SINTANA ENERGY

MD&A|Q2 2012

SNN | TSX-V

SINTANA ENERGY INC.

MANAGEMENT DISCUSSION AND ANALYSIS

THREE & SIX MONTHS ENDED JUNE 30, 2012

(DISCUSSION DATED AUGUST 28 2012)

Exploring a better way

A South America Focus

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Sintana Energy Inc. ("Sintana" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2012. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended December 31, 2011 and 2010, together with the notes thereto, and the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2012, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS Interpretations Committee ("IFRIC"). These unaudited interim condensed 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 by IFRS for full annual financial statements. Information contained herein is presented as of August 28, 2012, unless otherwise indicated.

As a result of ongoing review and possible amendments by interpretive guidance from the IASB and IFRIC, IFRS in effect at December 31, 2012, may differ from IFRS and interpretation statements applied in preparing the audited annual consolidated financial statements for the year ended December 31, 2011, and the unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2012 and 2011.

For the purpose of preparing this MD&A, management, in conjunction with the board of directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Sintana common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the board of directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on the Company's website at **www.sintanaenergy.com** or on SEDAR at **www.sedar.com**.

Cautionary Note Regarding Forward-Looking Information

This MD&A contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors that might cause actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by the forward-looking information.

Examples of such statements include: the Company's proposed exploration and development activities and methods for funding thereof, timing of development of reserves, expectations regarding the ability of

Sintana to raise additional capital and to add to reserves through acquisitions, exploration and development, treatment under governmental regulatory regimes and tax laws, governmental and regulatory approvals, capital expenditures programs and the timing and methods of financing thereof and proposed acquisitions by the Company, exploration programs, development plans and status of assets, future growth and performance, and the ability of the Company to fund operating expenses for the 12 month period ended June 30, 2013.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A. Such forward-looking information is based on a number of assumptions that may prove to be incorrect, including, but not limited to: the ability of the Company to obtain necessary financing, manage risks, the economy generally, current and future stock prices, results of operations and exploration, development and production activities, fluctuations in oil and natural gas prices and market conditions, the extent of reserves and future growth and performance, the regulatory and foreign environment, future capital and other expenditures (including the amount, nature and sources of funding thereof), uncertainty of reserve estimates, the availability of necessary exploration and development equipment, competitive advantages, fluctuations in foreign currency exchange rates, property title and investments in oil and natural gas properties, business prospects and opportunities, transportation and construction delays, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the oil and natural gas industry, political instability, arbitrary changes in law, delays in obtaining governmental or regulatory approvals or failure to obtain such approvals and unanticipated costs. The factors identified above are not intended to represent a complete list of the factors that could affect the Company. Additional risk factors are noted under the heading "Risk Factors".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this MD&A. All subsequent forward-looking statements attributable to the Company herein are expressly qualified in their entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Description of Business

Sintana is a public Canadian oil and natural gas exploration and development company listed on the TSX Venture Exchange under the trading symbol SNN. The Company is primarily engaged in petroleum and natural gas exploration and development activities in Colombia and Peru. The Company's exploration strategy is to acquire, explore, develop and produce superior quality assets with significant reserve potential. The Company currently holds a 25% interest in the 175,000 acre Bayovar Block XXVII in the Sechura Basin, Peru. The Company's private participation interests in Colombia include 30% in 58,570 acres in the Talora Block and 30% in 272,021 acres in the COR-39 & COR-11 Blocks in the Upper Magdalena Basin. In the Middle Magdalena Basin, private participation interests are 100% in the 43,158 acre VMM-37 Block and 25% (carried) in the 154,909 acre VMM-4 and 59,522 acre VMM-15 Blocks. In the Llanos Basin, the company has a carried 25% private participation interest in the 11,624 acre LLA-18 Block. The Company continues to evaluate a portfolio of exploration opportunities in South America.

Business Combination with ColCan Energy Corp. ("ColCan")

On May 17, 2012, the Company completed its business combination (the "Business Combination") with ColCan, including receipt of additional financing as a result of a concurrent private placement which raised aggregate gross proceeds of $11 million.

The principal purpose of the Business Combination was to combine interests in oil and natural gas blocks held by Sintana with those held or in the process of being acquired by ColCan in Colombia.

Making additional investments in Colombia is consistent with Sintana's growth strategy, which is focused on acquiring ownership interests in blocks that: (1) are located in proven oil-prone basins; (2) have multi-zone prospects that have previously been overlooked or undervalued for specific technical reasons; (3) are in close proximity to infrastructure or a local market; and (4) where possible, have both conventional and unconventional liquid hydrocarbon potential.

The three additional VMM blocks held by ColCan (as further described below) provide Sintana with a significant strategic position in the Middle Magdalena basin and expose the Company to both conventional and unconventional resource potential. Sintana's investment in LLA-18, also acquired through the Business Combination, marks the Company's entry into the Llanos, Colombia's most prolific oil and gas producing basin.

As a result of the Business Combination, the total gross acreage in Colombia that Sintana has invested in has more than doubled, with gross acreage holdings increasing from 331,000 acres to approximately 700,000 acres. Total gross acreage controlled by Sintana, including in the Bayovar Block in Peru, is now approximately 875,000 acres. Participation interests for the eight blocks owned by the Company range from 25% to 100%.

In addition to Sintana's Upper Magdalena basin exploration strategy, the Business Combination also further advanced Sintana's strategic goal of exposure to the Middle Magdalena, the oldest producing basin in Colombia, dating back to the 1918 discovery of the giant La Cira-Infantas field (900 million barrels). Historically, only the Tertiary section (conventional reservoirs) has been systematically explored. Approximately two billion barrels of oil have been produced in the basin over the last century.

Sintana sees substantial remaining conventional resource potential in the Tertiary plays in its three additional VMM blocks acquired through the Business Combination. VMM-37 was evaluated in a National Instrument 51-101 resource report by Petrotech Engineering and includes recoverable conventional resource estimates ranging from 14 million to 201 million barrels of oil.

VMM-37 (100%) and VMM-4 (25%), are located in the fairway of the most important industry development in Colombia with a growing recognition of what appears to be significant hydrocarbon potential in the unconventional resource play in this area of the Magdalena basin.

The La Luna formation, which is a primary target in the Middle Magdalena, is considered one of the most productive source rocks in the world. It is also the primary source rock in Venezuela's Maracaibo basin, which is estimated to contain over 250 billion barrels of recoverable oil.

The Middle Magdalena unconventional play type has received considerable attention from world-class, international resource play operators. In early April, Canacol Energy Ltd. and ExxonMobil Exploration Colombia Limited announced a farmout deal on VMM-2 which is adjacent to Sintana's VMM-4 Block.

Shell has announced that it is currently preparing to initiate an exploration program on VMM-3 which is adjacent to VMM-2 and VMM-4. Additionally, Ecopetrol has announced that it is targeting significant production levels from the Middle Magdalena unconventional shale fairway by 2015.

VMM-4 (25% carried interest) and VMM-37 (100% interest) expose Sintana to a potentially large, unconventional shale oil fairway in the thick Cretaceous La Luna and Tablazo formations which are analogous to the Cretaceous Eagle Ford formation found in Texas. Resource estimates for the Eagle Ford by World Oil Online in June 2011 placed the total natural gas in place at approximately 84 Tcf and a range for recoverable oil of 3 billion to 4.8 billion bbl. In addition the Cretaceous in the VMM-37 area contains the tight oil Rosablanca formation along with several other potentially prospective formations. This multi-stacked pay potential of the Middle Mag is one of the most unique aspects of this largely unconventional Cretaceous section.

Preliminary regional resource estimates for the VMM basin are considerable, ranging from several billion to almost 40 billion barrels of recoverable oil (source: Colombian Agencia Nacional de Hidrocarburos & Universidad Nacional de Colombia, February, 2012). There are other zones within the unconventional section of the basin that, with additional exploration, could lead to significant increases to these resource estimates.

The Business Combination was conditioned on a private placement being successfully completed prior to closing. Sintana and ColCan announced on April 25, 2012, that they had closed a bought-deal private-placement financing of subscription receipts into ColCan to raise aggregate gross proceeds of $11 million, co-led by Canaccord Genuity Corp. and Cormark Securities Inc. and with a syndicate which included Casimir Capital Ltd., Clarus Securities Inc. and GMP Securities LP (the "Financing").

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 Financing).

Prior to the completion of the Business Combination, existing ColCan debentures in the aggregate principal amount of approximately $3 million 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 24,374,997 Sintana shares were reserved for issuance upon the closing of the Business Combination pursuant to pre-existing share purchase warrants of ColCan. To the knowledge of ColCan and Sintana, immediately following the closing of the Business Combination, no person or company beneficially owned, directly or indirectly, or controlled or directed more than 10% of the issued and outstanding Sintana shares on a non-diluted basis, other than Front Street Canadian Energy Fund and Front Street Opportunities Fund, which together held approximately 10.39% of all issued and outstanding Sintana shares as of the closing date.

Cormark Securities Inc. acted as financial adviser to ColCan in connection with the Business Combination, and Canaccord Genuity Corp. acted as financial adviser to Sintana. Delavaco Securities Inc. acted as strategic adviser to ColCan and Sintana with respect to the Financing.

This Business Combination was accounted for as a business acquisition pursuant to which ColCan was deemed to be the acquirer for accounting purposes. As a result, the June 30, 2012 condensed interim consolidated financial statements are a continuation of the financial statements of ColCan (as opposed to Sintana), while the capital structure remains that of Sintana. Accordingly, unless otherwise expressly noted herein, all of the comparative financial results disclosed in this MD&A for prior periods are the financial results of ColCan and not Sintana.

Colcan acquired the assets and liabilities of Sintana as follows:

Consideration	Amount
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 net 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%.

Overall Performance

As at June 30, 2012, the Company had assets of $16,260,762 and a net equity position of $9,169,273. This compares with assets of $5,880,003 and a net deficit position of $2,434,792 at December 31, 2011. At June 30, 2012, the Company had $2,113,945 of liabilities (December 31, 2011 - $602,881). For the three and six months ended June 30, 2012, the Company expensed $34,822,952 and $34,978,674, respectively (three and six months ended June 30, 2011 – $6,254,649 and $14,177,891, respectively) of its oil and natural gas ownership interests.

At June 30, 2012, the Company had working capital of $9,687,832 (December 31, 2011 – $818,816). The Company had unrestricted cash and cash equivalents of $11,480,647 at June 30, 2012 (December 31, 2011 - $1,273,722). The increase in working capital of $8,869,016 and increase in unrestricted cash and cash equivalents of $10,206,925 from December 31, 2011 to June 30, 2012, are primarily due to the private placement which raised aggregate gross proceeds of $11 million.

The Company believes it has sufficient cash on hand to fund its operating expenses, other than with respect to proposed exploration programs, for the twelve-month period ending June 30, 2013. However, the Company may lose its oil and natural gas participation interests if it does not comply with the terms of the agreements it has entered into. Operating expenditures are expected to be funded from current cash reserves. See "Liquidity and Financial Position", below.

See "Petroleum and Natural Gas Prospects" below.

Trends

The Company is focused on crude oil and natural gas resources.

There are significant uncertainties regarding the price of crude oil and natural gas resources and the availability of equity financing for the purposes of acquisitions, exploration and development activities. The future performance of the Company is largely tied to the development of its oil and natural gas properties and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weak global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing and raising funds. Companies worldwide have been materially and adversely affected by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of oil and natural gas exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of the Company to develop and / or further explore its current oil and natural gas interests and any additional interests that may be acquired, including the blocks acquired through the Business Combination with ColCan.

In addition to the risks outlined in this MD&A, Sintana has identified the volatility of financial markets as a significant risk for the Company. As a result, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Sintana are considered risk assets and are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Sintana to access the capital markets in order to raise the capital it will need to fund its future expenditures.

See also "Risk Factors"

Proposed Transactions

As at the date of this MD&A, there are no proposed transactions of a material nature being considered by Sintana. The Company continues to evaluate additional oil and natural gas projects.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, Sintana does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Capital Management

Sintana manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve its ongoing business objectives including funding of current and future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder returns.

Sintana monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives. Sintana may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

Sintana considers its capital to be equity, comprising share capital, warrants, contributed surplus and deficit, which at June 30, 2012, totaled $9,169,273 (December 31, 2011 – deficit of $2,434,792).

Sintana manages capital through its financial and operational forecasting processes. Sintana reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated periodically based on current and planned activities related to its oil and natural gas interests. Selected information is provided to the Board of Directors. Sintana's capital management objectives, policies and processes have remained unchanged during the three and six months ended June 30, 2012.

Sintana is not subject to any external capital requirements.

Selected Quarterly Information

The quarterly information presented below is that of ColCan. For accounting purposes, ColCan is the continuing entity under the Business Combination. See "Business Combination with ColCan Energy Corp. ("ColCan")", above.

Quarter Ending	Total Sales ($)	Profit or (loss)		Total Assets ($)
		Total ($)	Basic and Diluted Loss Per Share ($)	
2012-June 30	Nil	(39,967,408) (1)	(0.19)	16,260,762
2012-March 31	Nil	(434,160) (2)	(0.06)	4,943,289
2011-June 30	Nil	(7,133,835) (3)	(0.21)	21,519,514
2011-March 31	Nil	(9,978,752) (4)	(0.41)	27,070,906

ColCan quarterly financial information for the three months ended September 30, 2010, December 31, 2010, September 30, 2011, and December 31, 2011 is not readily available at the date of this MD&A.

Notes:

(1) Net loss of $39,967,408 consisted primarily of: exploration and evaluation expenditures of $34,822,952; general and administrative expenses of $4,403,470; foreign exchange loss of $57,061, loss on debt extinguishment of $113,353 and finance interest of $570,572.

(2) Net loss of $434,160 consisted primarily of: exploration and evaluation expenditures of $155,722; general and administrative expenses of $258,296; and foreign exchange loss of $20,215.

(3) Net loss of $7,133,835 consisted primarily of: exploration and evaluation expenditures of $6,254,649; general and administrative expenses of $701,045; and foreign exchange loss of $177,843.

(4) Net loss of $9,978,752 consisted primarily of: exploration and evaluation expenditures of $7,923,242; general and administrative expenses of $1,258,728; and foreign exchange loss of $796,380.

Environmental Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the date of this MD&A, the Company believes that there are no significant environmental obligations requiring material capital outlays in the immediate future.

Petroleum and Natural Gas Prospects

Expenditures incurred on Sintana's Petroleum and Natural Gas Prospects

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

<u>Sintana Blocks</u>

	Bayovar	Talora	COR-11	COR-39
Participation interest	25%	30%	30%	30%

Bayovar Block, Peru (25%)

In the Bayovar block, the Company's ownership position, acquired from Faulkner Exploration, consists of an undivided 25% private participation interest in the License Contract for Exploration and Exploitation of Hydrocarbons dated April 15, 2009 and a 25% private participation interest in Exploration Permit XXVII , comprising approximately 175,000 acres (70,820 hectares) in the Sechura Basin, in the Province of Sechura, Peru. Faulkner Exploration, Inc. S.A. is the operator of the block under the Bayovar agreement.

Exploration program

On August 22, 2011, the Company announced that its South American operations office located in Bogotá and existing under the laws of Colombia ("Sintana Energy (Colombia)") had received notice from Faulkner that the Peru Ministry of Energy and Mines (EIA) had approved a 10 well drilling permit for the Bayovar block. The contract with Faulkner Exploration commits the Company to participate in the drilling of the first 5 wells drilled out of the 10 wells covered by the permit. Faulkner estimates drilling costs of approximately $3.0 million gross per well.

Planning has commenced for a seismic program on Bayovar Block XXVII. Faulkner Exploration, as operator, previously drilled the SC-4X seismic control well. Open hole log data from the well is being incorporated into the design of the seismic shoot. Post processing and analysis, optimum locations for subsequent wells will be selected based on this seismic.

The SC-4X control well reached a TD of 5,276 feet and encountered the target reservoirs 500 feet lower than anticipated. Open hole log evaluations identified a continuous column of rich gas shows from the 1,496 feet of gross Paleozoic section penetrated, starting at 3,780 feet. Imagery logs depict a high density fracture system with a network of fracture intersections. The operator reported that during testing the highly fractured target interval collapsed which prevented completion of the well. The objective of gathering open hole log data on the stratigraphic section on the block was achieved and indications of hydrocarbons at this location are considered a significant bonus.

Talora Block, Colombia (30%)

On August 17, 2011, the Company announced that Sintana Energy (Colombia) had entered into an agreement with Petrodorado Energy Ltd. to farm-in to an undivided 30% private participation interest in the 58,812 acre Talora block located in Colombia's oil prolific Magdalena Basin. The Talora Block, which is operated by Petrodorado, is immediately adjacent to the region's main oil and gas pipelines and only 60 kilometres west of the capital city of Bogotá.

The Talora Block straddles the boundary between the Upper and Middle Magdalena Basins and is flanked by "Middle Magdalena" oil fields to the north and "Upper Magdalena" oil fields to the south, both consisting of light and medium-gravity oil and totaling to more than 150 MMBO recoverable, all within about 25 kilometres of Talora.

The Guando Field, south of Talora, is one of the most important Upper Mag fields, contains more than 126 MMBO recoverable and is currently producing 20,000+ BOPD (peak was over 30,000 BOPD). This field, which was discovered by Petrobras and Nexen Inc. in 2000 (from the Lasmo prospect inventory acquired in 1998), is one of the most notable fields in Colombia due to its shallow position, the excellent thick Cretaceous Guadalupe reservoir with over 1000 feet net sandstone and a world-class hydrocarbon column of over 2100 feet. The good quality medium-gravity oil is surprising for such a shallow field, especially since it has low reservoir pressure. The shallow position of such a large field and its proximity to infrastructure in the Magdalena Valley and the nearby Bogotá metro area about 60 kms to the east, gives the field considerable commercial advantage as long as reservoir pressure and water flooding are carefully maintained.

In summary, nine wells have been drilled in the Talora area since 1921 off the main structures and mainly along the faults rather than on the anticlines between the faults. It is important to note that none of these wells have yet reached the Cretaceous Caballos reservoir. Sintana is urging the Operator to be prepared for both sandstone and unconventional shales and carbonates. The commercial outlook is excellent due to its proximity to infrastructure, the Bogotá/Sabana region and the fact that both gas and oil are commercially viable.

The last well to be drilled, Verdal-1, was operated by the current operator Petrodorado in 2010 and it was the first well to target one of the two main thrust anticlines located near the center of the Talora block. The Verdal-1 was forced to stop drilling hundreds of feet above the main Caballos reservoir target due to well control problems and the large amount of gas coming from the overlying Tetuan formation. As a result, the well was declared a technical gas discovery by the ANH in the gas-charged Cretaceous Tetuan formation. The Verdal-1 well revealed important new information about stratigraphy and the hydrocarbon content of the units in these thrust anticlines, including that the main Cretaceous Caballos reservoir is deeper than originally thought. In the Talora area, the lower Cretaceous (below Verdal's TD) may be dominated by hundreds of feet of sandstones and conglomerates as observed in the Raspe-1 and Lucha-1 wells ~20 kms to the SW (which lacked trap) or alternatively, it may be dominated by thick unconventional sections.. The phase of the hydrocarbons may change with depth, proven gas in the Tetuan and possibly oil-bearing in the Caballos level, thus explaining the presence of the well-known Guataqui Oil Seeps which flow to surface along the prospect's main thrust fault. The Verdal-1 well and the Dorados structure demonstrate evidence for effective anticlinal traps, presence of both natural gas and oil and the presence of a reservoir which may be conventional, unconventional or both. Management believes that all these factors greatly reduce the technical risk of this next well, Dorados-1X exploration well. The well spud on July 31, 2012, is currently below 4000 feet, heading toward a TD of around 9500 feet MD, moderately deviated to the NW to improve structural position from a low-cost surface location. A success in Dorados-1X would then make follow-up wells relatively lower risk ventures.

If a lower Cretaceous reservoir section is proved up in the Dorados and Verdal thrust anticlines, the Talora Block is considered by management to be one of the most prospective remaining contracts in Colombia, in this case from the 2004 vintage. This early ANH contract has no X-Factor, no state oil company back-in and makes use of the sliding scale royalty regime of 8% for production up to 5,000 barrels a day increasing to 8-20% for production from 5,001-125,000 BOPD to a maximum of royalty of 25% over 600,000 BOPD. Success in the Talora Block would further prove up the prospectivity of this region where the Upper and Middle Magdalena Basins join, not only for the upper Cretaceous reservoirs such as the 126-million barrel medium-gravity Guando Field (2000), but also for the lower Cretaceous, an exploratory breakthrough which would open up potential of similar eroded and hidden anticlines in the area. Expanding the exploration targets of conventional and unconventional play-types in both the lower and upper Cretaceous might bring about a new layer of resources for the region. With these concepts in mind, Sintana has positioned itself along the trend in several well-placed exploratory contracts whereby the Cretaceous and upper Cretaceous would provide the Company with high-quality, high-potential, relatively low-cost and ready-to-drill opportunities. Due to their close proximity to major pipelines, if successful, these ventures would provide near-term production and rapid positive cash flow. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Information"

Consideration for the acquisition was: (i) a cash payment made in the aggregate amount of $5.2 million (paid); (ii) assumption of 60% of the drilling costs of the first exploratory well, estimated to equal $3.9 million net to Sintana (approximately $3.8 million spent to June 30, 2012) and (iii) if a second exploratory well is drilled on the block, the assumption of 45% of the drilling costs for that well, estimated to equal $2.9 million net.

Exploration Program

Sintana has been notified by the operator of the Talora Block that the Dorados-1X exploration well commenced drilling operations on July 31, 2012.

The well, which is targeting the Cretaceous Caballos and Tetuan formations, is presently drilling ahead to a planned total depth of 9,500 feet. The Company will earn a 30% private participation interest in the well by paying 60% of the well costs, subject to a cap of US$6.5 Million (gross). Costs above the cap are to be paid proportionally by each partner based on their respective participation interests.

COR-39 and COR-11 Blocks, Colombia (30%)

On September 15, 2011, the Company announced that Sintana Energy (Colombia) had entered into an agreement with Canacol Energy Colombia S.A., (a subsidiary of Canacol Energy Ltd.) to farm-in to undivided 30% private participation interests in the COR-11 and COR-39 Blocks in the Upper Magdalena Basin, Colombia.

These two blocks are located in the Guando trend of Colombia's Upper Magdalena Basin. Guando is one of the last new fields over 100 million barrels to be found in Colombia (most of Colombia's large reserve growth has come from re-development of existing fields, in particular in heavy oil). Guando has some favourable world-class characteristics that have not yet been adequately pursued in the trend.

COR-39 and COR-11 are 60 kilometres apart (north-south direction) on either side of Guando: COR-39 is 20 kms to the north and COR-11 is 40 kms to the south. The COR-39 and COR-11 Blocks were awarded to Canacol in Colombia's 2010 bid round and have positive contract terms and minimal X-factors of only 1% each. These blocks represent sizeable exploration tracts, consisting of 95,106 and 176,915 acres, respectively, for a total of 272,021 acres (1,100 square kilometres). The blocks are located 50 and 90 kilometres, respectively, southwest of the capital city of Bogotá and are close to established infrastructure and local markets. COR-39 is immediately adjacent and south of the Talora Block, the Company's initial acquisition in Colombia.

Sintana's approach is to establish a series of contiguous blocks along specific play fairways in order to systematically explore and produce play-types as opposed to having one-off blocks in widely diverse areas. In the northern Upper Magdalena Basin, Sintana has selected areas which have excellent nearby field analogs with a balanced set of prospects, some of them "close-in" and ready to drill. The objective is to shorten the cycle-time in order to establish positive cash flow. Management believes that Talora and the two COR blocks provide an ideal diversification of prospect types, resource range and risk profile. Prospects range from well-defined conventional low risk types in Talora and COR-39 to higher risk and higher reward prospects with significant upside in COR-11.

Permits have been approved and Canacol Energy Colombia S.A. has completed 100 kilometres 2D seismic program on COR-39 (95 kms Minimum Program) and in 2013 will acquire 155 kilometres 2D seismic program on COR-11. This will be followed by an aggressive drilling program of at least two wells in COR-39 and one well in COR-11.

Under the terms of the farm-in agreement, the Company will earn an undivided 30% private participation interest in each of the COR-39 and COR-11 blocks by paying 60% of the seismic and exploration costs related to the drilling of the first three wells. The total estimated net cost to Sintana to complete the earn-in exploration phase is approximately $28 million.

Exploration Program

COR-39 (30%)

Sintana is required to incur 60% of the Phase 1 costs to earn a 30% private participation interest. Sintana will spend approximately $12.3 million for a work program consisting of 100 kms of 2D seismic acquisition (completed) and 2 exploratory wells in the first half of 2013. The drilling, evaluation and testing of these wells should not exceed 4-6 weeks.

COR-11 (30%)

Sintana is required to incur 60% of Phase 1 costs to earn a 30% private participation interest. Sintana will spend approximately $14.98 million for a work program consisting of 155 kms of 2D seismic acquisition which will commence early in 2013. Following a similar processing, analysis, site selection and well design work program to that being undertaken on COR-39, an exploration well is projected to commence drilling early in 2014 (Q1).

ColCan Blocks

	VMM-37	**VMM-4**	**VMM-15**	**LLA-18**
Participation interest	100%	25%	25%	25%

Live Oak Holdings, Inc.

On July 26, 2011, ColCan entered into an asset purchase agreement with Live Oak Holdings, Inc. ("LOH") and LOH Energy Sucursal Colombia to purchase 25% private participation interest in the Llanos 18 Block ("LLA-18"), the Valle Medio Magdalena 4 Block ("VMM-4"), and the Valle Medio Magdalena 15 Block ("VMM-15").

Patriot Energy Services LLC Corp

On March 24, 2011, ColCan entered into an asset purchase agreement with Patriot Energy Services LLC Corp ("Patriot") to purchase a 70% private participation interest in the Valle Medio Magdalena 37 Block ("VMM-37"). Effective the same day, a side letter agreement was reached, which increased the private participation interest acquired by ColCan to 75%. On April 11, 2011, ColCan entered into a second side letter, whereby it purchased the remaining 25% private participation interest from Patriot.

For summary information on the blocks acquired in the Business Combination, please refer to "Business Combination with ColCan Energy Corp. ("ColCan")" above. Technical aspects of the Middle Magdalena and Llanos Basin, and exploration programs for each block, are detailed below.

To hold the Patriot interest, the Agencia Nacional de Hidrocarburos ("ANH") required ColCan to post security in the form of letters of credit. ColCan, now Sintana, has fulfilled its responsibility through the issuance of two letters of credit that total USD$4,300,000 and expire November 20, 2014. These letters of credit are secured by USD$4,300,000 of guaranteed investment certificates held by Sintana's bank.

Middle Magdalena Basin

The Middle Magdalena Basin of Colombia has a polyphase deformational history, beginning most notably with rift and sag sedimentary sequences, evolving into a foundered Foreland Basin and ending as an intermontane basin with two 5,000 meter Cordilleras to either side, the Central Cordillera to the west and the Eastern Cordillera to the east. The Central Cordillera margin is characterized by a regional moncline broken into a series of normal faults, some of which help form large heavy oil fields. The Eastern Cordillera margin is characterized by relatively young thrust faults which can form large anticline structures in the overthrust (hangingwall position) and subthrust structural traps in the footwall position. The exploration history of the basin has been mainly directed towards the identification of structural traps in the Tertiary sequences. Subtle stratigraphic traps have not yet been adequately studied in the basin. The sedimentary record shows a succession of continental Jurassic deposits underlying portions of the basin, some perhaps in half-grabens. The earliest widespread sedimentary sequences overlie the Jurassic and consist of predominantly marine Cretaceous sediments, both calcareous and siliciclastic in composition. The Palaeocene sequence overlies the Cretaceous and is made up of siliciclastic rocks deposited mainly under continental conditions with some marine influence. Three major deformational phases are present in the basin, which are responsible for all types of trap geometries: rifting, thrusting and wrenching.

A century of exploration history in the basin has led to the discovery of about 1,900 MMBO, 2.5 Tcf of gas and a total of 41 fields, including Colombia's first field, La Cira-Infantas field with well over 900 MMBO of recoverable reserves to date and still under production.

Cretaceous limestones and shales of the La Luna have long been recognized as the main source rock in the basin. Key portions of this source rock were deposited during two worldwide anoxic events.

The Eocene unconformity overlying the Cretaceous separates the primary conventional reservoir above from the underlying active source rocks, forming an ideal plumbing system for the migration of petroleum.

Ninety-seven percent of the proven oil in the basin has been produced from continental Palaeocene sandstones (Palaeocene-Miocene), the Lisama, the Esmeraldas-La Paz and the Colorado-Mugrosa formations with average porosities of 15% to 20% and average permeabilities of 20 to 600 mD. The Basal Limestone Group at the bottom of the Cretaceous section and the La Luna Formation in the middle Cretaceous have been very lightly explored and are considered to contain very large hydrocarbon potential via fractured tight oil and unconventional plays. The seals for Palaeocene sandstone reservoirs consist of interbedded, non-marine, ductile claystones, mainly from the Esmeraldas and Colorado formations. The seals for potential Cretaceous limestone reservoirs are marine shales of the Simiti and Umir formations.

The Middle Magdalena Basin is one of the most explored basins of Colombia where 41 fields have been discovered mainly in the Palaeocene section. The thick Cretaceous section of 4,000 to over 8000 feet has long been recognized as one of the world's most important source rock intervals, but the absence of conventional reservoirs has discouraged exploration. With the advent of the unconventional plays, this has all changed in that these same kerogen-rich intervals appear to be ideal for unconventional potential. The outlook thus far is very favourable for the unconventional play given what could be considered an extremely favourable unconventional "check list" of positive parameters: the ample thickness of these Cretaceous TOC-rich and high resistivity units, the multi-stacked nature of these formations, the ideal liquid HC phases (medium to high API gravities and gas condensates), the moderate overpressure for high recovery factors (.6-.8 psi/ft gradient) and in many areas the presence of relatively high porosities that verge into conventional. Thus this Cretaceous section was largely ignored for lack of conventional reservoirs, but it is now attracting considerable attention because it appears to contain all the elements of a high-quality unconventional play. On a worldwide inventory basis, the Middle Magdalena basin appears to contain one of the most prolific unexplored areas of this type yet to be explored.

<u>VMM-37 Block, Colombia (100%)</u>

An exploration & Production (E&P) contract for the VMM-37 Block dated March 1, 2011 was awarded from the Agencia de Nacional Hidrocarburos (ANH) to Patriot Energy Sucursal Colombia. Production is subject to the standard sliding scale royalty rates and an additional X% which is 1% for this block. ColCan acquired 100% of Patriot Energy Sucursal Colombia.

The VMM-37 Block has an area of 17,465.4374 hectares near the municipality of Yondo in the Department of Antioquia.

Exploration Program

The contractual work program consists of the acquisition, processing and interpretation of, process and interprets 50 km of 2D seismic and drill 5 exploration wells; 3 wells in Phase I and 2 wells in Phase II.

Note: Sintana is actively seeking an operating partner that would earn a participation interest in the block by paying 100% of the costs of a specified work program.

<u>VMM-4 Block, Colombia (25% carried)</u>

The Exploration & Production (E&P) contract for the VMM-4 Block dated March 10, 2009 was awarded to Golden Oil Corporation by the Agenda de Nacional Hidrocarburos (ANH). Production is subject to the standard sliding scale of the ANH royalty rates and an additional X% which is 7% for this block. On June 17, 2010, by way of resolutions #220 from the ANH, the transfer of ownership of this block was made to LOH Energy Sucursal Colombia (LOH).

Through a private participation agreement dated September 29, 2010 between APO Energy Ltd., (APO-Barbados) a wholly-owned indirect subsidiary of P1 Energy Corp. and LOH Energy Sucursal Colombia, P1 Energy Corp. obtained a 75% participation interest in the LLA-18 Block and became the operator. Subsequently, ColCan acquired a 25% participation interest from LOH Energy Sucursal Colombia.

The VMM-4 Block has an area of 62,690.3 hectares in the municipalities of Rio de Oro, San Martin, and San Alberto.

Exploration Program

Acquire process and interpret 295 km of 2D seismic. Drill 2 exploration wells. Note ColCan is carried for the costs for the 2D seismic program and the first of the two exploration wells. Work is ongoing.

<u>VMM-15 Block, Colombia (20% carried)</u>

The Exploration & Production (E&P) contract for the VMM-15 Block dated March 10, 2009 was awarded to Golden Oil Corporation by the Agenda de Nacional Hidrocarburos (ANH). Production is subject to the standard sliding scale of the ANH royalty rates and an additional X% which is 7% for this block. On June

17, 2010, by way of resolutions #219 from the ANH, the transfer of ownership of this block was made to LOH Energy Sucursal Colombia (LOH).

Through a private participation agreement dated September 29, 2010 between APO Energy Ltd., (APO-Barbados) a wholly-owned indirect subsidiary of P1 Energy Corp. and LOH Energy Sucursal Colombia, P1 Energy Corp. obtained a 75% private participation interest in the LLA-18 Block and became the operator. Subsequently, ColCan acquired 25% private participation interest from LOH Energy Sucursal Colombia.

The VMM-15 Block has an area of 24,089 hectares in the municipalities Guaduas, and Puerto Sal gar in the Department of Curldinamarca; Honda in the Department of Tolima, and La Dorada; and Victoria, in the Department of Caldas.

Exploration Program

Acquire process and interpret 248 km of 2D seismic. Drill 3 exploration wells. Note ColCan is carried for the 2D seismic program and two of the three exploration wells. Work is ongoing.

<u>Eastern Llanos Basin</u>

The Eastern Llanos Basin is located in the Eastern region of Colombia. Geomorphologic boundaries are the Colombian-Venezuela border to the north, Macarena high and Vaupes Arch to the south, Guaicaramo fault system to the west, and Guyana Shield to the east.

The evolution of the basin started in the Palaeozoic with a rifting phase. Siliciclastic sediments were deposited over the crystalline Precambrian basement, from Triassic to Late Cretaceous the basin was the eastern shoulder of a major rift system.

Since the Maastrichtian to Palaeocene, this basin became a foreland. From Miocene to recent times the basin has been the repository of thick molasse deposits. Cretaceous source rocks range from immature to marginally mature within the region to the east of the frontal thrust. Main reservoirs are siliciclastic units of Late Cretaceous and Palaeogene age. Analysis of the individual components of the migration systems within the basin is complicated by thinning of the stratigraphic section; and the development of more sand-prone facies towards the Guyana Shield.

More than 1,500 MMBO of recoverable oil is officially documented. Two giants, (Cano-Limon and Castilla) three major (Rubiales, Apiay and Tame Complex), and more than fifty minor fields have been discovered. Source rocks for the Llanos Foreland Basin are in fact located beneath the east flank of the Eastern Cordillera. Mixed marine-continental shales of the Gacheta Formation with kerogen type II and III with 150-300 ft of effective thickness are the main source. Two pulses of migration have been documented. The first one during the Upper EoceneOligocene. The second pulse of migration started in Miocene time and is continuing at the present.

The Palaeogene Carbon era (C-3, C-5, and C-7 units) and Mirador sandstones are excellent reservoir units. Within the Cretaceous sequence several sandstone intervals are also excellent reservoirs. Without exceptions, sedimentary thickness increases in an east to west direction. Porosity decreases in the same direction from 30% to near 10%. Pay thickness varies from a few feet up to 180 feet, depending on the location of the well within the basin. API gravity ranges from 120 to 42°.

The C-8 unit of the Carbonera Formation has tradionally been considered as the regional seal of the basin, but because of its extension the best seal is the Carbonera C-2 Unit. The Carbonera even numbered units are recognized as local seals as well as the Cretaceous Gacheta and Guadalupe formations that may be self-sealant.

Exploration drilling has been concentrated in normal, up-to-the basin (antithetic) faults. Poorly tested reverse fault anticlines, low-relief anticlines and stratigraphic traps (pinchouts, paleohighs, channels, etc.) are all high potential exploration targets.

This basin has been moderately drilled and subtle stratigraphic traps have not been deeply studied. Potential areas for hydrocarbon accumulation are located in the southern and eastern portion of the basin where pinch-out of reservoirs are affected by meteoric water forming hydrodynamic traps. The south-western part, south of the Castilla Field, is also a highly prospective area.

<u>LLA-18 Block, Colombia (25% carried)</u>

The Exploration & Production (E&P) contract for the LLA-18 Block dated March 10, 2009 was awarded to Golden Oil Corporation by the Agencia de Nacional Hidrocarburos (ANH). Production is subject to the standard sliding scale of the ANH royalty rates and an additional X% which is 7% for this block. On June 17, 2010, by way of resolutions #218 from the ANH, the transfer of ownership of this block was made to LOH Energy Sucursal Colombia.

Through a private participation agreement dated September 29, 2010 between APO Energy Ltd., (APO-Barbados) a wholly-owned indirect subsidiary of P1 Energy Corp. and LOH Energy Sucursal Colombia, P1 Energy Corp. obtained a 75% private participation interest in the LLA-18 Block and became the operator. Subsequently, ColCan acquired a 25% private participation interest from LOH Energy Sucursal Colombia.

The LLA-18 Block has an area of 45,173 hectares near the municipality of Paz de Ariporo in the Department of Casanare.

Exploration Program

Acquire process and interpret 490 km of 2D seismic. Drill 3 exploration wells. Note ColCan is carried for the costs for the 2D seismic program and two of the exploration wells. Work is ongoing.

(Reference Note - All reserve estimates contained in the Talora, COR-39 and COR-11 blocks, Colombia Section, are from industry-published sources).

Technical Information

Phil de Gruyter, Vice President Exploration and South American Manager of Sintana, who is a qualified person as set out in National Instrument 43-101 of the Canadian Securities Administrators, has reviewed and verified the technical content of the information contained in this MD&A.

Discussion of Operations

<u>Six months ended June 30, 2012, compared with six months ended June 30, 2011</u>

Sintana's net loss totalled $40,401,568 for the six months ended June 30, 2012, with basic and diluted loss per share of $0.25. This compares with a net loss of $17,112,587 for the six months ended June 30, 2011, with basic and diluted loss per share of $0.62. The increase of $23,288,981 in net loss was principally because:

- Exploration and evaluation expenditures increased by $20,800,783 as work increased. See "Petroleum and Natural Gas Prospects" and "Business Combination with ColCan Energy Corp. ("ColCan")", above for a description of current exploration activities.

- General and administrative expenses increased by $2,701,993. General and administrative expenses totalled $4,661,766 for the six months ended June 30, 2012 (six months ended June 30, 2011 - $1,959,773) and consisted of administrative and general expenses of $214,344 (six months ended June 30, 2011 - $334,369), professional fees of $154,091 (six months ended June 30, 2011 - $57,995), reporting issuer costs of $643 (six months ended June 30, 2011 - $23,860), travel and accommodation expenses of $104,852 (six months ended June 30, 2011 - $468,485), depreciation of $5,154 (six months ended June 30, 2011 - $6,345), salaries and benefits of $416,459 (six months ended June 30, 2011 - $729,350), and interest income (expense) of $56,369 (six months ended June 30, 2011 - $65,310).

    - Administrative and general expenses include compensation, rent, professional services and other corporation office expenses. The decrease in administrative and general expenses can be attributed to the Company's concentration on the Business Combination which required less support costs for Sintana's operations.

    - The Company incurred an increase in professional fees of $96,096 for the six months ended June 30, 2012, compared to the six months ended June 30, 2011. The increase can be attributed to higher corporate activity requiring legal assistance.

    - The Company incurred an increase in transaction costs of $2,371,767 for the six months ended June 30, 2012, compared to the six months ended June 30, 2011. These one-time costs were required to complete the Business Combination which included the reservation for issue of 24,375,000 Sintana common shares valued at $1,779,375 pursuant to pre-existing share purchase warrants of ColCan. The fair value of $1,779,375 for the pre-existing share purchase warrants of ColCan was estimated using the Black-Scholes option pricing model based on the following assumptions: volatility - 110%, risk-free interest rate - 1.21%, expected life (years) - 1.21 years, share price - $0.21 and dividend yield - nil%.

    - The Company incurred an increase in consulting fees of $1,064,028 compared to the prior year. This is primarily due to the issue of 3,260,000 ColCan common shares valued at $978,000 to former directors and officers of ColCan prior to the Business Combination.

      The Company incurred a decrease in travel and accommodation expenses of $363,633 for the six months ended June 30, 2012, compared to the six months ended June 30, 2011. The decrease can be attributed to the Company's concentration on the Business Combination which required less travel and investor relations activities.

    - The Company incurred a decrease in salaries and benefits of $312,891 for the six months ended June 30, 2012, compared to the six months ended June 30, 2011. The decrease can be attributed to the vesting over time of options granted.

        - 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 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. For the six months ended June 30, 2012, the impact on expenses was $418,565 and was included in salaries and benefits.

- On January 7, 2011, the Company issued 16,000,000 options to eligible persons vesting immediately, with an exercise price of $0.05 per share and an expiry date of January 7, 2013.

  On April 19, 2011, the Company issued 4,410,000 options to eligible persons vesting equally over a three year period, with an exercise price of $0.40 per share and expiry date of April 19, 2016.

  The stock options' fair value was estimated using the Black-Scholes option pricing model based on the following assumptions:

Volatility	138%
Risk-free interest rate	1.71% to 2.67%
Expected life	2 to 5 years
Share price	$0.05 to $0.40
Dividend yield	nil

  During the six months ended June 30, 2011, there was an increase in contributed surplus of $729,350 related to share-based payments. During the six months ended June 30, 2012, there was a decrease in contributed surplus of $147,462 related to the cancellation of stock options held by former ColCan option holders.

Several variables are used when determining the value of stock options using the Black-Scholes valuation model:

- The expected term: the Company used the maximum term ascribed to stock options issued for the purposes of calculating their value. The Company chose the maximum term because it is difficult to determine with any reasonable degree of accuracy when these stock options will be exercised.

- Volatility: the Company used historical information on the market price of common shares of a similar company to determine the degree of volatility at the date the stock options were granted. Therefore, depending on when the stock options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.

- Risk-free interest rate: the Company used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the stock options. The risk-free interest rate varies depending on the date of the grant of the stock options and their expected term.

- Dividend yield: the Company has not paid dividends in the past because it is in the development stage and has not yet earned any significant income. Also, the Company does not expect to pay dividends in the foreseeable future. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the stock options.

- The Company incurred a foreign exchange loss of $77,276, down from $974,223 in the previous period, which was mostly attributed to Canadian dollar, Peruvian Nuevo sol and Colombian peso exchange rate fluctuations.

- For the six months ended June 30, 2012, the Company incurred finance interest of $570,499 resulting from the ColCan debentures. Of this, $296,366 represents interest paid, $152,277 represents accretion, and $121,856 represents accrued interest.

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

<u>Three months ended June 30, 2012, compared with three months ended June 30, 2011</u>

Sintana's net loss totalled $39,967,408 for the three months ended June 30, 2012, with basic and diluted loss per share of $0.19. This compares with a net loss of $7,133,835 for the three months ended June 30, 2011, with basic and diluted loss per share of $0.21. The increase of $32,833,573 in net loss was principally because:

- Exploration and evaluation expenditures increased by $28,568,303 as work increased. See "Petroleum and Natural Gas Prospects" and "Business Combination with ColCan Energy Corp. ("ColCan")", above for a description of current exploration activities.

- General and administrative expenses increased by $3,702,425. General and administrative expenses totalled $4,403,470 for the three months ended June 30, 2012 (three months ended June 30, 2011 - $701,045) and consisted of administrative and general expenses of $150,249 (three months ended June 30, 2011 - $86,178), professional fees of $170,356 (three months ended June 30, 2011 - $5,788), reporting issuer costs of $643 (three months ended June 30, 2011 - $23,860), travel and accommodation expenses of $74,852 (three months ended June 30, 2011 - $148,807), depreciation of $5,154 (three months ended June 30, 2011 - $6,345), salaries and benefits of $416,459 (three months ended June 30, 2011 - $188,212), and interest income (expense) of $45,766 (three months ended June 30, 2011 - $74,115).

    - Administrative and general expenses include compensation, rent, professional services and other corporation office expenses. The increase in administrative and general expenses can be attributed to higher support for Sintana's operations subsequent to the closing of the Business Combination.

    - The Company incurred an increase in professional fees of $164,568 for the three months ended June 30, 2012, compared to the three months ended June 30, 2011. The increase can be attributed to higher corporate activity requiring legal assistance.

    - The Company incurred an increase in transaction costs of $2,371,767 for the three months ended June 30, 2012, compared to the three months ended June 30, 2011. These one- time costs were required to complete the Business Combination which included the reservation for issue of 24,375,000 Sintana common shares valued at $1,779,375 pursuant to pre-existing share purchase warrants of ColCan. The fair value of $1,779,375 for the pre-existing share purchase warrants of ColCan 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%.

- o The Company incurred an increase in consulting fees of $1,000,484 compared to the prior year. This is primarily due to the issue of 3,260,000 ColCan common shares valued at $978,000 to former directors and officers of ColCan prior to the Business Combination.

- o The Company incurred a decrease in travel and accommodation expenses of $73,955 for the three months ended June 30, 2012, compared to the three months ended June 30, 2011. The decrease can be attributed to the Company's concentration on the Business Combination which required less travel and investor relations activities.

- o The Company incurred an increase in salaries and benefits of $228,247 for the three months ended June 30, 2012, compared to the three months ended June 30, 2011. The increase can be attributed to the vesting over time of options granted.

  - ▪ 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 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. For the three months ended June 30, 2012, the impact on expenses was $418,565 and was included in salaries and benefits.

    On April 19, 2011, the Company issued 4,410,000 options to eligible persons vesting equally over a three year period, with an exercise price of $0.40 per share and expiry date of April 19, 2016.

    The stock options' fair value was estimated using the Black-Scholes option pricing model based on the following assumptions:

Volatility	138%
Risk-free interest rate	2.67%
Expected life	5 years
Share price	$0.40
Dividend yield	nil

    During the three months ended June 30, 2011, there was an increase in contributed surplus of $188,212 related to share-based payments. During the three months ended June 30, 2012, there was a decrease in contributed surplus of $147,462 related to the cancellation of stock options held by former ColCan option holders.

    Several variables are used, including the expected term, volatility, risk-free interest rate and dividend yield, when determining the value of stock options using the Black-Scholes valuation model, as described on pages 15 and 16.

- The Company incurred a foreign exchange loss of $57,061, down from $177,843 in the previous period, which was mostly attributed to Canadian dollar, Peruvian Nuevo sol and Colombian peso exchange rate fluctuations.

- For the three months ended June 30, 2012, the Company incurred finance interest of $570,572. $570,499 results from the ColCan debentures. Of this, $296,366 represents interest paid, $152,277 represents accretion, and $121,856 represents accrued interest.

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

Liquidity and Financial Position

Expected use of funds for the following twelve months (July 1, 2012 to June 30, 2013) includes:

Country	Budget from July 1, 2012 to June 30, 2013 ($ millions) [1]
Colombia	18.7
Peru	0.8
General and corporate expenses	2.4
Cash balance at June 30, 2012 [2]	(11.5)
Additional cash required	**10.4**

[1] The use of funds table has been modified from that which was included in the Filing Statement filed on SEDAR at **www.sedar.com** on April 13, 2011. Management determined that the information disclosed above better reflects management's objectives and current estimates.

[2] Includes funds obtained from the Business Combination. Refer to "Business Combination with ColCan Energy Corp. ("ColCan")" above.

The Company does not have sufficient funds to meet its exploration commitments. Further financings and/or other actions will be required to meet these future obligations. There is no guarantee that Sintana will be able to successfully complete additional financings and/or undertake other activities to close this funding gap. See "Risk Factors".

The Company believes that it has sufficient cash on hand to fund its operating expenses, other than with respect to proposed exploration programs, for the twelve-month period ending June 30, 2013. The Company does not have sufficient funds to finance its current proposed exploration programs for the following twelve months (July 1, 2012 to June 30, 2013). Further funds will be required to finance planned spending. 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. See "Risk Factors".

After giving effect to the Business Combination with ColCan, Sintana's future capital requirements depend on many factors, including, among others, cash flow from operations. To the extent that existing resources are insufficient to fund Sintana's losses until profitability is reached, Sintana will need to raise additional funds through debt and / or equity financing. No assurance can be given that additional funds will be available, or that they can be obtained on terms acceptable to Sintana. If adequate funds are not available, Sintana may be required to delay, defer or drop current commitments, possible expansion plans or acquisitions. See "Risk Factors".

Changes in the capital markets, including a decline in the prices of oil and natural gas, could materially and adversely impact Sintana's ability to complete further financings, with the result that it may be forced to scale back its operations.

Significant Accounting Policies

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 was assigned to equity. The liability component accretes up to the principal balance at maturity using 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 cash flows. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 ("NI 52-109), Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Share Capital

As of the date of this MD&A, an aggregate of 310,632,503 Sintana shares are issued and outstanding. Furthermore, an additional 24,375,000 Sintana shares are reserved for issuance in connection with the Business Combination pursuant to pre-existing share purchase warrants of ColCan.

In addition, as of the date of this MD&A, Sintana had the following securities outstanding:

- 21,080,000 Sintana warrants with an exercise price of $0.75 until October 27, 2012 (subject to accelerated expiry in the event the closing price of the Sintana shares exceeds $1.25 for 20 consecutive days);
- 2,366,700 broker warrants, each such broker warrant entitling the holder thereof to acquire one Sintana share at an exercise price of $0.50 until October 27, 2012;
- 9,450,000 stock options (50,000 with an exercise price of $0.10 until September 30, 2013, 50,000 with an exercise price of $0.135 until August 18, 2015, 2.7 million with an exercise price of $0.49 until May 11, 2016, and 6.65 million with an exercise price of $0.20 until December 20, 2016); and
- 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. (6,615,000 until April 19, 2016; 30,000 until March 2, 2017; and 300,000 until April 25, 2017).

Outlook

For the balance of 2012, the Company will continue to operate in the oil and natural gas sector. The Company is continually evaluating direct and indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to obtain additional funds as and when required.

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 conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Prior to the closing of the Business Combination, the following related party transactions occurred:

Cash compensation	Six Months Ended June 30, 2012 $	Six Months Ended June 30, 2011 $
Shaljero Advisors Inc. (i)	90,000	nil
Delavaco Capital Inc. (ii)	140,978	96,386
Playfair Capital Inc. (iii)	104,109	87,673
Evans Martin LLP (iv)	nil	75,000
Total	**335,087**	**259,059**

(i) John Martin, former CFO of ColCan, is the CEO of Shaljero Advisors Inc.

(ii) Ron MacMicken, Former President and COO of ColCan, is the president and a director of Delavaco Capital Inc.

(iii) Playfair Capital Inc. shared a common officer with ColCan.

(iv) John Martin, former CFO of ColCan, was a senior partner at Evans Martin, LLP

Cash compensation	Three Months Ended June 30, 2012 $	Three Months Ended June 30, 2011 $
Shaljero Advisors Inc. (i)	45,000	nil
Delavaco Capital Inc. (ii)	80,490	57,340
Playfair Capital Inc. (iii)	54,734	52,350
Evans Martin LLP (iv)	nil	43,050
Total	**180,224**	**152,740**

(i) John Martin, former CFO of ColCan, is the CEO of Shaljero Advisors Inc.

(ii) Ron MacMicken, Former President and COO of ColCan, is the president and a director of Delavaco Capital Inc.

(iii) Playfair Capital Inc. shared a common officer with ColCan.

(iv) John Martin, former CFO of ColCan, was a senior partner at Evans Martin, LLP

Share-based payments – Former Management	Six Months Ended June 30, 2012 $	Six Months Ended June 30, 2011 $
Delavaco Capital Inc. [(a)]	360,000	388,943
Playfair Capital Inc. [(b)]	360,000	84,553
Pat Dicapo, Former Director of ColCan	nil	67,642
Andrew DeFrancesco, Former CEO, Director of ColCan	nil	64,018
Ron MacMicken, Former President, COO of ColCan	nil	74,687
John Martin, Former Director and CFO of ColCan	nil	12,804
Shaljero Advisors Inc. [(c)]	180,000	nil
Total	**900,000**	**692,647**

(a) Ron MacMicken, Former President and COO of ColCan, is the president and director of Delavaco Capital Inc.

(b) Playfair Capital Inc. shared a common officer with ColCan.

(c) John Martin, former CFO of ColCan, is the CEO of Shaljero Advisors Inc.

Share-based payments – Former Management	Three Months Ended June 30, 2012 $	Three Months Ended June 30, 2011 $
Delavaco Capital Inc. [a]	360,000	nil
Playfair Capital Inc. [b]	360,000	nil
Pat Dicapo, Former Director of ColCan	nil	nil
Andrew DeFrancesco, Former CEO, Director of ColCan	nil	64,018
Ron MacMicken, Former President, COO of ColCan	nil	74,687
John Martin, Former Director and CFO of ColCan	nil	12,804
Shaljero Advisors Inc. [c]	180,000	nil
Total	**900,000**	**151,509**

(a) Ron MacMicken, Former President and COO of ColCan, is the president and director of Delavaco Capital Inc.

(b) Playfair Capital Inc. shared a common officer with ColCan.

(c) John Martin, former CFO of ColCan, is the CEO of Shaljero Advisors Inc.

Share-based payments – New Management (1)	Six Months Ended June 30, 2012 $	Six Months Ended June 30, 2011 $
Keith D. Spickelmier - Director / Executive Chairman	174,000	nil
Douglas G. Manner - Director / Chief Executive Officer	174,000	nil
David L. Cherry - President & Chief Operating Officer	174,000	nil
Carmelo Marrelli - Chief Financial Officer	14,600	nil
Bruno Maruzzo - Director	56,450	nil
Grant Fagerheim - Director	52,200	nil
Ron MacMicken - Director	52,200	nil
Phil de Gruyter - Vice President Exploration & South America Manager	466,000	nil
Sean J. Austin - Vice President, Controller, Secretary & Treasurer	48,000	nil
Greg Schlatcher - Reservoir Engineering Manager	174,000	nil
Total	**1,385,450**	**nil**

(1) Included in Business Combination as of the closing.

Share-based payments – New Management [(1)]	Three Months Ended June 30, 2012 $	Three Months Ended June 30, 2011 $
Keith D. Spickelmier - Director / Executive Chairman	174,000	nil
Douglas G. Manner - Director / Chief Executive Officer	174,000	nil
David L. Cherry - President & Chief Operating Officer	174,000	nil
Carmelo Marrelli - Chief Financial Officer	14,600	nil
Bruno Maruzzo - Director	56,450	nil
Grant Fagerheim - Director	52,200	nil
Ron MacMicken - Director	52,200	nil
Phil de Gruyter - Vice President Exploration & South America Manager	466,000	nil
Sean J. Austin - Vice President, Controller, Secretary & Treasurer	48,000	nil
Greg Schlatcher - Reservoir Engineering Manager	174,000	nil
Total	**1,385,450**	**nil**

(1) Included in Business Combination as of the closing.

Financial Instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest and foreign exchange risk).

Risk management is carried out by Sintana's management team with guidance from the Board of Directors.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and accounts receivable. All of the Company's cash is held with well-known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is remote. As at June 30, 2012, no accounts receivable were considered impaired or past due.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in economic conditions generally or matters specific to Sintana. The Company generates cash flow primarily from its financing activities.

All of the Company's financial liabilities, except debentures, have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company is not exposed to any liquidity risk, and has sufficient funds to meet its ongoing obligations for twelve months.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

- Interest rate risk

  The Company has interest bearing debt at a fixed interest rate until maturity. The Company's current policy is to invest excess cash in guaranteed investment certificates or money market funds of major Canadian chartered banks.

- Foreign currency risk

  As of June 30, 2012, the Company funds certain operations, exploration and administrative expenses in Colombia and Peru on a cash call basis using US Dollar currency. The Company maintains US dollar bank accounts in Canada, Colombia, Peru and the United States. The Company maintains a Peruvian Nuevo Sol bank account in Peru and a Colombian Peso bank account in Colombia. The Company is subject to gains and losses from fluctuations in the Canadian Dollar, Colombian Peso, Peruvian Nuevo Sol Peso and the United States Dollar. The Company does not use currency derivative instruments to manage its exposure to foreign currency fluctuations.

  The following are the Canadian dollar equivalent balances for items denominated in foreign currencies:

	US Dollar
Cash and cash equivalents	281,584
Accounts receivable and other assets	72,863
Accounts payable and other liabilities	(1,699,634)

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a six month period:

- Management believes interest rate risk is minimal as the debentures are at fixed rates.

- Sintana holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the US dollar foreign exchange rate against the Canadian Dollar would affect the reported loss and comprehensive loss by approximately $135,000.

Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. It should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's management's discussion and analysis for the fiscal year ended December 31, 2011, available on SEDAR at **www.sedar.com**. There have been no significant changes to such risk factors since the date thereof.

Additional Information

Additional information relating to the Company is available on SEDAR at **www.sedar.com** or the Company's website at **www.sintanaenergy.com.**

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 Eecutive 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

Olmpia Transfer Services Inc.
Toronto, Ontario

LEGAL COUNSEL

Cassels Brock Lawyers
Toronto, Ontario

LISTING

Exchange: TSX Venture
Trading Symbol: SNN
Cusip Number: 26203M
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