



**SINTANA**  
ENERGY

**FS|Q3 2020**

**SEI|TSX-V**

**SINTANA ENERGY INC.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**THREE AND NINE MONTHS ENDED SEPTEMBER 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*

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## Sintana Energy Inc.

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

	As at September 30, 2020	As at December 31, 2019
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 211,605	\$ 173,975
Accounts receivable and other assets (note 3)	10,926	30,152
<b>Total assets</b>	<b>\$ 222,531</b>	<b>\$ 204,127</b>
<b>DEFICIT AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (notes 4 and 13)	\$ 432,494	\$ 553,423
Deferred compensation (note 13)	5,620,707	4,672,712
Asset retirement obligation	102,312	102,312
<b>Total current liabilities</b>	<b>6,155,513</b>	<b>5,328,447</b>
<b>Non-current liabilities</b>		
Convertible debentures (note 5)	86,714	74,385
<b>Total liabilities</b>	<b>6,242,227</b>	<b>5,402,832</b>
<b>Shareholders' deficiency</b>	<b>(6,019,696)</b>	<b>(5,198,705)</b>
<b>Total shareholders' deficiency and liabilities</b>	<b>\$ 222,531</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)

Subsequent event (note 16)

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## Sintana Energy Inc.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>Operating expenses</b>				
Exploration and evaluation expenditures (note 11)	\$ 26,054	\$ 14,713	\$ 58,126	\$ 47,879
General and administrative (notes 12 and 13)	368,319	372,943	1,279,673	1,167,532
Finance interest expense (note 5)	4,109	8,291	12,329	49,524
Foreign exchange (gain) loss	(123,323)	51,397	104,645	(126,118)
<b>Net loss before gain of accounts payable</b>	<b>(275,159)</b>	<b>(447,344)</b>	<b>(1,454,773)</b>	<b>(1,138,817)</b>
Loss on conversion (note 5)	-	(83,566)	-	(83,566)
Gain of accounts payable (note 4)	23,339	14,029	72,006	42,086
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (251,820)</b>	<b>\$ (516,881)</b>	<b>\$ (1,382,767)</b>	<b>\$ (1,180,297)</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>129,775,397</b>	<b>117,982,024</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)****Nine Months Ended**  
**September 30,**  
**2020**                      **2019****Operating activities**

Net loss for the period	<b>\$ (1,382,767)</b>	\$ (1,180,297)
Adjustment for:		
Accretion on convertible debentures (note 5)	<b>6,329</b>	17,229
Accrued interest on convertible debentures (note 5)	<b>6,000</b>	32,295
Loss on conversion (note 5)	-	83,566
Share-based compensation (notes 8 and 9)	<b>229,276</b>	134,687
Gain of accounts payable (note 4)	<b>(72,006)</b>	(42,086)
Non-cash working capital items:		
Accounts receivable and other assets	<b>19,226</b>	27,175
Accounts payable and accrued liabilities	<b>(48,923)</b>	(70,825)
Deferred compensation	<b>947,995</b>	711,399
<b>Net cash used in operating activities</b>	<b>(294,870)</b>	(286,857)

**Financing activity**

Warrants exercised	<b>332,500</b>	-
<b>Net cash provided by financing activity</b>	<b>332,500</b>	-

<b>Net change in cash</b>	<b>37,630</b>	(286,857)
<b>Cash, beginning of period</b>	<b>173,975</b>	517,379
<b>Cash, end of period</b>	<b>\$ 211,605</b>	\$ 230,522

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	Shares to be issued	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>\$ -</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)	-	-	-
Conversion of convertible debentures (note 5)	-	-	592,875	-	-	(136,899)	-	455,976
Share-based compensation (notes 8 and 9)	-	-	-	-	134,687	-	-	134,687
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(1,180,297)	(1,180,297)
<b>Balance, September 30, 2019</b>	<b>118,044,490</b>	<b>\$ 77,705,457</b>	<b>\$ 592,875</b>	<b>\$ 74,233</b>	<b>\$ 5,281,896</b>	<b>\$ 24,891</b>	<b>\$(88,684,645)</b>	<b>\$ (5,005,293)</b>
<b>Balance, December 31, 2019</b>	<b>126,473,297</b>	<b>\$ 78,217,273</b>	<b>\$ -</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)	-	-	-	-	229,276	-	-	229,276
Net loss and comprehensive loss for the period	-	-	-	-	-	-	(1,382,767)	(1,382,767)
<b>Balance, September 30, 2020</b>	<b>130,398,297</b>	<b>\$ 78,654,924</b>	<b>\$ -</b>	<b>\$ 31,082</b>	<b>\$ 5,480,220</b>	<b>\$ 24,891</b>	<b>\$(90,210,813)</b>	<b>\$ (6,019,696)</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 Nine Months Ended September 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 nine months ended September 30, 2020, the Company incurred a loss of \$1,382,767 (nine months ended September 30, 2019 - \$1,180,297) and had an accumulated deficit of \$90,210,813 (December 31, 2019 - \$88,828,046). Sintana had a working capital deficit of \$5,932,982 at September 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 and / 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 November 27, 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 Nine Months Ended September 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

	As at September 30, 2020	As at December 31, 2019
Accounts receivable	\$ 6,241	\$ 4,275
Prepays and other advances	4,685	25,877
	<b>\$ 10,926</b>	<b>\$ 30,152</b>

## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 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 September 30, 2020	As at December 31, 2019
Accounts payable	\$ 12,499	\$ 31,922
Accrued liabilities	419,995	521,501
	<b>\$ 432,494</b>	<b>\$ 553,423</b>

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

	As at September 30, 2020	As at December 31, 2019
Less than 1 month	\$ 37,383	\$ 105,601
Greater than 3 months	395,111	447,822
	<b>\$ 432,494</b>	<b>\$ 553,423</b>

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 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 three and nine months ended September 30, 2020, the Company recorded a gain of accounts payable of \$23,339 and \$72,006, respectively (three and nine months ended September 30, 2019 - \$14,029 and \$42,086, respectively) in the unaudited condensed interim consolidated statements of loss and comprehensive loss related to a decrease in the probability of payment of the alleged liability.

#### 5. Convertible debentures

On July 15, 2019, the Company received a notice of partial conversion (the "Notice") in respect to the convertible debentures in the principal amount of \$650,000 issued on July 24, 2018 (the "Debentures"). 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 of \$0.07 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 Debenture resulted in a loss on conversion \$83,566 which was recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

Movement in the convertible debenture was as follows:

	Amount
<b>Balance, December 31, 2019</b>	<b>\$ 74,385</b>
Accrued interest	6,000
Accretion expense	6,329
<b>Balance, September 30, 2020</b>	<b>\$ 86,714</b>



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## Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2020  
(Expressed in Canadian Dollars, Unless Otherwise Stated)  
(Unaudited)

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### 6. Share capital

a) Authorized share capital:

At September 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 September 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, September 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, September 30, 2020</b>	<b>130,398,297</b>	<b>\$ 78,654,924</b>

(i) During the nine months ended September 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 nine months ended September 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 September 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, September 30, 2020</b>	<b>2,395,000</b>	<b>\$ 0.10</b>

## Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements  
 Three and Nine Months Ended September 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 September 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 September 30, 2019</b>	<b>10,200,000</b>	<b>\$ 0.130</b>
<b>Balance, December 31, 2019</b>	<b>10,000,000</b>	<b>\$ 0.130</b>
Granted (i)	2,025,000	0.145
<b>Balance, September 30, 2020</b>	<b>12,025,000</b>	<b>\$ 0.130</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 \$174,075, respectively (three and nine months ended September 30, 2019 - \$nil) was expensed to salaries and benefits (share-based compensation) and as an addition to contributed surplus during the three and nine months ended September 30, 2020.

(ii) Share-based compensation included in salaries and benefits expense includes \$7,786 and \$24,935, respectively (three and nine months ended September 30, 2019 - \$24,267 and \$75,953, respectively) relating to stock options granted in previous years in accordance with their respective vesting terms, during the three and nine months ended September 30, 2020.

The following table reflects the actual stock options issued and outstanding as of September 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	0.10	3,550,000	3,550,000	-
July 19, 2021	\$0.100	0.80	2,150,000	2,150,000	-
June 4, 2023	\$0.100	2.69	450,000	450,000	-
December 18, 2023	\$0.100	3.22	3,850,000	2,566,667	1,283,333
January 30, 2025	\$0.145	4.34	2,025,000	675,000	1,350,000
		<b>2.03</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 Nine Months Ended September 30, 2020 (Expressed in Canadian Dollars, Unless Otherwise Stated) (Unaudited)

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#### 9. Restricted Share Units ("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 nine months ended September 30, 2020 was \$nil and \$4,266, respectively (three and nine months ended September 30, 2019 - \$9,000 and \$58,734, respectively). During the three and nine months ended September 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 nine months ended September 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 nine months ended September 30, 2020, was \$nil and \$26,000, respectively. During the three and nine months ended September 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 September 30, 2020, there were nil RSU outstanding (December 31, 2019 - 400,000 RSUs). The weighted average fair value of RSUs granted during the nine months ended September 30, 2020 was \$0.10 per unit (nine months ended September 30, 2019 - \$0.09).

#### 10. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2020 was based on the loss attributable to common shareholders of \$251,820 and \$1,382,767, respectively (three and nine months ended September 30, 2019 - loss of \$516,881 and \$1,180,297, respectively) and the weighted average number of common shares outstanding of 130,398,297 and 129,775,397, respectively (three and nine months ended September 30, 2019 - 118,044,490 and 117,982,024, respectively). Diluted loss per share did not include the effect of options, warrants, RSUs and convertible debentures for the three and nine months ended September 30, 2020 and 2019 as they were anti-dilutive or not in the money.

#### 11. Exploration and evaluation expenditures

	Three Months Ended September 30, 2020		September 30, 2019		Nine Months Ended September 30, 2020		September 30, 2019	
<b>Magdalena Basin, Colombia</b>								
Administrative and general	\$	13,136	\$	11,105	\$	37,983	\$	36,151
Professional fees		12,918		3,608		20,143		11,728
	\$	26,054	\$	14,713	\$	58,126	\$	47,879

## Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2020  
(Expressed in Canadian Dollars, Unless Otherwise Stated)  
(Unaudited)

### 12. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Salaries and benefits (notes 8, 9 and 13)	\$ 320,443	\$ 311,493	\$ 1,090,580	\$ 974,957
Professional fees (note 13)	38,331	48,578	129,569	139,909
Administrative and general	9,395	10,901	44,766	38,202
Reporting issuer costs	150	1,971	14,758	14,464
	\$ 368,319	\$ 372,943	\$ 1,279,673	\$ 1,167,532

### 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 September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Salaries and benefits <sup>(1)(3)</sup>	\$ 274,760	\$ 272,478	\$ 837,149	\$ 822,582
Share-based compensation <sup>(2)</sup>	\$ 38,001	\$ 32,265	\$ 216,386	\$ 134,687

<sup>(1)</sup> Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$5,620,707 are included in deferred compensation as at September 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>).

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

<sup>(3)</sup> 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 (\$407,618 (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 nine months ended September 30, 2020, the Company paid professional fees and disbursements of \$16,013 and \$47,446, respectively (three and nine months ended September 30, 2019 - \$15,488 and \$44,898, 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 \$6,409 is included in accounts payable and accrued liabilities as at September 30, 2020 (December 31, 2019 - \$14,629).

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## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements Three and Nine Months Ended September 30, 2020 (Expressed in Canadian Dollars, Unless Otherwise Stated) (Unaudited)

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

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

For the three and nine months ended September 30, 2020, the Company paid professional fees and disbursements of \$nil and \$175, respectively (three and nine months ended September 30, 2019 - \$960 and \$2,663, 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.

For the three and nine months ended September 30, 2020, the Company paid professional fees and disbursements of \$150 and \$2,820, respectively (three and nine months ended September 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 September 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>September 30, 2020</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Total</b>
Cash	\$ 176,380	\$ 25,476	\$ 9,749	\$ 211,605
Accounts receivable and other assets	10,926	-	-	10,926
<b>Total assets</b>	<b>\$ 187,306</b>	<b>\$ 25,476</b>	<b>\$ 9,749</b>	<b>\$ 222,531</b>
Accounts payable and accrued liabilities	\$ 404,399	\$ 23,426	\$ 4,669	\$ 432,494
Deferred compensation	586,437	5,034,270	-	5,620,707
Asset retirement obligation	102,312	-	-	102,312
Convertible debentures	86,714	-	-	86,714
<b>Total liabilities</b>	<b>\$ 1,179,862</b>	<b>\$ 5,057,696</b>	<b>\$ 4,669</b>	<b>\$ 6,242,227</b>

<b>Nine Months Ended September 30, 2020</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Total</b>
Exploration and evaluation expenditures	\$ -	\$ -	\$ 58,126	\$ 58,126
General and administrative	445,721	833,952	-	1,279,673
Finance interest expense	12,329	-	-	12,329
Foreign exchange (gain) loss	(368,808)	474,952	(1,499)	104,645
Gain of accounts payable	(72,006)	-	-	(72,006)
<b>Net loss and comprehensive loss</b>	<b>\$ 17,236</b>	<b>\$ 1,308,904</b>	<b>\$ 56,627</b>	<b>\$ 1,382,767</b>

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## Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2020  
(Expressed in Canadian Dollars, Unless Otherwise Stated)  
(Unaudited)

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### 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>Nine Months Ended September 30, 2019</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Total</b>
Exploration and evaluation expenditures	\$ -	\$ -	\$ 47,879	\$ 47,879
General and administrative	355,775	811,757	-	1,167,532
Finance interest expense	49,524	-	-	49,524
Foreign exchange loss (gain)	426,406	(600,403)	47,879	(126,118)
Loss on conversion	83,566	-	-	83,566
Gain of accounts payable	(42,086)	-	-	(42,086)
<b>Net loss and comprehensive loss</b>	<b>\$ 873,185</b>	<b>\$ 211,354</b>	<b>\$ 95,758</b>	<b>\$ 1,180,297</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.

### 16. Subsequent event

On November 5, 2020, 3,550,000 stock options with an exercise price of \$0.175 expired unexercised.

# 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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Dallas, Texas USA 75225

☎ 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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