



SINTANA
ENERGY

FS|Q2 2018

SEI|TSX-V

SINTANA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2018

(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, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 148,172	\$ 335,600
Accounts receivable and other assets (note 4)	23,200	46,308
Total assets	\$ 171,372	\$ 381,908
DEFICIT AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 5 and 11)	\$ 760,661	\$ 696,036
Deferred compensation (note 11)	3,114,961	2,445,878
Asset retirement obligation	102,312	102,312
Total liabilities	3,977,934	3,244,226
Shareholders' deficiency	(3,806,562)	(2,862,318)
Total shareholders' deficiency and liabilities	\$ 171,372	\$ 381,908

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

Nature of operations and going concern (note 1)

Contingencies (note 13)

Subsequent event (note 14)

Sintana Energy Inc.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating expenses				
Exploration and evaluation expenditures (note 9)	\$ 16,324	\$ (214,658)	\$ 42,224	\$ (190,004)
General and administrative (notes 10 and 11)	442,510	110,712	761,745	522,924
Foreign exchange loss (gain)	77,864	(39,814)	159,044	(49,171)
Net (loss) income before write-down of accounts payable	(536,698)	143,760	(963,013)	(283,749)
Write-down of accounts payable (note 5)	-	61,807	-	61,807
Net (loss) income and comprehensive (loss) income for the period	\$ (536,698)	\$ 205,567	\$ (963,013)	\$ (221,942)
(Loss) income per share - basic and diluted (note 8)	\$ (0.00)	\$ 0.00	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted (note 8)	117,227,824	117,227,824	117,227,824	117,227,824

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

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

	Six Months Ended	
	June 30,	
	2018	2017
Operating activities		
Net loss for the period	\$ (963,013)	\$ (221,942)
Adjustment for:		
Share-based compensation (note 7)	18,769	75,983
Write-down of accounts payable (note 5)	-	61,807
Non-cash working capital items:		
Accounts receivable and other assets	23,108	44,380
Deposits	-	310
Accounts payable and other liabilities	64,625	(77,579)
Deferred compensation	669,083	122,071
Net cash (used in) provided by operating activities	(187,428)	5,030
Cash and cash equivalents, beginning of period	335,600	387,576
Cash and cash equivalents, end of period	\$ 148,172	\$ 392,606

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	Deficit	Total
Balance, December 31, 2016	117,227,824	\$ 77,644,457	\$ 244,527	\$ 4,721,612	\$(84,734,621)	\$ (2,124,025)
Share-based compensation (note 7)	-	-	-	75,983	-	75,983
Net loss and comprehensive loss for the period	-	-	-	-	(221,942)	(221,942)
Balance, June 30, 2017	117,227,824	\$ 77,644,457	\$ 244,527	\$ 4,797,595	\$(84,956,563)	\$ (2,269,984)
Balance, December 31, 2017	117,227,824	\$ 77,644,457	\$ -	\$ 5,092,219	\$(85,598,994)	\$ (2,862,318)
Share-based compensation (note 7)	-	-	-	18,769	-	18,769
Net loss and comprehensive loss for the period	-	-	-	-	(963,013)	(963,013)
Balance, June 30, 2018	117,227,824	\$ 77,644,457	\$ -	\$ 5,110,988	\$(86,562,007)	\$ (3,806,562)

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

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended June 30, 2018 (Expressed in Canadian Dollars, Unless Otherwise Stated) (Unaudited)

1. Nature of operations and going concern

Sintana Energy Inc. ("Sintana" or the "Company") is a public Canadian oil and gas exploration company listed on the TSX Venture Exchange, 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.

Effective July 27, 2017, the Company completed an internal reorganization pursuant to which (i) it incorporated a new subsidiary named Sintana Resources Corp. ("Sintana Resources") under the laws of the Province of Ontario; and (ii) all of the issued and outstanding shares of each of Sintana Energy Finance Inc. and 1873520 Ontario Inc., which were formerly held by Sintana Holdings Corp. ("Sintana Holdings"), were transferred to Sintana Resources for nominal consideration. Subsequently, effective August 1, 2017, all of the issued and outstanding shares of Sintana Energy Exploration & Production Inc., which were formerly held by Sintana Holdings, were also transferred to Sintana Resources for nominal consideration.

On October 10, 2017, the Company signed an agreement to sell all of the issued and outstanding common shares of its subsidiary, Sintana Holdings, and its Colombian branch, Sintana Energy Inc. Sucursal Colombia, for gross proceeds of US\$200,000.

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, 2018, the Company incurred a loss of \$963,013 and had an accumulated deficit of \$86,562,007. Sintana had a working capital deficit of \$3,806,562 at June 30, 2018 (December 31, 2017 - working capital deficit of \$2,862,318).

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 uncertainties cast significant doubt as to the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production.

2. Significant accounting policies

Statement of compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 28, 2018, the date the Board of Directors approved these financial statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual audited consolidated financial statements as at and for the year ended December 31, 2017, 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, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended June 30, 2018 (Expressed in Canadian Dollars, Unless Otherwise Stated) (Unaudited)

2. Significant accounting policies (continued)

New standard adopted during the period

IFRS 9 - Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9 ("IFRS 9") to come into effect on January 1, 2018 with early adoption permitted.

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. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"), for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its unaudited condensed interim consolidated financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

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 unaudited condensed interim 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 unaudited condensed interim consolidated statement of (loss) income and comprehensive (loss) income for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 39
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable and other assets, excluding HST	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and other liabilities	Other financial liabilities (amortized cost)	Amortized cost
Deferred compensation	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not change under IFRS 9.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

2. Significant accounting policies (continued)

Recent accounting pronouncements

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and will replace IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company is evaluating the impact of adoption and expects to report more detailed information in its consolidated financial statements as the effective date approaches.

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistent with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 will be effective for annual periods beginning on or after January 1, 2019. The Company does not expect IFRIC 23 to have a material impact on its consolidated financial statements.

3. Cash and cash equivalents

	As at June 30, 2018	As at December 31, 2017
Cash	\$ 148,172	\$ 335,600

4. Accounts receivable and other assets

	As at June 30, 2018	As at December 31, 2017
Accounts receivable	\$ 6,773	\$ 15,810
Prepays and other advances	16,427	30,498
	\$ 23,200	\$ 46,308

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

5. Accounts payable and other liabilities

Accounts payable and other 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, 2018	As at December 31, 2017
Accounts payable	\$ 24,149	\$ 21,813
Accrued liabilities	736,512	674,223
	\$ 760,661	\$ 696,036

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

	As at June 30, 2018	As at December 31, 2017
Less than 1 month	\$ 734,699	\$ 72,384
1 to 3 months	2,111	284
Greater than 3 months	23,851	623,368
	\$ 760,661	\$ 696,036

During the three and six months ended June 30, 2017, the Company recorded a write-down of accounts payable of \$61,807 in the unaudited condensed interim consolidated statements of (loss) income and comprehensive (loss) income.

6. Share capital

a) Authorized share capital:

At June 30, 2018, 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, 2018, the issued share capital amounted to \$77,644,457. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Balance, December 31, 2016 and June 30, 2017	117,227,824	\$ 77,644,457
Balance, December 31, 2017 and June 30, 2018	117,227,824	\$ 77,644,457

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Six Months Ended June 30, 2018
 (Expressed in Canadian Dollars, Unless Otherwise Stated)
 (Unaudited)

7. Stock options

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

	Number of stock options outstanding	Weighted average exercise price (\$)
Balance, December 31, 2016	7,923,694	0.25
Expired	(736,842)	0.25
Balance, June 30, 2017	7,186,852	0.25
Balance, December 31, 2017	6,844,744	0.23
Expired	(944,744)	0.73
Granted (i)	450,000	0.10
Balance, June 30, 2018	6,350,000	0.14

(i) On June 8, 2018, the Company granted a total of 450,000 stock options to directors of the Company. The options have an exercise price of \$0.10, vest in three equal tranches over the next 24 months and expire on June 8, 2023. 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 125.78%; risk-free interest rate of 2.15%; and an expected average life of 5 years. The options were valued at \$21,780. \$7,976 (three and six months ended June 30, 2017 - \$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, 2018.

(ii) Share-based compensation included in salaries and benefits expense includes \$5,787 and \$10,793, respectively (three and six months ended June 30, 2017 - \$43,650 and \$75,983, 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, 2018.

The following table reflects the actual stock options issued and outstanding as of June 30, 2018:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
December 21, 2019	0.15	1.48	200,000	200,000	-
November 5, 2020	0.18	2.35	3,550,000	3,550,000	-
July 19, 2021	0.10	3.05	2,150,000	1,433,333	716,667
June 8, 2023	0.10	4.94	450,000	150,000	300,000
		2.75	6,350,000	5,333,333	1,016,667

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

8. Net (loss) income per share

The calculation of basic and diluted (loss) income per share for the three and six months ended June 30, 2018 was based on the loss attributable to common shareholders of \$536,698 and \$963,013, respectively (three and six months ended June 30, 2017 - income (loss) of \$205,567 and \$(221,942), respectively) and the weighted average number of common shares outstanding of 117,227,824 (three and six months ended June 30, 2017 - 117,227,824). Diluted (loss) income per share did not include the effect of options for the three and six months ended June 30, 2018 and 2017 as they were anti-dilutive or not in the money.

9. Exploration and evaluation expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Magdalena Basin, Colombia				
Professional fees	\$ 7,218	\$ 44,218	\$ 24,118	\$ 59,246
Administrative and general	9,106	19,321	18,106	26,043
Other	-	86,114	-	86,114
Office rent	-	19	-	2,923
Sale of oil and gas interest (i)	-	(364,330)	-	(364,330)
	\$ 16,324	\$ (214,658)	\$ 42,224	\$ (190,004)

(i) On June 20, 2017, the Company sold its 15% participating interest in the Valle Medio Magdalena Bloque VMM-4 for cash proceeds of \$364,330 (US\$275,000).

10. General and administrative

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Salaries and benefits (notes 7(i)(ii) and 11)	\$ 286,418	\$ 50,947	\$ 548,785	\$ 387,273
Professional fees (note 11)	126,491	43,613	162,257	80,442
Administrative and general	13,108	12,198	27,081	27,524
Reporting issuer costs	9,875	4,853	16,929	6,053
Travel expenses	6,618	599	6,770	6,978
Rent	-	(256)	-	15,965
Interest and other income	-	(1,242)	(77)	(1,311)
	\$ 442,510	\$ 110,712	\$ 761,745	\$ 522,924

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended June 30, 2018 (Expressed in Canadian Dollars, Unless Otherwise Stated) (Unaudited)

11. 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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Salaries and benefits ⁽¹⁾⁽³⁾	\$ 266,842	\$ -	\$ 518,459	\$ 263,141
Share-based compensation ⁽²⁾	\$ 12,736	\$ 30,800	\$ 17,494	\$ 61,600

⁽¹⁾ Salaries and benefits include director fees. Balances for deferred compensation due to directors and key management personnel of \$3,114,961 are included in deferred compensation as at June 30, 2018 (December 31, 2017 - \$2,445,878) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 11(a)⁽³⁾).

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

⁽³⁾ Effective as of July 31, 2016, the employment by the Company of Lee A. Pettigrew, Vice President - Canadian Operations, ceased. Pursuant to his employment agreement, Mr. Pettigrew is entitled to 12 months base salary (\$263,360 (US\$200,000)) 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, 2018, the Company paid professional fees and disbursements of \$15,323 and \$31,066, respectively (three and six months ended June 30, 2017 - \$15,977 and \$32,249, respectively) to Marrelli Support Services Inc. ("Marrelli Support"), an organization of which Carmelo Marrelli is president. 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 \$11,700 is included in accounts payable and other liabilities as at June 30, 2018 (December 31, 2017 - \$15,954).

For the three and six months ended June 30, 2018, the Company paid professional fees and disbursements of \$2,222 and \$4,603, respectively (three and six months ended June 30, 2017 - \$1,605 and \$5,231, 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, 2018, DSA was owed \$2,614 (December 31, 2017 - \$929) and this amount is included in accounts payable and other liabilities.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

12. 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:

June 30, 2018	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 131,892	\$ 14,656	\$ 1,624	\$ 148,172
Accounts receivable and other assets	23,200	-	-	23,200
Total assets	\$ 155,092	\$ 14,656	\$ 1,624	\$ 171,372

December 31, 2017	Canada	United States	Colombia	Total
Cash and cash equivalents	\$ 312,298	\$ 20,717	\$ 2,585	\$ 335,600
Accounts receivable and other assets	46,308	-	-	46,308
Total assets	\$ 358,606	\$ 20,717	\$ 2,585	\$ 381,908

13. Contingencies

(a) Office lease agreement

An operating lease agreement for office space in Calgary, Alberta commencing on March 2012 and ending on February 28, 2017 was held by a subsidiary of the Company prior to the business combination in 2015. The annual average basic rent obligation was approximately \$84,000, payable in monthly installments of approximately \$7,000. Since September 2015 (post the business combination), only one payment has been made. The lessor has filed a suit against the Company seeking full payment of the alleged liability plus reimbursement of the costs incurred to pursue the matter. Management believes that the Company is not liable for this rent and therefore no provision for any potential payments has been recorded.

(b) Well abandonment and site cleanup

In June 2016, the Company received a letter from a third party seeking payment of \$1,291,972 for well abandonment and site cleanup of a Nova Scotia property. The third party has filed a suit against a subsidiary of the Company seeking full payment of the alleged liability plus reimbursement of the costs incurred to pursue the matter. Management believes that the Company is not liable for the invoiced costs and therefore no provision for any potential payments has been recorded.

14. Subsequent event

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 and 5,720,000 share purchase warrants ("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 Price in the event the closing price of the common shares exceeds 500% of the then applicable Conversion Price for 40 of 60 consecutive trading days.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2018

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

14. Subsequent event (continued)

While the Debentures remain outstanding, the holder is entitled to appoint one nominee to the Board of Directors of the Company, subject to TSX Venture Exchange approval.

In a separate transaction, the private investor also purchased 416,666 common shares of the Company at a price of \$0.06 per share.

All securities issued and issuable in connection with the financings are subject to a statutory hold period expiring November 25, 2018.

CORPORATE INFORMATION

DIRECTORS

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

UNITED STATES

Sintana Energy Inc. – Head Office
5949 Sherry Lane, Suite 835
Dallas, Texas USA 75225

☎ 713.825.9591

✉ 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

Sintana Energy Inc. – Registered Office
82 Richard Street East
Toronto, Ontario M5C 1P1

☎ 416.361.0737

☎ 416.361.0923