



**SINTANA**  
ENERGY

**FS|Q3 2012**

**SNN | TSX-V**

**SINTANA ENERGY INC.**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 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.*

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## Sintana Energy Inc.

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

	As at September 30, 2012	As at December 31, 2011 (note 6)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	\$ 6,518,976	\$ 1,273,722
Accounts receivable and other assets	390,802	147,975
Restricted cash (notes 5 and 16)	4,235,951	-
<b>Total current assets</b>	<b>11,145,729</b>	<b>1,421,697</b>
<b>Non-current assets</b>		
Equipment (note 4)	65,817	85,206
Restricted cash (notes 5 and 16)	-	4,373,100
<b>Total assets</b>	<b>\$ 11,211,546</b>	<b>\$ 5,880,003</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	\$ 614,081	\$ 373,793
Debentures (note 7)	5,199,050	-
Note payable	-	229,088
<b>Total current liabilities</b>	<b>5,813,131</b>	<b>602,881</b>
<b>Non-current liabilities</b>		
Debentures (note 7)	-	7,711,914
<b>Total liabilities</b>	<b>5,813,131</b>	<b>8,314,795</b>
<b>Equity (deficiency)</b>	<b>5,398,415</b>	<b>(2,434,792)</b>
<b>Total equity and liabilities</b>	<b>\$ 11,211,546</b>	<b>\$ 5,880,003</b>

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

Subsequent events (note 16)

**Approved on behalf of the Board:**

(signed) "Doug Manner", Director

(signed) "Ronald A. MacMicken", Director

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## Sintana Energy Inc.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<b>Operating expenses</b>				
Exploration and evaluation expenditures (note 11)	\$ 2,636,784	\$ 9,243,863	\$ 37,615,458	\$ 23,421,754
General and administrative (notes 12 and 13)	978,814	769,442	5,640,580	2,729,215
Foreign exchange loss (gain)	419,347	(99,454)	496,623	874,769
Finance interest expense (note 7)	432,478	585,371	1,002,977	586,071
Loss on debt extinguishment (note 7)	-	-	113,353	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (4,467,423)</b>	<b>\$ (10,499,222)</b>	<b>\$ (44,868,991)</b>	<b>\$ (27,611,809)</b>
<b>Loss per share - basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.20)</b>	<b>\$ (0.21)</b>	<b>\$ (0.77)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>310,632,503</b>	<b>53,087,958</b>	<b>211,518,857</b>	<b>36,064,976</b>

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)

Nine Months Ended  
September 30,  
2012                      2011

#### Operating activities

Net loss for the period	\$ (44,868,991)	\$ (27,611,809)
Adjustment for:		
Depreciation (note 4)	20,492	16,769
Accretion on debentures (note 7)	373,823	-
Loss on extinguishment (note 7)	113,353	-
Unrealized foreign exchange	137,149	-
Non-cash exploration and evaluation expenditures	-	4,556,060
Shares issued in consideration of interest	42,295	-
Shares issued for severance payments (note 6(iv))	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)	967,668	1,208,980
Non-cash working capital items:		
Accounts receivable and other assets	130,057	(48,010)
Accounts payable and other liabilities	(805,268)	3,105,297
<b>Net cash used in operating activities</b>	<b>(10,162,226)</b>	<b>(18,772,713)</b>

#### Investing activities

Acquisition of property and equipment	(1,103)	(101,975)
Segregation of restricted cash	-	(4,467,270)
Cash acquired from business acquisition, net (note 6(i))	5,749,719	-
<b>Net cash provided by (used in) investing activities</b>	<b>5,748,616</b>	<b>(4,569,245)</b>

#### Financing activities

Debentures issued, net of issuance costs	-	17,602,621
Redemption of debentures	-	(2,600,000)
Common shares issues, net of issuance costs (note 6(i))	9,787,952	11,354,351
Exercise of stock options	100,000	-
Warrants, net of issuance costs	-	1,951,844
Repayment of note payable	(229,088)	-
<b>Net cash provided by financing activity</b>	<b>9,658,864</b>	<b>28,308,816</b>

<b>Net change in cash and cash equivalents</b>	<b>5,245,254</b>	<b>4,966,858</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,273,722</b>	<b>-</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 6,518,976</b>	<b>\$ 4,966,858</b>

#### 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	52,687,500	19,112,168	-	-	-	19,112,168
Shares issued for acquisition	11,390,143	4,556,057	-	-	-	4,556,057
Warrants issued, net of issuance costs	-	-	3,066,525	-	-	3,066,525
Share-based payments	-	-	-	1,208,980	-	1,208,980
Stock option exercised	2,550,000	213,744	-	(86,244)	-	127,500
Net loss and comprehensive loss for the period	-	-	-	-	(27,611,809)	(27,611,809)
<b>Balance, September 30, 2011</b>	<b>66,627,743</b>	<b>\$ 23,881,974</b>	<b>\$ 3,066,525</b>	<b>\$ 1,122,736</b>	<b>\$(27,611,809)</b>	<b>\$ 459,426</b>
<b>Balance, December 31, 2011</b>	<b>78,077,743</b>	<b>\$ 24,841,726</b>	<b>\$ 3,066,525</b>	<b>\$ 735,484</b>	<b>\$(31,078,527)</b>	<b>\$ (2,434,792)</b>
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	-	-	-	967,668	-	967,668
Net loss and comprehensive loss for the period	-	-	-	-	(44,868,991)	(44,868,991)
<b>Balance, September 30, 2012</b>	<b>310,632,503</b>	<b>\$ 73,266,926</b>	<b>\$ 1,809,922</b>	<b>\$ 2,682,180</b>	<b>\$(72,360,613)</b>	<b>\$ 5,398,415</b>

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

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# Sintana Energy Inc.

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

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### 1. Nature of operations and going concern

Sintana Energy Inc. ("Sintana" or the "Company") is a public Canadian oil and gas exploration company listed on the TSX Venture Exchange 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 in Toronto, Canada 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 approximately \$11 million in additional financing (note 6(i)). The Business Combination was treated as a reverse acquisition where ColCan acquired Sintana (note 6).

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 nine months ended September 30, 2012 of \$44,868,991, and has an accumulated deficit of \$72,360,613. Results for the nine months ended September 30, 2012 are not necessarily indicative of future results. Sintana had a working capital balance of \$5,332,598 at September 30, 2012 (December 31, 2011 - \$818,816). Sintana will fund its exploration and operating expenses from its available cash for the following twelve months. Further financing beyond this level of cash will be required to develop its assets, which is typical for junior exploration companies. These circumstances 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 its obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

### 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 the IASB and interpretations issued by the IFRIC.

The policies applied in these condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 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.

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# Sintana Energy Inc.

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

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## 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:

	<b>Method</b>	<b>Rate</b>
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

	<b>As at September 30, 2012</b>	<b>As at December 31, 2011</b>
Cash	\$ 563,378	\$ 1,233,802
Cash equivalents - guaranteed investment certificates	5,955,598	39,920
	<b>\$ 6,518,976</b>	<b>\$ 1,273,722</b>

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## Sintana Energy Inc.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Nine Months Ended September 30, 2012  
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### 4. Equipment

#### Cost

	Office furniture and equipment
Balance, December 31, 2011	\$ 101,975
Additions	1,103
<b>Balance, September 30, 2012</b>	<b>\$ 103,078</b>

#### Accumulated depreciation

	Office furniture and equipment
Balance, December 31, 2011	\$ 16,769
Depreciation for the period	20,492
<b>Balance, September 30, 2012</b>	<b>\$ 37,261</b>

#### Carrying amounts

	Office furniture and equipment
At December 31, 2011	\$ 85,206
At September 30, 2012	\$ 65,817

### 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 (the "LC's") issued by Royal Bank of Canada ("RBC"). These have a 14 day maturity with the principal continually reinvested and bearing interest at 0.02% per annum. On October 18, 2012, restricted cash increased to USD\$8,300,000 (see note 16(b)).

### 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
<b>Balance, December 31, 2011 and as at May 17, 2012 prior to reverse acquisition</b>	<b>113,664,369</b>	<b>\$ 38,183,884</b>

#### Colcan Energy Corp.

	Number of common shares	Amount
<b>Balance, December 31, 2011</b>	<b>78,077,743</b>	<b>\$ 24,841,726</b>
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
<b>Balance, December 31, 2011 and as at May 17, 2012 prior to reverse acquisition</b>	<b>131,312,093</b>	<b>\$ 39,167,615</b>



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## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2012

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

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#### 6. Reverse acquisition (continued)

(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:

#### Consideration

113,664,369 common shares of Sintana	\$ 34,099,311
23,446,700 warrants of Sintana <sup>(a)</sup>	30,547
9,450,000 stock options of Sintana <sup>(b)</sup>	1,567,050
	<b>\$ 35,696,908</b>
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)
<b>Total net assets</b>	<b>4,727,087</b>
<b>Acquisition of property interests in Colombia</b>	<b>30,969,821</b>
<b>Total</b>	<b>\$ 35,696,908</b>

(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.

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## Sintana Energy Inc.

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

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#### 6. Reverse acquisition (continued)

(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, 3,260,000 shares were issued as severance payments valued at \$978,000 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.

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, which includes interest paid, accretion and accrued interest was \$1,002,977 for the nine month period ended September 30, 2012 (nine month period ended September 30, 2011 - \$586,071).

Total finance interest expense, which includes interest paid, accretion and accrued interest was \$432,478 for the three month period ended September 30, 2012 (three month period ended September 30, 2011 - \$585,371).

#### 8. Share capital

##### a) Authorized share capital

At September 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.

# Sintana Energy Inc.

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

### 8. Share capital (continued)

#### b) Common shares issued

At September 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 (i)(iv)	52,687,500	19,112,168
Shares issued for acquisition (ii)(iii)	11,390,143	4,556,057
Stock options exercised (v)	2,550,000	213,744
<b>Balance, September 30, 2011</b>	<b>66,627,743</b>	<b>\$ 23,881,974</b>

(i) 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.

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

(iii) On July 26, 2011, the Company issued 2,857,143 common shares with respect to payment for the Live Oak Holdings, Inc. participation interests valued at \$0.40 per share for a total of \$1,142,857. Of these, 1,428,571 shares are being held by the Company as security for the participation interests.

(iv) Between July 26, 2011 and August 12, 2011, the Company redeemed \$9,000,000 debentures through a private placement of 22,500,000 units at \$0.40 per unit. Each unit comprised of one common share and one-half of one common share purchase warrant in the capital of the Company. \$7,875,000 was allocated to the common shares less transaction costs of \$72,231, while \$1,125,000 was allocated to the warrants less transaction costs of \$10,319.

(v) In September, 2,550,000 stock options were exercised at a price of \$0.05. The Company received gross proceeds of \$127,500. Contributed surplus of \$86,244 was transferred to share capital upon exercise.

	Number of common shares	Amount
<b>Balance, December 31, 2011</b>	<b>78,077,743</b>	<b>\$ 24,841,726</b>
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
<b>Balance, September 30, 2012</b>	<b>310,632,503</b>	<b>\$ 73,266,926</b>

## Sintana Energy Inc.

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

### 9. Warrants

	Number of warrants	Weighted average exercise price (\$)	Fair value (\$)	Expiry date
Issued (i)	16,250,000	0.48	3,066,525	July and August 2013
<b>Balance, September 30, 2011 and December 31, 2011</b>	<b>16,250,000</b>	<b>0.48</b>	<b>3,066,525</b>	
Cancelled on business acquisition (note 6(ii))	(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 (ii)	7,500,000	0.27	615,000	August 1, 2013
Issued (ii)	15,000,000	0.34	1,035,000	July 30, 2013
Issued (ii)	1,875,000	0.34	129,375	August 9, 2013
<b>Balance, September 30, 2012</b>	<b>47,821,700</b>	<b>0.52</b>	<b>1,809,922</b>	

(i) In February 2011, concurrent with the issuance of debentures, the Company issued 5,000,000 warrants. Each warrant is exercisable at \$0.40 in exchange for one common share. The warrants expire in August 2013.

In August 2011, the Company issued 11,250,000 warrants in connection with the redemption of debentures and resulting private placement. Each warrant is exercisable at \$0.51 in exchange for one common share. The warrants expire in August 2013.

The fair value of the Company's warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: volatility - 138%, risk-free interest rate - 0.93%, expected life - 2 years, share price - \$0.30 and dividend yield - nil%.

(ii) 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%.

# Sintana Energy Inc.

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

## 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	-
Exercised	(2,550,000)	0.05	(2,550,000)
<b>Balance, September 30, 2011</b>	<b>17,860,000</b>	<b>0.14</b>	<b>13,450,000</b>
Exercised	(11,450,000)	0.05	(11,450,000)
<b>Balance, December 31, 2011</b>	<b>6,410,000</b>	<b>0.13</b>	<b>2,000,000</b>
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 <sup>(a)</sup>	6,945,000	0.27	6,945,000
<b>Balance, September 30, 2012</b>	<b>16,395,000</b>	<b>0.28</b>	<b>10,328,334</b>

The following table reflects the actual stock options issued and outstanding as of September 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	1.00	50,000	50,000	-
August 18, 2015	0.135	2.88	50,000	50,000	-
April 19, 2016 <sup>(a)</sup>	0.27	3.55	6,615,000	6,615,000	-
May 11, 2016	0.49	3.61	2,700,000	1,066,667	1,633,333
December 20, 2016	0.20	4.22	6,650,000	2,216,667	4,433,333
March 2, 2017 <sup>(a)</sup>	0.27	4.42	30,000	30,000	-
April 25, 2017 <sup>(a)</sup>	0.27	4.57	300,000	300,000	-
		<b>3.84</b>	<b>16,395,000</b>	<b>10,328,334</b>	<b>6,066,666</b>

<sup>(a)</sup> On May 17, 2012, the Company granted a total of 6,945,000 stock options to former ColCan stock option holders. The awarded options are 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 was expensed to salaries and benefits (share-based payments) and as an addition to contributed surplus as the options vested. The options vested immediately.

# Sintana Energy Inc.

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

## 11. Exploration and evaluation expenditures

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<b>Colombia</b>				
Acquisition costs	\$ -	\$ 9,173,406	\$ 30,969,821	\$ 22,771,727
Salaries and benefits	449,648	-	578,657	-
Drilling	1,331,512	-	3,479,405	-
Seismic	863,530	-	2,287,370	-
Administrative and general	77,585	-	106,944	-
Other	(68,834)	70,457	184,046	650,027
Professional fees	(79,212)	-	(57,622)	-
	<b>\$ 2,574,229</b>	<b>\$ 9,243,863</b>	<b>\$ 37,548,621</b>	<b>\$ 23,421,754</b>
<b>Peru</b>				
Professional fees	\$ 5,960	\$ -	\$ 10,242	\$ -
Drilling	56,595	-	56,595	-
	<b>\$ 62,555</b>	<b>\$ -</b>	<b>\$ 66,837</b>	<b>\$ -</b>
	<b>\$ 2,636,784</b>	<b>\$ 9,243,863</b>	<b>\$ 37,615,458</b>	<b>\$ 23,421,754</b>

## 12. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Salaries and benefits	\$ 832,595	\$ 479,630	\$ 1,249,054	\$ 1,208,980
Professional fees	47,742	-	201,833	57,995
Transaction costs (note 6)	-	-	2,371,767	-
Administrative and general	55,998	109,710	270,342	444,079
Consulting	-	173,511	1,338,087	447,570
Travel and accommodation	31,301	62,270	136,153	530,755
Reporting issuer costs	6,692	-	7,335	23,860
Depreciation	15,338	10,424	20,492	16,769
Interest (income) expense	(10,852)	(66,103)	45,517	(793)
	<b>\$ 978,814</b>	<b>\$ 769,442</b>	<b>\$ 5,640,580</b>	<b>\$ 2,729,215</b>

## 13. Related party transactions

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. Related party transactions are conducted at normal commercial terms.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Salaries and benefits <sup>(1)</sup>	\$ 325,502	\$ 158,511	\$ 660,589	\$ 417,570
Share-based payments	\$ -	\$ 193,594	\$ 2,285,450	\$ 886,241

(1) Salaries and benefits include director fees. During the three and nine months ended September 30, 2012, \$170,238 of salaries and benefits expense was included in exploration and evaluation expenditures.

## Sintana Energy Inc.

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

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

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

For the three and nine months ended September 30, 2012, the Company expensed \$15,977 (2011 comparable periods - \$nil) to Marrelli Support Services Inc. ("Marrelli Support") for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company and for outsourced bookkeeping services. Mr. Marrelli is the president of Marrelli Support. \$5,942 is included in accounts payable and other liabilities at September 30, 2012 (December 31, 2011 - \$nil).

For the three and nine months ended September 30, 2012, the Company expensed \$3,620 (2011 comparable periods - \$nil) to DSA Corporate Services Inc. ("DSA") for corporate secretarial services. DSA is a private company controlled by Carmelo Marrelli. Mr. Marrelli is also the corporate secretary and sole director of DSA. \$1,376 is included in accounts payable and other liabilities at September 30, 2012 (December 31, 2011 - \$nil).

#### 14. Segmented information

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

<b>September 30, 2012</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Peru</b>	<b>Total</b>
Cash and cash equivalents	\$ 6,407,053	\$ 62,369	\$ 49,540	\$ 14	\$ 6,518,976
Accounts receivable and other assets	161,322	69,804	154,733	4,943	390,802
Restricted cash	4,235,951	-	-	-	4,235,951
	10,804,326	132,173	204,273	4,957	11,145,729
Equipment	65,817	-	-	-	65,817
Total assets	\$ 10,870,143	\$ 132,173	\$ 204,273	\$ 4,957	\$ 11,211,546

<b>December 31, 2011</b>	<b>Canada</b>	<b>United States</b>	<b>Colombia</b>	<b>Peru</b>	<b>Total</b>
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

#### 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. ("Patriot"), for a total of USD\$1. Patriot owns the Colombian branch which holds the Agencia Nacional de Hidrocarburos of Colombia (the "ANH") contract for the Patriot participation interest.

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## Sintana Energy Inc.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2012

(Expressed in Canadian Dollars, Unless Otherwise Stated)

(Unaudited)

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#### 16. Subsequent events

(a) 21,080,000 warrants with an exercise price of \$0.75 and 2,366,700 warrants with an exercise price of \$0.50 expired unexercised in October 2012.

(b) Pursuant to the merger of ColCan and 2319744 Ontario Inc. (which was a wholly-owned subsidiary of Sintana), a new corporate entity, being 1873520 Ontario Inc. ("187"), was created. 187 requested RBC (the "Bank") to issue two Letters of Guarantee (the "LG's") to support two LC's, issued by a bank in Colombia, Bancolombia SA ("Bancolombia") on behalf of Patriot Energy Sucursal Colombia, a branch of the Company. Accordingly, the Bank issued in favour of Bancolombia the two LG's, confirming that the Bank would make payment to Bancolombia should the LC's be called upon. To secure the two LG's, the Bank's security included a Cash Collateral Agreement and a Loan Agreement. The Bank's security interest was pursuant to a registration under the Personal Property Security Act. The transaction closed October 18, 2012. The amount of the LG's totaled USD\$8,300,000 and replaced the LC's of USD\$4,300,000 disclosed in note 5. See note 16(c) for release conditions.

(c) On November 12, 2012, Sintana announced that Patriot, wholly-owned by the Company, had entered into a Farmout Agreement (the "Agreement") with ExxonMobil Exploration Colombia Limited, a wholly-owned subsidiary of Exxon Mobil Corporation ("ExxonMobil") for the exploration and development of unconventional oil and gas resources underlying the 43,000 acre VMM-37 Block in Colombia's Middle Magdalena Basin. Major elements of the VMM-37 Agreement are as follows:

#### Participation interests:

- Subject to approval by the ANH, ExxonMobil will acquire an undivided 70% participation interest and operatorship in the formations defined as unconventional by completing the Work Program described below.
- Patriot will retain the remaining 30% interest in the unconventional play as well as its current 100% participation interest in the conventional resources overlying the top of the unconventional interval.

#### Work program:

- ExxonMobil will pay 100% of all Exploration Phase I well costs (3 wells). The estimated timing for the commencement of drilling operations on the first exploration well is the third quarter of 2013. A consideration will be paid that will compensate Sintana for its past expenses connected with the block.
- ExxonMobil will have an option to proceed to the next phase. In this development phase, it will pay 100% of all additional costs to a maximum of USD\$45 million, of which USD\$10 million will be recouped by ExxonMobil from 50% of Patriot's production proceeds.
- As agreed by Patriot and ExxonMobil, as joint participants in the Block, good faith efforts will be made to locate exploration wells targeting the unconventional play in such a way as to also test conventional prospects.
- At various stages of the Work Program, as defined in the Agreement, ExxonMobil will have the right to withdraw from the project, relinquish operatorship and reassign to Patriot the right to the 70% participation interest it would have retained had it met all investments and activities requirements of the Agreement.

#### Supplemental investment capital:

- In the event that exploration and development of the unconventional resources continue beyond the activities and costs enumerated above, those costs will be shared based on the parties participating interests.
- Further exploration and subsequent development plans for the unconventional and conventional formations will be decided on once technical data obtained from drilling the deeper unconventional play, and other sources, are analyzed.



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## **Sintana Energy Inc.**

**Notes to Condensed Interim Consolidated Financial Statements**

**Three and Nine Months Ended September 30, 2012**

**(Expressed in Canadian Dollars, Unless Otherwise Stated)**

**(Unaudited)**

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### **16. Subsequent events (continued)**

(c) (continued)

#### **Warranties:**

The ANH requires that operators provide secured performance warranties for various phases of the contractual Work Program. Sintana currently has in place 2 LG's in satisfaction of this requirement (note 16(b)). ExxonMobil will assume responsibility for providing these warranties resulting in the release of restricted Sintana funds currently on deposit to secure the 2 LG's.

(d) On November 28, 2012, Sintana reported that its Board of Directors has approved grants of a total of 2,000,000 stock options to an officer, employees and a consultant of the Company. The options have an exercise price of \$0.20, vest in three equal tranches over the next 24 months and expire in November of 2017.

## 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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