



SINTANA
ENERGY

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SINTANA ENERGY INC.

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

THREE & SIX MONTHS ENDED JUNE 30, 2012

(EXPRESSED IN UNITED STATES DOLLARS)

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 South America Focus

SINTANA ENERGY INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2012
(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.

Sintana Energy Inc.

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

	As at June 30, 2012	As at December 31, 2011 (note 6)
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 11,480,647	\$ 1,273,722
Accounts receivable and other assets	321,130	147,975
Total current assets	11,801,777	1,421,697
Non-current assets		
Equipment (note 4)	81,155	85,206
Restricted cash (note 5)	4,377,830	4,373,100
Total assets	\$ 16,260,762	\$ 5,880,003
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and other liabilities	\$ 2,113,945	\$ 373,793
Note payable	-	229,088
Total current liabilities	2,113,945	602,881
Non-current liabilities		
Debentures (note 7)	4,977,544	7,711,914
Total liabilities	7,091,489	8,314,795
Equity (deficiency)	9,169,273	(2,434,792)
Total equity and liabilities	\$ 16,260,762	\$ 5,880,003

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Approved on behalf of the Board:

(signed) "Doug Manner", Director

(signed) "Ronald A. MacMicken", Director

Sintana Energy Inc.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Operating expenses				
Exploration and evaluation expenditures (note 11)	\$ 34,822,952	\$ 6,254,649	\$ 34,978,674	\$ 14,177,891
General and administrative (notes 12 and 13)	4,403,470	701,045	4,661,766	1,959,773
Foreign exchange loss	57,061	177,843	77,276	974,223
Finance interest expense (note 7)	570,572	298	570,499	700
Loss on debt extinguishment (note 7)	113,353	-	113,353	-
Net loss and comprehensive loss for the period	\$ (39,967,408)	\$ (7,133,835)	\$ (40,401,568)	\$ (17,112,587)
Loss per share - basic	\$ (0.19)	\$ (0.21)	\$ (0.25)	\$ (0.62)
Loss per share - diluted	\$ (0.19)	\$ (0.21)	\$ (0.25)	\$ (0.62)
Weighted average number of common shares outstanding - basic	208,640,784	33,928,093	161,152,577	27,394,360
Weighted average number of common shares outstanding - diluted	208,640,784	33,928,093	161,152,577	27,394,360

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Sintana Energy Inc.

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

	Six Months Ended June 30,	
	2012	2011
Operating activities		
Net loss for the period	\$ (40,401,568)	\$ (17,112,587)
Adjustment for:		
Depreciation (note 4)	5,154	6,345
Accretion on debentures (note 7)	152,277	-
Loss on extinguishment (note 7)	113,353	-
Unrealized foreign exchange	(4,730)	-
Non-cash exploration and evaluation expenditures	-	3,413,204
Shares issued in consideration of interest (note 7)	42,295	-
Shares issued for severance payments (note 6(i))	978,000	-
Acquisition of property interests in Colombia (note 6)	30,969,821	-
Reservation of warrants for Sintana common shares (note 6(i))	1,779,375	-
Share-based payments (note 10)	271,103	729,350
Non-cash working capital items:		
Accounts receivable and other assets	199,729	(62,224)
Accounts payable and other liabilities	344,636	3,625,683
Net cash used in operating activities	(5,550,555)	(9,400,229)
Investing activities		
Acquisition of property and equipment	(1,103)	(101,975)
Segregation of restricted cash	-	(4,146,490)
Cash acquired from business acquisition (note 6(i))	15,019,719	-
Net cash provided by investing activities	15,018,616	(4,248,465)
Financing activities		
Debentures issued, net of issuance costs	-	17,602,621
Common shares issues, net of issuance costs (note 6(i))	10,137,952	11,309,399
Exercise of stock options	100,000	-
Warrants, net of issuance costs	-	1,951,844
Investment in promissory note	-	(2,906,400)
Repayment of note payable	(229,088)	-
Loan to ColCan Energy Corp. (note 6)	(9,270,000)	-
Net cash provided by financing activity	738,864	27,957,464
Net change in cash and cash equivalents	10,206,925	14,308,770
Cash and cash equivalents, beginning of period	1,273,722	-
Cash and cash equivalents, end of period	\$ 11,480,647	\$ 14,308,770
Non-cash items		
Non-cash consideration paid for the acquisition of Sintana		
Issuance of shares (note 6)	\$ 34,099,311	\$ -
Issuance of options (note 6)	\$ 1,567,050	\$ -
Issuance of warrants (note 6)	\$ 30,547	\$ -

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Sintana Energy Inc.

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

	Number of common shares #	Share capital	Warrants	Contributed surplus	Deficit	Total
Founding shares	100	\$ 5	\$ -	\$ -	\$ -	\$ 5
Shares issued, net of issuance costs	30,187,500	11,309,399	-	-	-	11,309,399
Shares issued for acquisition	8,533,000	3,413,200	-	-	-	3,413,200
Warrants issued, net of issuance costs	-	-	1,951,844	-	-	1,951,844
Share-based compensation	-	-	-	729,350	-	729,350
Net loss and comprehensive loss for the period	-	-	-	-	(17,112,587)	(17,112,587)
Balance, June 30, 2011	38,720,600	\$ 14,722,604	\$ 1,951,844	\$ 729,350	\$(17,112,587)	\$ 291,211
Balance, December 31, 2011	78,077,743	\$ 24,841,726	\$ 3,066,525	\$ 735,484	\$(31,078,527)	\$ (2,434,792)
Stock options exercised	2,000,000	167,642	-	(67,642)	-	100,000
Subscription receipts, net of issue costs	36,666,700	9,787,952	-	-	-	9,787,952
Shares issued for severance payments	3,260,000	978,000	-	-	-	978,000
Conversion of debenture	10,140,983	3,042,295	-	-	-	3,042,295
Shares issued in connection with subscription receipts	1,166,667	350,000	-	-	-	350,000
Cancellation of Colcan Energy Corp. securities	(131,312,093)	-	(3,066,525)	(520,380)	3,586,905	-
Common shares of Sintana issued in exchange for Colcan Energy Corp. securities	196,968,134	-	-	-	-	-
Common shares of Sintana issued and outstanding at date of reverse acquisition	113,664,369	34,099,311	1,809,922	1,567,050	-	37,476,283
Share-based payments	-	-	-	271,103	-	271,103
Net loss and comprehensive loss for the period	-	-	-	-	(40,401,568)	(40,401,568)
Balance, June 30, 2012	310,632,503	\$ 73,266,926	\$ 1,809,922	\$ 1,985,615	\$(67,893,190)	\$ 9,169,273

The notes to the condensed interim consolidated financial statements are an integral part of these statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2012

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

1. Nature of operations

Sintana Energy Inc. ("Sintana" or the "Company") is a public Canadian oil and gas exploration company listed on the TSX Venture Exchange under the trading symbol SNN, with offices in Toronto, Canada, Plano, Texas; and Bogota, Colombia. The Company is targeting assets in South America, with an initial primary focus on Colombia and Peru. 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 36 Toronto Street, Suite 1000, Toronto, Ontario, Canada, M5C 2C5.

On May 17, 2012, Sintana completed a business combination (the "Business Combination") with ColCan Energy Corp. ("ColCan"), including receipt of \$11 Million in additional financing (note 6(i)). The Business Combination was treated as a reverse acquisition where ColCan acquired Sintana (note 6).

These condensed interim consolidated financial statements have been prepared using accounting policies applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

Sintana is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and property acquisition activities. Sintana has incurred losses in the current and prior periods, with a net loss for the six months ended June 30, 2012 of \$40,401,568, and has an accumulated deficit of \$67,893,190. Results for the six months ended June 30, 2012 are not necessarily indicative of future results. Sintana had a working capital balance of \$9,687,832 at June 30, 2012. Additional funds will be required to finance planned spending over the next twelve months to meet project commitments. While there is no assurance these funds can be raised, the Company believes such financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditures, and activities may be adjusted accordingly.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRIC"). These 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 IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 28, 2012, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements for Sintana as at and for the year ended December 31, 2011, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2012 could result in restatement of these condensed interim consolidated financial statements.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2012
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

2. Significant accounting policies (continued)

Statement of compliance (continued)

Equipment

Equipment is carried at cost less accumulated depreciation. Depreciation is charged so as to write-off the cost of these assets less residual value over their estimated useful economic lives, for the following classes of assets:

	Method	Rate
Office furniture and equipment	Straight line	5 years

Compound instruments

Compound instruments are separated into their liability and equity components using the residual method. The Company values the liability component at its fair value and the residual value is assigned to equity. The liability component accretes up to the principal balance at maturity using the effective interest rate method. The equity component will be reclassified to share capital on conversion. Any balance in equity that remains after the settlement of the liability is transferred to "contributed surplus".

Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use, which is determined using discounted estimated future net cash flows. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

3. Cash and cash equivalents

	As at June 30, 2012	As at December 31, 2011
Cash	\$ 746,540	\$ 1,233,802
Cash equivalents - guaranteed investment certificates	10,734,107	39,920
	\$ 11,480,647	\$ 1,273,722

Sintana Energy Inc.**Notes to Condensed Interim Consolidated Financial Statements****Three and Six Months Ended June 30, 2012****(Expressed in Canadian Dollars, Unless Otherwise Stated)****(Unaudited)**

4. Equipment***Cost***

	Office furniture and equipment
Balance, December 31, 2011	\$ 101,975
Additions	1,103
Balance, June 30, 2012	\$ 103,078

Accumulated depreciation

	Office furniture and equipment
Balance, December 31, 2011	\$ 16,769
Depreciation for the period	5,154
Balance, June 30, 2012	\$ 21,923

Carrying amounts

	Office furniture and equipment
At December 31, 2011	\$ 85,206
At June 30, 2012	\$ 81,155

5. Restricted cash

Restricted cash consists of USD\$4,300,000 of guaranteed investment certificates being held as security for the Company's Letters of Credit. These have a 14 day maturity with the principal continually reinvested and bear interest at 0.02% per annum. The restricted cash related to the letters of credit is classified as non-current as the expenditures relating to the guarantees are not expected to occur in fiscal 2012.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2012
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

6. Reverse acquisition

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

Sintana Energy Inc.

	Number of common shares	Amount
Balance, December 31, 2011 and as at May 17, 2012 prior to reverse acquisition	113,664,369	\$ 38,183,884

Colcan Energy Corp.

	Number of common shares	Amount
Balance, December 31, 2011	78,077,743	\$ 24,841,726
Exercise of stock options (iii)	2,000,000	100,000
Fair value of exercise of stock options	-	67,642
Conversion of debenture (i)	10,140,983	3,042,295
Shares issued for severance payments (iv)	3,260,000	978,000
Shares issued in connection with subscription receipts (ii)	1,166,667	350,000
Subscription receipts, net of issue costs (i)	36,666,700	9,787,952
Balance, December 31, 2011 and as at May 17, 2012 prior to reverse acquisition	131,312,093	\$ 39,167,615

(i) On April 24, 2012, the Company closed a private placement of 36,666,700 subscription receipts at a price of \$0.30 per subscription receipt for aggregate proceeds of \$11,000,010. The subscription receipts were released from escrow on May 17, 2012.

The Business Combination was structured in the form of a three-cornered amalgamation, pursuant to which a wholly-owned subsidiary of Sintana amalgamated with ColCan, and all of the issued and outstanding common shares of ColCan (the "ColCan Shares") were acquired by Sintana from the existing holders thereof in consideration of the issuance of 1.5 common shares of Sintana (each, a "Sintana Share") for each ColCan Share issued and outstanding immediately prior to the closing of the Business Combination (including all Colcan Shares issued in connection with the subscription receipts).

Prior to the completion of the Business Combination, existing ColCan debentures in the aggregate principal amount of \$3,000,000 including accrued interest of \$42,295 were redeemed and the proceeds were reinvested by their holders in ColCan Shares. Also in connection with the Business Combination, all of the existing stock options and the stock option plan of ColCan were cancelled, and Sintana issued an aggregate of 6,945,000 stock options to certain directors, officers and consultants, each exercisable to acquire one Sintana Share at an exercise price of \$0.27. Immediately following the closing of the Business Combination, an aggregate of 310,632,503 Sintana Shares were issued and outstanding, of which 196,968,134 Sintana Shares were held by former ColCan shareholders and 113,664,369 Sintana Shares were held by Sintana shareholders existing immediately prior to closing. Furthermore, an additional 24,375,000 Sintana Shares were reserved for issuance upon the closing of the Business Combination pursuant to pre-existing share purchase warrants of ColCan.

This transaction was accounted for as a business acquisition. For accounting purposes, ColCan was deemed to be the acquirer and these condensed interim consolidated financial statements are a continuation of the financial statements of ColCan while the capital structure is that of Sintana. Transaction costs for the Business Combination amounted to \$2,371,767, which includes the issue of 24,375,000 Sintana shares reserved for issuance upon the closing of the Business Combination pursuant to pre-existing share purchase warrants of ColCan (valued at \$1,779,375) (note 9(a)). Colcan acquired the assets and liabilities of Sintana as follows:

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2012
(Expressed in Canadian Dollars, Unless Otherwise Stated)
(Unaudited)

6. Reverse acquisition (continued)

(i) (continued)

Consideration

113,664,369 common shares of Sintana	\$ 34,099,311
23,446,700 warrants of Sintana ^(a)	30,547
9,450,000 stock options of Sintana ^(b)	1,567,050
	\$ 35,696,908
Cash and cash equivalents	\$ 15,019,719
Accounts receivable and other assets	372,884
Accounts payable and other liabilities	(1,395,516)
Loan to ColCan Energy Corp.	(9,270,000)
Total nets assets	4,727,087
Acquisition of property interests in Colombia	30,969,821
Total	\$ 35,696,908

^(a) The fair value of the Sintana warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: volatility - 82%, risk-free interest rate - 1.21%, expected life - 0.45 years, share price - \$0.21 and dividend yield - nil%.

^(b) The fair value of the Sintana stock options was estimated using the Black-Scholes option pricing model based on the following assumptions: volatility - 125%, risk-free interest rate - 1.21% to 1.34%, expected life - 1.37 to 4.6 years, share price - \$0.21 and dividend yield - nil%.

(ii) Shares issued to Cormark Securities Inc. in satisfaction of fee payable in connection with subscription receipts.

(iii) 2,000,000 stock options were exercised for proceeds of \$100,000. The stock options were exercised at a weighted average exercise price of \$0.30.

(iv) On May 16, 2012, severance payments valued at \$978,000 were issued to former directors and officers of ColCan.

7. Debentures

In February 2011, ColCan issued \$20,000,000 in unsecured subordinated redeemable debentures. The debentures are redeemable by ColCan, now Sintana at any time, upon not less than 30, nor more than 60 days notice. The redeemable debentures carry an interest rate of 6% per annum, payable semi-annually with the principal maturing on August 1, 2013. Total transaction costs of \$496,243 were incurred. The debentures are carried at amortized cost, with an effective interest rate of 11.79%.

For every \$1,000 debenture subscribed for, ColCan also issued 250 warrants to the subscriber, exchangeable for one common share for \$0.27 per share.

On issuance, the debentures were split between the financial liability and the warrant. The financial liability portion was determined by calculating the difference between the principal value of the debentures and the discounted cash flows assuming an 11.41% discount rate. \$17,998,494 was allocated to the debentures less transaction costs of \$446,581, while \$2,001,506 was allocated to the warrants less transaction costs of \$49,662.

Between July 26, 2011 and August 12, 2011, ColCan redeemed debentures with a principal of \$11,600,000 resulting in a loss on debt extinguishment of \$1,174,087. Of this, \$9,000,000 was redeemed through the issuance of common shares and warrants.

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements Three and Six Months Ended June 30, 2012 (Expressed in Canadian Dollars, Unless Otherwise Stated) (Unaudited)

7. Debentures (continued)

On April 27, 2012, ColCan redeemed a debenture with a principal value of \$3,000,000 resulting in a loss on debt extinguishment of \$113,353. The \$3,000,000 was redeemed through the issuance of common shares.

Total finance interest expense for the six month period ended June 30, 2012, was \$570,499. Of this, \$296,366 represents interest paid, \$152,277 represents accretion, and \$121,856 represents accrued interest.

8. Share capital

a) Authorized share capital

At June 30, 2012, 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, 2012, the issued share capital amounted to \$73,266,926. The change in issued share capital for the periods presented was as follows:

	Number of common shares	Amount
Founding shares	100	\$ 5
Private placement, net of issuance costs (a)	30,187,500	11,309,399
Shares issued for acquisition (b)	8,533,000	3,413,200
Balance, June 30, 2011	38,720,600	\$ 14,722,604

(a) In February 2011, the Company completed a private placement of 30,187,500 common shares at \$0.40 per share for gross proceeds of \$12,075,000 less transaction costs of \$765,601.

(b) On April 11, 2011, the Company issued 8,533,000 common shares with respect to payment for the Patriot working interests valued at \$0.40 per share for a total of \$3,413,200.

	Number of common shares	Amount
Balance, December 31, 2011	78,077,743	\$ 24,841,726
Exercise of stock options (note 6(iii))	2,000,000	100,000
Fair value of exercise of stock options	-	67,642
Subscription receipts, net of issue costs (note 6(i))	36,666,700	9,787,952
Shares issued for severance payments (note 6(iv))	3,260,000	978,000
Conversion of debenture (note 6(i))	10,140,983	3,042,295
Shares issued in connection with subscription receipts (note 6(ii))	1,166,667	350,000
Cancellation of Colcan Energy Corp. securities (note 6(i))	(131,312,093)	-
Common shares of Sintana issued in exchange for Colcan Energy Corp. securities (note 6(i))	196,968,134	-
Common shares of Sintana issued and outstanding at date of reverse acquisition (May 17, 2012)	113,664,369	34,099,311
Balance, June 30, 2012	310,632,503	\$ 73,266,926

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Six Months Ended June 30, 2012
 (Expressed in Canadian Dollars, Unless Otherwise Stated)
 (Unaudited)

9. Warrants

	Number of warrants	Weighted average exercise price (\$)	Fair value (\$)	Expiry date
Issued	5,000,000	0.40	1,951,844	August 2013
Balance June 30, 2011	5,000,000	0.40	1,951,844	
Issued	11,250,000	0.51	1,114,681	July and August 2013
Balance December 31, 2011	16,250,000	0.48	3,066,525	
Cancelled on business acquisition (note 6(i))	(16,250,000)	0.48	(3,066,525)	
Warrants of Sintana issued and outstanding at May 17, 2012 (note 6(i)(a))	21,080,000	0.75	21,080	October 2012
Warrants of Sintana issued and outstanding at May 17, 2012 (note 6(i)(a))	2,366,700	0.50	9,467	October 2012
Issued ^(a)	7,500,000	0.27	615,000	August 1, 2013
Issued ^(a)	15,000,000	0.34	1,035,000	July 30, 2013
Issued ^(a)	1,875,000	0.34	129,375	August 9, 2013
Balance June 30, 2012	47,821,700	0.52	1,809,922	

^(a) The fair value of the warrants issued to former ColCan warrant holders was estimated using the Black-Scholes option pricing model based on the following assumptions: volatility - 110%, risk-free interest rate - 1.21%, expected life - 1.21 years, share price - \$0.21 and dividend yield - nil%.

10. Stock options

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

	Number of stock options	Weighted average exercise price (\$)	Vested
Granted	16,000,000	0.05	16,000,000
Granted	4,410,000	0.40	-
Balance June 30, 2011	20,410,000	0.13	16,000,000
Exercised	(14,000,000)	0.05	(14,000,000)
Balance December 31, 2011	6,410,000	0.13	2,000,000
Exercised	(2,000,000)	0.05	(2,000,000)
Granted	20,000	0.40	-
Granted	200,000	0.40	-
Cancelled on business acquisition (note 6(i))	(4,630,000)	0.40	-
Stock options of Sintana issued and outstanding at May 17, 2012 (note 6(i)(b))	50,000	0.10	50,000
Stock options of Sintana issued and outstanding at May 17, 2012 (note 6(i)(b))	50,000	0.135	50,000
Stock Options of Sintana issued and outstanding at May 17, 2012 (note 6(i)(b))	2,700,000	0.49	1,066,667
Stock options of Sintana issued and outstanding at May 17, 2012 (note 6(i)(b))	6,650,000	0.20	2,216,667
Granted ^(a)	6,945,000	0.27	2,205,000
Balance June 30, 2012	16,395,000	0.28	5,588,334

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Six Months Ended June 30, 2012
 (Expressed in Canadian Dollars, Unless Otherwise Stated)
 (Unaudited)

10. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2012:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
September 30, 2013	0.10	1.25	50,000	50,000	-
August 18, 2015	0.135	3.13	50,000	50,000	-
May 11, 2016	0.49	3.86	2,700,000	1,066,667	1,633,333
April 19, 2016 ^(a)	0.27	3.80	6,615,000	2,205,000	4,410,000
December 20, 2016	0.20	4.47	6,650,000	2,216,667	4,433,333
March 2, 2017 ^(a)	0.27	4.67	30,000	-	30,000
April 25, 2017 ^(a)	0.27	4.82	300,000	-	300,000
		4.10	16,395,000	5,588,334	10,806,666

^(a) On May 17, 2012, the Company granted a total of 6,945,000 stock options to former ColCan stock option holders. The awarded options will be exercisable at \$0.27 per share. For the purposes of the 6,945,000 options, 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%; risk-free interest rate of 1.34%; and an expected average life of four to five years. The estimated value of \$1,115,130 will be recorded as a debit to salaries and benefits (share based payments) and an addition to contributed surplus as the options vest. The options vest as to 1/3 after one year, 1/3 after two years and 1/3 after three years.

11. Exploration and evaluation expenditures

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Colombia				
Acquisition costs	\$ 30,969,821	\$ 6,083,013	\$ 30,969,821	\$ 13,598,321
Salaries and benefits	129,009	-	129,009	-
Drilling	2,147,893	-	2,147,893	-
Seismic	1,423,840	-	1,423,840	-
Administrative and general	29,359	-	29,359	-
Other	97,158	171,636	252,880	579,570
Professional fees	21,590	-	21,590	-
	\$ 34,818,670	\$ 6,254,649	\$ 34,974,392	\$ 14,177,891
Peru				
Professional fees	\$ 4,282	\$ -	\$ 4,282	\$ -
	\$ 4,282	\$ -	\$ 4,282	\$ -
	\$ 34,822,952	\$ 6,254,649	\$ 34,978,674	\$ 14,177,891

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements
 Three and Six Months Ended June 30, 2012
 (Expressed in Canadian Dollars, Unless Otherwise Stated)
 (Unaudited)

12. General and administrative

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Salaries and benefits	\$ 416,459	\$ 188,212	\$ 416,459	\$ 729,350
Professional fees	170,356	5,788	154,091	57,995
Transaction costs (note 6)	2,371,767	-	2,371,767	-
Administrative and general	150,249	86,178	214,344	334,369
Consulting	1,168,224	167,740	1,338,087	274,059
Travel and accommodation	74,852	148,807	104,852	468,485
Reporting issuer costs	643	23,860	643	23,860
Depreciation	5,154	6,345	5,154	6,345
Interest income (expense)	45,766	74,115	56,369	65,310
	\$ 4,403,470	\$ 701,045	\$ 4,661,766	\$ 1,959,773

13. Key management compensation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Salaries and benefits	\$ 180,224	\$ 152,740	\$ 335,087	\$ 259,059
Share-based payments	\$ 2,285,450	\$ 151,509	\$ 2,285,450	\$ 692,647

14. Segmented information

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

June 30, 2012	Canada	United States	Colombia	Peru	Total
Cash and cash equivalents	\$ 11,199,063	\$ 49,282	\$ 232,298	\$ 4	\$ 11,480,647
Accounts receivable and other assets	248,266	21,377	47,478	4,009	321,130
	11,447,329	70,659	279,776	4,013	11,801,777
Restricted cash	4,377,830	-	-	-	4,377,830
Equipment	81,155	-	-	-	81,155
Total assets	\$ 15,906,314	\$ 70,659	\$ 279,776	\$ 4,013	\$ 16,260,762

December 31, 2011	Canada	United States	Colombia	Peru	Total
Cash and cash equivalents	\$ 1,273,722	\$ -	\$ -	\$ -	\$ 1,273,722
Accounts receivable and other assets	147,975	-	-	-	147,975
	1,421,697	-	-	-	1,421,697
Equipment	85,206	-	-	-	85,206
Restricted cash	4,373,100	-	-	-	4,373,100
Total assets	\$ 5,880,003	\$ -	\$ -	\$ -	\$ 5,880,003

Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2012

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

15. Other information

Acquisition of Patriot branch

On February 28, 2012, the Company purchased all of the issued and outstanding shares in the capital of Patriot Energy Oil and Gas, Inc., for a total of USD\$1. Patriot Energy Oil and Gas, Inc. owns the Colombian branch which holds the ANH contract for the Patriot ownership interest.

CORPORATE INFORMATION

DIRECTORS

Keith D. Spickelmeir, Executive Chairman
Doug Manner, CEO & Director
Grant Fagerheim, Director
Ron MacMicken, Director
Bruno C. Maruzzo, Director

OFFICERS

Doug Manner, Chief Executive Officer
David Cherry, President & COO
Carmelo Marrelli, Chief Financial Officer
Sean Austin, Vice President, Secretary/Treasurer
Phil de Gruyter, VP Exploration & Manager, SA

AUDIT COMMITTEE

Ron MacMicken, Director
Grant Fagerheim, Director
Bruno Maruzzo, Director

AUDITORS

MSCM LLP Chartered Accountants
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

Olympia Transfer Services Inc.
Toronto, Ontario

LEGAL COUNSEL

Cassels Brock Lawyers
Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SNN
Cusip Number: 26203M
Fiscal Year End: Dec 31

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