SINTANA ENERGY

FS|Q3 2016

SEI|TSX-V

SINTANA ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016

(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.

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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 September 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents (note 4)	**$ 568,946**	$ 2,147,770
Accounts receivable and other assets (note 5)	**145,952**	331,083
Total current assets	**714,898**	2,478,853
Non-current assets		
Deposits	**-**	48,640
Total assets	**$ 714,898**	$ 2,527,493
DEFICIT AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities (notes 6 and 15)	**$ 2,205,367**	$ 2,286,292
Asset retirement obligation (note 8)	**50,000**	-
Total current liabilities	**2,255,367**	2,286,292
Non-current liabilities		
Asset retirement obligation (note 8)	**-**	402,800
Total liabilities	**2,255,367**	2,689,092
Deficit	**(1,540,469)**	(161,599)
Total deficit and liabilities	**$ 714,898**	$ 2,527,493

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

Nature of operations and going concern (note 1)
Commitments and contingencies (note 17)
Subsequent events (note 18)

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, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating expenses				
Exploration and evaluation expenditures (notes 13 and 15)	**$ 155,541**	$ 378,905	**$ (416,987)**	$ 1,928,303
General and administrative (notes 14 and 15)	**888,132**	699,505	**2,244,136**	1,955,278
Finance interest expense (note 7)	**-**	18,538	**-**	35,890
Foreign exchange loss (gain)	**11,699**	16,728	**(28,986)**	(240,147)
Net loss before gain on settlement of debt and gain on Business Combination	**(1,055,372)**	(1,113,676)	**(1,798,163)**	(3,679,324)
Gain on settlement of debt (note 9(b)(i))	**-**	-	**32,500**	-
Gain on Business Combination (note 3)	**-**	597,064	**-**	597,064
Net loss and comprehensive loss for the period	**$ (1,055,372)**	$ (516,612)	**$ (1,765,663)**	$ (3,082,260)
Loss per share - basic and diluted (note 12)	**$ (0.01)**	$ (0.00)	**$ (0.02)**	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted (note 12)	**117,227,824**	105,569,105	**117,192,537**	94,141,639

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)

Nine Months Ended September 30,	2016	2015
Operating activities		
Net loss for the period	**$ (1,765,663)**	$ (3,082,260)
Adjustment for:		
Accretion on convertible debentures (note 7)	**-**	26,027
Accrued interest on convertible debentures (note 7)	**-**	9,863
Share-based compensation (note 11(i)(ii))	**354,293**	17,439
Gain on settlement of debt (note 9(b)(i))	**(32,500)**	-
Reversal of well abandonment and site cleanup (notes 8 and 13)	**(827,814)**	-
Gain on Business Combination (note 3)	**-**	(597,064)
Non-cash working capital items:		
Accounts receivable and other assets	**233,771**	1,905,954
Accounts payable and other liabilities	**459,089**	147,303
Net cash used in operating activities	**(1,578,824)**	(1,572,738)
Investing activity		
Cash acquired from Business Combination (note 3)	**-**	966,269
Net cash provided by investing activity	**-**	966,269
Financing activities		
Proceeds from convertible debentures (note 7)	**-**	1,000,000
Long-term lease	**-**	(2,502)
Net cash provided by financing activities	**-**	997,498
Net change in cash and cash equivalents	**(1,578,824)**	391,029
Cash and cash equivalents, beginning of period	**2,147,770**	1,876,191
Cash and cash equivalents, end of period	**$ 568,946**	$ 2,267,220
Non-cash transactions		
Issuance of shares as settlement of debt (note 9(b)(i))	**$ 32,500**	$ -
Issuance of shares (note 3)	**$ -**	$ 3,128,269
Issuance of options (note 3)	**$ -**	$ 122,810

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 Deficit
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

	Number of common shares #	Share capital	Warrants	Contributed surplus	Convertible debentures	Deficit	Total
Balance, December 31, 2014	**88,427,906**	**$ 74,483,688**	**$ 244,527**	**$ 3,851,130**	**$ -**	**$(77,536,127)**	**$ 1,043,218**
Convertible debentures (note 7)	-	-	-	-	131,101	-	131,101
Share-based compensation (note 11(i))	-	-	-	17,439	-	-	17,439
Securities of Sintana issued and outstanding at date of Business Combination (note 3)	28,438,808	3,128,269	-	122,810	-	-	3,251,079
Convertible debentures extinguishment (note 3)	-	-	-	-	(131,101)	-	(131,101)
Net loss and comprehensive loss for the period	-	-	-	-	-	(3,082,260)	(3,082,260)
Balance, September 30, 2015	**116,866,714**	**$ 77,611,957**	**$ 244,527**	**$ 3,991,379**	**$ -**	**$(80,618,387)**	**$ 1,229,476**
Balance, December 31, 2015	**116,866,714**	**$ 77,611,957**	**$ 244,527**	**$ 4,344,276**	**$ -**	**$(82,362,359)**	**$ (161,599)**
Shares issued as settlement of debt (note 9(b)(i))	361,110	32,500	-	-	-	-	32,500
Warrants expired	-	-	(244,527)	-	-	244,527	-
Share-based compensation (note 11(i)(ii))	-	-	-	354,293	-	-	354,293
Net loss and comprehensive loss for the period	-	-	-	-	-	(1,765,663)	(1,765,663)
Balance, September 30, 2016	**117,227,824**	**$ 77,644,457**	**$ -**	**$ 4,698,569**	**$ -**	**$(83,883,495)**	**$ (1,540,469)**

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

1. Nature of operations and going concern

Sintana Energy Inc. (formerly Mobius Resources 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; Plano, Texas; and Bogota, Colombia. The trading symbol of the Company changed from SNN to SEI effective August 10, 2015, subsequent to the Business Combination (as defined below). 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 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

On August 6, 2015, Sintana completed a business combination (the "Business Combination") with Sintana Holdings Corp. (formerly Sintana Energy Inc.) ("Sintana Holdings"). The Business Combination was treated as a reverse acquisition where Sintana Holdings acquired Sintana. All per share information has been retrospectively adjusted to give effect to the exchange ratio as part of the reverse takeover transaction.

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 incurred losses in the current and prior periods. For the nine months ended September 30, 2016, the Company incurred a loss of $1,765,663 and had an accumulated deficit of $83,883,495. Results for the three and nine months ended September 30, 2016 are not necessarily indicative of future results. Sintana had a working capital deficit of $1,540,469 at September 30, 2016 (December 31, 2015 - working capital of $192,561). As a result of the close of the Business Combination, Sintana will fund its exploration and operating expenses from its available cash in 2016.

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 November 29, 2016, 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, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual audited consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

2. Significant accounting policies (continued)

Recent accounting pronouncements

(i) IFRS 9 – Financial Instruments ("IFRS 9") was initially issued by the IASB in November 2009 and issued in its completed version in July 2014 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company will adopt the standard on its effective date and is currently assessing the impact of this pronouncement.

(ii) IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 - Leases.

The IASB issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB"). The FASB has not yet issued its new standard, but it is also expected to require lessees to recognize most leases on their statement of financial position.

The new standard will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15 - Revenue from Contract with Customers, has been applied, or is applied at the same date as IFRS 16.

3. Reverse takeover transaction

The share capital of each company prior to the reverse acquisition was as follows:

Sintana Energy Inc. (formerly Mobius Resources Inc.)

	Number of common shares	Amount
Balance, December 31, 2014	**28,770,308**	**$118,519,000**
Common shares repurchased under Normal Course Issuer Bid	(331,500)	(56,000)
Balance, August 6, 2015	**28,438,808**	**$118,463,000**

Sintana Holdings Corp. (formerly Sintana Energy Inc.)

	Number of common shares	Amount
Balance, December 31, 2014 and August 6, 2015	**88,427,906**	**$ 74,483,688**

3. Reverse takeover transaction (continued)

On August 6, 2015, the Company announced the completion of the Business Combination with Sintana Holdings. In connection with the Business Combination, Sintana acquired all of the issued and outstanding common shares of Sintana Holdings ("Sintana Holdings Shares") from the existing holders thereof in consideration of the issuance of 0.26316 of one common share of Sintana (each whole such common shares, a "Sintana Share") for each Sintana Holdings Share so held (the "Exchange Ratio") pursuant to a three-cornered amalgamation effected by way of a plan of arrangement in which Sintana Holdings amalgamated with a wholly-owned subsidiary of Sintana. Also in connection with the Business Combination, (i) the Company changed its name to "Sintana Energy Inc." (the "Name Change"); (ii) each outstanding share purchase warrant of Sintana Holdings (each, a "Sintana Holdings Warrant") became exercisable to acquire Sintana Shares in lieu of Sintana Holdings Shares subject to adjustment in number and exercise price to give effect to the Exchange Ratio; and (iii) each stock option of Sintana Holdings was exchanged for an equivalent stock option of Sintana, subject to adjustment in number and exercise price to give effect to the Exchange Ratio.

Each stock option of Sintana outstanding immediately prior to the effective date of the Business Combination vested and will remain outstanding until the earlier of: (A) the original expiration date thereof; and (B) the date that is the later of: (i) December 31, 2016, and (ii) the latest date provided for pursuant to the Sintana stock option plan.

On August 6, 2015, in connection with the Business Combination, Sintana Holdings and 1935370 Ontario Inc. amalgamated to continue as one corporation under the name "Sintana Holdings Corp.".

The shares of the combined company after giving effect to the Business Combination and the Name Change to "Sintana Energy Inc." commenced trading on the TSXV under the symbol "SEI" effective as of the market open on August 10, 2015.

In connection with the Business Combination, all of the existing stock options and the stock option plan of Sintana Holdings were cancelled, and Sintana issued an aggregate of 5,419,777 stock options to certain directors, officers, employees and consultants, each exercisable to acquire one Sintana Share at an exercise price range of $0.51 and $1.86. Immediately following the closing of the Business Combination, an aggregate of 116,866,714 Sintana Shares were issued and outstanding, of which 88,427,906 Sintana Shares were held by former Sintana Holdings shareholders and 28,438,808 Sintana Shares were held by Sintana shareholders existing immediately prior to closing. Furthermore, an additional 3,621,632 Sintana Shares were reserved for issuance upon the closing of the Business Combination pursuant to pre-existing share purchase warrants of Sintana Holdings and 98,385 Sintana Shares were reserved for issuance upon the closing of the Business Combination pursuant to pre-existing share purchase warrants of Sintana.

This transaction was accounted for as an issuance of shares, warrants and options by Sintana Holdings for net assets of Mobius Resources Inc. followed by a recapitalization of Sintana Holdings. For accounting purposes, Sintana Holdings was deemed to be the acquirer. The gain on Business Combination amounted to $597,064. Sintana Holdings acquired the assets and liabilities of Sintana as follows:

(Expressed in Canadian Dollars, Unless Otherwise Stated)

3. Reverse takeover transaction (continued)

Purchase Price Consideration		
28,438,808 common shares of Sintana [a]	$	3,128,269
98,385 warrants of Sintana [b]		-
1,930,002 stock options of Sintana [c]		122,810
	$	**3,251,079**

Net Assets Acquired (Fair Value)		
Cash and cash equivalents	$	966,269
Accounts receivable and other assets [d]		2,682,309
Convertible debentures receivable [e]		1,009,863
Deposits		51,708
Accounts payable and other liabilities		(382,780)
Asset retirement obligation		(465,103)
Long term lease obligation		(14,123)
Total net assets		3,848,143
Excess of the fair value of net assets acquired over purchase price (gain)	**$**	**(597,064)**

The unaudited condensed interim consolidated financial statements reflect the assets, liabilities and results of operations of Sintana Holdings for the full year, and Mobius from the transaction date. The comparative information throughout the unaudited condensed interim consolidated financial statements represent that of Sintana Holdings.

[a] For the purpose of determining the value of the purchase price consideration, the 28,438,808 Sintana Shares were valued at $0.11 per share based on Sintana close price as of August 6, 2015.

[b] The fair value of the Sintana warrants was estimated to $nil due to the limited remaining life of the warrants.

[c] The fair value of the Sintana stock options was estimated using the Black-Scholes option pricing model based on the following assumptions: volatility - 67% to 112%, risk-free interest rate - 0.43% to 0.55%, expected life - 0.53 to 4.38 years, share price - $0.11 and dividend yield - nil%.

[d] Includes an intercompany balance of $2,555,337 receivable from Sintana Holdings that was eliminated upon consolidation.

[e] The convertible debentures receivable was receivable from Sintana Holdings. Refer to note 7.

4. Cash and cash equivalents

		As at September 30, 2016		**As at December 31, 2015**
Cash	**$**	**562,700**	$	2,141,415
Cash equivalents - certificate of deposit		**6,246**		6,355
	$	**568,946**	$	2,147,770

(Expressed in Canadian Dollars, Unless Otherwise Stated)

5. Accounts receivable and other assets

	As at September 30, 2016	As at December 31, 2015
Accounts receivable	**$ 37,934**	$ 158,904
Prepaids and other advances	**74,969**	81,019
Deposits	**33,049**	-
Exploration advances	**-**	91,160
	$ 145,952	$ 331,083

6. 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 and general operating and administrative activities:

	As at September 30, 2016	As at December 31, 2015
Accounts payable	**$ 720,671**	$ 1,209,675
Accrued liabilities	**1,484,696**	1,076,617
	$ 2,205,367	$ 2,286,292

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

	As at September 30, 2016	As at December 31, 2015
Less than 1 month	**$ 1,519,233**	$ 1,200,071
1 to 3 months	**2,941**	267,786
Greater than 3 months	**683,193**	818,435
	$ 2,205,367	$ 2,286,292

7. Convertible debentures

On May 26, 2015, Sintana Holdings, now Sintana, completed a private placement of secured convertible debentures in the aggregate principal amount of $1,000,000 (the "Debentures") to Sintana, formerly Mobius Resources Inc. The Debentures bore a one year term and were subject to a 5% interest rate, accruing annually. The debentures would have been convertible at the option of the holder into common shares of the Company at any time following the termination of the Business Combination until maturity. The Debentures were cancelled as part of the closing process of the Business Combination (see note 3).

The Debenture net proceeds of $1,000,000 received were separated into the liability component of $868,899 and equity component of $131,101 using the effective interest rate method with an effective interest rate of 15% per annum. During the three and nine months ended September 30, 2016, the Company recorded accrued interest of $nil (three and nine months ended September 30, 2015 - $5,068 and $9,863, respectively) and accretion expense of $nil (three and nine months ended September 30, 2015 - $13,470 and $26,027, respectively) which were recorded as finance interest expense in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

8. Asset retirement obligation

As at September 30, 2016, the Company has estimated the net present value of its total asset retirement obligation ("ARO") to be $50,000 (December 31, 2015 - $402,800). The settlement period has been estimated to occur within the next twelve months. The ARO was acquired upon completion of the Business Combination for the Windsor Basin in Nova Scotia and for the Duvernay formation in Alberta. In June 2016, management determined that the liability relating to its Nova Scotia ARO was $nil and as such the ARO was reversed (refer to note 17(b)).

9. Share capital

a) Authorized share capital:

At September 30, 2016, 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, 2016, 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, 2014	**88,427,906**	**$ 74,483,688**
Common shares of Sintana issued and outstanding at date of Business Combination (August 6, 2015) (note 3)	28,438,808	3,128,269
Balance, September 30, 2015	**116,866,714**	**$ 77,611,957**

	Number of common shares	Amount
Balance, December 31, 2015	**116,866,714**	**$ 77,611,957**
Shares issued as settlement of debt (i)	361,110	32,500
Balance, September 30, 2016	**117,227,824**	**$ 77,644,457**

(i) On January 27, 2016, the Company settled debt of $65,000 through the issuance of an aggregate of 361,110 common shares, in partial consideration of the past services provided to Sintana by five officers of the Company (the "Recipients"), in lieu of cash compensation previously earned by such Recipients but not paid. During the three and nine months ended September 30, 2016, the Company recorded in the unaudited condensed interim consolidated statements of loss and comprehensive loss a gain on settlement of debt of $nil and $32,500, respectively (three and nine months ended September 30, 2015 - $nil).

(Expressed in Canadian Dollars, Unless Otherwise Stated)

10. Warrants

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

	Number of warrants		Weighted average exercise price ($)
Balance, December 31, 2014	**3,621,932**	**$**	**0.46**
Warrants of Sintana issued and outstanding at August 6, 2015 (note 3)	98,385		4.50
Balance, September 30, 2015	**3,720,317**	**$**	**0.83**
Balance, December 31, 2015	**6,667**	**$**	**4.50**
Expired	(6,667)		4.50
Balance, September 30, 2016	**-**	**$**	**-**

There were no warrants issued and outstanding as of September 30, 2016.

11. Stock options

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

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2014	**5,603,989**	**0.99**
Cancelled before Business Combination (note 3)	(184,209)	0.20
Stock options of Sintana issued and outstanding at date of Business Combination (August 6, 2015) (note 3)	1,930,002	0.33
Expired	(13,158)	0.51
Cancelled	(33,334)	8.93
Balance, September 30, 2015	**7,303,290**	**0.78**
Balance, December 31, 2015	**11,599,339**	**0.55**
Expired	(2,453,667)	1.28
Granted (ii)	2,400,000	0.10
Balance, September 30, 2016	**11,545,672**	**0.30**

(i) Share-based compensation included in salaries and benefits expense includes $95,703 and $287,109, respectively (three and nine months ended September 30, 2015 - $nil and $17,439, 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, 2016.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

11. Stock options (continued)

(ii) On July 19, 2016, the Company granted a total of 2,400,000 stock options to directors, officers and consultants 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 July 19, 2021. 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 249.60%; risk-free interest rate of 0.63%; and an expected average life of 5 years. The options were valued at $155,040. $67,184 (three and nine months ended September 30, 2015 - $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, 2016.

The following table reflects the actual stock options issued and outstanding as of September 30, 2016:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
October 16, 2016	3.00	0.04	2,667	2,667	-
October 29, 2016	0.18	0.08	575,000	191,667	383,333
November 13, 2016	4.35	0.12	1,667	1,667	-
December 20, 2016	0.76	0.22	1,552,644	1,552,644	-
December 31, 2016	0.15	0.25	566,667	566,667	-
March 2, 2017	1.03	0.42	7,894	7,894	-
April 25, 2017	1.03	0.57	78,948	78,948	-
November 28, 2017	0.76	1.16	342,108	342,108	-
December 11, 2017	1.50	1.20	3,333	3,333	-
April 29, 2018	0.76	1.58	894,744	894,744	-
December 21, 2019	0.15	3.22	1,320,000	1,320,000	-
November 5, 2020	0.18	4.10	3,800,000	1,266,667	2,533,333
July 19, 2021	0.10	4.80	2,400,000	800,000	1,600,000
		2.92	**11,545,672**	**7,029,006**	**4,516,666**

12. Net loss per share

The calculation of basic and diluted loss per share for the three and nine months ended September 30, 2016 was based on the loss attributable to common shareholders of $1,055,372 and $1,765,663, respectively (three and nine months ended September 30, 2015 - loss of $516,612 and $3,082,260, respectively) and the weighted average number of common shares outstanding of 117,227,824 and 117,192,537, respectively (three and nine months ended September 30, 2015 - 105,569,105 and 94,141,639, respectively). Diluted loss per share did not include the effect of options and warrants for the three and nine months ended September 30, 2016 and 2015 as they are anti-dilutive.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

13. Exploration and evaluation expenditures

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Magdalena Basin, Colombia (i)				
Salaries and benefits	**$ -**	$ 170,019	**$ -**	$ 891,722
Administrative and general	**(3,343)**	58,024	**6,952**	197,535
Consulting fees	**42,239**	70,178	**114,554**	333,674
Professional fees	**32,445**	35,524	**113,625**	120,386
Office rent	**8,363**	30,062	**24,617**	95,615
Travel expenses	**-**	15,085	**(329)**	85,368
Other	**75,837**	13	**151,408**	193,178
	$ 155,541	$ 378,905	**$ 410,827**	$ 1,917,478
Sechura Basin, Peru				
Professional fees	**$ -**	$ -	**$ -**	$ 10,825
Nova Scotia properties, Nova Scotia				
Well abandonment and site cleanup reversal (note 8)	**$ -**	$ -	**$ (827,814)**	$ -
	$ 155,541	$ 378,905	**$ (416,987)**	$ 1,928,303

(i) On March 20, 2015, Canacol Energy Inc. advised the Company that it was taking the position that it has the right to terminate Farmout Agreements for each of the COR-11 and COR-39 Blocks. Management is currently evaluating this matter and, together with legal counsel and other experts, assessing its potential options and alternatives with respect to these property interests and any consequences relating to the termination of same.

14. General and administrative

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Salaries and benefits (note 11(i)(ii))	**$ 729,134**	$ 412,370	**$ 1,709,374**	$ 965,869
Professional fees	**80,640**	225,441	**282,945**	655,061
Administrative and general	**24,620**	41,969	**138,555**	255,260
Rent	**49,779**	-	**80,848**	-
Reporting issuer costs	**479**	27,570	**17,498**	27,570
Travel expenses	**3,741**	11,514	**15,944**	70,897
Interest and other income	**(261)**	(19,359)	**(1,028)**	(19,379)
	$ 888,132	$ 699,505	**$ 2,244,136**	$ 1,955,278

15. 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 are 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.

(Expressed in Canadian Dollars, Unless Otherwise Stated)

15. Related party transactions and balances (continued)

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

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Salaries and benefits (1)(3)	**$ 549,819**	$ 475,138	**$ 1,221,372**	$ 1,482,726
Share-based compensation (2)	**$ 133,402**	$ -	**$ 285,434**	$ 17,439

(1) Salaries and benefits include director fees. During the three and nine months ended September 30, 2016, $nil (three and nine months ended September 30, 2015 - $298,189 and $730,671, respectively) of salaries and benefits expenses were included in exploration and evaluation expenditures. Balances for deferred compensation due to directors and key management personnel of $1,384,092 are included in accounts payable and other liabilities as at September 30, 2016 (December 31, 2015 - $752,287) and include the retiring allowance payable to Lee A. Pettigrew (refer to note 15(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 (US$200,000 ($262,340)) as a retiring allowance. This amount is included as accounts payable and other liabilities.

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

For the three and nine months ended September 30, 2016, the Company paid professional fees and disbursements of $15,799 and $53,525, respectively (three and nine months ended September 30, 2015 - $21,383 and $53,014, 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 $5,915 is included in accounts payable and other liabilities as at September 30, 2016 (December 31, 2015 - $20,980).

For the three and nine months ended September 30, 2016, the Company paid professional fees and disbursements of $5,829 and $12,814, respectively (three and nine months ended September 30, 2015 - $13,605 and $31,348, 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 September 30, 2016, DSA was owed $1,384 (December 31, 2015 - $3,104) and this amount is included in accounts payable and other liabilities.

(c) Certain related parties of the Company received common shares as settlement of debt and received an aggregate of 361,110 common shares as follows:

- Sean Austin, Vice President of the Company, received 83,333 common shares of the Company in settlement of debt of $15,000 on January 27, 2016 (note 9(b)(i)).
- David Cherry, President and Chief Operating Officer of the Company, received 83,333 common shares of the Company in settlement of debt of $15,000 on January 27, 2016 (note 9(b)(i)).
- Douglas Manner, a Director and Chief Executive Officer of the Company, received 83,333 common shares of the Company in settlement of debt of $15,000 on January 27, 2016 (note 9(b)(i)).

(Expressed in Canadian Dollars, Unless Otherwise Stated)

15. Related party transactions and balances (continued)

(c) (continued)

- Lee Pettigrew, then Vice President - Canadian Operations of the Company, received 27,778 common shares of the Company in settlement of debt of $5,000 on January 27, 2016 (note 9(b)(i)).
- Keith Spickelmier, a Director and Executive Chairman of the Company, received 83,333 common shares of the Company in settlement of debt of $15,000 on January 27, 2016 (note 9(b)(i)).

16. 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; Plano, Texas; and Bogota, Colombia. Segmented information on a geographic basis is as follows:

September 30, 2016		**Canada**		**United States**		**Colombia**		**Total**
Cash and cash equivalents	$	340,935	$	197,417	$	30,594	$	568,946
Accounts receivable and other assets		120,715		4,254		20,983		145,952
Total assets	$	461,650	$	201,671	$	51,577	$	714,898

December 31, 2015		**Canada**		**United States**		**Colombia**		**Total**
Cash and cash equivalents	$	1,910,827	$	127,874	$	109,069	$	2,147,770
Accounts receivable and other assets		291,607		17,302		22,174		331,083
Total current asset		2,202,434		145,176		131,243		2,478,853
Deposits		48,640		-		-		48,640
Total assets	$	2,251,074	$	145,176	$	131,243	$	2,527,493

17. Commitments and contingencies

(a) Office lease agreement

Office lease agreements		**2016**		**2017**		**Total**
(i)	$	6,777	$	4,518	$	11,295
(ii)		11,595		-		11,595
(iii)		27,140		54,281		81,421
	$	45,512	$	58,799	$	104,311

(i) A subsidiary of the Company holds an operating lease agreement for office space in Calgary, Alberta commencing on March 1, 2012 and ending on February 28, 2017. The annual average basic rent obligation is approximately $27,000, payable in monthly installments of approximately $2,000. In addition to the basic rent, additional rent is payable monthly, and includes the Company's proportionate share of all operating costs and taxes.

(ii) The Company holds an operating lease agreement for office space in Calgary, Alberta commencing on November 1, 2013 and ending on October 31, 2016. The annual average basic rent obligation is approximately $139,000, payable in monthly installments of approximately $12,000. A portion of the space was subleased to a third party reducing the annual average basic rent obligation to approximately $37,000, payable in monthly installments of approximately $3,000 for the remaining term. In addition to the basic rent, additional rent is payable monthly, and includes the Company's proportionate share of all operating costs and taxes.

17. Commitments and contingencies (continued)

(iii) A subsidiary of the Company holds an operating lease agreement for office space in Bakersfield, California commencing July 1, 2012 and ending on June 30, 2017. The annual average basic rent obligation is approximately US$80,000, payable in average monthly installments of approximately US$7,000. In addition to the basic rent, additional rent is payable monthly, and includes the Company's proportionate share of all operating costs and taxes. Effective March 1, 2014, the Company entered into an agreement to sublet the office space for approximately US$4,000 per month for the first year, increasing to US$5,000 per month after the first year and US$6,000 after the second year.

(iv) 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. The annual average basic rent obligation is approximately $88,000, payable in monthly installments of approximately $7,000. Since September 2015 (after the Business Combination), only one payment has been made. The lessor 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 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.

18. Subsequent events

(i) On October 16, 2016, 2,667 stock options with an exercise price of $3.00 expired unexercised.

(ii) On October 29, 2016, 575,000 stock options with an exercise price of $0.175 expired unexercised.

(iii) On November 13, 2016, 1,667 stock options with an exercise price of $4.35 expired unexercised.

CORPORATE INFORMATION

DIRECTORS

Keith Spickelmier, Executive Chairman
Douglas Manner, CEO & Director
Ian Macqueen, Independent Director
Bruno Maruzzo, 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

Ian Macqueen, Independent Director
Bruno Maruzzo, Independent Director

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

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