26,000. Refer to note 9.

### 7. Warrants

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

	Number of warrants	Weighted average exercise price
<b>Balance, December 31, 2018 and June 30, 2019</b>	<b>5,720,000</b>	<b>\$ 0.10</b>
<b>Balance, December 31, 2019</b>	<b>5,720,000</b>	<b>\$ 0.10</b>
Warrants exercised	(3,325,000)	0.10
<b>Balance, June 30, 2020</b>	<b>2,395,000</b>	<b>\$ 0.10</b>

## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

#### 7. Warrants (Continued)

The following table reflects the actual warrants issued and outstanding as of June 30, 2020:

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

#### 8. Stock options

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

	Number of stock options outstanding	Weighted average exercise price
<b>Balance, December 31, 2018 and June 30, 2019</b>	<b>10,200,000</b>	<b>\$ 0.13</b>
<b>Balance, December 31, 2019</b>	<b>10,000,000</b>	<b>\$ 0.13</b>
Granted (i)	2,025,000	0.15
<b>Balance, June 30, 2020</b>	<b>12,025,000</b>	<b>\$ 0.13</b>

(i) On January 30, 2020, the Company granted a total of 2,025,000 stock options to several directors and officers of the Company and one consultant. The options have an exercise price of \$0.145, vest in three equal tranches over the next 24 months and expire on January 30, 2025. The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 141.08%; risk-free interest rate of 1.34%; and an expected average life of 5 years. The options were valued at \$261,023. \$32,628 and \$141,447, respectively (three and six months ended June 30, 2019 - \$nil) was expensed to salaries and benefits (share-based compensation) and as an addition to contributed surplus during the three and six months ended June 30, 2020.

(ii) Share-based compensation included in salaries and benefits expense includes \$8,455 and \$17,149, respectively (three and six months ended June 30, 2019 - \$25,604 and \$51,686, respectively) relating to stock options granted in previous years in accordance with their respective vesting terms, during the three and six months ended June 30, 2020.

The following table reflects the actual stock options issued and outstanding as of June 30, 2020:

Expiry date	Exercise price	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 5, 2020	\$0.175	0.35	3,550,000	3,550,000	-
July 19, 2021	\$0.100	1.05	2,150,000	2,150,000	-
June 4, 2023	\$0.100	2.94	450,000	450,000	-
December 18, 2023	\$0.100	3.47	3,850,000	2,566,667	1,283,333
January 30, 2025	\$0.145	4.59	2,025,000	675,000	1,350,000
		<b>2.28</b>	<b>12,025,000</b>	<b>9,391,667</b>	<b>2,633,333</b>

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# Sintana Energy Inc.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

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### 9. RSUs

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

On February 11, 2019, the Company granted 800,000 RSUs to four officers of the Company. These RSUs vest as follows: one-half of the RSUs vested immediately and one-half vested on the first anniversary. In relation to this grant, compensation for the three and six months ended June 30, 2020 was \$nil and \$4,266, respectively (three and six months ended June 30, 2019 - \$9,000 and \$49,734, respectively). During the three and six months ended June 30, 2020, nil and 400,000 RSUs, respectively vested and converted to common shares with a value of \$nil and \$36,000, respectively (three and six months ended June 30, 2019 - nil and 400,000 RSUs, respectively vested and converted to common shares with a value of \$nil and \$36,000, respectively).

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

As of June 30, 2020, there were nil RSU outstanding (December 31, 2019 - 400,000 RSUs). The weighted average fair value of RSUs granted during the six months ended June 30, 2020 was \$0.10 per unit (six months ended June 30, 2019 - \$0.09).

### 10. Net loss per share

The calculation of basic and diluted loss per share for the three and six months ended June 30, 2020 was based on the loss attributable to common shareholders of \$174,350 and \$1,130,947, respectively (three and six months ended June 30, 2019 - loss of \$291,195 and \$663,416, respectively) and the weighted average number of common shares outstanding of 130,398,297 and 129,447,818, respectively (three and six months ended June 30, 2019 - 118,044,490 and 117,949,148, respectively). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the three and six months ended June 30, 2020 and 2019 as they were anti-dilutive or not in the money.

### 11. Exploration and evaluation expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
<b>Magdalena Basin, Colombia</b>				
Administrative and general	\$ 12,711	\$ 11,576	\$ 24,847	\$ 25,046
Professional fees	3,174	3,926	7,225	8,120
	<b>\$ 15,885</b>	<b>\$ 15,502</b>	<b>\$ 32,072</b>	<b>\$ 33,166</b>

## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

#### 12. General and administrative

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Salaries and benefits (notes 8, 9 and 13)	\$ 331,338	\$ 312,518	\$ 770,137	\$ 663,464
Professional fees (note 13)	36,946	33,876	91,238	91,331
Administrative and general	17,127	11,727	35,371	27,301
Reporting issuer costs	14,256	5,186	14,608	12,493
	\$ 399,667	\$ 363,307	\$ 911,354	\$ 794,589

#### 13. Related party transactions and balances

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The below noted transactions occurred in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Salaries and benefits <sup>(1)(3)</sup>	\$ 285,133	\$ 275,851	\$ 562,389	\$ 550,104
Share-based compensation <sup>(2)</sup>	\$ 38,669	\$ 35,606	\$ 178,385	\$ 102,422

(1) Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$5,457,864 are included in deferred compensation as at June 30, 2020 (December 31, 2019 - \$4,672,712) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 13(a)<sup>(3)</sup>).

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

(3) Effective as of July 31, 2016, the employment by the Company of Lee A. Pettigrew, Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew is entitled to 12 months base salary (\$416,450 (US\$305,584)) as a retiring allowance. This amount is included as deferred compensation.

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

For the three and six months ended June 30, 2020, the Company paid professional fees and disbursements of \$15,603 and \$31,433, respectively (three and six months ended June 30, 2019 - \$13,247 and \$29,410, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is Managing Director. Carmelo Marrelli is the Chief Financial Officer of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. All services were made on terms equivalent to those that prevail with arm's length transactions. An amount of \$11,821 is included in accounts payable and accrued liabilities as at June 30, 2020 (December 31, 2019 - \$14,629).

# Sintana Energy Inc.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

### 13. Related party transactions and balances (continued)

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

For the three and six months ended June 30, 2020, the Company paid professional fees and disbursements of \$175 (three and six months ended June 30, 2019 - \$905 and \$1,703, respectively) to DSA Corporate Services Inc. ("DSA"), an organization which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2020, DSA was owed \$198 (December 31, 2019 - \$nil) and this amount is included in accounts payable and accrued liabilities.

For the three and six months ended June 30, 2020, the Company paid professional fees and disbursements of \$150 and \$2,670, respectively (three and six months ended June 30, 2019 - \$nil) to DSA Filing Services Inc. ("DSA Filing"), an organization which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA Filing. These services were incurred in the normal course of operations of corporate secretarial matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at June 30, 2020, DSA Filing was owed \$nil (December 31, 2019 - \$170) and this amount is included in accounts payable and accrued liabilities.

### 14. Segmented information

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

<b>June 30, 2020</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Total</b>
Cash	\$ 301,013	\$ 10,730	\$ 932	\$ 312,675
Accounts receivable and other assets	15,705	-	-	15,705
<b>Total assets</b>	<b>\$ 316,718</b>	<b>\$ 10,730</b>	<b>\$ 932</b>	<b>\$ 328,380</b>
Accounts payable and accrued liabilities	\$ 445,166	\$ 45,131	\$ 3,592	\$ 493,889
Deferred compensation	595,768	4,862,096	-	5,457,864
Asset retirement obligation	102,312	-	-	102,312
Convertible debentures	82,605	-	-	82,605
<b>Total liabilities</b>	<b>\$ 1,225,851</b>	<b>\$ 4,907,227</b>	<b>\$ 3,592</b>	<b>\$ 6,136,670</b>

<b>Six Months Ended June 30, 2020</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Total</b>
Exploration and evaluation expenditures	\$ -	\$ -	\$ 32,072	\$ 32,072
General and administrative	343,093	568,261	-	911,354
Finance interest expense	8,220	-	-	8,220
Foreign exchange (gain) loss	(676,630)	907,936	(3,338)	227,968
Gain of accounts payable	(48,667)	-	-	(48,667)
<b>Net loss and comprehensive loss</b>	<b>\$ (373,984)</b>	<b>\$ 1,476,197</b>	<b>\$ 28,734</b>	<b>\$ 1,130,947</b>

## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2020

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

#### 14. Segmented information (continued)

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

<b>Six Months Ended June 30, 2019</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Total</b>
Exploration and evaluation expenditures	\$ -	\$ -	\$ 33,166	\$ 33,166
General and administrative	244,136	550,453	-	794,589
Finance interest expense	41,233	-	-	41,233
Foreign exchange loss (gain)	587,324	(759,087)	(5,752)	(177,515)
Gain of accounts payable	(28,057)	-	-	(28,057)
<b>Net loss and comprehensive loss</b>	<b>\$ 844,636</b>	<b>\$ (208,634)</b>	<b>\$ 27,414</b>	<b>\$ 663,416</b>

#### 15. Contingency

##### Farmout Agreement Arbitration

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

# CORPORATE INFORMATION

## DIRECTORS

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

## OFFICERS

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

## AUDIT COMMITTEE

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

## UNITED STATES

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☎ 713.825.9591

✉ [info@sintanaenergy.com](mailto:info@sintanaenergy.com)

## AUDITORS

MNP LLP Chartered Accountants  
Toronto, Ontario

## REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada  
Toronto, Ontario

## LEGAL COUNSEL

Cassels Brock, LLC  
Toronto, Ontario

## LISTING

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

## CANADA

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